Stock Code: 7730

NANO ELECTRONICS AND MICRO SYSTEM TECHNOLOGIES, INC.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
AND
INDEPENDENT AUDITORS' REPORT

Address: **No. 100, Keji 5th Rd., Annan Dist., Tainan City 709035 , Taiwan (R.O.C.)**

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CONTENTS

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Nano Electronics and Micro System Technologies, Inc. as of and for the year ended December 31, 2024 under the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No.10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Nano Electronics and Micro System Technologies, Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Nano Electronics and Micro System Technologies, Inc.

By

____

Chun-Yi Sung
Chairman

March 19, 2025

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Nano Electronics and Micro System Technologies, Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Nano Electronics and Micro System Technologies, Inc. and its subsidiaries (the "Group") as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2024 are stated as follows:

Revenue recognition

Please refer to Note 4(18) to the consolidated financial statements for the accounting policy of revenue recognition, Note 5(1) A and Note 5(2) A for critical accounting judgements, estimates and key sources of assumption uncertainty of revenue recognition, and Note 6(17) for the description of revenue recognition.

Description of key audit matter:

The revenue serves as a primary indicator for investors and management to evaluate the operational performance the Group. Within the Group, product customization varies according to customer demands, leading to differences in orders or contract terms. The timing and amount of revenue recognition significantly impact financial reporting accuracy. Consequently, the revenue recognition is deemed a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included testing the Group's controls surrounding revenue recognition; inspecting customer orders and performing a test of revenue transactions which incurred within a certain period before or after the balance sheet date to evaluate the accuracy of revenue recognition periods.

Other Matters

We have also audited the standalone financial statements of Nano Electronics and Micro System Technologies, Inc. as of and for the years ended December 31, 2024 and 2023 on which we have issued an unqualified opinion with other matters paragraph.

Crowe

Responsibilities of Management and Those Charged with Governance for the Consolidated financial statements

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

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

Those charged with governance (inclusive of the Audit Committee or supervisor) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements 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.

The engagement partners on the audit resulting in this independent auditors' report are Jen Yao Hsieh and Kuo Ming Lee.

Crowe (TW) CPAs
Kaohsiung, Taiwan (Republic of China)
March 19 , 2025

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail

NANO ELECTRONICS AND MICRO SYSTEM TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023	
Assets	Note	Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	$ 465,474	42	$ 385,537	36
Financial assets at fair value through profit or loss - current	6(2)	5,445	1	5,026	-
Notes receivable, net	6(3)	195	-	47	-
Accounts receivable, net	6(4)	232,819	21	268,277	24
Other receivables		267	-	191	-
Inventories	6(5)	62,614	6	136,942	12
Prepayments	6(6)	10,616	1	10,242	1
Other financial assets - current	8	16,395	2	-	
Total current assets		793,825	73	830,919	73
NONCURRENT ASSETS					
Property, plant and equipment	6(7) 8	266,746	24	265,100	25
Intangible assets	6(8)	2,036	-	2,474	-
Deferred income tax assets	6(23)	6,674	1	9,717	1
Refundable deposits		1,463	-	1,137	-
Other financial assets - noncurrent	8	16,395	2	15,353	1
Total noncurrent assets		293,314	27	293,781	27
TOTAL ASSETS		$ 1,087,139	100	$ 1,100,043	100
Liabilities and Equity					
CURRENT LIABILITIES					
Contract liabilities-current	6(17)	$28 ,712	3	$ 34,631	3
Accounts payable		71,895	6	65,070	6
Other payables	6(9)	53,563	5	65,646	6
Current income tax liability		8,749	1	28,697	3
Provisions - current	6(10)	4,007	-	4,420	-
Current portion of long-term loans	6(11)	17,622	2	11,034	1
Total current liabilities		184,548	17	209,498	19
NONCURRENT LIABILITIES					
Long-term loans	6(11)	144,306	13	161,397	15
Deferred income tax liabilities	6(23)	704	-	-	-
Long-term deferred revenue	6(11)	11,513	1	12,459	1
Net defined benefit liabilities - noncurrent	6(12)	16	-	-	
Total noncurrent liabilities		156,539	14	173,856	16
TOTAL LIABILITIES		$ 341,087	31	$ 383,354	35

Assets	Note	December 31, 2024 Amount	%	December 31, 2023 Amount	%
EQUITY					
Equity attributable to owners of parent					
Share capital	6(13)				
Common stock		$ 288,598	27	$ 288,598	26
Capital surplus	6(14)	55,390	5	55,390	5
Retained earnings	6(16)				
Legal reserve		79,502	7	66,176	6
Special reserve		126	-	80	-
Unappropriated retained earnings		322,419	30	306,571	28
Other equity		17	-	(126)	-
Total equity attributable to owners of the parent		746,052	69	716,689	65
TOTAL EQUITY		746,052	69	716,689	65
TOTAL LIABILITIES AND EQUITY		$ 1,087,139	100	$ 1,100,043	100

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

NANO ELECTRONICS AND MICRO SYSTEM TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		Year Ended December 31			
		2024		2023	
Item	Note	Amount	%	Amount	%
OPERATING REVENUE	6(17)	$ 547,630	100	$ 762,039	100
OPERATING COST	6(5) 12(6)	(332,690)	(61)	(470,536)	(62)
GROSS PROFIT (LOSS)		214,940	39	291,503	38
OPERATING EXPENSES					
Sales and marketing	12(6)	(40,868)	(7)	(37,613)	(5)
General and administrative		(65,218)	(12)	(62,764)	(7)
Research and development expense		(23,958)	(4)	(27,880)	(4)
Expected credit gains (losses)	6(4)	2,143	-	3,353	-
Total operating expenses		(127,901)	(23)	(124,904)	(16)
INCOME (LOSS) FROM OPERATIONS		87,039	16	166,599	22
NON-OPERATING INCOME AND EXPENSES					
Interest income	6(19)	4,112	1	2,837	-
Other income	6(20)	2,465	-	2,390	-
Other gains and losses	6(21)	22,667	5	3,313	1
Finance cost	6(22)	(3,300)	(1)	(3,196)	-
Total non-operating income and expenses		25,944	5	5,344	1
INCOME (LOSS) BEFORE INCOME TAX		112,983	21	171,943	23
INCOME TAX BENEFIT (EXPENSE)	6(23)	(26,033)	(5)	(38,682)	(5)
NET INCOME (LOSS)		86,950	16	133,261	18
OTHER COMPREHENSIVE INCOME (LOSS)	6(24)				
Items that will not be reclassified subsequently to profit or loss:					
Gains (losses) on remeasurements of defined benefit plans		(10)	-	-	-
Income tax relating to items that will not be reclassified to profit or loss(expense) benefit		2	-	-	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		143	-	(46)	-
Total other comprehensive income (loss), net of income tax		135	-	(46)	-
TOTAL COMPREHENSIVE INCOME (LOSS)		$ 87,085	16	$ 133,215	18

Item	Note	Year Ended December 31 2024 Amount	%	2023 Amount	%
NET INCOME (LOSS) ATTRIBUTABLE TO:					
Shareholders of the parent		$ 86,950	16	$ 133,261	18
Non-controlling interests		-	-	-	-
		$ 86,950	16	$ 133,261	18
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Shareholders of the parent		$ 87,085	16	$ 133,215	18
Non-controlling interests		-	-	-	-
		$ 87,085	16	$ 133,215	18
EARNINGS (LOSS) PER SHARE					
Basic	6(25)	$ 3.01		$ 5.00	
Diluted	6(25)	$ 2.96		$ 4.84	

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

NANO ELECTRONICS AND MICRO SYSTEM TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent							
			Retained Earnings			Other		
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences Arising On Translating Foreign Operations	Total Equity Attributable To Owners Of The Parent	Total Equity
BALANCE AT JANUARY 1, 2023	$ 262,558	$ 22,600	$ 56,085	$ -	$ 209,737	$ (80)	$ 550,900	$ 550,900
Appropriations and distributions of prior years' earnings:								
Legal reserve	-	-	10,091	-	(10,091)	-	-	-
Special reserve	-	-	-	80	(80)	-	-	-
Cash dividends	-	-	-	-	(26,256)	-	(26,256)	(26,256)
Net income in 2023	-	-	-	-	133,261	-	133,261	133,261
Other comprehensive income (loss) in 2023, net of income tax	-	-	-	-	-	(46)	(46)	(46)
Total comprehensive income in 2023	-	-	-	-	133,261	(46)	133,215	133,215
Share-based payment transactions	26,040	32,790	-	-	-	-	58,830	58,830
BALANCE AT DECEMBER 31, 2023	288,598	55,390	66,176	80	306,571	(126)	716,689	716,689
Effects of retrospective application and retrospective restatement	-	-	-	-	(2)	-	(2)	(2)
Appropriations and distributions of prior years' earnings:								
Legal reserve	-	-	13,326	-	(13,326)	-	-	-
Special reserve	-	-	-	46	(46)	-	-	-
Cash dividends	-	-	-	-	(57,720)	-	(57,720)	(57,720)
Net income in 2024	-	-	-	-	89,950	-	89,950	89,950
Other comprehensive income (loss) in 2024, net of income tax	-	-	-	-	(8)	143	135	135
Total comprehensive income in 2024	-	-	-	-	86,942	143	87,085	87,085
BALANCE AT DECEMBER 31, 2024	$ 288,598	$ 55,390	$ 79,502	$ 126	$ 322,419	$ 17	$ 746,052	$ 746,052

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

NANO ELECTRONICS AND MICRO SYSTEM TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

Item	Year Ended December 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	$ 112,983	$ 171,943
Adjustments for:		
Income and expenses having no effect on cash flows:		
Depreciation expense	13,020	12,245
Amortization expense	1,660	1,480
Expected credit losses (gains)	(2,143)	(3,353)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(419)	(236)
Interest expense	3,300	3,196
Interest income	(4,112)	(2,837)
Share-Based Benefit Compensation Cost	-	9,354
Loss (gain) on disposal and retirement of property, plant and Equipment	43	-
Others	(946)	(946)
Total income and expenses having no effect on cash flows	10,403	18,903
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Decrease (increase) in notes receivable	(148)	(4)
Decrease (increase) in accounts receivable	37,601	9,451
Decrease (increase) in other receivables	(76)	811
Decrease (increase) in inventories	63,769	151,926
Decrease (increase) in prepayments	(374)	12,978
Total net changes in operating assets	100,772	175,162
Net changes in operating liabilities:		
Increase (decrease) in contract liabilities	(5,919)	(118,118)
Increase (decrease) in accounts payable	6,825	(68,188)
Increase (decrease) in other payables	(11,479)	(49)
Increase (decrease) in provisions	(413)	(758)
Increase (decrease) in net defined benefit liabilities	4	-
Total net changes in operating liabilities	(10,982)	(187,133)
Total changes in operating assets and liabilities	89,790	(11,951)
Total adjustments	100,193	6,952
Cash generated from (used in) operations	213,176	178,895
Interest received	4,112	2,837
Interest paid	(2,768)	(2,594)
Income tax refund (paid)	(42,232)	(44,507)
Net cash generated from (used in) operating activities	172,288	134,631

Item	Year Ended December 31	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(4,946)	(3,663)
Proceeds from disposal of property, plant and equipment	192	-
Increase in refundable deposits	(326)	-
Decrease in refundable deposits	-	63
Acquisition of intangible assets	(1,222)	(1,458)
Increase in other financial assets	(17,437)	
Decrease in other financial assets	-	2
Net cash generated from (used in) investing activities	(23,739)	(5,056)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term loans	(11,035)	(5,833)
Cash dividend	(57,720)	(26,256)
Employee exercise stock options	-	49,476
Net cash generated from (used in) financing activities	(68,755)	17,387
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	143	(46)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	79,937	146,916
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	385,537	238,621
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 465,474	$ 385,537

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

(In Thousands of New Taiwan Dollars, Except Stated Otherwise)

1. GENERAL INFORMATION

Nano Electronics and Micro System Technologies, Inc. (collectively as the "Company") was incorporated in June 2002. The Company primary business activities encompass wholesale distribution of electronic materials, mechanical materials, electrical appliances, international trade, wholesale of other mechanical equipment (plasma cleaning devices) and manufacturing of other electrical and electronic machinery and equipment (plasma cleaning devices). In November 2021, our company relocated its operational base to the Tainan Technology Industrial Park. On March 18, 2024, the Company's common shares were registered as Emerging Stock and commenced trading on the Emerging Stock Board. The principal operating activities of the Company and its subsidiaries (collectively as the "Group") are described in Note 4(3)B. In addition, the Company has no ultimate parent company.

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

2. THE AUTHORIZATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the Board of Directors on March 19, 2025.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

(1) Effect of adoption of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC):

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

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 1)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024 (Note 3)
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements "	January 1, 2024 (Note 4)

Note 1: The amendment clarifies that in a sale and leaseback transaction, if the transfer of an asset qualifies as a sale under IFRS 15, the lease liability incurred by the seller-lessee as a result of the leaseback should be accounted for in accordance with IFRS 16. Furthermore, if variable lease payments that are not based on an index or a rate are involved, the seller-lessee should still determine and recognize the lease liability arising from such variable payments in a manner that precludes the recognition of gains and losses related to the retained right-of-use asset. Any difference between the actual lease payments made subsequently and the reduction in the carrying amount of the lease liability should be recognized in profit or loss.

Note 2: The amendments clarify that when an entity determines whether a liability is classified as non-current, it should assess whether it has the right to defer the settlement for at least twelve months after the reporting period. If the entity has that right at the end of the reporting period, that liability must be classified as non-current regardless of whether the entity expects to exercise the right. If the entity must meet certain conditions to have the right to defer the settlement of a liability, the entity must have met those conditions as of the end of the reporting period to classify the liability as non-current, even if the lender assesses the entity's compliance at a later date.

Note 3: This amendment further clarifies that only contractual terms that must be complied with before the end of the reporting period will affect the classification of a liability as of that date. Contractual terms that must be complied with within 12 months after the reporting period do not affect the classification of liabilities at the reporting date. However, if a liability is classified as non-current but may need to be repaid within 12 months after the reporting period due to potential non-compliance, the relevant facts and circumstances should be disclosed in the notes.

Note 4: Supplier financing arrangements involve one or more financing providers making payments to suppliers on behalf of an entity, with the entity agreeing to repay the financing providers on the payment date agreed upon with the suppliers or at a later date. The amendments to IAS 7 require an entity to disclose information about its supplier financing arrangements to enable users of financial statements to assess the impact of these arrangements on the entity's liabilities, cash flows, and exposure to liquidity risk. The amendments to IFRS 7 incorporate into its application guidance that, when disclosing how an entity manages the liquidity risk of its financial liabilities, it may also consider whether it has obtained or can obtain financing facilities through supplier financing arrangements and whether these arrangements may lead to a concentration of liquidity risk.

The Group has evaluated the aforementioned standards and interpretations, and there is no significant effect on the Group's financial position and performance.

(2) Effect of new issuances or amendments to IFRSs as endorsed by the FSC but not yet adopted

New standards, interpretations and amendments endorsed by the FSC and effective from 2025 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 21, "Lack of Exchangeability	January 1, 2025

The amendments define exchangeability and provide application guidance on how an entity should determine the spot exchange rate at the measurement date when a currency lacks exchangeability. Additionally, the amendments require entities to disclose more useful information in their financial statements when a currency cannot be exchanged for another currency.

The Group has evaluated the aforementioned standards and interpretations, and there is no significant effect to the Group's financial position and performance.

(3) Effect of the IFRSs issued by IASB but not yet endorsed and issued into effect by FSC:

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 "Amendments to Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosure"	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

1. Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"

The IASB issued the amendments to:

(1) Clarifies the recognition and derecognition dates of certain financial assets and liabilities and introduces a new exception for the derecognition of a financial liability (or part of a financial liability) settled through an electronic payment system. Under this exception, an entity is permitted to derecognize a financial liability

before the settlement date if, and only if, the entity has initiated a payment instruction and the following conditions are met:

A. The entity does not have the practical ability to revoke, stop, or cancel the payment instruction;

B. The entity no longer has the practical ability to access the cash used for settlement as a result of the payment instruction; and

C. The settlement risk associated with the electronic payment system is not significant.

(2) Clarifies and provides additional guidance on assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion. The scope includes contractual terms that may alter cash flows based on contingent events (e.g., interest rates linked to ESG targets), instruments with nonrecourse features, and contractually linked instruments.

(3) Introduce new disclosure requirements for certain instruments with contractual terms that may alter cash flows (e.g., instruments with features linked to the achievement of environmental, social, and governance (ESG) targets). These disclosures include a qualitative description of the nature of the contingent event, quantitative information on the potential changes in contractual cash flows resulting from these contractual terms, and the gross carrying amount of financial assets and the amortized cost of financial liabilities subject to these contractual terms.

(4) Update the disclosure requirements for equity instruments designated at fair value through other comprehensive income (FVTOCI). The entity shall disclose the fair value of each class of investment but is no longer required to disclose the fair value of each individual investment. Additionally, the amendments require the entity to disclose the fair value gains or losses recognized in other comprehensive income during the reporting period, separately presenting the fair value gains or losses related to investments derecognized during the reporting period; the fair value gains or losses related to investments held at the end of the reporting period; and any transfers of cumulative gains or losses within equity during the reporting period related to investments derecognized during that period.

2. Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

The amendments apply to contracts that expose an entity to variability in electricity generation due to uncontrollable natural conditions (such as the weather). These amendments include:

(1) Clarifying the application of the ‘own use’ requirements for contracts to buy or sell nature-dependent electricity:

When a contract requires an entity to purchase and take delivery of electricity as it is generated, and the design and operation of the electricity market in which the contract is transacted require the entity to sell any unused electricity within a specified time frame, the entity shall consider reasonable and supportable information regarding its past, current, and expected future electricity transactions within a reasonable period not exceeding 12 months.

An entity applying these amendments to own-use contracts involving nature-dependent electricity shall disclose the following:

A. The variability in the underlying amount of electricity and the risk that the entity may be required to purchase electricity during a delivery interval in which it cannot use the electricity;
B. Unrecognized contractual commitments, including the expected future cash flows from purchasing electricity under these contracts; and
C. The impact of these contracts on the entity’s financial performance for the reporting period.

(2) Clarifying the application of hedge accounting for contracts involving nature-dependent electricity as hedging instruments:

An entity is permitted to designate as the hedged item a variable nominal amount of forecast electricity transactions that aligns with the variable amount of nature-dependent electricity expected to be delivered by the generation facility referenced in the hedging instrument. Additionally, when a contract involving nature-dependent electricity is designated as a hedging instrument in a cash flow hedge relationship, and its cash flows are conditional on the occurrence of a forecast transaction, that forecast transaction is presumed to be highly probable.

For entities that designate contracts involving nature-dependent electricity as hedging instruments, the terms and conditions of such hedging instruments shall be disclosed by risk category in accordance with IFRS 7.

3. Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments address an existing inconsistency between IFRS 10 and IAS 28. The recognition of a gain or loss arising from the sale or contribution of assets between an investor and its associate or joint venture depends on the nature of the assets transferred:

(a) If the assets sold or contributed constitute a business, the full gain or loss is recognized;

(b) If the assets sold or contributed do not constitute a business, the gain or loss is recognized only to the extent of the investor's interest that is not attributable to related parties in the associate or joint venture.

4. IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18, Presentation and Disclosure in Financial Statements, replaces IAS 1. The standard introduces a structured format for the statement of profit or loss, disclosure requirements for management-defined performance measures, and enhanced principles on aggregation and disaggregation applicable to the primary financial statements and notes.

5. IFRS 19 "Subsidiaries without Public Accountability: Disclosures"

The standard allows eligible subsidiaries to apply IFRSs with reduced disclosure requirements.

As of the date the accompany standalone financial statements are authorized for issue, the Group is still evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the IFRSs, IASs, interpretations as well as related guidance endorsed by the FSC with the effective dates.

(2) Basis of preparation

A. Except for the following items, the accompany consolidated financial statements have been prepared under the historical cost convention:

a. Financial assets at fair value through profit or loss.

B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

a. All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

b. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

c. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

d. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

e. When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. The consolidated entities were as follows:

Investee / Subsidiary	Main Businesses	Percentage of Ownership December 31, 2024	Percentage of Ownership December 31, 2023
Stable Promise Group Co., Ltd.	Investments	100.00%	100.00%
Kunshan Branch of NEMS Technologies Co., Ltd.	Trade of electronic components and post-sales services	100.00%	100.00%

a. The above-mentioned subsidiaries included in the consolidated financial report were all non-significant subsidiaries, and their financial reports have been audited by accountants.

b. Changes in subsidiaries: None.

C. Subsidiaries not included in the consolidated financial reports: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Material restrictions: None.

F. Contents of the parent company’s securities held by subsidiaries: None.

G. Subsidiaries that have non-controlling interest that are material to the Group: None.

(4) Foreign currency translation

A. Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in New Taiwan Dollars, which is the Group’s functional and the Group’s presentation currency.

B. In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. 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.

C.For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan Dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to noncontrolling interests as appropriate).

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

a. Assets arising from operating activities that are expected to be realized, or intended to be sold or consumed within the normal operating cycle;

b. Assets held mainly for trading purposes;

c. Assets that are expected to be realized within twelve months from the balance sheet date;

d. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

a. Liabilities that are expected to be paid off within the normal operating cycle;

b. Liabilities held mainly for trading purposes;

c. Liabilities that are to be paid off within twelve months from the balance sheet date (Even if a long-term refinancing or re-arrangement of payment agreements is completed after the balance sheet date and before the issuance of the financial report is approved, it is classified as current liabilities).

d. Liabilities for which the entity on the balance sheet date does not have in substance the right to defer settlement of the liability for at least 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including the original maturity of the time deposits within three months.)

(7) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. 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.

A. Financial assets

Financial assets are recognized on a trade date basis.

a. Category of financial assets

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost.

(a) Financial asset at FVTPL

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

Financial assets at fair value through profit or loss are measured at fair value, dividends generated are recognized in other income, and interest income and gains or losses arising from remeasurement are recognized in other gains and losses. For the determination of fair value, please refer to Note 12.

(b) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial assets give rise on specified date to cash flow that are solely payments of principal and interest on the principal amount outstanding.

Financial assets 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.

Expect for the following two cases, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset:

i. Purchased or originated credit-impaired financial assets: for those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets: for those financial assets, the Group shall apply the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

b. Impairment of financial assets

(a) At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable), investments in debt instruments that are measured at FVTOCI, lease receivable and contract assets.

(b) The Group always recognize lifetime Expected Credit Loss (i.e. ECL) for accounts receivables, contract asset and accounts receivable for lease payments. For other debt instrument investments, the Group recognize lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equaling to 12-month ECL.

(c) Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

(d) The Group recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

c. Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is meet:

(a) The contractual rights to receive cash flows from the financial asset expire.

(b) The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

(c) The Group neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

On derecognition of financial assets at amortized cost in its entirety, the difference between the financial asset’s carrying amount and the sum of the consideration received is recognized in profit or loss. On derecognition of debt instrument measured at fair value through other comprehensive income, the difference between the financial asset’s carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss. On derecognition of equity instruments at fair value through other comprehensive income in its entirety, the cumulative profit and loss will be transferred directly to retain earning without reclassified into profit and loss.

B. Equity instruments

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

C. Financial liabilities

a. Subsequent measurement

Financial liabilities not held for trading purposes and not designated at fair value through profit or loss are measured at amortized cost at the end of the subsequent reporting period.

b. Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

D. Modification of Financial Instruments

When the contractual cash flows of a financial instrument are renegotiated or modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Group recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liabilities using the original effective interest rate and recognises a modification gain or loss in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial instrument and are amortised over the remaining term of the modified financial instrument. If the renegotiation or modification results in that the derecognition of that financial instrument is required, then the financial instrument is derecognized accordingly.

(8) Inventories

Inventories are stated at the lower of cost and net realizable value, accounted for on a perpetual basis. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and costs necessary to make the sale.

(9) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized. For property, plant and equipment under construction, sample produced from testing whether the asset is functioning properly before its intended use are measured at lower of the costs or net realizable value. Proceeds from selling such an item and the cost of the item are recognized in profit or loss.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change.

Service lives estimated as follows:

Buildings:

Main building, 50 years;

Others, 5 years;

Machinery equipment, 2 to 5 years;

Transportation equipment, 5 years;

Office equipment, 3 to 5 years;

Miscellaneous equipment, 2 to 15 years;

D. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(10)Leases

The Group assesses whether the contract is (or includes) a lease at the date of the contract. For a contract that includes a lease component and one or more additional lease or non-lease components, the Group allocates the consideration to the lease component base on the individual price of each lease component and the aggregated individual price of the non-lease component.

A. The Group as a lessee

Except for payments for low-value assets and short-term leases which are recognized as expenses on a straight-line basis, the Group recognizes right-of-use assets and lease liabilities for all leases at the inception of lease.

Right-of-use asset

The right-of-use asset is initially measured at cost (including the initial measurement amount of the lease liability, the payments less incentives, initial direct costs and the estimated recover cost), the subsequent measurement is based on the cost less accumulated depreciation and accumulated impairment loss, and adjusting the amount of re-measures of lease liabilities.

The right-of-use asset recognized depreciation is using the straight-line basis from the date of the lease until the expiration of the useful life or the expiration of the lease term, the depreciation is provided that the title of the underlying asset will be acquired at the end of the lease period or, if the cost of the right-of-use asset reflects the execution of the purchase option.

Lease liabilities

The lease liability is initially measured by the present value of the lease payment (including fixed payment, substantive fixed payment, change in lease payment depending on the index or rate, etc.). If the implied interest rate on the lease is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easy to determine, the lessee’s increase borrowing rate is used.

Subsequently, the lease liability is measured on an amortized cost basis using the effective interest method, and the interest expense is amortized over the lease term. If the lease period, the evaluation of the purchase choice, the amount of expected to be paid under the residual value guarantee or the change in the index or rate used to determine the lease payment result in a change in the future lease payment, the Group will measure the lease liability and adjust the right to use assets relatively. If the carrying amount has been reduced to zero, the remaining amount will recognize in the profit and loss. Lease liabilities are presented in a single-line project on the consolidated balance sheet.

B. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group’s net investment outstanding in respect of 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 relevant leases. 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.

(11)Intangible assets

Intangible assets with finite useful lives that are acquired separately are measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the following estimated lives: computer software - 1 to 5 years. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An intangible asset is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the disposal of the assets is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

(12)Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist, the impairment loss shall be reversed to the extent of the loss previously recognized in profit or loss.

(13)Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(14)Employee benefits

A. Short-term employee benefits

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

B. Pensions

a. Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

b. Defined benefit plans

(a) Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

(b) Actuarial gains and losses arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

(c) Past service costs are recognized immediately in profit or loss.

C. Employees' bonus and directors' remuneration

Employees' bonus and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' remuneration are different from the actual distributed amounts as resolved by the shareholders at their shareholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates.

D. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes expense when it can no longer withdraw an offer of termination benefits or it recognizes related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

(15)Share capital

A. Share capital

Ordinary share is classified as equity. The classification of the preferred stock depends on the essence of the agreement. If the preferred stock matches the definition of the financial liability, it is classified as a liability. Otherwise, it is classified as equity. Incremental cost that can be attributed to the issuance of stocks or options is deducted from the capital issued.

(16)Share-based payment transactions

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

B. Cash-settle share-based payment arrangements are the fair value of liabilities undertaken recognized in remuneration costs and liabilities in the vesting period and measured by the fair value of equity instruments offered at each balance sheet date and the settlement date. Any changes are recognized in profit or loss.

(17)Income tax

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

B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the subsequent year when the stockholders approve to distribute retain the earnings.

C. Deferred income tax is recognized, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, and it does not give rise to equal deductible and taxable temporary differences at the time of transaction. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. Tax preference given for expenditures incurred on acquisitions of equipment or technology, research and development, employees' training and equity investments is recorded using the income tax credits accounting.

(18)Revenue Recognition

The Group recognizes revenues based on the following steps:

A.Identifying the contracts;

B.Identifying obligations in the contracts;

C.Determining prices;

D.Allocating prices into the obligations in the contracts;

E.Recognizing revenues while fulfilling the obligations.

The Group does not adjust the promised amount of consideration for the effects of a significant financing component if the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

A. Goods sales

The Group manufactures and sells machines and relevant products. Sales revenues are recognized while the control of goods is transferred to the customers since the customers already have the rights to use, set price, take the major responsibility to resell the good and bear the risk of obsoleteness. The Group recognizes revenues and accounts receivable at the point and presents it in net term after deducting sales return, quantity discount and sales allowance.

The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

B. Revenue from maintenance services

Maintenance revenue is recognized upon the provision of services in accordance with the relevant agreements.

(19)Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All borrowing costs other than those stated above are recognized in profit or loss in the period in which they are incurred.

(20)Government subsidy

Government subsidies are recognized at fair value when it is reasonably certain that the Group will comply with the conditions attached to the government subsidies and will receive such subsidies.

Government subsidies are recognized in profit and loss on a systematic basis during the period when the relevant costs that they intend to compensate are recognized as expenses by the group. If government subsidy is used to compensate for expenses or losses that have occurred, or for the purpose of providing the Group with immediate financial support and there is no future related cost, it is recognized in the profit and loss during the period when it can be received. Government subsidies related to property, plant and equipment are recognized as non-current liabilities, and recognized as profits and losses on a straight-line basis based on the estimated useful life of the relevant assets.

The difference between the amount received from government loans at below-market interest rates and the fair value of the loans calculated based on prevailing market rates at the time is recognized as government subsidies within the Group.

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

The Group takes into account the economic impact of the changes in climates and related governmental policies and regulations on significant accounting estimates and reviews the basic assumptions and estimation on an ongoing basis. If a change in accounting estimate affects only the current period, the effect is recognized in the current period. If a change in accounting estimate affects both current and future periods, the effects are recognized in both periods.

In the preparation of the consolidated financial statements, the critical accounting judgments the Group has made and the major sources of estimation and assumption uncertainty are described as follows:

(1) Critical judgements in applying accounting policies

A. Revenue recognition

The Group follows IFRS 15 to determine if it controls the specified good or service before that good or service is transferred to the customer, and the Group is acting as a principal or an agent in that transaction. When the Group acts as an agent, revenue is recognized on a net basis.

The Group acts as a principal as that it meets one of the following situations:

a. The Group gains control over the goods from the other party before transferring goods to customers.

b. The Group controls the right of providing service by the other party in order to control the ability of the party to provide service to customers.

c. The Group gain control over goods or service from the other party in order to combine with other goods or services to provide specific goods or services to customers.

The indicators (not limited to) which assist making judgment on whether the Group controls the goods or services before transferring goods or services to customers:

a. The Group has primary responsibilities for the goods or services it provides;

b. The Group bears inventory risk before transferring the specific goods or services to customer, or after transferring the control to customer (for example, if the customer has the right to return).

c. The Group has the discretion to set prices.

B. Judgment of financial asset classification

The Group assesses the business model of financial assets based on the hierarchy that reflects the Group of financial assets that are jointly managed for specific business purposes. This assessment requires consideration of all relevant evidence, including measures of asset performance, risks affecting performance, and the manner in which the relevant managers are determined, and judgments are required. The Group continues to assess the adequacy of its business model and monitors the financial assets measured by the amortized cost before the maturity date and the debt instrument investments measured at fair value through other comprehensive income. Evaluate whether the disciplinary action has the same goal of business model. If the business model has been changed, the Group delays the adjustment of the subsequent classification of financial assets. The Group reclassifies financial assets in accordance with IFRS 9, and the application will be postponed from the date of reclassification, if the business model has changed.

(2) Critical accounting estimates and assumptions

A. Revenue Recognition

The Group recognizes records a refund for estimated future returns and other allowances in the same period the related revenue is recorded. Refund for estimated sales returns and other allowances is generally made and adjusted at a specific percentage based on historical experience and any known factors that would significantly affect the allowance, and our management periodically reviews the adequacy of the percentage used.

B. Estimated impairment of financial assets

The provisions for impairment of trade receivables, investment in debt instruments and financial guarantee contract are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

C. Process of fair value measurement and evaluation

When the assets and liabilities at fair value with no active market, the Group determines whether to use outside appraisal and using proper evaluation techniques based on related regulation or its own judgment. If the Level 1 input value is not available while evaluating, the Group refers to the analysis of the investee's financial position and operating outcome, recent trading price, quotes on non-active market of same equity instrument, quotes on active market of similar equity instrument and evaluation multiples of comparable companies. If the future input value is different from expectation, the fair value might change. The Group updates input values quarterly according to the market status in order to monitor if the measurement of fair value is appropriate.

Please refer to Note 12(3) for the inputs and evaluation techniques of fair value.

D. Impairment assessment of tangible and intangible assets

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilized and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

E. Realisability of deferred income tax assets

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Assessment of the realisability of deferred income tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax exempt duration, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, laws, and regulations might cause material adjustments to deferred income tax assets.

F. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. The Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

Item	December 31 2024	December 31 2023
Cash on hand	$ 206	$ 512
Demand deposits	346,577	287,434
Foreign currency deposits	118,691	97,591
Total	$465,474	$385,537

A. The financial institutions dealing with the Group are credit worthy, and the Group does transactions with a number of financial institutions to diversify credit risk that are unlikely to be expected to default.

B. The Group had no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through profit or loss

Item	December 31 2024	December 31 2023
Non-derivative financial assets		
Mutual funds	$ 5,445	$ 5,026

A. The Group recognized net gain (loss) on financial assets and liabilities at FVTPL were $419 thousand and $236 thousand for the year ended December 31, 2024 and 2023, respectively.

B. The Group had no financial assets at fair value through profit or loss pledged to others.

C. Please refer to Note 12(2) for credit risk management and evaluation method.

(3) Notes receivable, net

Item	December 31 2024	December 31 2023
At amortized cost		
Notes receivable	$ 195	$ 47
Less: Loss allowance	-	-
Net	$ 195	$ 47

A. The Group had no notes receivable pledged to others.

B. Please refer to Note 6(4) for the relevant disclosure of loss allowance for notes receivable.

(4) Accounts receivable, net

Item	December 31 2024	December 31 2023
At amortized cost		
Accounts receivable	$236,942	$274,566
Less: Loss allowance	(4,123)	(6,289)
Net	$ 232,819	$ 268,277

A. The accounts receivable that were neither past due nor impaired was following the Group's credit policy determined by reference to the industry characteristics, operation scale and current financial position of the counterparties. The average credit period on sales of goods for equipment was 3-6 months (except for the final payment, the final payment is generally about 10%-20%, and the credit period is based on the agreement, usually after the expiration of the warranty period.).

B. The Group had no account receivable pledged to others.

C. The Group applies the simplified approach to provisions for expected credit losses, which permits the use of a lifetime expected credit losses provision for trade receivables. The expected credit losses on trade receivables are estimated by reference to preparation matrix, past account aging records of the debtor, an analysis of the debtor's current financial position, and industrial trend. As the Group's historical credit losses experience does not show significantly different loss patterns for different customer segments, the provision for losses based on past due status of notes receivable and accounts receivable is not further distinguished between the Group's different customer base.

D. The Group measures the loss allowance for notes receivable, accounts receivable and other receivables according to the preparation matrix (including related parties):

December 31, 2024	Expected Credit Loss Rate	Gross Carrying Amount	Loss Allowance (Lifetime ECL)	Amortized Cost
Not past due	0%-0.05%	$ 141,051	$ -	$ 141,051
Past due within 30 days	0%-1%	23,562	(230)	23,332
Past due 31-90 days	0%-1%	37,142	(362)	36,780
Past due 91-180 days	0%-5%	17,910	(407)	17,503
Past due 181-365 days	0%-20%	4,240	(573)	3,667
Past over than 1 year	0%-50%	13,226	(2,545)	10,681
Counterparties show signs of default	100%	6	(6)	-
Total		$ 237,137	$ (4,123)	$ 233,014

December 31, 2023	Expected Credit Loss Rate	Gross Carrying Amount	Loss Allowance (Lifetime ECL)	Amortized Cost
Not past due	0%-0.05%	$ 214,191	$ (53)	$ 214,138
Past due within 30 days	0%-1%	-	-	-
Past due 31-90 days	0%-1%	7,556	-	7,556
Past due 91-180 days	0%-5%	13,005	(609)	12,396
Past due 181-365 days	0%-20%	7,310	(751)	6,559
Past over than 1 year	0%-50%	32,524	(4,849)	27,675
Counterparties show signs of default	100%	27	(27)	-
Total		$ 274,613	$ (6,289)	$ 268,324

E. Movements of the loss allowance for notes and accounts receivable (include related parties) were as follows:

Item	Year Ended December 31 2024	2023
Beginning balance	$ 6,289	$ 9,704
Less: Reversal of impairment	(2,143)	(3,353)
Less: Write-offs	(23)	(62)
Ending balance	$ 4,123	$ 6,289

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery of the receivable. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss. The Group's trade receivables for offsetting the contract amount were $23 thousand and $62 thousand for the years ended December 31, 2024 and 2023, respectively.

F.Please refer to Note 12 for the relevant credit risk management and assessment method.

(5) Inventories and operating costs

Item	December 31 2024	2023
Raw materials	$ 23,917	$ 29,814
Merchandise inventory	5,004	2,689
Work in process	33,237	102,458
Finished goods	456	1,981
Total	$ 62,614	$ 136,942

A. The related inventory (gain) loss recognized as operating cost for the years ended December 31, 2024 and 2023 were as follows:

Item	Year Ended December 31 2024	Year Ended December 31 2023
Cost of goods sold	$ 303,221	$ 419,142
Costs of maintenance	30,808	33,943
Gain on physical inventory	27	1,271
Loss (Gain) on inventory valuation	(1,366)	16,180
Total	$ 332,690	$ 470,536

B. The provision for impairment and obsolescence losses deducted from various inventory costs for the years 2024 and 2023 in this group changed as follows:

Item	Year Ended December 31 2024	Year Ended December 31 2023
Beginning balance	$ 17,661	$ 7,896
Add: Provision for impairment	(1,366)	16,180
Less: Write-offs	(3,202)	(6,415)
Ending balance	$ 13,093	$ 17,661

C. The Group had no inventories pledged to others.

(6) Prepayments

Item	December 31 2024	December 31 2023
Prepayment for purchases	$ 3,137	$ 5,269
Other prepaid expenses	6,298	2,592
Prepaid sales tax	1	2
Overpaid sales tax	1,180	2,379
Total	$ 10,616	$ 10,242

(7) Property, plant and equipment

Item	December 31 2024	December 31 2023
Land	$ 117,681	$ 117,681
Buildings	133,724	134,713
Machinery equipment	45,776	35,617
Transportation equipment	7,762	5,627
Office equipment	1,248	1,251
Miscellaneous equipment	5,241	4,166
Equipment to be inspected and construction in progress	699	-
Total cost	$ 312,101	$ 299,055
Less: Accumulated depreciation	(45,355)	(33,955)
Total	$ 266,746	$ 265,100

	Land	Buildings and Structures	Machinery Equipment	Other Equipment (Note)	Equipment to be Inspected and Construction in Progress	Total
Cost						
Balance at January 1, 2024	$ 117,681	$ 134,713	$ 35,617	$ 11,044	$ -	$ 299,055
Additions	-	-	-	128	4,214	4,342
Disposals	-	-	(400)	(1,455)	-	(1,855)
Reclassification	-	(989)	-	4,534	(3,545)	-
Transfer from inventories	-	-	10,559	-	-	10,559
Balance at December 31, 2024	$ 117,681	$ 133,724	$ 45,776	$ 14,251	$ 669	$ 312,101
Accumulated depreciation						
Balance at January 1, 2024	$ -	$ 11,588	$ 19,165	$ 3,202	$ -	$ 33,955
Depreciation	-	6,728	4,839	1,453	-	13,020
Disposals	-	-	(400)	(1,220)	-	(1,620)
Reclassification	-	(605)	-	605	-	-
Balance at December 31, 2024	$ -	$ 17,711	$ 23,604	$ 4,040	$ -	$ 45,355

	Land	Buildings and Structures	Machinery Equipment	Other Equipment (Note)	Equipment to be Inspected and Construction in Progress	Total
Cost						
Balance at January 1, 2023	$ 117,681	$ 134,234	$ 35,617	$ 7,256	$ -	$ 294,788
Additions	-	479	-	3,788	-	4,267
Balance at December 31, 2023	$ 117,681	$ 134,713	$ 35,617	$ 11,044	$ -	$ 299,055

Accumulated depreciation						
Balance at January 1, 2023	$ -	$ 4,877	$ 14,055	$ 2,778	$ -	$ 21,710
Depreciation	-	6,711	5,110	424	-	12,245
Balance at December 31, 2023	$ -	$ 11,588	$ 19,165	$ 3,202	$ -	$ 33,955

(Note)Including transportation facilities, office equipment and miscellaneous equipment.

A. Reconciliations of current additions and the acquisition of property, plant and equipment in statement of cash flows were as follows:

Item	Year Ended December 31 2024	Year Ended December 31 2023
Acquisition of property, plant and equipment	$ 4,342	$ 4,267
Decrease (increase) in equipment payable	604	(604)
Cash paid for acquisition of property, plant and equipment	$ 4,946	$ 3,663

B. The details of interest capitalized: Please refer to Note 6(22).

C. Impairment loss of property, plant and equipment amounted to both $0 thousand for the year ended December 31, 2024 and 2023.

D. Property, plant and equipment pledged for the borrowings: Please refer to Note 8.

(8)Intangible assets

Item	December 31 2024	December 31 2023
Computer software	$ 7,220	$ 5,998
Less: Accumulated amortization	(5,184)	(3,524)
Net	$ 2,036	$ 2,474

Cost	Year Ended December 31 2024	Year Ended December 31 2023
Beginning balance	$ 5,998	$ 4,944
Additions	1,222	1,458
Derecognition	-	(404)
Ending balance	$ 7,220	$ 5,998

Accumulated amortization		
Beginning balance	$ 3,524	$ 2,448
Amortization	1,660	1,480
Derecognition	-	(404)
Ending balance	$ 5,184	$ 3,524

(9)Other payables

Item	December 31 2024	December 31 2023
Wages and salaries payable	$ 25,737	$ 37,099
Employees compensation payable	9,782	12,606
Remuneration for directors and supervisors payable	1,772	3,486
Pension patable	3,033	2,317
Insurance payable	3,924	3,068
Professional service payable	1,877	1,372
Payable on equipment	-	604
Receipts under custody	555	964
Others	6,883	4,130
Total	$ 53,563	$ 65,646

(10) Provisions - current

Item	December 31 2024	December 31 2023
Warranty provisions	$ 3,384	$ 3,324
Employee benefits	623	1,096
Total	$ 4,007	$ 4,420

	Year Ended December 31, 2024		
Item	Warranty Provisions	Employee Benefits	Total
Balance at January 1, 2024	$ 3,324	$ 1,096	$ 4,420
Additional provisions recognized	8,631	623	9,254
Used in current period	(8,571)	(1,096)	(9,667)
Balance at December 31, 2024	$ 3,384	$ 623	$ 4,007

Item	Year Ended December 31, 2023		
	Warranty Provisions	Employee Benefits	Total
Balance at January 1, 2023	$ 4,095	$ 1,083	$ 5,178
Additional provisions recognized	3,494	1,096	4,590
Used in current period	(4,265)	(1,083)	(5,348)
Balance at December 31, 2023	$ 3,324	$ 1,096	$ 4,420

A. The group provides warranties on machine products sold. Provision for warranty is estimated based on these products' historical warranty data.

B. Provision for employee benefits represents vested short-term service leave entitlements accrued.

(11) Long-term loans and current portion of long-term loans

Item	December 31	
	2024	2023
Secured loans	$ 173,441	$ 184,890
Less: current portion	(17,622)	(11,034)
Less: transfer to deferred government subsidy benefits-low-interest loans	(11,513)	(12,459)
Long-term loans	$ 144,306	$ 161,397
Interest rate range	0.955%~2.15%	0.83%~2.02%

A. The changes in deferred government subsidy benefits (included in long-term deferred revenue) for the years ended December 31, 2024 and 2023 were as follows:

Item	December 31	
	2024	2023
Beginning balance	$ 12,459	$ 13,405
Less: Recognized as other income	(946)	(946)
Ending balance	$ 11,513	$ 12,459

B. Refer to Note 8 for assets pledged as collateral for long-term loans.

C. A portion of the long-term borrowings of the company qualifies for government subsidies in the form of low-interest loans under the project of accelerating investment loans of small and medium-sized enterprises. According to the terms of the loan agreement, the company is required to maintain a current ratio of no less than 150% and a debt ratio of no more than 120% from the financial statements date of 2023.The aforementioned financial ratios are reviewed annually, based on the financial statements certified by the auditor each year. The company has met the prescribed financial ratios based on the financial report for 2024 and 2023.

(12) Pension

A. Defined contribution plans

a. The plan under the Labor Pension Act (the "Act") is deemed a defined contribution plan. Pursuant to the Company has made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts.

b. The total expenses recognized in the statements of comprehensive income were $3,330 thousand and $2,820 thousand, representing the contributions payable to these plans by the Company at the rates specified in the plans for the years ended December 31, 2024 and 2023, respectively.

B. Defined benefit plans

a. The Company has defined benefit plans under the Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The aforementioned companies contribute an amount of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds.

b. The amounts arising from the defined benefit obligation of the Company in the balance sheets were as follows:

Item	December 31	
	2024	2023
Present value of defined benefit obligation	$ 16	$ -
Fair value of plan assets	-	-
Net defined benefit liabilities (assets)	$ 16	$ -

c. Movements of the net defined benefit liabilities were as follows:

Item	Year Ended December 31, 2024 Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance, at January 1	$ 2	$ -	$ 2
Service cost			
Current service cost	4	-	4
Recognized in profit or loss	$ 4	$ -	$ 4
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	$ -	$ -	$ -
Actuarial loss (gain)			
Experience adjustments	10	-	10
Recognized in other comprehensive income	$ 10	$ -	$ 10
Balance at December 31	$ 16	$ -	$ 16

d. Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

(a) Investment risk

The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.

(b) Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

(c) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

e. The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions of the actuarial valuation were as follows:

	Measurement Date	
	December 31, 2024	December 31, 2023
Discount rate	1.50%	1.50%
Future salary increase rate	3.00%	3.00%
The weighted average duration of the defined benefit obligation	34.3 years	38.4 years

(a) Assumptions regarding future mortality experience are set based on actuarial valuation in accordance with the Taiwan Annuity Life Tables.

(b) If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
Item	2024	2023
Discount Rate		
0.25% higher	$ (2)	$ -
0.25% lower	$ 1	$ -
Expected rates of salary increase		
1.00% higher	$ 6	$ -
1.00% lower	$ (5)	$ -

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

f. The Company expects to make contributions of $0 thousand to the defined benefit plans for the year ended December 31, 2025.

(13)Share capital

A. Movements in the number of the Company's ordinary shares outstanding were as follows:

	Year Ended December 31, 2024	
Item	Shares (in thousands)	Amount
Balance at December 31	28,860	$ 288,598

Item	Year Ended December 31, 2023	
	Shares (in thousands)	Amount
Balance at January 1	26,256	$ 262,558
Employee stock options	2,604	26,040
Balance at December 31	28,860	$ 288,598

a. As of December 31, 2024, the authorized capital are $600,000 thousand, consisting of 60,000 thousand shares.

b. On August 11, 2023, the Company issue employee stock option certificates totaling 2,620 units, and each stock option certificate represents the right to purchase 1,000 shares of the Company (please refer to Note 6(15)). As of the 2023 fiscal year, a total of 2,604 thousand shares had been requested for subscription under these options, and the registration of changes was completed in November 2023.

(14)Capital surplus

Item	December 31	
	2024	2023
Additional paid-in capital	$ 55,333	$ 55,333
The stock options expired	57	57
Total	$ 55,390	$ 55,390

Under the Company Act, the capital surplus generated from the excess of the issuance price over the par value of capital stock and donations can be used to offset deficit or may be distributed as stock dividends or in cash. Capital surplus can't be used to offset deficit unless legal reserve is insufficient. The capital surplus from long-term investments may not be used for any purpose.

(15) Share-Based Payment

A. Employee stock option-issued on August, 2023

On August 11, 2023, the Company approved to issue employee stock options for 2,620 units. For each share option, the holder may subscribe for 1,000 ordinary shares of the Company at $19 per share. For any subsequent changes in the Company's capital structure, the exercise price is not accordingly adjusted. The options are valid from August 24, 2023 through October 23, 2023, and exercisable from the grant date. The compensation costs of employee stock option recorded by the Company were $9,354 thousand for the years ended December 31, 2023, respectively.

a. Numbers and Weighted-average exercise price of stock options for the years ended December 31, 2023 is as follows:

Employee Stock Option	Year Ended December 31, 2023 Shares (in thousand)	Weighted-average Exercise Price per Share (NT$)
Outstanding at beginning of year	-	-
Granted	2,620	19.00
Exercised	(2,604)	19.00
Forfeited	(16)	-
Outstanding at end of year	-	-
Authorized but not issued yet at end of year	-	

b. The Company used the Black-Scholes Option Pricing Model to estimate the fair value of option granted, and information of calculating the fair value are as follows:

Grant date	August 11, 2023
Dividend yield	0%
Expected volatility	25.77%
Risk-free interest rate	0.96%
Expected life	0.08 years
The price per share at the exercise price	$19.00
The fair value of weight-average price (Per share)	$3.57

(16)Retained earnings and dividend policy

A. In accordance with the dividend policy as set forth in the Company's Articles of Incorporation, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside a special reserve in accordance with the laws and regulations, and the remainder plus prior year's unappropriated earnings may be used as dividends or bonus for shareholders after proposed by the Board of Directors and resolved by the shareholders meeting.

B. The company's dividend policy is designed to align with current and future development plans, taking into account investment environment, capital requirements, domestic and international competitive conditions, and shareholder interests, among other factors. For the fiscal year, a dividend payout of no less than ten percent of distributable profits to shareholders is earmarked, provided that the cumulative distributable profits do not fall below five percent of the issued capital, in which case distribution may be withheld. Dividends to shareholders may be distributed in cash or stock, with the proportion of cash dividends not less than ten percent of the total dividend payout. In the event of significant investments or development policies, dividends may be fully distributed in the form of stock dividends.

C. Legal reserve may be used to offset a deficit, and be transferred to capital or distributed in cash. However, legal reserve can be transferred to capital or distributed in cash only when the legal reserve has exceeded 25% of the Company's paid-in capital.

D. The appropriation of 2023 and 2022 earnings had been resolved at the shareholders' meeting in June 2024 and May 2023, respectively. Details were summarized below:

	Amount		Dividends Per Share	
Item	2023	2022	2023	2022
Legal reserve	$ 13,326	$ 10,091		
Special reserve	46	80		
Cash dividends	57,720	26,256	2.00	1.00
Total	$ 71,092	$ 36,427		

E. The appropriation of 2024 earnings had been proposed by the Board of Directors on March 19, 2025. Details were summarized below:

Item	Earnings appropriation proposal	Dividends Per Share
Legal reserve	$ 8,694	
Special reserve (reversal)	(126)	
Cash dividends	28,860	1.00
Stock dividends	57,720	2.00
Total	$ 95,148	

The appropriations of legal reserve and special reserve for 2024 are to be presented for approval in the shareholders' meeting to be held in June 2025.

G. Information on the earnings appropriation proposed by the Company's Board of Directors and approved by the Company's shareholders is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(17)Operating revenues

Item	Year Ended December 31 2024	2023
Revenue from contracts with customer		
Revenue from sales of product sales	$ 493,569	$ 706,984
Maintenance revenue	54,106	59,946
Total sales revenue from contracts with customers	$ 547,675	$ 766,930
Less: Sales return	-	(4,665)
Sales discount	(45)	(226)
Net operating revenue	$ 547,630	$ 762,039

A. Explain of contract revenue

Sales of mechanical products and their components, are mainly to electronics industry manufacturers. It is sold at the price agreed in the contract.

B. Contract revenue details

The Group's revenue can be categorized into the following main products and area:

For the year ended December 31, 2024:

	Revenue from product sales	Maintenance revenue	Total
Main area			
Taiwan	$ 218,629	$ 42,961	$ 261,590
China	233,684	3,141	236,825
America	-	2,176	2,176
Austria	21,541	2,140	23,681
Others	19,715	3,643	23,358
Total	$ 493,569	$ 54,061	$ 547,630
Main products			
The Tainan factory	$ 484,069	$ 54,061	$ 538,130
Kunshan City, Mainland China	9,500	-	9,500
Total	$ 493,569	$ 54,061	$ 547,630
Timing of revenue recognition			
At a certain point of time	$ 493,569	$ 54,061	$ 547,630
Gradually over time	-	-	-
Total	$ 493,569	$ 54,061	$ 547,630

For the year ended December 31, 2023:

Main area	Revenue from product sales	Maintenance revenue	Total
Taiwan	$ 250,485	$ 43,194	$ 293,679
China	298,177	5,626	303,803
America	58,465	6,095	64,560
Austria	49,700	451	50,151
Others	45,431	4,415	49,846
Total	$ 702,258	$ 59,781	$ 762,039
Main products			
The Tainan factory	$ 700,166	$ 59,781	$ 759,947
Kunshan City, Mainland China	2,092	-	2,092
Total	$ 702,258	$ 59,781	$ 762,039
Timing of revenue recognition			
At a certain point of time	$ 702,258	$ 59,781	$ 762,039
Gradually over time	-	-	-
Total	$ 702,258	$ 59,781	$ 762,039

C. Contract balances

The Group recognizes the receivable, contract assets and contract liabilities related to contract revenue as follows:

Item	December 31, 2024	December 31, 2023	January 1, 2023
Receivable	$ 233,014	$ 268,324	$ 274,418
Contract assets	-	-	-
Total	$ 233,014	$ 268,324	$ 274,418
Contract liabilities - current	$ 28,712	$ 34,631	$ 152,749

(Note) Including notes receivable and accounts receivable.

a. Significant changes in contract assets and contract liabilities

The changes in the contract assets and contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment, and there is no other significant changes.

c. Amount from previous period's satisfied performance obligations and beginning contract liabilities recognized in the current period as income were as follows:

Revenue in the current period	Year Ended December 31 2024	2023
From beginning balance- contract liabilities	$ 34,631	$ 147,493
From previous period's satisfied performance obligations	$ -	$ -

(18)Labor cost, depreciation and amortization

Item	Year ended December 31, 2024 Operating cost	Operating expenses	Total
Labor cost			
Salaries	$ 33,202	$ 48,899	$ 82,101
Insurance	3,315	3,263	6,578
Pension	2,387	1,791	4,178
Directors remuneration	-	1,772	1,772
Others	2,287	3,680	6,967
Depreciation	245	12,775	13,020
Amortization	527	1,133	1,660
Total	$ 42,963	$ 73,313	$ 116,276

Item	Year ended December 31, 2023 Operating cost	Operating expenses	Total
Labor cost			
Salaries	$ 45,535	$ 55,856	$ 101,391
Insurance	4,056	3,815	7,871
Pension	3,064	1,478	4,542
Directors remuneration	-	3,186	3,186
Others	3,363	3,160	6,523
Depreciation	196	12,049	12,245
Amortization	281	1,199	1,480
Total	$ 56,495	$ 80,743	$ 137,238

1. In accordance with the Articles of Incorporation of the Company, if the Company has earnings in a given year, it shall allocate 2% to 10% of the pre-tax net profit as employees' compensation and no more than 6% as remuneration to directors and supervisors. However, if the Company still has accumulated losses, such losses shall be covered first before any such allocation. For the years ended December 31, 2024 and 2023, the estimated employees' compensation were $9,782 thousand and $12,606

thousand, respectively, which fall within the range of 2% to 10% of pre-tax net profit. For the years ended December 31, 2024 and 2023, the estimated remuneration to directors and supervisors were $1,772 thousand and $3,486 thousand, respectively, which do not exceed 6% of pre-tax net profit. If there are changes in the amounts after the annual financial statements are issued, they will be processed according to changes in accounting estimates and adjusted in the next fiscal year.

2. The employees' compensation and remuneration to directors for the years ended December 31, 2024 and 2023 had been approved by the Company's Board of Directors meeting held on March 19, 2025 and March 27, 2024, respectively, and the relevant amounts recognized in the standalone financial statement were as follows:

	Year ended December 31			
	2024		2023	
	Employees' compensation	Remuneration to directors	Employees' compensation	Remuneration to directors
Resolution amount of allotment	$ 9,782	$ 1,772	$ 12,606	$ 3,486
Recognized in the annual financial statements	9,782	1,772	12,606	3,486
Difference	$ -	$ -	$ -	$ -

The above mentioned employees' compensation will be paid by cash.

3. Information about the appropriation of employees' compensation and directors' remuneration by the Company as proposed by the Board of Directors and resolved by the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(19)Interest income

Item	Year Ended December 31 2024	2023
Interest on bank deposits	$ 4,112	$ 2,837

(20)Other income

Item	Year Ended December 31 2024	2023
Subsidized income - subsidy for low-interest loans	$ 946	$ 946
Subsidized income - SBIR	354	375
Revenue from electricity sales	721	667
Others	444	402
Total	$ 2,465	$ 2,390

(21)Other gains and losses

Item	Year Ended December 31 2024	2023
Gain (loss) on foreign exchange, net	$ 22,349	$ 3,170
Financial assets at FVTPL and gain (loss) on valuation	419	236
Gain (loss) on disposal of property, plant and equipment	(43)	-
Others	(58)	(93)
Total	$ 22,667	$ 3,313

(22)Finance costs

Item	Year Ended December 31 2024	2023
Interest expense		
Bank loans	$ 3,000	$ 3,196
Less: Amount qualified for capitalization	-	-
Finance costs	$ 3,000	$ 3,196

(23)Income tax expense

A. Income tax expense

a.The major components of tax expense were as follows:

Current income tax	Year Ended December 31 2024	2023
Current tax expense	$ 19,362	$ 26,023
Adjustments in tax of prior periods	149	37
Income tax on unappropriated earrings	2,773	2,939
Total	$ 22,284	$ 28,999
Deferred income tax		
The origination and reversal of temporary differences	$ 3,749	$ 9,683
Total	$ 3,749	$ 9,683
Income tax expense	$ 26,033	$ 38,682

b. Income tax expense recognized in other comprehensive income were as follows:

Item	Year Ended December 31 2024	2023
Remeasurement of defined benefit plans	($ 2)	$ -

B. Reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

Item	Year Ended December 31 2024	Year Ended December 31 2023
Income before income tax	$ 112,983	$ 171,943
Income tax expense at the statutory rate	$ 22,632	$ 34,242
Tax effect of adjusting items:		
Unrealized inventory valuation loss(recovery gain)	(330)	2,928
Differences in the timing of revenue recognition for sales	(451)	(16,226)
Unrealized foreign exchange loss (gain)	(1,818)	4,576
Unrealized warranty provision	12	(154)
Others	(683)	657
Adjustments in tax of prior periods	149	37
Deferred income tax expense		
Temporary differences	3,749	9,683
Undistributed surplus for income tax	2,773	2,939
Income tax expense recognized in profit or loss	$ 26,033	$ 38,682

The applicable income tax rate used by the Company is 20%. In addition, the tax rate applicable to unappropriated earning is 5%.

According to the amendments to the Statute for Industrial Innovation announced in July 2019, the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Company has already deducted the amount of the unappropriated earnings that has been reinvested as capital expenditures.

C. Deferred tax assets and liabilities from temporary differences

Items	Year Ended December 31, 2024			
	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred income tax assets:				
Temporary differences				
Unrealized warranty provision	$ 665	$ 12	$ -	$ 677
Unrealized loss on doubtful debts	705	(357)	-	348
Unrealized exchange loss	1,114	(1,114)	-	-
Unused compensated absences	220	(95)	-	125
Differences in the timing of revenue recognition for sales	1,764	(451)	-	1,313
Loss on foreign investment under equity method	2,025	(228)	-	1,797
Unrealized loss on inventories	3,224	(971)	-	2,253
Others	-	158	-	158
Net defined benefit liability	-	1	2	3
Subtotal	$ 9,717	$ (3,045)	$ 2	$ 6,674
Deferred income tax liabilities:				
Temporary differences				
Unrealized exchange gain	$ -	$ (704)	$ -	$ (704)
Subtotal	$ -	$ (704)	$ -	$ (704)
Total	$ 9,717	$ (3,749)	$ 2	$ 5,970

Items	Year Ended December 31, 2023			
	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred income tax assets:				
Temporary differences				
Unrealized warranty provision	$ 819	$ (154)	$ -	$ 665
Unrealized loss on doubtful debts	1,295	(590)	-	705
Unrealized exchange loss	-	1,114	-	1,114
Unused compensated absences	217	3	-	220
Differences in the timing of revenue recognition for sales	17,990	(16,226)	-	1,764
Loss on foreign investment under equity method	962	1,063	-	2,025
Unrealized loss on inventories	1,579	1,645	-	3,224
Subtotal	$ 22,862	$ (13,145)	$ -	$ 9,717
Deferred income tax liabilities:				
Temporary differences				
Unrealized exchange gain	$ (3,462)	$ 3,462	$ -	$ -
Subtotal	$ (3,462)	$ 3,462	$ -	$ -
Total	$ 19,400	$ (9,683)	$ -	$ 9,717

D. Items with no deferred tax assets recognized: None.

E. The tax authorities have ratified Company’s income tax returns through Year 2022.

(24)Other comprehensive income (loss)

Item	Year Ended December 31, 2024		
	Other Comprehensive Income (Loss), Before Tax	Income Tax Benefit (Expense)	Other Comprehensive Income (Loss), Net of Tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	$ (10)	$ 2	$ (8)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements	$ 143	$ -	$ 143
Recognized in other comprehensive income (loss)	$ 133	$ 2	$ 135

Item	Year Ended December 31, 2023		
	Other Comprehensive Income (Loss), Before Tax	Income Tax Benefit (Expense)	Other Comprehensive Income (Loss), Net of Tax
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements	$ (46)	$ -	$ (46)
Recognized in other comprehensive income (loss)	$ (46)	$ -	$ (46)

(25)Earnings per share

Item	Year Ended December 31	
	2024	2023
(1) Basic earnings (loss) per share		
Net income (A)	$ 86,950	$ 133,261
Weighted average shares outstanding (in thousands) (B)	28,860	26,641
Basic earnings per share (after tax) (A)/(B)	$ 3.01	$ 5.00
(2) Diluted earnings (loss) per share		
Net income	$ 86,950	$ 133,261
Dilutive impact of potential common shares	-	-
Net income used in computation of diluted earnings per share (C)	$ 86,950	$ 133,261
Weighted average shares outstanding (in thousands)	28,860	26,641
Effect of potential dilutive ordinary shares:		
Impact on employees' compensation (in thousands) (Note)	499	864
Weighted average number of ordinary shares outstanding after dilution (in thousands) (D)	29,359	27,505
Diluted earnings per share (after tax) (C)/(D)	$ 2.96	$ 4.84

(Note) Since the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party:

The Group has no parent and ultimate controlling party.

(2) Related party name and category:

Related Party Name	Related Party Category
XinDaYu Interior Decoration Engineering Company	Other related party

(3) Significant transactions with related parties:

A. Sales: None.

B. Purchase: None

C. Contract assets: None.

D. Contract liabilities: None.

E. Balance of receivables: None

F. Balance of payables (excluding borrowing from related parties):

	December 31	
Related Party Category	2024	2023
Other payables:		
Other related party	$ -	$ 668

H. Prepayments: None.

I. Property transactions

a. Purchase Property, Plant and Equipment

2024：None.

2023：

Related Party Category	Transaction Details	Transaction amount
Other related party	Water-power engineering, etc.	$ 575

The transaction price mentioned above was determined through negotiation between both parties. As of December 31, 2023, the full payment had not yet been settled.

I. Others:

a. Miscellaneous expenses:

Related Party Category	Year Ended December 31 2024	2023	Nature of transaction
Other related party	125	64	Maintenance expenses

(4) Key management compensation

Related Party Category	Year Ended December 31 2024	2023
Salaries and other short-term employee benefits	$ 15,155	$ 15,338
Post-employment benefits	108	108
Total	$ 15,263	$ 15,446

8、PLEDGED ASSETS

The following assets have been pledged as collateral for loans and contracts performance:

Item	December 31 2024	2023
Property, plant and equipment (net)	$ 237,101	$ 243,266
Other financial assets current (Note)	16,395	-
Other financial assets non-current (Note)	16,395	15,353
Total	$ 269,891	$ 258,619

(Note) Due to the pledging of fixed-term deposits as collateral for borrowing limits.

9、SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

(1) Guarantee notes issued to banks by the Company for machine warranty totaled $489 thousand and $0 thousand as of December 31, 2024 and 2023, respectively.

10、SIGNIFICANT DISASTER LOSS: NONE.

11、SIGNIFICANT SUBSEQUENT EVENTS: NONE.

12、OTHERS

(1) Capital risk management

The Group should maintain an adequate capital structure to enable the expansion and enhancement of equipment. Therefore, the Group manages its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital asset purchases and debt service requirements associated with its existing operations over the next 12 months.

(2) Financial instruments

A. Financial risk of financial instruments

Financial risk management policies

The Group’s activities expose to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To lower down the related financial risk, the Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group’s financial position and financial performance.

The plans for material treasury activities are reviewed by board of directors in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, the Group Treasury function must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.

Significant financial risks and degrees of financial risks

(A) Market risk

a. Foreign exchange rate risk

(a) The Group is exposed to exchange rate risk arising from sales, purchases and borrowing transactions denominated in currencies other than the Group's functional currency and from net investments in foreign operations. The Group's functional currency is mainly New Taiwan dollars. These transactions are mainly denominated in USD, RMB and JPY. In order to avoid the decrease in the value of foreign currency assets and the fluctuation of future cash flow due to exchange rate changes, the Group arranged future receivables and payables denominated in the same foreign currency, and uses foreign currency borrowings to avoid exchange rate risks.

The use of such financial instruments can help the Group reduce but still cannot completely eliminate the impact of foreign currency exchange rate changes.

Since the net investment in foreign operating institutions is a strategic investment, the Group does not hedge against it.

(b) Foreign currency risk and sensitivity analysis

			December 31, 2024			
				Sensitivity analysis		
	Foreign Currency	Exchange Rate	Carrying amount (NTD)	Range of change	Effect on profit or loss	Effects on equity
(Foreign currency: Functional currency)						
Financial assets						
Monetary item						
USD:NTD	7,530	32.785	246,880	increase 1%	2,469	-
Financial liabilities						
Monetary item						
USD:NTD	315	32.785	10,335	increase 1%	(103)	-

			December 31, 2023			
				Sensitivity analysis		
	Foreign Currency	Exchange Rate	Carrying amount (NTD)	Range of change	Effect on profit or loss	Effects on equity
(Foreign currency: Functional currency)						
Financial assets						
Monetary item						
USD:NTD	10,450	30.705	320,871	increase 1%	3,209	-
Financial liabilities						
Monetary item						
USD:NTD	50	30.705	1,538	increase 1%	(15)	-

If NTD appreciates against the above-mentioned currencies, held all other variables constant, the impact generated as of December 31, 2024 and 2023 would stay the same with the reverse result. Due to the exchange rate volatility, total exchange gain and loss (including realized and unrealized) from the Group’s monetary items amounted to $22,349 thousand and $3,170 thousand for the years ended December 31, 2024 and 2023, respectively.

b. Price risk

Since the Group’s investment in securities is classified as financial assets at FVTPL on the consolidated balance sheet, the Group exposes to price risks of securities.

The Group mainly invests in mutual funds equity instrument. The price of such equity instruments can be affected by changes in future value of those investment targets.

If the equity instruments price goes increase or decrease by 1%, with all other factors held constant, the net income after tax gain or loss for the years ended December 31, 2024 and 2023 will respectively increase or decrease by $54 thousand and $50 thousand due to gain or loss on financial assets at FVTPL

c. Interest rate risk

The carrying amount of the Group's financial assets and financial liabilities that are exposed to interest rate risk at the reporting date is stated as follows:

	Carrying Value	
Item	December 31, 2024	December 31, 2023
With fair value interest rate risk:		
Financial assets	$ 32,790	$ 15,353
Financial liabilities	-	-
Net	$ 32,790	$ 15,353
With cash flow interest rate risk:		
Financial assets	$ 465,268	$ 385,025
Financial liabilities	(161,928)	(172,431)
Net	$ 303,340	$ 212,594

(a) Sensitivity analysis of fair value interest rate risk tools:

The Group does not classify any fixed-rate instruments as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. In addition, the Group does not designate derivatives (interest rate swap) as hedge instruments under hedge accounting. Therefore, the change of interest rate at reporting date does not have influence on net income and other comprehensive income.

(b) Sensitivity analysis of those with cash flow interest rate risk:

The interest-fluctuate instruments possessed by the Group were floating-interest assets (liabilities). Therefore the effective interest rate, as well as the future cash flows, changes along with the market movement. Every one percent increase in the market interest will decrease the net profit by $3,033 thousand and $2,126 thousand for the years ended December 31, 2024 and 2023, respectively.

(B) Credit risk

Credit risk refers to the risk of financial loss to the Group arising from default by counter-parties of financial instruments on the contract obligations. Credit risk of the Group mainly comes from receivables under operating activities and bank deposits and other financial instruments under investing activities. Credit risks related to operation and finance risks are managed separately.

a. Business elated credit risk

To maintain the quality of accounts receivable, the Group has established the procedures for credit risk management with regards to its operations. Risk assessment on individual customer includes factors that could affect the customer’s ability to pay, such as the customer's financial status, the Group’s internal credit ratings, historical transactions and current economic conditions.

b. Financial credit risk

The credit risks of bank deposits and other financial instruments are measured and monitored by the Group’s financial departments. The Group does not expect significant credit risk because the counterparties are creditworthy and investment-graded financial institutions, companies and government agencies without any significant default concerns. In addition, the Group does not have any debt instrument investments that are either measured at amortized cost or at FVTOCI.

(a) Credit concentration risk

As of December 31, 2024 and 2023 the top ten clients accounted for 76% and 73% of the Group’s accounts receivable, indicating a credit concentration risk. However, no significant credit concentration risk was shown from the remaining accounts receivables.

(b) Measurement of expected credit impairment loss

(I) Accounts receivables and contract assets apply the simplified approach. Please refer to Note 6.(4) for details.

(II)Indications for determining whether the credit risk is increased significantly: None (the Group does not have any debt instrument investments that are either measured at amortized cost or at FVTOCI).

(c) Collaterals and other credit enhancement held to avoid credit risks from financial assets:

The following table shows the maximum exposure to credit risk regarding financial assets recognized in the consolidated balance sheets, pledged collateral, master netting arrangements and other credit enhancement held by the Group:

December 31, 2024	Carrying amount	Decreased amount of maximum exposure to credit risks: Collateral	Net settlement agreement	Other credit enhancement	Total
Credit-impaired financial instruments to which impairment requirements of IFRS 9 are applicable	$ -	$ -	$ -	$ -	$ -
Financial instruments to which the impairment requirements of IFRS 9 are not applicable:					
Financial assets at FVTPL	5,445	-	-	-	-
Total	$ 5,445	$ -	$ -	$ -	$ -

December 31, 2023	Carrying amount	Decreased amount of maximum exposure to credit risks: Collateral	Net settlement agreement	Other credit enhancement	Total
Credit-impaired financial instruments to which impairment requirements of IFRS 9 are applicable	$ -	$ -	$ -	$ -	$ -
Financial instruments to which the impairment requirements of IFRS 9 are not applicable					
Financial assets at FVTPL	5,026	-	-	-	-
Total	$ 5,026	$ -	$ -	$ -	$ -

(C) Liquidity risk

a. Liquidity risk management:

The Group’s objecting in managing liquidity risk is to maintain a sufficient level of cash and cash equivalents and credit lines with banks for daily operations in order to ensure the financial flexibility of the Group.

b. Financial Liabilities Maturity Analysis:

Non-derivative financial liabilities :	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flow	Carrying amount
	December 31, 2024						
Accounts payable	$ 71,895	$ -	$ -	$ -	$ -	$ 71,895	$ 71,895
Other payables	53,563	-	-	-	-	53,563	53,563
Long-term loans (including current portion)	9,392	8,230	14,138	42,413	99,268	173,441	161,928
Total	$134,850	$ 8,230	$ 14,138	$ 42,413	$99,268	$ 298,899	$ 287,386

Non-derivative financial liabilities :	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flow	Carrying amount
	December 31, 2023						
Accounts payable	$ 65,070	$ -	$ -	$ -	$ -	$ 65,070	$ 65,070
Other payables	65,646	-	-	-	-	65,646	65,646
Long-term loans (including current portion)	5,517	5,517	16,976	42,413	114,467	184,890	172,431
Total	$136,233	$ 5,517	$ 16,976	$ 42,413	$114,467	$ 315,606	$ 303,147

The Group does not expect that the occurrence point of cash flow in maturity analysis will be significantly earlier or the actual amount will be significantly different.

B. Types of Financial instruments

	December 31	
	2024	2023
Financial assets		
Financial assets at amortized cost		
Cash and cash equivalents	$ 464,474	$ 385,537
Notes receivable and account receivable (including related parties)	233,014	268,324
Other receivables	267	191
Other financial assets - current	16,395	-
Refundable deposits	1,463	1,137
Other financial assets - non-current	16,395	15,353
Financial assets at FVTPL - current	5,445	5,026
Financial liabilities		
Financial liabilities at amortized cost		

	December 31	
	2024	2023
Account payables	71,895	65,070
Other payables	53,563	65,646
Current portion of long-term loans	17,622	11,034
Long-term loans	144,306	161,397

(3) Fair Value Information:

A. For information on fair value of financial assets and financial liabilities not measured at fair value, please refer to Note 12(3) C.

B. Definition of the three levels in fair value:

Level 1:

Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2:

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3:

Unobservable inputs for the asset or liability.

C. Financial instruments not measured at fair value:

Management of the Group thinks that the carrying amount of financial instruments not measured at fair value, except those listed in the table below, including cash and cash equivalents, notes receivable, accounts receivables, other receivable, other financial assets, refundable deposits, accounts payable, long-term loans (including current portion) and carrying amount of other financial liabilities, is the reasonable approximation of their fair value.

D. Fair value hierarchy:

The fair value hierarchy of financial instrument is measured at fair value on a recurring basis. Information about the Group’s fair value hierarchy was disclosed in the following table:

	December 31, 2024			
Item	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
Financial assets measured at FVTPL				
Mutual funds	$ 5,445	$ -	$ -	$ 5,445

Item	December 31, 2023 Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
Financial assets measured at FVTPL				
Mutual funds	$ 5,026	$ -	$ -	$ 5,026

E. Fair value valuation technique for instruments measured at fair value:

(a) The fair value of financial instruments with quoted prices in active markets is the quoted market prices. Market prices published by major trading centers and exchanges for on-the-run government bonds are the basis for the fair value of listed equity instruments and debt instruments with quoted prices in active markets. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry guild, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments with active markets held by the Group are stated by their natures and types as follows:

a. Mutual funds: net worth.

(b) Except for financial assets with an active market, the fair value of other financial assets is obtained either based on the valuation technique or by reference to the quotes from counter-parties. Fair value can be obtained by using a valuation technique that refers to the fair value of financial instruments having substantially the same terms and characteristics, the discounted cash flow method, or other valuation technique e.g. the one that applies market information available on the balance sheet date to a pricing model for calculation

F. Transfers between Level 1 and Level 2 fair value hierarchy: None.

G. Statement of changes in Level 3 fair value hierarchy: None.

(4) Transfer of financial assets: None.

(5) Offset of financial assets and liabilities: None.

(6) Accounting items reclassification

For coordinating expression of financial statements for the years ended December 31, 2024, some accounting items of the years ended December 31, 2023 have been reclassified:

Item	Before reclassification	reclassification	After reclassification
Operating costs	$ 478,511	$ (7,975)	$ 470,536
Operating expense			
Sales and marketing	$ 29,638	$ 7,975	$ 37,613

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information(Before consolidation)

A. Financings provided: None.

B. Endorsement/guarantee provided: None.

C. Marketable securities held: Table 1.

D. Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.

E. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.

F. Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None.

G. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: None.

H. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

I. Information about the derivative financial instruments transaction: None.

J. The business relationship and important transactions between the parent company and the subsidiary company: Table 2.

(2) Information on investees: Table 3.

(3) Information on investments in Mainland China: Table 4.

Table 1

NANO ELECTRONICS AND MICRO SYSTEM TECHNOLOGIES, INC. AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
DECEMBER 31, 2024

(Amounts in Thousands of New Taiwan Dollars; thousand shares)

Investor	Type and Name of Securities	Relationship with the Issuer	General Ledger Account	Ending balance				Remarks
				Number of Shares	Carrying Value	Percentage of Ownership	Fair Value	
Nano Electronics and Micro System Technologies, Inc.	Mutual funds－JPMorgan Investment Funds - Global High Yield Bond Fund A (mth) - USD	-	Financial assets at FVTPL - current	1	2,847	-	2,847	
	Mutual funds－Allianz Income and Growth - Class AM Dis (USD)	-	Financial assets at FVTPL - current	9	2,598	-	2,598	
		Total			5,445		5,445	

Table 2

NANO ELECTRONICS AND MICRO SYSTEM TECHNOLOGIES, INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

DECEMBER 31, 2024

(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Account	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
0	Nano Electronics and Micro System Technologies, Inc.	Kunshan Branch of NEMS Technologies Co., Ltd.	1	Maintance parts revenue	8,025	The pricing is commensurate with that offered to regular clients, with payment terms allowing for receipt within 3 to 4 months.	1.47%
				Accounts receivable	1,806		0.17%
1	Kunshan Branch of NEMS Technologies Co., Ltd.	Nano Electronics and Micro System Technologies, Inc.	2	Professional service revenue	10,772	The pricing is commensurate with that offered to regular clients, with payment terms allowing for receipt within 3 to 4 months.	1.97%

Note 1: The description of the number column is as follows:

(1) The issuer is represented in 0.

(2) The investee company is numbered sequentially from Arabic numeral 1. ◦

Note 2: There are three types of relationships with traders. The type of mark is as follows:

(1) No. 1 represents the transactions from parent company to subsidiary.

(2) No. 2 represents the transactions from subsidiary to parent company.

(3) No. 3 represents the transactions between subsidiaries.

Note 3: The ratio of transaction amount to consolidated revenues or total assets is calculated as follows:

(1) asset/liability items: ending balance to total assets;

(2) profit and loss items: accumulated amount to consolidated revenues.

Note 4: The above-mentioned parent-subsidiary transactions have been eliminated.

Table 3

NANO ELECTRONICS AND MICRO SYSTEM TECHNOLOGIES, INC. AND SUBSIDIARIES
INFORMATION ON INVESTEES
DECEMBER 31, 2024

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies; thousand shares)

Investor Company	Investee Company	Location	Main Businesses and Product	Original Investment Amount		Balance as of December 31, 2024			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee
				As of December 31, 2024	As of December 31, 2023	Shares	Percentage of Ownership	Carrying Value		
Nano Electronics and Micro System Technologies, Inc.	Stable Promise Group Co., Ltd.	Seychelles islands	Investment holding	15,178 (USD 500)	9,598 (USD 320)	500	100%	6,212 (USD 189)	1,142 (USD 36)	1,142 (USD 36)

Note 1: The above-mentioned parent-subsidiary transactions have been eliminated.

Table 4

NANO ELECTRONICS AND MICRO SYSTEM TECHNOLOGIES, INC. AND SUBSIDIARIES
INFORMATION ON INVESTEES IN MAINLAND CHINA
DECEMBER 31, 2024

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies; thousand shares)

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 (Loss) of the Investee Company	Percentage of Ownership	Share of Profit/Loss (Note 2)	Carrying Amount as of December 31, 2024	Accumulated Inward Remittance of Earnings as of December 31, 2024
					Outflow	Inflow						
Kunshan Branch of NEMS Technologies Co., Ltd.	Trade of electronic components and post-sales services	15,178 (RMB 3,318) Note 4	(2)	9,598 (USD 320)	5,580 (USD 180)	-	15,178 (USD 500)	1,142 (RMB 256)	100%	1,142 (RMB 256) Note 2.(2).B.	6,212 (RMB 1,383)	-

Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
15,,178 (USD 500)	16,393 (USD 500)	447,631

Note 1: The investment methods are divided into the following three types:

(1) Investing directly to the Mainland China;

(2) Reinvesting in the Mainland China through third-region companies (please refer to Table 3);

(3) Others.

Note 2: In the current period, the investment profit and loss column are recognized:

(1) If during incorporation with no investment income or loss, it should be indicated;

(2) The basis for recognition of investment gains and losses divided into the following three types, which should be indicated:

A. Audited financial statements by international accounting firms with cooperation relationship with accounting firms in the Republic of China.

B. Audited financial statements by parent company’s auditors.

C. Others.

Note 3: The relevant figures in this form should be listed in New Taiwan Dollars.

Note 4： The figures in the Table shall be expressed in New Taiwan Dollars. Carrying amount at the end of the period is converted using the exchange rate on December 31, 2024 (USD:NTD 1: 32.785). Investment gain or loss recognized in the current period is converted using the average exchange rate in from January 1 to December 31, 2024 (USD: NTD 1: 32.120)

Note 5: The Company’s major transactions during year 2024 directly or indirectly through the third place and the mainland invested company: Refer to 13 Table 2.

Note 6: The above-mentioned parent-subsidiary transactions have been eliminated.

14. SEGMENT INFORMATION

(1) General information

For management purpose, the Group's reportable segments are listed as follows:

A. Nano Electronics and Micro System Technologies, Inc.

Primarily engaged in the manufacturing and sale of equipment and machinery.

B. Kunshan Branch of NEMS Technologies Co., Ltd.

Trade of electronic components and post-sales services.

C. Other

Investment holding

(2) Measurement basis

Management monitors the operation results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income or loss from operations and is measured consistently with income or loss from operations in the consolidated financial statements. However, the financial costs and financial income of consolidated financial statements, as well as income tax, are managed on a group basis and not allocated to operating departments.

(3) Segment financial information

For the year ended December 31, 2024:

(Amount in Thousands of New Taiwan Dollars)

Items	Nano Electronics and Micro System Technologies, Inc.	Kunshan Branch of NEMS Technologies Co., Ltd.	Other	Elimination	Total
Sales from external customers	$ 538,130	$ 9,500	$ -	$ -	$ 547,630
Sales among inter-segment	8,025	10,789	1142	(19,956)	-
Total sales	$ 546,155	$ 20,289	$ 1142	$ (19,956)	$ 547,630
Depreciation and Amortization	$ 14,657	$ 23	$ -	$ -	$ 14,680
Segment operating profit (loss)	$ 86,090	$ 949	$ 1,142	$ 1,142	$ 87,039
Investments accounted for using equity method	$ 6,212	$ -	$ 6,212	$ 12,424	$ -
Noncurrent capital expenditure	$ 5,522	$ 42	$ -	$ -	$ 5,564
Segment assets	$ 1,080,916	$ 14,241	$ 6,212	$ (14,230)	$ 1,087,139
Segment liabilities	$ 334,864	$ 8,029	$ -	$ (1,806)	$ 341,087

For the year ended December 31, 2023:

(Amount in Thousands of New Taiwan Dollars)

Items	Nano Electronics and Micro System Technologies, Inc.	Kunshan Branch of NEMS Technologies Co., Ltd.	Other	Elimination	Total
Sales from external customers	$ 759,947	$ 2,092	$ -	$ -	$ 762,039
Sales among inter-segment	2,173	12,050	-	(14,223)	-
Total sales	$ 762,120	$ 14,142	$ -	$ (14,223)	$ 762,039
Depreciation and Amortization	$ 13,724	$ 1	$ -	$ -	$ 13,725
Segment operating profit (loss)	$ 171,779	$ (5,180)	$ (5,316)	$ 5,316	$ 166,599
Investments accounted for using equity method	$ (653)	$ -	$ (653)	$ 1,306	$ -
Noncurrent capital expenditure	$ 5,702	$ 23	$ -	$ -	$ 5,725
Segment assets	$ 1,095,364	$ 5,747	$ -	$ (1,068)	$ 1,100,043
Segment liabilities	$ 378,675	$ 6,400	$ 653	$ (2,374)	$ 383,354

(4) Production and service information: No disclosure required for only single industry in the Group.

(5) Geographic information:

A. Sales from external customers

Area	Year Ended December 31 2024	2023
Taiwan	$ 261,590	$ 293,679
China	236,825	303,803
Americas	2,176	64,560
Astria	23,681	50,151
Others	23,358	49,846
Total	$ 547,630	$ 762,039

B. Noncurrent assets

Area	December 31 2024	2023
Taiwan	$ 268,734	$ 267,545
China	$ 48	$ 29

(6) Major customers:

Related Party Category	Year Ended December 31, 2024	
	Amount	Percentage of sales
Customer A	$ 78,619	14.26%
Customer B	65,425	11.95%
Customer C	46,202	8.44%
Total	$ 190,246	

Related Party Category	Year Ended December 31, 2023	
	Amount	Percentage of sales
Customer A	$ 127,069	16.67%
Customer B	107,190	14.07%
Customer C	67,666	8.88%
Total	$ 301,925	