

**CHUN YU WORKS & CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2024 AND 2023**

CHUN YU WORKS & CO., LTD.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2024, pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the entities that are required to be included in the consolidated financial statements of affiliates, are the same as the entities required to be included in the consolidated financial statements under International Financial Reporting Standard No. 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare consolidated financial statements of affiliates.

Hereby declare,

Chun Yu Works & Co., Ltd.

March 6, 2025

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Chun Yu Works & Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Chun Yu Works & Co., Ltd. and subsidiaries (the "Group") as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the *Other matter* section), 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, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of 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. Based on our audits and reports of other auditors, we believe that the audit evidence we have obtained and the reports of other auditors 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 Group's 2024 consolidated financial statements. 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 for the Group's 2024 consolidated financial statements are stated as follows:

Cut-off of revenue from export sales

Description

Refer to Note 4(30) for accounting policy on revenue recognition and Note 6(20) for details of operating revenue.

The Group derives its revenues from the sales of screws, nuts, wire rods and fastener forming machines, etc., and revenues from export sales account for a high percentage of total revenue. Export sales are recognized as revenues when control of the goods has been transferred according to the terms specified in the contracts. The revenue recognition requires that the products are delivered to the customer, the customer has full discretion over the products, and there is no unfulfilled obligation that could affect the customer's acceptance over the products, but delivery time may vary for each sales transaction. The determination as to when products are transferred to customers involves manual process and judgement. Given that there is a risk of material misstatement from improper revenue recognition for transactions that occur near the balance sheet date and the transaction amounts are usually material to the financial statements, we considered the cut-off of revenue from export sales a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding and assessed the accounting policies of revenue recognition on export sales.

2. Obtained an understanding and assessed the internal controls over revenue recognition on export sales, and tested the effectiveness of internal controls including the delivery process and the timing of revenue recognition.
3. Performed cut-off tests on export sales transactions that took place during a certain period before and after the balance sheet date to ascertain whether sales revenues were recognized when control of goods has been transferred to the customer and revenues were recorded in the proper period.

Valuation of inventories

Description

Refer to Note 4(10) for accounting policy on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(4) for details of inventories. As of December 31, 2024, the inventories and allowance for inventory valuation losses amounted to NT\$3,959,354 thousand and NT\$189,101 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of screws, nuts, wire rods and fastener forming machines, etc. Due to the market demand, technology innovation and other factors, there is a risk of inventories losing value or becoming obsolete. The inventories are measured at the lower of cost and net realisable value. For inventory over a certain age and individually identified as obsolete or slow-moving, the net realisable values are determined by management based on periodic inventory clearance information. Given that the net realisable value used when assessing the inventories individually identified as obsolete or slow-moving involves subjective judgement, we considered the valuation of inventories a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of policies and procedures in relation to the provision of allowance for inventory valuation losses based on the accounting principles and our understanding of the nature of the business and the industry.

2. Obtained an understanding of the warehouse management processes, reviewed the annual physical inventory count plan and participated in the annual inventory count in order to evaluate the effectiveness of procedures used by the management to identify and control obsolete inventories.
3. Verified the appropriateness of net realisable value used in inventory valuation and the logic used in the inventory aging report to ascertain the adequacy of allowance for inventory valuation losses.

Other matter – Reference to the reports of other auditors

We did not audit the financial statements of consolidated subsidiaries, Chun Yu Works (USA) Inc. and Pt Moon Lion Industries Indonesia, which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors. Total assets of these subsidiaries amounted to NT\$1,977,290 thousand and NT\$1,827,557 thousand, constituting 16% and 15% of the consolidated total assets as of December 31, 2024 and 2023, respectively, and the operating revenue amounted to NT\$2,220,099 thousand and NT\$2,220,972 thousand, constituting 24% and 26% of the consolidated total operating revenue for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with an other matter paragraph on the parent company only financial statements of Chun Yu Works & Co., Ltd. as of and for the years ended December 31, 2024 and 2023.

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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, 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, including the audit committee, 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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgment and 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 of the current period 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.

Tien, Chung-Yu

Independent Accountants

Hsu, Huei-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

March 6, 2025

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,390,365	12	\$ 2,552,936	21
1110	Financial assets at fair value through profit or loss - current	6(2)	210,550	2	3,177	-
1136	Financial assets at amortised cost - current	6(1) and 8	356,006	3	306,994	2
1150	Notes receivable, net	6(3) and 7	418,851	3	324,961	3
1170	Accounts receivable, net	6(3) and 7	1,532,034	13	1,496,591	12
1200	Other receivables	7	22,368	-	20,269	-
1220	Current income tax assets	6(27)	4,791	-	1,164	-
130X	Inventories	5(2), 6(4)(6) and 8	3,770,253	31	3,355,582	28
1410	Prepayments	7	400,145	3	80,928	1
1460	Non-current assets classified as held for sale, net	6(6)(9)	28,377	-	-	-
11XX	Total current assets		8,133,740	67	8,142,602	67
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	220,900	2	127,050	1
1517	Financial assets at fair value through other comprehensive income - non-current	6(5)	619,463	5	681,311	6
1600	Property, plant and equipment	6(6)(10), 7 and 8	2,719,517	22	2,879,339	24
1755	Right-of-use assets	6(7) and 8	189,942	2	123,068	1
1780	Intangible assets	6(8)	5,072	-	7,747	-
1840	Deferred income tax assets	6(27)	185,552	2	168,233	1
1915	Prepayments for equipment	6(6)	25,367	-	11,959	-
1920	Guarantee deposits paid		21,168	-	24,763	-
1990	Other non-current assets	6(6)	1,861	-	2,264	-
15XX	Total non-current assets		3,988,842	33	4,025,734	33
1XXX	Total assets		\$ 12,122,582	100	\$ 12,168,336	100

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CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(11) and 8	\$ 260,877	2	\$ 478,186	4
2130	Current contract liabilities	6(20) and 7	493,416	4	481,924	4
2150	Notes payable		125	-	438	-
2170	Accounts payable	7	517,483	5	494,133	4
2200	Other payables	7	384,466	3	378,577	3
2230	Current income tax liabilities	6(27)	16,220	-	40,973	-
2250	Provisions for liabilities - current	6(13)	7,002	-	6,401	-
2280	Current lease liabilities	6(7)	29,378	1	13,114	-
2310	Advance receipts	7	12,249	-	-	-
2320	Long-term liabilities, current portion	6(12)(14) and 8	1,603,319	13	6,583	-
21XX	Total current liabilities		<u>3,324,535</u>	<u>28</u>	<u>1,900,329</u>	<u>15</u>
	Non-current liabilities					
2530	Bonds payable	6(12) and 8	2,996,944	25	4,578,558	38
2540	Long-term borrowings	6(14) and 8	16,540	-	23,123	-
2570	Deferred income tax liabilities	6(27)	485,875	4	457,693	4
2580	Non-current lease liabilities	6(7)	82,028	-	30,310	-
2640	Net defined benefit liabilities - non-current	6(15)	84,835	1	98,780	1
2645	Guarantee deposits received		457	-	457	-
25XX	Total non-current liabilities		<u>3,666,679</u>	<u>30</u>	<u>5,188,921</u>	<u>43</u>
2XXX	Total liabilities		<u>6,991,214</u>	<u>58</u>	<u>7,089,250</u>	<u>58</u>
	Equity attributable to owners of parent					
	Share capital	6(16)				
3110	Common stock		3,021,627	25	3,021,627	25
3200	Capital surplus	6(12)(16)(17)	522,676	4	501,353	4
	Retained earnings	6(5)(18)				
3310	Legal reserve		369,727	3	336,485	3
3320	Special reserve		430,610	4	430,610	4
3350	Unappropriated retained earnings		635,508	5	649,496	5
3400	Other equity interest	6(5)(19)	(442,934) (	4) (	(394,640) (	4) (
3500	Treasury stocks	6(16)	(267,195) (	2) (	(267,195) (	2) (
31XX	Equity attributable to owners of the parent		<u>4,270,019</u>	<u>35</u>	<u>4,277,736</u>	<u>35</u>
36XX	Non-controlling interest	4(3)	861,349	7	801,350	7
3XXX	Total equity		<u>5,131,368</u>	<u>42</u>	<u>5,079,086</u>	<u>42</u>
	Significant Contingent Liabilities and Unrecognized Contract Commitments	9				
	Significant Events after the Balance Sheet Date	11				
3X2X	Total liabilities and equity		<u>\$ 12,122,582</u>	<u>100</u>	<u>\$ 12,168,336</u>	<u>100</u>

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

CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31			
			2024		2023	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(20) and 7		\$ 9,165,105	100	\$ 8,460,641	100
5000 Operating costs	6(4)(7)(8)(15)(25)					
	)(26) and 7	(	7,844,314)	(86)	(7,141,577)	(85)
5900 Net operating margin			1,320,791	14	1,319,064	15
Operating expenses	6(7)(8)(15)(25)(2					
	6), 7 and 12					
6100 Selling expenses		(	315,094)	(3)	(289,537)	(3)
6200 General and administrative expenses		(	486,674)	(5)	(506,152)	(6)
6300 Research and development expenses		(	68,543)	(1)	(62,903)	(1)
6450 Expected credit losses		(	804)	-	(4,184)	-
6000 Total operating expenses		(	871,115)	(9)	(862,776)	(10)
6900 Operating profit			449,676	5	456,288	5
Non-operating income and expenses						
7100 Interest income	6(3)(21)		38,194	-	36,475	1
7010 Other income	6(2)(5)(22) and 7		43,531	1	32,300	-
7020 Other gains and losses	6(2)(23), 7 and 12		96,653	1	115,955	1
7050 Finance costs	6(7)(24)	(	99,532)	(1)	(121,464)	(1)
7000 Total non-operating income and expenses			78,846	1	63,266	1
7900 Profit before income tax			528,522	6	519,554	6
7950 Income tax expense	6(27)	(	127,491)	(2)	(158,876)	(2)
8200 Profit for the year		\$	401,031	4	\$ 360,678	4

(Continued)

CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	Year ended December 31			
		2024		2023	
		AMOUNT	%	AMOUNT	%
Other comprehensive income (loss)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311 Actuarial gains on defined benefit plans	6(15)	\$ 10,346	-	\$ 6,755	-
8316 Unrealised (loss) gain on valuation of investments in equity instruments measured at fair value through other comprehensive income	6(5)(19)	(161,248)	(2)	38,056	-
8349 Income tax related to components of other comprehensive loss that will not be reclassified to profit or loss	6(27)	(2,124)	-	(1,279)	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		141,163	2	(35,166)	-
8399 Aggregated income tax relating to components of other comprehensive (loss) income	6(27)	(11,104)	-	2,165	-
8300 Total other comprehensive (loss) income for the year		<u>(\$ 22,967)</u>	<u>-</u>	<u>\$ 10,531</u>	<u>-</u>
8500 Total comprehensive income for the year		<u>\$ 378,064</u>	<u>4</u>	<u>\$ 371,209</u>	<u>4</u>
Profit attributable to:					
8610 Owners of the parent		\$ 287,146	3	\$ 253,625	3
8620 Non-controlling interest		113,885	1	107,053	1
		<u>\$ 401,031</u>	<u>4</u>	<u>\$ 360,678</u>	<u>4</u>
Comprehensive income attributable to:					
8710 Owners of the parent		\$ 245,928	3	\$ 268,857	3
8720 Non-controlling interest		132,136	1	102,352	1
		<u>\$ 378,064</u>	<u>4</u>	<u>\$ 371,209</u>	<u>4</u>
Earnings per share (in dollars)	6(28)				
9750 Basic		<u>\$ 1.03</u>		<u>\$ 0.91</u>	
9850 Diluted		<u>\$ 0.93</u>		<u>\$ 0.82</u>	

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

CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent												
	Notes	Share capital - common stock	Treasury stock transactions	Retained Earnings		Other Equity Interest			Treasury stocks	Total	Non-controlling interest	Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income				
<u>For the year ended December 31, 2023</u>												
Balance at January 1, 2023		\$ 3,021,627	\$ 477,923	\$ 302,397	\$ 430,610	\$ 653,326	(\$ 163,091)	(\$ 167,985)	(\$ 267,195)	\$ 4,287,612	\$ 781,318	\$ 5,068,930
Profit for the year		-	-	-	-	253,625	-	-	-	253,625	107,053	360,678
Other comprehensive income (loss) for the year	6(5)(19)	-	-	-	-	5,666	(28,490)	38,056	-	15,232	(4,701)	10,531
Total comprehensive income (loss)		-	-	-	-	259,291	(28,490)	38,056	-	268,857	102,352	371,209
Distribution of second half of 2022 earning:												
Legal reserve		-	-	34,088	-	(34,088)	-	-	-	-	-	-
Cash dividends	6(18)	-	-	-	-	(302,163)	-	-	-	(302,163)	-	(302,163)
Disposal of financial assets at fair value through other comprehensive income	6(5)(19)	-	-	-	-	73,130	-	(73,130)	-	-	-	-
The Company's dividends received by subsidiaries	6(16)(17)	-	23,430	-	-	-	-	-	-	23,430	-	23,430
Decrease in non-controlling interest		-	-	-	-	-	-	-	-	-	(82,320)	(82,320)
Balance at December 31, 2023		\$ 3,021,627	\$ 501,353	\$ 336,485	\$ 430,610	\$ 649,496	(\$ 191,581)	(\$ 203,059)	(\$ 267,195)	\$ 4,277,736	\$ 801,350	\$ 5,079,086
<u>For the year ended December 31, 2024</u>												
Balance at January 1, 2024		\$ 3,021,627	\$ 501,353	\$ 336,485	\$ 430,610	\$ 649,496	(\$ 191,581)	(\$ 203,059)	(\$ 267,195)	\$ 4,277,736	\$ 801,350	\$ 5,079,086
Profit for the year		-	-	-	-	287,146	-	-	-	287,146	113,885	401,031
Other comprehensive income (loss) for the year	6(5)(19)	-	-	-	-	7,076	112,954	(161,248)	-	(41,218)	18,251	(22,967)
Total comprehensive income (loss)		-	-	-	-	294,222	112,954	(161,248)	-	245,928	132,136	378,064
Distribution of 2023 earning:												
Legal reserve		-	-	33,242	-	(33,242)	-	-	-	-	-	-
Cash dividends	6(18)	-	-	-	-	(274,968)	-	-	-	(274,968)	-	(274,968)
The Company's dividends received by subsidiaries	6(16)(17)	-	21,323	-	-	-	-	-	-	21,323	-	21,323
Decrease in non-controlling interest		-	-	-	-	-	-	-	-	-	(72,137)	(72,137)
Balance at December 31, 2024		\$ 3,021,627	\$ 522,676	\$ 369,727	\$ 430,610	\$ 635,508	(\$ 78,627)	(\$ 364,307)	(\$ 267,195)	\$ 4,270,019	\$ 861,349	\$ 5,131,368

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

CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 528,522	\$ 519,554
Adjustments			
Adjustments to reconcile profit (loss)			
Net gains on financial assets at fair value through profit or loss		(86,723)	(92,665)
Expected credit losses	12	804	4,184
Provision (reversal of allowance) for inventory market price decline	6(4)	643	(771)
Depreciation	6(6)(7)(25)	265,401	291,916
Gains on disposal of property, plant and equipment	6(23)	(11,426)	(587)
Amortization	6(8)(25)	3,428	3,470
Interest income	6(21)	(38,194)	(36,475)
Dividend income	6(22)	(13,826)	(7,688)
Interest expense	6(24)	99,532	121,464
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		(214,500)	48,849
Notes receivable		(93,802)	95,453
Accounts receivable		(36,747)	165,936
Other receivables		(3,131)	(13,380)
Inventories		(415,897)	626,782
Prepayments		(319,217)	35,698
Long-term notes and accounts receivable		-	3,317
Changes in operating liabilities			
Current contract liabilities		11,492	11,271
Notes payable		(313)	50
Accounts payable		23,350	(64,518)
Other payables		12,579	(70,206)
Provisions for liabilities - current		601	136
Advance receipts		12,249	-
Net defined benefit liabilities - non-current		(24,285)	(11,328)
Cash (outflow) inflow generated from operations		(299,460)	1,630,462
Interest received		39,226	36,475
Dividends received		13,826	7,688
Interest paid		(84,633)	(104,463)
Income tax paid		(158,236)	(174,694)
Net cash flows (used in) from operating activities		(489,277)	1,395,468

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CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets at amortized cost - current		(\$ 49,012)	(\$ 298,027)
Acquisition of financial assets at fair value through income - non-current		-	(36,000)
Acquisition of financial assets at fair value through other comprehensive income - non-current		(99,400)	(290,398)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(5)	-	86,392
Decrease in financial assets at amortized cost - non-current		-	46,908
Cash paid for acquisition of property, plant and equipment	6(29)	(87,144)	(54,153)
Proceeds from disposal of property, plant and equipment		26,275	1,393
Acquisition of intangible assets	6(8)	(561)	(3,911)
Increase in prepayments for equipment		(19,272)	(2,607)
Decrease (increase) in guarantee deposits paid		3,595	(2,806)
(Increase) decrease in other non-current assets		(278)	4,516
Net cash flows used in investing activities		(225,797)	(548,693)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings	6(30)	(217,309)	(302,660)
Payments of lease liabilities	6(30)	(28,081)	(26,829)
Increase in long-term borrowings	6(30)	-	8,500
Decrease in long-term borrowings	6(30)	(6,583)	(17,830)
Payments of cash dividends	6(29)	(253,645)	(278,733)
Cash dividends paid to non-controlling interest		(72,137)	(82,320)
Net cash flows used in financing activities		(577,755)	(699,872)
Effect of foreign exchange rate changes on cash and cash equivalents		130,258	(30,517)
Net (decrease) increase in cash and cash equivalents		(1,162,571)	116,386
Cash and cash equivalents at beginning of year	6(1)	2,552,936	2,436,550
Cash and cash equivalents at end of year	6(1)	<u>\$ 1,390,365</u>	<u>\$ 2,552,936</u>

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

CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

(1) Chun Yu Works & Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and other related regulations in March 1965. The Company is primarily engaged in the manufacture and heat treatment of screws, nuts and polished steel bars as well as design of pollution prevention equipment and undertaking related services. The information on main business activities of the Company’s subsidiaries is provided in Note 4(3).

(2) The Company’s shares have been listed on the Taiwan Stock Exchange since October 1991.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 6, 2025.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board ("IASB")
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature - dependent electricity'	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and 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
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18 replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Material 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 consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5, ‘Critical accounting judgements, estimates and key sources of assumption uncertainty’.

(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 unrealised 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 recognised 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 recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss 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 recognised 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. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2024	December 31, 2023	
Chun Yu Works & Co., Ltd.	Chun Bang Precision Co., Ltd.	Manufacture and sales of moulds	100.00	100.00	—
Chun Yu Works & Co., Ltd.	Chun Yu Works (USA) Inc.	Import and export of hardware products	100.00	100.00	—
Chun Yu Works & Co., Ltd.	Chun Yu Investment Co., Ltd.	Professional investment	100.00	100.00	—
Chun Yu Works & Co., Ltd.	Chun Yu Bio-tech Corp.	Powder metallurgy	100.00	100.00	—
Chun Yu Works & Co., Ltd.	SCHOLAR HOLDINGS Ltd.	Reinvestment and import and export sales	100.00	100.00	—
Chun Yu Works & Co., Ltd.	SUNNY CITY INTERNATIONAL LIMITED	Reinvestment and import and export sales	100.00	100.00	—
Chun Yu Works & Co., Ltd.	Pt Moon Lion Industries Indonesia	Manufacture and sales of screws and nuts	71.85	71.85	—
Chun Yu Works & Co., Ltd.	Chun Zu Machinery Industry Co., Ltd.	Manufacture and sales of machinery	47.82	47.82	(Note 1) (Note 2)
Scholar Holdings Ltd.	Chun Yu (Dongguan) Metal Products Co., Ltd.	Manufacture and sales of screws and nuts	100.00	100.00	—
Sunny City International Limited	Shanghai Uchee Hardware Products Ltd.	Sales of screws and nuts	100.00	100.00	—

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2024	December 31, 2023	
Shanghai Uchee Hardware Products Ltd.	Chunyu Group Shanghai Tongsheng Trade Co., Ltd.	Sales of screws and nuts	100.00	100.00	—
Chun Zu Machinery Industry Co., Ltd.	Lion City Management Ltd.	Professional investment	100.00	100.00	(Note 2)
Lion City Management Ltd.	Shanghai Chun Zu Machinery Industry Ltd.	Manufacture and sales of machinery	100.00	100.00	(Note 2)

(Note 1) It represents the consolidated ownership held by the Group.

(Note 2) A representative appointed by the Company was elected as the chairman of the investee, and the general manager of the investee had to report to the Board of Directors of the Company. Thus, the Company had substantial control over the investee and its subsidiaries.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2024 and 2023, the non-controlling interest amounted to \$861,349 and \$801,350, respectively. The information on non-controlling interest and respective subsidiary is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2024		December 31, 2023	
		Amount	Ownership (%)	Amount	Ownership (%)
Chun Zu Machinery Industry Co., Ltd.	Taiwan	\$ 526,880	52.18%	\$ 516,491	52.18%

Summarised financial information of the subsidiary:

<u>Consolidated balance sheets</u>	<u>Chun Zu Machinery Industry Co., Ltd. and subsidiaries</u>	
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current assets	\$ 1,524,226	\$ 1,473,476
Non-current assets	460,869	489,339
Current liabilities	(767,783)	(759,523)
Non-current liabilities	(136,162)	(139,549)
Total net assets	<u>\$ 1,081,150</u>	<u>\$ 1,063,743</u>

<u>Consolidated statements of comprehensive income</u>	For the years ended December 31,	
	2024	2023
Revenue	\$ 1,247,006	\$ 1,172,342
Profit for the year	\$ 68,027	\$ 74,265
Other comprehensive income (loss)	23,537	(7,911)
Total comprehensive income	\$ 91,564	\$ 66,354
Comprehensive income attributable to non-controlling interest	\$ 49,085	\$ 33,874
Dividends paid to non-controlling interest	\$ 38,695	\$ 47,189

<u>Consolidated statements of cash flows</u>	For the years ended December 31,	
	2024	2023
Net cash provided by operating activities	\$ 134,804	\$ 300,512
Net cash used in investing activities	(76,632)	(41,534)
Net cash used in financing activities	(43,108)	(100,079)
Effect of exchange rate changes on cash and cash equivalents	19,771	(6,975)
Increase in cash and cash equivalents	34,835	151,924
Cash and cash equivalents, beginning of year	366,466	214,542
Cash and cash equivalents, end of year	\$ 401,301	\$ 366,466

(4) Foreign currency translation

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 Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-

monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(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 realised, or are 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 realised 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 settle liabilities more than twelve months after the balance sheet date.

The Group classifies all assets that do not meet the above conditions as non-current.

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 settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

The Group classifies all liabilities that do not meet the above conditions as non-current.

(6) Cash equivalents

- A. Cash equivalents refer to 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.
- B. Time deposits and short-term notes and bills that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The Group initially measures accounts and notes receivable at fair value and subsequently recognises the amortised interest income over the period of circulation using the effective interest method and the impairment loss. A gain or loss is recognised in profit or loss.

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. 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 realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(11) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered

principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(12) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(13) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(14) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised 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 derecognised. 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. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. 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. The estimated useful lives of property, plant and equipment are as follows:

Assets	Useful lives
Buildings:	
Main building of plant (including accessory equipments)	3 ~ 51 years
Others (including accessory equipments)	3 ~ 36 years
Machinery and equipment	2 ~ 23 years
Utilities equipment	3 ~ 20 years
Transportation equipment	2 ~ 9 years
Office equipment	2 ~ 13 years
Other equipment	2 ~ 20 years

(16) Leasing arrangements (lessee) - right-of-use assets / lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
- (a) Fixed payments, less any lease incentives receivable; and
 - (b) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;

- (b) Any lease payments made at or before the commencement date; and
- (c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(17) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3~10 years.

(18) 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 recognised 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 recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(19) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(20) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Bonds payable

Ordinary corporate bonds issued by the Group are initially recognised at fair value less transaction

costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortised to profit or loss over the period of bond circulation using the effective interest method as an adjustment to 'finance costs'.

(22) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus-share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus-share options'.

(23) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(24) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(25) Provisions

Provisions (the estimated warranties) are recognised 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 recognised as interest expense. Provisions are not recognised for future operating losses.

(26) 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 recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. 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 periods. The liability recognised 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. The net defined benefit 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.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. 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 recognises expense when it

can no longer withdraw an offer of termination benefits or when it recognises related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after the balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(27) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates 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 of the Company and its domestic subsidiaries and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition 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 does not give to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, 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 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 tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred 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 recognised amounts and there is an

intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred 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 realise the asset and settle the liability simultaneously.

(28) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(29) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Company's the Board of Directors. Stock dividends are recorded as stock dividends to be distributed after they are approved by the Company's shareholders and are reclassified to ordinary shares on the effective date of new shares issuance.

(30) Revenue recognition

Sales of goods

- A. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.
- B. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated output tax as well as sales returns and allowances, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The credit terms for general sales are 2 months, for machinery equipment sales are based on the terms specified in the contracts, some of which are sold on installment over a period of 1 ~ 3 years, and for spare parts sales are 3 ~ 4 months.
- C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(31) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(32) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Valuation of inventories

A. As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the market demand and technology innovation, 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 realisable value. Such valuation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the valuation.

B. As of December 31, 2024, the carrying amount of inventories was \$3,770,253.

6. Details Of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash:		
Cash on hand	\$ 1,243	\$ 1,498
Checking accounts	49,324	227,096
Demand deposits	691,980	567,461
	<u>742,547</u>	<u>796,055</u>
Cash equivalents:		
Time deposits	647,818	1,696,967
Short-term notes and bills	-	59,914
	<u>647,818</u>	<u>1,756,881</u>
	<u>\$ 1,390,365</u>	<u>\$ 2,552,936</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group's time deposits maturing in excess of three months amounting to \$341,368 and \$298,027 as of December 31, 2024 and 2023, were classified as 'Financial assets at amortized cost - current'.

C. As of December 31, 2024 and 2023, the Group's demand deposits amounting to \$14,638 and \$8,967, respectively, were pledged to others as collateral (listed as 'Financial assets at amortised cost - current'). Details are provided in Note 8, 'Pledged assets'.

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

Items	December 31, 2024	December 31, 2023
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 96,170	\$ 170
Emerging stocks	121,500	-
Beneficiary certificates	-	3,000
	217,670	3,170
Valuation adjustment	(7,120)	7
	<u>\$ 210,550</u>	<u>\$ 3,177</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks-private placement	\$ 36,000	\$ 36,000
Right of resell of corporate bonds	3,349	3,349
	39,349	39,349
Valuation adjustment	181,551	87,701
	<u>\$ 220,900</u>	<u>\$ 127,050</u>

A. The Group recognised net profit amounting to \$86,981 and \$121,029 (listed as 'Other income' and 'Other gains and losses') on financial assets at fair value through profit or loss for the years ended December 31, 2024 and 2023, respectively.

B. In November 2023, the Group subscribed a total of 5,000 thousand shares of King House Co., Ltd. (formerly known as Ensure Global Corp., Ltd.) through private placement, and the transfer of the private placement stock is restricted within three years.

C. As of December 31, 2024 and 2023, the Group had no financial assets at fair value through profit or loss pledged to others as collateral.

(3) Notes and accounts receivable, net

	December 31, 2024	December 31, 2023
Notes receivable	\$ 405,870	\$ 297,333
Installment notes receivable	13,475	29,571
	<u>419,345</u>	<u>326,904</u>
Less: Unrealised interest income	(429)	(1,790)
Allowance for uncollectible accounts	(65)	(153)
	<u>\$ 418,851</u>	<u>\$ 324,961</u>
Accounts receivable	\$ 1,560,002	\$ 1,516,634
Installment accounts receivable	-	6,621
	<u>1,560,002</u>	<u>1,523,255</u>
Less: Allowance for uncollectible accounts	(27,968)	(26,664)
	<u>\$ 1,532,034</u>	<u>\$ 1,496,591</u>

A. The ageing analysis of notes receivable and accounts receivable that were past due but not impaired is as follows:

	December 31, 2024		December 31, 2023	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$ 419,345	\$ 1,425,361	\$ 326,904	\$ 1,341,740
Up to 30 days past due	-	71,527	-	101,848
31~90 days past due	-	26,679	-	32,640
91~180 days past due	-	13,755	-	14,345
Over 181 days past due	-	22,680	-	32,682
	<u>\$ 419,345</u>	<u>\$ 1,560,002</u>	<u>\$ 326,904</u>	<u>\$ 1,523,255</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2024 and 2023, notes receivable and accounts receivable were all from contracts with customers. Also, as of January 1, 2023, the balance of receivables from contracts with customers amounted to \$2,113,173.
- C. For the years ended December 31, 2024 and 2023, the interest income (including installment notes receivable, installment accounts receivable and long-term notes and accounts receivable) recognised in profit or loss amounted to \$1,834 and \$3,893 (listed as 'Interest income'), respectively.
- D. As of December 31, 2024 and 2023, the Group did not hold any collateral as security for accounts receivable.
- E. As of December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes or accounts receivable held by the Group was their carrying amount.
- F. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2), 'Financial instruments'.

G. As of December 31, 2024 and 2023, the Group had no notes receivable and accounts receivable pledged to others.

(4) Inventories

December 31, 2024			
	Cost	Allowance for inventory valuation loss	Book value
Raw materials	\$ 1,013,028	(\$ 26,284)	\$ 986,744
Supplies	386,250	(18,218)	368,032
Work in progress	983,555	(42,692)	940,863
Finished goods	1,576,521	(101,907)	1,474,614
	<u>\$ 3,959,354</u>	<u>(\$ 189,101)</u>	<u>\$ 3,770,253</u>
December 31, 2023			
	Cost	Allowance for inventory valuation loss	Book value
Raw materials	\$ 505,753	(\$ 30,113)	\$ 475,640
Supplies	383,461	(17,615)	365,846
Work in progress	1,008,426	(39,178)	969,248
Finished goods	1,646,400	(101,552)	1,544,848
	<u>\$ 3,544,040</u>	<u>(\$ 188,458)</u>	<u>\$ 3,355,582</u>

A. The cost of inventories recognised as expense for the year:

	For the years ended December 31,	
	2024	2023
Cost of goods sold	\$ 7,889,196	\$ 7,186,368
Loss on decline (gain on reversal of) in market value (Note)	643 (	771)
Loss on scrapping inventory	3,511	-
Loss on physical inventory	796	2,883
Income from sales of scraps	(49,832)	(46,903)
	<u>\$ 7,844,314</u>	<u>\$ 7,141,577</u>

(Note) The Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold in 2023 because certain inventories which were previously provided with allowance for decline in value were subsequently sold.

B. Details of the Group's inventories pledged to others as collateral as of December 31, 2024 and 2023 are provided in Note 8, 'Pledged assets'.

(5) Financial assets at fair value through other comprehensive income – non-current

Items	December 31, 2024	December 31, 2023
Equity instruments		
Listed stocks	\$ 883,598	\$ 883,598
Listed stocks-private placement	99,400	-
Unlisted stocks	772	772
	983,770	884,370
Valuation adjustment	(364,307)	(203,059)
	<u>\$ 619,463</u>	<u>\$ 681,311</u>

- A. The Group has elected to classify equity investments that are considered to be steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$619,463 and \$681,311 as of December 31, 2024 and 2023, respectively.
- B. In order to meet the needs of capital expenditure, the Group sold its financial assets at fair value through other comprehensive income-equity instrument at fair values of \$86,392 as of December 31, 2023, and accumulated gains on disposal \$73,130, which were reclassified from other equity interest to retained earnings. There was no such situation for the year ended December 31, 2024.
- C. In December 2024, the Group subscribed a total of 7,000 thousand shares of DataVan International Corp., Ltd. through private placement, and the transfer of the private placement stock is restricted within three years.
- D. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31,	
	2024	2023
Fair value change recognised in other comprehensive income (listed as 'Other equity')	<u>(\$ 161,248)</u>	<u>\$ 38,056</u>
Dividend income recognised in profit or loss (listed as 'Other income')	<u>\$ 138,151</u>	<u>\$ 5,261</u>
Cumulative gains reclassified to retained earnings due to derecognition	<u>\$ -</u>	<u>(\$ 73,130)</u>

- E. As of December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was the carrying amount.
- F. As of December 31, 2024 and 2023, the Group had no financial assets at fair value through other comprehensive income pledged to others.

(6) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Equipment under acceptance and construction in progress	Total
<u>January 1, 2024</u>									
Cost	\$ 1,573,597	\$ 1,946,335	\$ 4,548,341	\$ 90,837	\$ 95,088	\$ 105,806	\$ 691,193	\$ 9,425	\$ 9,060,622
Accumulated depreciation	-	(1,504,754)	(3,873,065)	(74,548)	(79,385)	(70,986)	(578,503)	-	(6,181,241)
Accumulated impairment	-	-	(42)	-	-	-	-	-	(42)
	<u>\$ 1,573,597</u>	<u>\$ 441,581</u>	<u>\$ 675,234</u>	<u>\$ 16,289</u>	<u>\$ 15,703</u>	<u>\$ 34,820</u>	<u>\$ 112,690</u>	<u>\$ 9,425</u>	<u>\$ 2,879,339</u>
<u>2024</u>									
At January 1	\$ 1,573,597	\$ 441,581	\$ 675,234	\$ 16,289	\$ 15,703	\$ 34,820	\$ 112,690	\$ 9,425	\$ 2,879,339
Additions	-	19,750	31,172	-	6,691	4,226	8,840	9,998	80,677
Transfers after acceptance	-	1,944	8,728	-	-	-	1,711	(12,383)	-
Transfers from inventories	-	-	-	-	-	-	-	583	583
Transfers from prepayments for equipment	-	534	1,530	-	-	-	2,580	1,220	5,864
Transfer from other non-current assets	681	-	-	-	-	-	-	-	681
Depreciation charge	-	(43,985)	(135,244)	(3,692)	(7,990)	(6,547)	(35,244)	-	(232,702)
Disposals - Cost	-	-	(283,886)	-	(7,552)	(2,900)	(9,350)	-	(303,688)
- Accumulated depreciation	-	-	269,093	-	7,552	2,861	9,333	-	288,839
Reclassified as non-current assets held for sale - Cost	(23,834)	(21,026)	-	-	-	-	-	-	(44,860)
Reclassified as non-current assets held for sale - Accumulated depreciation	-	16,483	-	-	-	-	-	-	16,483
Net exchange differences	2,384	8,150	13,279	-	330	906	3,147	105	28,301
At December 31	<u>\$ 1,552,828</u>	<u>\$ 423,431</u>	<u>\$ 579,906</u>	<u>\$ 12,597</u>	<u>\$ 14,734</u>	<u>\$ 33,366</u>	<u>\$ 93,707</u>	<u>\$ 8,948</u>	<u>\$ 2,719,517</u>
<u>December 31, 2024</u>									
Cost	\$ 1,552,828	\$ 1,984,258	\$ 4,420,148	\$ 90,837	\$ 95,714	\$ 109,660	\$ 718,363	\$ 8,948	\$ 8,980,756
Accumulated depreciation	-	(1,560,827)	(3,840,200)	(78,240)	(80,980)	(76,294)	(624,656)	-	(6,261,197)
Accumulated impairment	-	-	(42)	-	-	-	-	-	(42)
	<u>\$ 1,552,828</u>	<u>\$ 423,431</u>	<u>\$ 579,906</u>	<u>\$ 12,597</u>	<u>\$ 14,734</u>	<u>\$ 33,366</u>	<u>\$ 93,707</u>	<u>\$ 8,948</u>	<u>\$ 2,719,517</u>

	Land	Buildings	Machinery and equipment	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Equipment under acceptance and construction in progress	Total
<u>January 1, 2023</u>									
Cost	\$ 1,573,597	\$ 1,951,356	\$ 4,522,990	\$ 89,494	\$ 93,331	\$ 122,331	\$ 712,327	\$ 1,695	\$ 9,067,121
Accumulated depreciation	-	(1,468,433)	(3,742,346)	(70,666)	(75,981)	(85,179)	(568,679)	-	(6,011,284)
Accumulated impairment	-	-	(42)	-	-	-	-	-	(42)
	<u>\$ 1,573,597</u>	<u>\$ 482,923</u>	<u>\$ 780,602</u>	<u>\$ 18,828</u>	<u>\$ 17,350</u>	<u>\$ 37,152</u>	<u>\$ 143,648</u>	<u>\$ 1,695</u>	<u>\$ 3,055,795</u>
<u>2023</u>									
At January 1	\$ 1,573,597	\$ 482,923	\$ 780,602	\$ 18,828	\$ 17,350	\$ 37,152	\$ 143,648	\$ 1,695	\$ 3,055,795
Additions	-	6,365	31,490	1,162	5,919	3,315	4,441	7,761	60,453
Transfers after acceptance	-	707	19,983	-	-	-	266	(20,956)	-
Transfers from inventories	-	-	-	-	-	-	-	15,995	15,995
Transfers from prepayments for equipment	-	-	4,022	206	2,219	216	2,143	4,930	13,736
Depreciation charge	-	(46,201)	(159,472)	(3,907)	(7,949)	(5,742)	(36,360)	-	(259,631)
Disposals - Cost	-	(835)	(19,056)	(25)	(4,518)	(18,401)	(20,106)	-	(62,941)
- Accumulated depreciation	-	835	18,980	25	4,199	18,369	19,727	-	62,135
Net exchange differences	-	(2,213)	(1,315)	-	(1,517)	(89)	(1,069)	-	(6,203)
At December 31	<u>\$ 1,573,597</u>	<u>\$ 441,581</u>	<u>\$ 675,234</u>	<u>\$ 16,289</u>	<u>\$ 15,703</u>	<u>\$ 34,820</u>	<u>\$ 112,690</u>	<u>\$ 9,425</u>	<u>\$ 2,879,339</u>
<u>December 31, 2023</u>									
Cost	\$ 1,573,597	\$ 1,946,335	\$ 4,548,341	\$ 90,837	\$ 95,088	\$ 105,806	\$ 691,193	\$ 9,425	\$ 9,060,622
Accumulated depreciation	-	(1,504,754)	(3,873,065)	(74,548)	(79,385)	(70,986)	(578,503)	-	(6,181,241)
Accumulated impairment	-	-	(42)	-	-	-	-	-	(42)
	<u>\$ 1,573,597</u>	<u>\$ 441,581</u>	<u>\$ 675,234</u>	<u>\$ 16,289</u>	<u>\$ 15,703</u>	<u>\$ 34,820</u>	<u>\$ 112,690</u>	<u>\$ 9,425</u>	<u>\$ 2,879,339</u>

- A. The Group's property, plant and equipment as of December 31, 2024 and 2023 are for its own use.
- B. No interest expense was capitalised in property, plant and equipment for the years ended December 31, 2024 and 2023.
- C. The Group's land, buildings, and constructions intended for sale are provided in Note 6(9), 'Non-current assets held for sale, net'.
- D. Impairment information about the property, plant and equipment is provided in Note 6(10), 'Impairment of non-financial assets'.
- E. Information about the property, plant and equipment that were pledged to others as collateral as of December 31, 2024 and 2023 is provided in Note 8. 'Pledged assets'.

(7) Lease transactions — lessee

- A. The Group leases various assets including land (including the land located in Dayong Section, Gangshan District, Kaohsiung City and the land use right in Songmushan management area, Dalang Town, Dongguan City and Baihe Town, Shanghai City under the contracts signed with the People's Republic of China), buildings, and business vehicles. Rental contracts are typically made for periods of 1 to 50 year(s). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.
- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 91,212	\$ 92,685
Buildings	95,331	30,312
Transportation equipment	3,399	71
	<u>\$ 189,942</u>	<u>\$ 123,068</u>
	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 5,696	\$ 5,625
Buildings	25,624	26,446
Transportation equipment	1,379	214
	<u>\$ 32,699</u>	<u>\$ 32,285</u>

- C. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets were \$93,896 and \$20,058, respectively.
- D. Information on profit or loss in relation to lease contracts is as follows:

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 8,190	\$ 1,848
Expense on short-term leases	8,881	7,965

E. For the years ended December 31, 2024 and 2023, the Group's total cash outflow for leases were \$45,152 and \$36,642, respectively.

F. Details of the Group's right-of-use assets pledged to others as collateral as of December 31, 2024 and 2023 are provided in Note 8, 'Pledged assets'.

(8) Intangible assets

	Computer software	
	For the years ended December 31,	
	2024	2023
<u>At January 1</u>		
Cost	\$ 24,436	\$ 25,343
Accumulated amortisation	(16,689)	(18,000)
	<u>\$ 7,747</u>	<u>\$ 7,343</u>
<u>Period from January to December</u>		
At January 1	\$ 7,747	\$ 7,343
Additions - acquired separately	561	3,911
Amortisation charge	(3,428)	(3,470)
Write-offs - cost	(2,399)	(4,554)
- accumulated amortisation	2,399	4,554
Net exchange differences	192	(37)
At December 31	<u>\$ 5,072</u>	<u>\$ 7,747</u>
<u>At December 31</u>		
Cost	\$ 23,488	\$ 24,436
Accumulated amortisation	(18,416)	(16,689)
	<u>\$ 5,072</u>	<u>\$ 7,747</u>

A. No interest expense was capitalised for the years ended December 31, 2024 and 2023.

B. Details of amortisation expenses on intangible assets are as follows:

	For the years ended December 31,	
	2024	2023
Operating costs	\$ 696	\$ 641
Selling expenses	16	285
General and administrative expenses	1,548	1,629
Research and development expenses	1,168	915
	<u>\$ 3,428</u>	<u>\$ 3,470</u>

C. As of December 31, 2024 and 2023, the Group had no intangible assets pledged to others.

(9) Non-current assets held for sale, net

The Company's Board of Directors resolved to sell land and buildings located in the Tai'an section of Gangshan District, Kaohsiung City, to a related party - Mixiang Foods Co., Ltd., a 100% owned subsidiary of Jia Jie Biomedical Co., Ltd. The transaction amount is authorized to be determined by

the Chairman, with a minimum price set at \$121,500. A sales contract was signed in November 2024, which the transaction amount is \$122,666. This transaction is expected to be completed in the second quarter of 2025.

	<u>December 31, 2024</u>
Land	\$ 23,834
Buildings	<u>4,543</u>
	<u>\$ 28,377</u>

As of December 31, 2023, there was no such situation.

(10) Impairment of non-financial assets

A. The Group did not recognise impairment loss for the years ended December 31, 2024 and 2023.

B. As of December 31, 2024 and 2023, the accumulated impairment loss of property, plant and equipment both amounted to \$42, after recognising or reversing any impairment loss.

(11) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2024</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 260,877	0.50%~5.50%	None
<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 319,786	1.73%~6.79%	None
Secured borrowings	158,400	7.50%~8.50%	Note
	<u>\$ 478,186</u>		

(Note) Details of the collateral provided for bonds payable are provided in Note 8, 'Pledged assets'.

A. As of December 31, 2023, the interest rates of loans from Indonesia were 7.50%~8.50%, and the interest rates of loans from other countries were 1.73%~6.79%. As of December 31, 2024, there was no such situation.

B. Details of interest expense recognised in profit or loss for the years ended December 31, 2024 and 2023 are provided in Note 6(24), 'Finance Costs'.

(12) Bonds payable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>Collateral</u>
Guaranteed ordinary bonds payable	\$ 3,000,000	\$ 3,000,000	Note
Guaranteed convertible bonds payable	<u>1,600,000</u>	<u>1,600,000</u>	-
	\$ 4,600,000	\$ 4,600,000	
Less: Discount on bonds payable	(6,320)	(21,442)	
	4,593,680	4,578,558	
Less: Current portion	(1,596,736)	-	
	<u>\$ 2,996,944</u>	<u>\$ 4,578,558</u>	

(Note) Details of the collateral provided for bonds payable are provided in Note 8, 'Pledged assets'.

- A. The Company issued the first domestic guaranteed bonds payable from October 2021, and the main issuance conditions are as follows:
- (a) The Company was approved by the competent authority to raise and issue the first domestic guaranteed bonds with a total amount of \$3,000,000 (related issue costs of \$5,650), with a coupon rate of 0.65% and a maturity period of 7 years from October 15, 2021 to October 15, 2028. The bonds are repayable in cash at the face value of the bonds upon maturity.
 - (b) First Commercial Bank Co., Ltd. was appointed as the guarantor bank for the bonds. The guarantee period is from the date of full collection of the bonds to the date of full payment of the principal and interest payable under the Plan, and the guarantee covers the outstanding principal and interest compensation payable under the Plan, which are subordinate to the principal debt.
 - (c) The principal and simple interest will be paid every year by coupon rate since the day approved to issue. If the local financial institutions are closed on a payment day, the principal and interest will be paid on the next operating day without extra interest.
- B. The Company issued the first, second and third domestic guaranteed convertible bonds from March 2022, and the main issuance conditions are as follows:
- (a) The Company was approved by the competent authority to raise and issue the first, second and third domestic guaranteed convertible bonds with a total amount of \$700,000 (related issue costs of \$2,432), \$500,000 (related issue costs of \$2,006), \$400,000 (related issue costs of \$1,417), respectively. Issuance prices were \$779,162, \$557,563 and \$445,004, respectively with a coupon rate of 0% and a maturity period of 3 years from March 25, 2022 to March 25, 2025. The bonds are repayable in cash at the face value of the convertible bonds upon maturity.
 - (b) The first, second and third convertible bonds were entrusted by Changhua Bank Co., Ltd., Huanan Bank Co., Ltd. and Shanghai Commercial Savings Bank Co., Ltd. as guarantor banks, respectively. The guarantee period is from the date of full collection of the convertible bonds to the date of full payment of the principal and interest payable under the Plan, and the guarantee covers the outstanding principal and interest compensation payable under the Plan, which are subordinate to the principal debt.
 - (c) Convertible bonds for bondholders will start from the day following the expiration of three months after the issuance date of each bond (June 26, 2022) and end on the maturity date (March 25, 2025), unless it is suspended according to regulations or laws. Outside the transfer period, the Company may request the conversion of the bonds into ordinary shares of the Company at any time, and the rights of ordinary shares after conversion are the same as those of the original issued ordinary shares.
 - (d) The conversion price for the conversion of corporate bonds is determined by the pricing model stipulated in each conversion method. In the event that the company has an antidilution clause in the subsequent conversion price, it will be adjusted according to the pricing model specified in the conversion method. On the base date, the conversion price will be re-

determined in accordance with the pricing model stipulated in the conversion regulations. If it is higher than the conversion price before the re-determination in the current year, no adjustment will be made.

- (e) From the day following the three-month issuance date of each convertible bond (June 26, 2022) to the 40th day of the issuance period (February 13, 2025), if the closing price of the Company's ordinary shares for 30 consecutive business days exceeds the current conversion price by more than 30%, the Company may, within the next 30 business days, recover all its bonds in cash according to the denomination of the bonds; or the day following the 3 months after the issuance of the convertible bonds (June 26, 2022) from the 40th day to the expiry of the issuance period (February 13, 2025), when the outstanding amount of the convertible bonds in circulation is less than 10% of the original issuance amount, the Company may recover all bonds in cash at any time thereafter according to the denomination of the bonds.
 - (f) According to the provisions of the conversion method, all the company's convertible bonds that have been redeemed (including the repurchase by the business office of the securities firm), repaid or converted will be cancelled, and all rights and obligations still attached to the corporate bonds will also be extinguished and no longer issued.
- C. When the Company issues convertible corporate bonds, in accordance with the provisions of Amendments to IAS 32, "Financial Instruments: Presentation", the conversion right which is of the nature of equity is separated from each liability component, and the account is "Capital reserve-share options" of \$221,790. Another embedded repurchase option, in accordance with Amendments to IFRS 9, "Financial Instruments", is separated and accounted for on a net basis because it is not closely related to the economic characteristics and risks of the main contract debt commodity. In the column "Financial assets at fair value through profit and loss – non-current", the effective interest rates of the main contract debt after the first, second and third convertible corporate bonds are separated are 0.90%, 0.90% and 0.91%, respectively.
- D. Details of interest expense recognised in profit or loss for the years ended December 31, 2024 and 2023 is provided in Note 6 (24), "Finance costs".

(13) Provisions for liabilities - current

	Warranty	
	For the years ended December 31,	
	2024	2023
At January 1	\$ 6,401	\$ 6,265
Additional provisions	5,146	7,075
Used during the year	(4,282)	(6,874)
Unused amounts reversed	(263)	(65)
At December 31	<u>\$ 7,002</u>	<u>\$ 6,401</u>

The Group provides warranties on machinery products sold. Provision for warranty is estimated based on historical warranty data of such products.

(14) Long-term borrowings

Type of borrowings	Borrowing period	Interest rate range	Collateral	December 31, 2024
Long-term bank borrowings				
Secured borrowings	2022.5.15～ 2029.6.15	1.55%	Refer to Note 8	\$ 23,123
Less: Current portion				(6,583)
				<u>\$ 16,540</u>

Type of borrowings	Borrowing period	Interest rate range	Collateral	December 31, 2023
Long-term bank borrowings				
Secured borrowings	2022.5.15～ 2029.6.15	1.55%	Refer to Note 8	\$ 29,706
Less: Current portion				(6,583)
				<u>\$ 23,123</u>

Details of interest expense recognised in profit or loss for the years ended December 31, 2024 and 2023 are provided in Note 6(24), 'Finance costs'.

(15) Pensions

A. The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the R.O.C. Labor Standards Act, covering all regular employees' service years prior to the enforcement of the R.O.C. Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the R.O.C. Labor Pension Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 4% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March. The information on defined benefit pension plans of the Company and its subsidiary, Pt Moon Lion Industries Indonesia, is as follows:

(a) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligation	(\$ 212,493)	(\$ 234,882)
Fair value of plan assets	<u>127,658</u>	<u>136,102</u>
Net defined benefit liability	<u>(\$ 84,835)</u>	<u>(\$ 98,780)</u>

(b) Movements in net defined benefit liabilities - non-current are as follows:

<u>For the year ended December 31, 2024</u>	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
Balance at January 1	(\$ 234,882)	\$ 136,102	(\$ 98,780)
Current service cost	(5,365)	-	(5,365)
Interest (expense) income	(7,307)	1,714	(5,593)
Past service cost	(1,776)	-	(1,776)
Settlement profit or loss	<u>319</u>	<u>(323)</u>	<u>(4)</u>
	<u>(249,011)</u>	<u>137,493</u>	<u>(111,518)</u>

Remeasurements:

Return on plan assets (excluding amounts included in interest income or expense)	-	13,477	13,477
Changes in financial assumptions	2,842	-	2,842
Experience adjustments	<u>(5,973)</u>	<u>-</u>	<u>(5,973)</u>
	<u>(3,131)</u>	<u>13,477</u>	<u>10,346</u>
Pension fund contribution	<u>-</u>	<u>1,864</u>	<u>1,864</u>
Paid pension	<u>41,698</u>	<u>(25,176)</u>	<u>16,522</u>
Exchange difference	<u>(2,049)</u>	<u>-</u>	<u>(2,049)</u>
Balance at December 31	<u>(\$ 212,493)</u>	<u>\$ 127,658</u>	<u>(\$ 84,835)</u>

For the year ended December 31, 2023	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance at January 1	(\$ 283,870)	\$ 167,007	(\$ 116,863)
Current service cost	(5,814)	-	(5,814)
Interest (expense) income	(8,290)	2,525	(5,765)
	(297,974)	169,532	(128,442)

Remeasurements:

Return on plan assets (excluding amounts included in interest income or expense)	-	868	868
Changes in financial assumptions	(626)	-	(626)
Experience adjustments	6,513	-	6,513
	5,887	868	6,755
Pension fund contribution	-	1,958	1,958
Paid pension	57,030	(36,256)	20,774
Exchange difference	175	-	175
Balance at December 31	(\$ 234,882)	\$ 136,102	(\$ 98,780)

- (c) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2024 and 2023 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(d) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2024	2023
Discount rate	1.50%~7.13%	1.25%~7.10%
Future salary increases	1.75%~5.00%	1.75%~5.00%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2024 and 2023.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increase rate	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2024</u>				
Effect on present value of defined benefit obligation	(\$ 3,518)	\$ 3,676	\$ 3,527	(\$ 3,404)
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	(\$ 4,683)	\$ 3,795	\$ 3,719	(\$ 4,638)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (e) Expected contributions to the defined benefit pension plans of the Group for the following year amount to \$1,955.
- (f) As of December 31, 2024, the weighted average duration of the retirement plan is 8.3~9.6 years. The analysis of timing of the future pension payment was as follows:

Next 1 year	\$ 36,578
Next 2 ~ 5 years	74,702
Next over 6 years	281,298
	<u>\$ 392,578</u>

- B. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the R.O.C. Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The Group’s mainland China subsidiaries have a defined contribution plan. Monthly contributions

to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China are based on certain percentage of employees' monthly salaries and wages. The fund is managed by the government. Other than the monthly contributions, the subsidiaries have no further obligations. The pension costs under the defined contribution pension plans of the Group were \$51,052 and \$52,220 for the years ended December 31, 2024 and 2023, respectively.

(16) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows (Unit: Shares in thousands):

	For the years ended December 31,	
	2024	2023
Beginning and ending balance	302,163	302,163

B. As of December 31, 2024, the Company's authorised capital was \$3,920,696, and the paid-in capital was \$3,021,627, consisting of 302,163 thousand ordinary shares, with a par value of \$10 (in dollars) per share which were issued in several installments. All proceeds from shares issued have been collected.

C. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows (Unit: Shares in thousands):

For the year ended December 31, 2024				
<u>Reason for reacquisition</u>	<u>Number of shares at the beginning of the year</u>	<u>Addition</u>	<u>Decrease</u>	<u>Number of shares at the end of the year</u>
Acquisition of the parent company's shares by subsidiaries	23,430	-	-	23,430

For the year ended December 31, 2023				
<u>Reason for reacquisition</u>	<u>Number of shares at the beginning of the year</u>	<u>Addition</u>	<u>Decrease</u>	<u>Number of shares at the end of the year</u>
Acquisition of the parent company's shares by subsidiaries	23,430	-	-	23,430

(b) As of December 31, 2024 and 2023, the book value (cost) was both \$267,195, and the fair values were \$574,039 and \$591,612, respectively. The shares of the Company held by the subsidiaries are recognised as treasury shares and are entitled to dividends, recorded under

"Capital reserve-treasury stock transaction". The cash dividends paid to the subsidiaries amounted to \$21,323 and \$23,430 for the years ended December 31, 2024 and 2023, respectively.

- (c) Reason for share reacquisition and the number of the Company's treasury shares changed as of December 31, 2024 and 2023. Details are as follows:

Name of company holding the shares	Reason for reacquisition	December 31, 2024	
		Number of shares (in thousands)	Carrying amount
Chun Yu Investment Co., Ltd.	Acquisition of the parent company's shares by subsidiaries	23,430	\$ 267,195
Name of company holding the shares	Reason for reacquisition	December 31, 2023	
		Number of shares (in thousands)	Carrying amount
Chun Yu Investment Co., Ltd.	Acquisition of the parent company's shares by subsidiaries	23,430	\$ 267,195

(17) Capital surplus

- A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient. Movements in capital surplus are as follows:

For the year ended December 31, 2024	Share options	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Treasury share transactions	Total
Balance at January 1	\$ 221,790	\$ 26,901	\$ 252,662	\$ 501,353
Transfers to capital surplus for the Company's dividends received by subsidiaries	-	-	21,323	21,323
Balance at December 31	\$ 221,790	\$ 26,901	\$ 273,985	\$ 522,676

For the year ended December 31, 2023	Share options	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Treasury share transactions	Total
Balance at January 1	\$ 221,790	\$ 26,901	\$ 229,232	\$ 477,923
Transfers to capital surplus for the Company's dividends received by subsidiaries	-	-	23,430	23,430
Balance at December 31	<u>\$ 221,790</u>	<u>\$ 26,901</u>	<u>\$ 252,662</u>	<u>\$ 501,353</u>

B. Details of 'Capital reserve-share options' are provided in Note 6(12), 'Bonds payable'.

C. Details of 'Capital reserve-treasury shares' are provided in Note 6(16), 'Share capital'.

(18) Retained earnings

A. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

B. Under the Company's Articles of Incorporation, the Company may distribute earnings or offset losses at the end of each half fiscal year in accordance with the Company Act. When distributing earnings, the Company shall estimate and reserve for taxes payable, offset losses and set aside as legal reserve until the legal reserve equals the paid-in capital in accordance with the regulations. Where dividends are distributed in the form of cash, it shall be approved by the Board of Directors. Where dividends are distributed by issuing new shares, it shall be approved by the stockholders in accordance with the regulations.

The current year's earnings, if any, shall first be used to pay all taxes, offset prior years' operating losses, set aside 10% of the remaining amount as legal reserve and then reverse or set aside as special reserve in accordance with relevant regulations. The remaining earnings along with accumulated unappropriated earnings from prior years will be the accumulated distributable earnings, and the Board of Directors will present a proposal of the earnings distribution for the approval of the shareholders. Where dividends and bonus, capital surplus and legal reserve, in whole or in part, are distributed in the form of cash, the Board of Directors is authorised make the distribution by approval of more than half of the directors present at the meeting, where more than two-thirds of the directors are present, and the report of such distribution shall be submitted to the shareholders' meeting. The regulation in relation to approval from the shareholders is not applicable. In principal, at least 50% of earnings, after considering the capital needs for current and future development and the interest of shareholders, shall be distributed as dividends according to the dividend policy. However, if there is a need due to changes in the industry's environment or operational plans, the Board of Directors may present a proposal to adjust the ratio for the approval of the shareholders.

C. Special reserve:

- (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amount of \$430,610 previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

D. The Company recognised cash dividends distributed to owners amounting to \$274,968 and \$302,163 for the years ended December 31, 2024 and 2023, respectively. On March 6, 2025, the Board of Directors resolved for the distribution of cash dividends from 2024 earnings amounting to \$302,163 (\$1.0 (in dollars) per share).

(19) Other equity

	For the year ended December 31, 2024		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	(\$ 191,581)	(\$ 203,059)	(\$ 394,640)
Revaluation - currency translation	112,954	-	112,954
Revaluation - unrealised gains on valuation	-	(161,248)	(161,248)
At December 31	<u>(\$ 78,627)</u>	<u>(\$ 364,307)</u>	<u>(\$ 442,934)</u>

	For the year ended December 31, 2023		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	(\$ 163,091)	(\$ 167,985)	(\$ 331,076)
Revaluation - currency translation	(28,490)	-	(28,490)
Revaluation - unrealised losses on valuation	-	38,056	38,056
Valuation adjustment transfer out to retained earnings	-	(73,130)	(73,130)
At December 31	<u>(\$ 191,581)</u>	<u>(\$ 203,059)</u>	<u>(\$ 394,640)</u>

(20) Operating revenue

	For the years ended December 31,	
	2024	2023
Revenue from contracts with customers	<u>\$ 9,165,105</u>	<u>\$ 8,460,641</u>

A. The Group derives revenue from the transfer of goods at a point in time in the following major product lines:

For the year ended December 31, 2024			
<u>Major product lines</u>	<u>Screw segment</u>	<u>Machinery segment</u>	<u>Total</u>
Screws and nuts	\$ 4,893,290	\$ -	\$ 4,893,290
Wire rods	2,012,718	-	2,012,718
Machinery and equipment	-	1,134,126	1,134,126
Billet	828,889	-	828,889
Others	192,213	103,869	296,082
	<u>\$ 7,927,110</u>	<u>\$ 1,237,995</u>	<u>\$ 9,165,105</u>

For the year ended December 31, 2023			
<u>Major product lines</u>	<u>Screw segment</u>	<u>Machinery segment</u>	<u>Total</u>
Screws and nuts	\$ 5,147,344	\$ -	\$ 5,147,344
Wire rods	1,994,478	-	1,994,478
Machinery and equipment	-	1,005,270	1,005,270
Billet	29,902	-	29,902
Others	185,040	98,607	283,647
	<u>\$ 7,356,764</u>	<u>\$ 1,103,877</u>	<u>\$ 8,460,641</u>

B. Contract liabilities:

As of December 31, 2024, December 31, 2023 and January 1, 2023, the Company has recognised revenue-related contract liabilities of \$493,416, \$481,924, and \$470,653, respectively. Revenue recognised for the years ended December 31, 2024 and 2023, which was included in the contract liabilities at the beginning of the year, amounted to \$402,057 and \$393,211, respectively.

(21) Interest income

For the years ended December 31,		
	<u>2024</u>	<u>2023</u>
Interest income from bank deposits	\$ 29,063	\$ 29,636
Other interest	9,131	6,839
	<u>\$ 38,194</u>	<u>\$ 36,475</u>

(22) Other income

For the years ended December 31,		
	<u>2024</u>	<u>2023</u>
Rent income	\$ 1,565	\$ 1,983
Dividend income	13,826	7,688
Government grants	4,463	1,536
Other income	23,677	21,093
	<u>\$ 43,531</u>	<u>\$ 32,300</u>

(23) Other gains and losses

	For the years ended December 31,	
	2024	2023
Gains on financial assets at fair value through profit or loss	\$ 86,970	\$ 120,350
Gains on disposal of property, plant and equipment	11,426	587
Net foreign exchange gains (losses)	20,004 (	3,450)
Compensation losses	(16,161)	-
Miscellaneous disbursements	(5,586)	(1,532)
	<u>\$ 96,653</u>	<u>\$ 115,955</u>

(24) Finance costs

	For the years ended December 31,	
	2024	2023
Interest expense:		
Bank borrowings	\$ 13,750	\$ 42,568
Ordinary bonds payable	48,723	47,709
Convertible bonds payable	28,869	29,339
Interest on lease liabilities	8,190	1,848
	<u>\$ 99,532</u>	<u>\$ 121,464</u>

(25) Expenses by nature

	For the year ended December 31, 2024		
	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 747,392	\$ 413,288	\$ 1,160,680
Depreciation	203,347	62,054	265,401
Amortisation	696	2,732	3,428
	<u>\$ 951,435</u>	<u>\$ 478,074</u>	<u>\$ 1,429,509</u>

	For the year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 771,875	\$ 420,445	\$ 1,192,320
Depreciation	231,242	60,674	291,916
Amortisation	641	2,829	3,470
	<u>\$ 1,003,758</u>	<u>\$ 483,948</u>	<u>\$ 1,487,706</u>

(26) Employee benefit expense

	For the year ended December 31, 2024		
	Operating costs	Operating expenses	Total
Wages and salaries	\$ 623,709	\$ 351,666	\$ 975,375
Labour and health insurance fees	57,234	21,534	78,768
Pension costs	43,243	20,547	63,790
Other personnel expenses	23,206	19,541	42,747
	<u>\$ 747,392</u>	<u>\$ 413,288</u>	<u>\$ 1,160,680</u>

	For the year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Wages and salaries	\$ 644,089	\$ 357,569	\$ 1,001,658
Labour and health insurance fees	59,674	21,874	81,548
Pension costs	43,022	20,777	63,799
Other personnel expenses	25,090	20,225	45,315
	<u>\$ 771,875</u>	<u>\$ 420,445</u>	<u>\$ 1,192,320</u>

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 2% for employees' compensation and shall not be higher than 2% for directors' remuneration. However, if the Company has accumulated deficit, the earnings shall be reserved to offset losses.
- B. For the years ended December 31, 2024 and 2023, employees' compensation were accrued at \$6,290 and \$6,095, respectively; while directors' remuneration were accrued at \$6,280 and \$6,085, respectively. The aforementioned amounts were recognised in salary expenses and were accrued based on the earnings of current year and the percentage prescribed by the Company's Articles of Incorporation. The employees' compensation and directors' remuneration resolved by the Board of Directors on March 7, 2024 were \$6,095 and \$6,085, respectively, and the employees' compensation will be distributed in the form of cash, consistent with the amount recognised on the financial statements for the year ended December 31, 2023. The employees' compensation and directors' remuneration resolved by the Board of Directors on March 6, 2025 were \$6,290 and \$6,280, respectively, and the employee's compensation will be distributed in the form of cash.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post

System” at the website of the Taiwan Stock Exchange.

(27) Income tax

A. Components of income tax expense:

(a) Components of income tax expense:

	For the years ended December 31,	
	2024	2023
Current tax:		
Current tax on profits for the year	\$ 134,605	\$ 155,623
Tax on undistributed earnings	53	4,992
Prior year income tax (over) under estimation	(4,802)	11,342
Total current tax	129,856	171,957
Deferred tax:		
Origination and reversal of temporary differences	(2,365)	(13,081)
Income tax expense	\$ 127,491	\$ 158,876

(b) The income tax credit/ (charge) relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2024	2023
Remeasurement of defined benefit obligations	\$ 2,124	\$ 1,279
Exchange differences on translation of foreign financial statements	11,104	(2,165)
	\$ 13,228	(\$ 886)

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2024	2023
Tax calculated based on profit before tax and statutory tax rate	\$ 186,803	\$ 179,921
Effects from items disallowed by tax regulation	(72,920)	(51,591)
Tax on undistributed earnings	53	4,992
Prior year income tax under (over) estimation	(4,802)	11,342
Separate taxation	15,702	14,215
Change in assessment of realisation of deferred tax assets	9,081	10,385
Effect from tax loss	(6,426)	(10,388)
Income tax expense	\$ 127,491	\$ 158,876

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

For the year ended December 31, 2024				
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>December 31</u>
Deferred tax assets				
Temporary differences:				
Allowance for bad debts in excess of tax limits	\$ 1,135	\$ 3,613	\$ -	\$ 4,748
Pensions	21,697	(4,464)	-	17,233
Loss on decline in inventory market value	20,689	(827)	-	19,862
Unrealised foreign exchange loss	57	(57)	-	-
Cost of right-of-use assets	7,578	16,255	-	23,833
Other deferred revenue and unrealised expenses	8,980	(1,503)	-	7,477
Currency translation differences	4,723	-	-	4,723
Remeasurements of defined benefit plans	5,469	-	(2,124)	3,345
Tax losses	<u>97,905</u>	<u>6,426</u>	<u>-</u>	<u>104,331</u>
	<u>\$ 168,233</u>	<u>\$ 19,443</u>	<u>(\$ 2,124)</u>	<u>\$ 185,552</u>
Deferred tax liabilities				
Temporary differences:				
Unrealised foreign exchange gain	\$ -	(\$ 814)	\$ -	(\$ 814)
Gain on investments accounted for using the equity method	(103,886)	317	(11,104)	(114,673)
Unrealised lease liability	(7,578)	(16,255)	-	(23,833)
Pensions	(5,802)	352	-	(5,450)
Reserve for land value increment tax	(335,417)	-	-	(335,417)
Others	(5,010)	(678)	-	(5,688)
	<u>(\$ 457,693)</u>	<u>(\$ 17,078)</u>	<u>(\$ 11,104)</u>	<u>(\$ 485,875)</u>
	<u>(\$ 289,460)</u>	<u>\$ 2,365</u>	<u>(\$ 13,228)</u>	<u>(\$ 300,323)</u>

For the year ended December 31, 2023				
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>December 31</u>
Deferred tax assets				
Temporary differences:				
Allowance for bad debts in excess of tax limits	\$ 2,959	(\$ 1,824)	\$ -	\$ 1,135
Pensions	21,350	347	-	21,697
Loss on decline in inventory market value	20,804	(115)	-	20,689
Unrealised foreign exchange loss	30	27	-	57
Cost of right-of-use assets	9,354	(1,776)		7,578
Other deferred revenue and unrealised expenses	10,874	(1,894)	-	8,980
Currency translation differences	4,450	273	-	4,723
Remeasurements of defined benefit plans	6,748		(1,279)	5,469
Tax losses	87,517	10,388	-	97,905
	<u>\$ 164,086</u>	<u>\$ 5,426</u>	<u>(\$ 1,279)</u>	<u>\$ 168,233</u>
Deferred tax liabilities				
Temporary differences:				
Unrealised foreign exchange gain	(\$ 504)	\$ 504	\$ -	\$ -
Gain on investments accounted for using the equity method	(112,085)	6,034	2,165	(103,886)
Unrealised lease liability	(9,354)	1,776		(7,578)
Pensions	(3,158)	(2,644)	-	(5,802)
Reserve for land value increment tax	(335,417)	-	-	(335,417)
Others	(6,995)	1,985	-	(5,010)
	<u>(\$ 467,513)</u>	<u>\$ 7,655</u>	<u>\$ 2,165</u>	<u>(\$ 457,693)</u>
	<u>(\$ 303,427)</u>	<u>\$ 13,081</u>	<u>\$ 886</u>	<u>(\$ 289,460)</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2024				
Year incurred	Amount filed /assessed	Unused amount	Unrecognised deferred income tax assets	Expiry year
2019	\$ 516,191	\$ 473,269	\$ -	2029
2023	16,253	16,253	-	2033
2024	19,819	19,819	-	2034,
	<u>\$ 552,263</u>	<u>\$ 509,341</u>	<u>\$ -</u>	2044 (Note)

(Note) A U.S. taxable loss amounting to \$3,086, with a loss carryforward period of 20 years is included.

December 31, 2023				
Year incurred	Amount filed /assessed	Unused amount	Unrecognised deferred income tax assets	Expiry year
2019	\$ 516,191	\$ 473,269	\$ -	2029
2023	16,253	16,253	-	2033
	<u>\$ 532,444</u>	<u>\$ 489,522</u>	<u>\$ -</u>	

E. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2024	December 31, 2023
Deductible temporary differences		
Allowance for bad debts in excess of tax limits	\$ 107	\$ 235
Unrealised loss from inventory valuation	61,905	59,782
Unrealised loss from bad debts	17,442	20,472
Unused compensated absences	4,385	4,169
	<u>\$ 83,839</u>	<u>\$ 84,658</u>

F. The Group did not recognise deferred tax liabilities related to taxable temporary differences of investment in subsidiaries. The unrecognised deferred tax liabilities were \$1,697,566 and \$1,435,158 as of December 31, 2024 and 2023, respectively.

G. The Company's and its domestic subsidiaries' income tax returns through 2022 have been assessed and approved by the Tax Authority. The Company and its domestic subsidiaries did not have any administrative remedy as of March 6, 2025.

(28) Earnings per share

For the year ended December 31, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 287,146	278,733	\$ 1.03
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 287,146	278,733	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	313	
Convertible bonds	11,450	42,667	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 298,596	321,713	\$ 0.93
For the year ended December 31, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 253,625	278,733	\$ 0.91
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 253,625	278,733	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	365	
Convertible bonds	11,317	42,667	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 264,942	321,765	\$ 0.82

(29) Supplemental cash flow information

A. Investing and financing activities with partial cash payments:

	For the years ended December 31,	
	2024	2023
(a) Acquisition of property, plant and equipment	\$ 80,677	\$ 60,453
Add: Opening balance of payable on equipment (listed as 'Other payables')	14,491	8,191
Less: Ending balance of payable on equipment (listed as 'Other payables')	(8,024)	(14,491)
Cash paid for acquisition of property, plant and equipment	<u>\$ 87,144</u>	<u>\$ 54,153</u>
(b) Cash dividends declared	\$ 274,968	\$ 302,163
Less: Dividends received by subsidiaries for holding the parent company's shares	(21,323)	(23,430)
Cash dividends paid	<u>\$ 253,645</u>	<u>\$ 278,733</u>

B. Operating and investing activities with no cash flow effects:

	For the years ended December 31,	
	2024	2023
(a) Write-offs of uncollectible receivables	<u>\$ 563</u>	<u>\$ 673</u>
(b) Inventories transferred to property, plant and equipment	<u>\$ 583</u>	<u>\$ 15,995</u>
(c) Property, plant and equipment transferred to non-current assets held for sale	<u>\$ 28,377</u>	<u>\$ -</u>
(d) Prepayments for equipment transferred to property, plant and equipment	<u>\$ 5,864</u>	<u>\$ 13,736</u>
(e) Other non-current assets transferred to property, plant and equipment	<u>\$ 681</u>	<u>\$ -</u>

(30) Changes in liabilities from financing activities

	Short-term borrowings	Lease liability	Bonds payable (including current portion)	Long-term borrowings (including current portion)	Guarantee deposits received	Liabilities from financing activities - gross
At January 1, 2024	\$ 478,186	\$ 43,424	\$ 4,578,558	\$ 29,706	\$ 457	\$ 5,130,331
Changes in cash flow from financing activities	(217,309)	(28,081)	-	(6,583)	-	(251,973)
Changes in unamortised discount	-	-	15,122	-	-	15,122
Changes in other non-cash items	-	93,896	-	-	-	93,896
Effect of changes in foreign exchange rate	-	2,167	-	-	-	2,167
At December 31, 2024	<u>\$ 260,877</u>	<u>\$ 111,406</u>	<u>\$ 4,593,680</u>	<u>\$ 23,123</u>	<u>\$ 457</u>	<u>\$ 4,989,543</u>

	Short-term borrowings	Lease liability	Bonds payable	Long-term borrowings (including current portion)	Guarantee deposits received	Liabilities from financing activities - gross
At January 1, 2023	\$ 780,846	\$ 52,262	\$ 4,563,605	\$ 39,036	\$ 457	\$ 5,436,206
Changes in cash flow from financing activities	(302,660)	(26,829)	-	(9,330)	-	(338,819)
Changes in unamortised discount	-	-	14,953	-	-	14,953
Changes in other non-cash items	-	20,058	-	-	-	20,058
Effect of changes in foreign exchange rate	-	(2,067)	-	-	-	(2,067)
At December 31, 2023	<u>\$ 478,186</u>	<u>\$ 43,424</u>	<u>\$ 4,578,558</u>	<u>\$ 29,706</u>	<u>\$ 457</u>	<u>\$ 5,130,331</u>

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Ofco Industrial Corp.	Other related party
TSG Transportation Corp.	Other related party
TSG Environmental Technology Corp.	Other related party
TSG Power Corp.	Other related party
TSG Aerospace Technology Corp.	Other related party
Golden Win Steel Industrial Corp.	Other related party
Shanghai Wangzhan Trading Co.,Ltd.	Other related party
Mixiang Foods Co., Ltd.	Other related party

(2) Significant related party transactions

A. Operating revenue

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Sales of goods:		
Other related parties	\$ <u>637,384</u>	\$ <u>491,018</u>

Goods are sold to related parties based on the terms that would be available to third parties and the average credit term is 2 months. The credit terms for machinery and equipment sales are based on the terms specified in the contracts, some of which are sold on installment over a period of 1 ~ 3 years, and for spare parts sales are 3 ~ 4 months.

B. Purchases

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Purchases of goods:		
Other related parties	\$ <u>68,255</u>	\$ <u>7,525</u>

Goods are purchased from related parties based on the prices and terms that would be available to third parties and the average payment terms are 1 ~ 2 months. However, both parties may negotiate to extend payment terms according to the funds available.

C. Property transaction

Acquisition of assets:

		<u>For the years ended December 31,</u>	
	<u>Objects</u>	<u>2024</u>	<u>2023</u>
Other related parties	Machinery and equipment	\$ <u>2,220</u>	\$ <u>-</u>

Disposal of assets :

		For the years ended December 31,			
		2024		2023	
	Objects	Disposal proceeds	Gain on disposal	Disposal proceeds	Gain on disposal
	Machinery and equipment				
Other related parties		\$ 1,762	\$ 1,637	\$ 459	\$ 459

The Group purchases property, plant and equipment from related parties at a negotiated price.

D. Other expenses

		For the years ended December 31,	
		2024	2023
Other related parties		\$ 76,352	\$ 42,207

E. Other income

		For the years ended December 31,	
		2024	2023
Other related parties		\$ 2,545	\$ 1,808

F. Receivables from related parties

	December 31, 2024	December 31, 2023
Notes receivable :		
Other related parties	\$ -	\$ 11,441
Accounts receivable :		
Other related parties	\$ 140,215	\$ 94,180
Other receivable :		
Other related parties	\$ 94	\$ 560

G. Prepayments

	December 31, 2024	December 31, 2023
Other related parties	\$ 6,765	\$ 325

H. Contract liabilities - current

	December 31, 2024	December 31, 2023
Other related parties	\$ -	\$ 1,033

I. Payables to related parties

	December 31, 2024	December 31, 2023
Accounts payable :		
Other related parties	\$ 31,224	\$ 3,801
Other payables :		
Other related parties	\$ 10,607	\$ 5,672

J. Advance receipts

	December 31, 2024	December 31, 2023
Other related parties	\$ 12,249	\$ -

(3) Key management compensation

	For the years ended December 31,	
	2024	2023
Wages and salaries and other short-term benefits	\$ 74,855	\$ 80,299

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

Assets	December 31, 2024	December 31, 2023	Purpose
Pledged demand deposits (Note 1)	\$ 14,638	\$ 8,967	Guarantee, collateral for short-term and long-term borrowings and bonds payable
Inventories	79,200	79,200	Collateral for short-term and long-term borrowings
Land (Note 2)	453,275	453,275	Collateral for short-term and long-term borrowings and bonds payable
Buildings, net (Note 2)	107,379	119,214	Collateral for short-term and long-term borrowings and bonds payable
Machinery and equipment, net (Note 2)	47,475	50,537	Collateral for short-term and long-term borrowings
Right-of-use assets	-	13,727	Collateral for short-term borrowings
	<u>\$ 701,967</u>	<u>\$ 724,920</u>	

(Note 1) Listed as 'Financial assets at amortised cost - current'.

(Note 2) Listed as 'Property, plant and equipment'.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) As of December 31, 2024 and 2023, the Group's capital expenditures contracted for at the balance sheet date but not yet incurred were \$11,378 and \$5,966, respectively.

(2) As of December 31, 2024 and 2023, the Group's line of credit issued but not yet negotiated were \$101,718 and \$184,423, respectively.

(3) Information on provision of endorsements and guarantees to others is provided in Note 13(1)B.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

In March 2025, the Company entered into a three-year lease agreement for buildings and machinery

with a related party, Ofco Industrial Corp. The total three-year amount is \$184,190.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

Details of the Group's financial instruments by category are provided in Note 6.

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for over all risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Foreign exchange risk

(i) The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the RMB, USD and IDR. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

(ii) Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. The Group treasury uses forward foreign exchange contracts to manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

(iii) The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, RMB and IDR). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2024		
	Foreign currency amount		
(Foreign currency: functional currency)	(In thousands)	Exchange rate	Book Value
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 8,141	32.79	266,907
RMB:NTD	8,464	4.56	38,598
USD:RMB	844	7.1884	27,678
EUR:NTD	394	34.14	13,445
JPY:NTD	58,616	0.2099	12,303
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	4,818	32.79	157,957
USD:IDR	889	16,150	29,139

	December 31, 2023		
	Foreign currency amount		
(Foreign currency: functional currency)	(In thousands)	Exchange rate	Book Value
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 9,307	30.71	\$ 287,759
USD:RMB	1,716	7.0827	52,698
RMB:NTD	8,907	4.34	38,617
EUR:NTD	1,050	33.98	35,687
JPY:NTD	50,848	0.2172	11,044
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	3,256	30.71	99,966
USD:IDR	352	15,508	10,799

The sensitivity analysis of foreign exchange risk mainly focuses on the foreign currency monetary items at the end of the financial reporting period. If the exchange rate of NTD to all foreign currencies had appreciated/depreciated by 1%, the Group's net income would have decreased/increased by \$1,375 and \$2,524 for the years ended December 31, 2024 and 2023, respectively.

The total exchange gains (losses), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group amounted to \$20,004 and (\$3,450) for the years ended December 31, 2024 and 2023, respectively.

ii. Price risk

- (i) The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- (ii) The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit would have increased/decreased by \$4,315 and \$1,302 for the years ended December 31, 2024 and 2023, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$6,195 and \$6,813, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

iii. Cash flow and fair value interest rate risk

- (i) The Group's main interest rate risk arises from some borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2024 and 2023, the Group's borrowings at variable rate were mainly denominated in NTD, USD, RMB and IDR.
- (ii) The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- (iii) If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax would have decreased/increased by \$795 and \$963 for the years ended December 31, 2024 and 2023, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a certain rating are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position,

past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

- iv. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. If the default rate of an investment target exceeds 10%, there has been a significant increase in credit risk on that instrument since initial recognition.
- vi. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- vii. The Group classifies customer's accounts receivable in accordance with credit risk on trade. The Group applies the modified approach using a provision matrix to estimate the expected credit loss and uses the historical and timely information to establish loss rate for assessing the default possibility of accounts receivable. Movements in relation to the Group applying the modified approach to provide loss allowance for notes and accounts receivable are as follows:

For the year ended December 31, 2024			
	Notes receivable	Accounts receivable	Total
Balance at January 1	\$ 153	\$ 26,664	\$ 26,817
Expected credit (gain) loss	(94)	898	804
Write-offs	-	(563)	(563)
Effect of foreign exchange	6	969	975
Balance at December 31	<u>\$ 65</u>	<u>\$ 27,968</u>	<u>\$ 28,033</u>

For the year ended December 31, 2023			
	Notes receivable	Accounts receivable	Total
Balance at January 1	\$ 268	\$ 24,003	\$ 24,271
Expected credit (gain) loss	(123)	4,307	4,184
Write-offs	-	(673)	(673)
Effect of foreign exchange	8	(973)	(965)
Balance at December 31	<u>\$ 153</u>	<u>\$ 26,664</u>	<u>\$ 26,817</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity

requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

- ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

December 31, 2024	Less than 1 year	Between 1 and 2 year(s)	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	\$ 265,865	\$ -	\$ -	\$ -
Notes payable	125	-	-	-
Accounts payable	517,483	-	-	-
Other payables	384,466	-	-	-
Lease liability	33,188	32,390	54,278	-
Bonds payable (including current portion)	1,601,950	1,950	3,003,900	-
Long-term borrowings (including current portion)	6,937	6,848	10,224	-
Guarantee deposits received	457	-	-	-
December 31, 2023	Less than 1 year	Between 1 and 2 year(s)	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	\$ 479,999	\$ -	\$ -	\$ -
Notes payable	438	-	-	-
Accounts payable	494,133	-	-	-
Other payables	378,577	-	-	-
Lease liability	14,477	10,121	20,497	1,720
Bonds payable	1,950	16,011,950	3,005,850	-
Long-term borrowings (including current portion)	6,993	6,895	15,133	1,800
Guarantee deposits received	457	-	-	-

- iii. For non-derivative financial liabilities, the Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to be significantly different.

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) 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. The fair value of the Group's investment in listed stocks, emerging stocks with active market and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, except those included in Level 1 quotes. The Group's investment in listed company stocks through private placement (with liquidity discounts of 15.75% and 18.18%, respectively) is included.

Level 3: Unobservable inputs for the asset or liability.

- B. The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortised cost - current, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable, other payables, bonds payable (including current portion), long-term borrowings (including current portion) and guarantee deposits received) are approximate to their fair values.
- C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2024 and 2023 are as follows:

<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 210,550	\$ 220,900	\$ -	\$ 431,450
Financial assets at fair value through other comprehensive income				
Equity securities	508,023	111,440	-	619,463
	<u>\$ 718,573</u>	<u>\$ 332,340</u>	<u>\$ -</u>	<u>\$1,050,913</u>
<u>Non-recurring fair value measurements</u>				
Non-current assets held for sale	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,377</u>	<u>\$ 28,377</u>

December 31, 2023	Level 1	Level 2	Level 3	Total
<u>Assets:</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 185	\$ 127,050	\$ -	\$ 127,235
Beneficiary certificates	2,992	-	-	2,992
	<u>3,177</u>	<u>127,050</u>	<u>-</u>	<u>130,227</u>
Financial assets at fair value through other comprehensive income				
Equity securities	681,311	-	-	681,311
	<u>\$ 684,488</u>	<u>\$ 127,050</u>	<u>\$ -</u>	<u>\$ 811,538</u>

D. The methods and assumptions the Group used to measure fair value are as follows:

- (a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Emerging shares	Open-end fund
Market quoted price	Closing price	Closing price	Net asset value

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
- (c) Details of the non-current assets held for sale are provided in 6(9) 'Non-current assets held for sale'.
- E. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- F. For the years ended December 31, 2024 and 2023, there was no transfer between Level 1 and Level 2.
- G. The following chart is the movement of Level 3 for the years ended December 31, 2024 and 2023 :

	Non-current assets held for sale	
	For the years ended December 31,	
	2024	2023
At January 1	\$ –	\$ –
Transferred into Level 3	28,377	–
At December 31	<u>\$ 28,377</u>	<u>\$ –</u>

H. Financial segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31,2024	Valuation technique	Significant unobservable inputs	Range (weighted average)	Relationship of inputs to fair value
Non-current assets held for sale	\$ 122,666	Negotiation	Not Applicable	Not Applicable	Not Applicable

As of December 31, 2023, there was no such situation.

13. Supplementary Disclosures

(According to the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2024)

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 4.

- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 7.

B. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: Purchases and sales between the Company and investees in Mainland China are eliminated when preparing consolidated financial statements. Information on significant transactions, such as purchases and sales, receivables and payables, provision of endorsements and guarantees and financing, between the Company and investees in Mainland China is provided in Note 13(1) B and J.

(4) Major shareholders information

Major shareholders information: Refer to table 8.

14. Segment Information

(1) General information

A. Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The Group's reportable segments are as follows:

- (a) Screw segment: Primarily engaging in the manufacture, process and trade of screws and nuts, etc.
- (b) Machinery segment: Primarily engaging in the manufacture, assemble and trade of machine tools and chemical machinery, etc.
- (c) Investment segment: Primarily engaging in the general investment.

B. There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this period.

C. The Group's chief operating decision-maker assesses the performance based on the segment's net operating profit. The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4 in the consolidated financial statements.

(2) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the year ended December 31, 2024			
	Screw segment	Machinery segment	Investment segment	Total
Segment revenue	\$ 8,490,280	\$ 1,247,006	\$ -	\$ 9,737,286
Inter-segment revenue	(563,170)	(9,011)	-	(572,181)
Revenue from external customers, net	7,927,110	1,237,995	-	9,165,105
Segment income before tax	741,855	87,111	3,980	832,946
Segment assets	10,084,922	1,916,436	121,224	12,122,582
Segment liabilities	6,097,513	893,607	94	6,991,214

	For the year ended December 31, 2023			
	Screw segment	Machinery segment	Investment segment	Total
Segment revenue	\$ 7,924,451	\$ 1,172,343	\$ -	\$ 9,096,794
Inter-segment revenue	(567,687)	(68,466)	-	(636,153)
Revenue from external customers, net	7,356,764	1,103,877	-	8,460,641
Segment income before tax	690,239	99,436	53,940	843,615
Segment assets	10,144,689	1,883,540	140,107	12,168,336
Segment liabilities	6,198,076	891,147	27	7,089,250

(3) Reconciliation for segment profit or loss, assets and liabilities

A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the consolidated statement of comprehensive income. A reconciliation of reportable segment income or loss before tax to the income/(loss) before tax is provided as follows:

	For the years ended December 31,	
	2024	2023
Reportable operating segments income before tax	\$ 832,946	\$ 843,615
Elimination of inter-segment income (loss)	(304,424)	(324,061)
Profit before income tax	\$ 528,522	\$ 519,554

B. The amounts provided to the chief operating decision maker with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements. Therefore, such reconciliation is not required.

(4) Information on products and services

The Group classified the operating segments based on the category of products. Thus, information on products is not disclosed separately.

(5) Geographical information

Geographical information for the years ended December 31, 2024 and 2023 is as follows:

	For the years ended December 31,			
	2024		2023	
	Revenue (Note)	Non-current assets	Revenue (Note)	Non-current assets
Taiwan	\$ 3,100,952	\$ 2,096,366	\$ 2,332,587	\$ 2,220,155
Mainland China and Hong Kong	2,227,197	433,586	2,263,517	479,510
U.S.A.	495,043	94,109	688,121	26,576
Other countries	3,341,913	317,698	3,176,416	298,136
	<u>\$ 9,165,105</u>	<u>\$ 2,941,759</u>	<u>\$ 8,460,641</u>	<u>\$ 3,024,377</u>

(Note) The revenue is classified based the country where the customer is located.

(6) Major customer information

There was no single customer accounting for more than 10% of the Group's revenue in the consolidated comprehensive income statement for the years ended December 31, 2024 and 2023.

Chun Yu Works & Co., Ltd. and subsidiaries
Provision of endorsements and guarantees to others
For the year ended December 31, 2024

Table 1

Expressed in thousands of NTD

Number	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 1)	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2024	Outstanding endorsement/ guarantee amount at December 31, 2024	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	Chun Yu Works & Co., Ltd.	Chun Yu (Dongguan) Metal Products Co., Ltd.	2	\$ 2,562,011	\$ 328,350	\$ -	\$ -	\$ -	-	\$ 3,416,015	Y	N	Y	(Note 2)

(Note 1) The numbers filled in for the relationship with the Company are as follows:

1. Having business relationship.
2. The Company direct and indirect owns over 50% ownership of the investee company.

(Note 2) The total amount of transactions of endorsement equals to 80% of the Company's net worth, the limit of endorsement for any single entity is 60% of the Company's net worth, and all of the related transactions are to be submitted to the stockholders' meeting for reference.

(Note 3) Foreign currencies are translated into New Taiwan dollars. Exchange rate of foreign currencies indicated as of report date were as follows: USD:NTD 1:32.7850, RMB:NTD 1:4.5604.

Chun Yu Works & Co., Ltd. and subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2024

Table 2

Expressed in thousands of NTD

		As of December 31, 2024						
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account (Note 1)	Number of shares (In thousands of shares or units)	Book value	Ownership (%)	Fair value	Footnote
Chun Yu Works & Co., Ltd.	Stocks -Taiwan Styrene Monomer Corporation	—	3	11,678	\$ 111,408	2.21	\$ 111,408	-
	Stocks - Gloria Material Technology Corporation	Other related party	3	5,526	256,959	0.92	256,959	-
	Stocks - King Kong Iron Works, Ltd.	—	3	304	772	0.55	772	-
	Stocks - King House Co., Ltd.	—	2	5,000	220,900	3.16	220,900	-
	Stocks - Argo Yachts Development Co., Ltd.	—	1	4,500	123,750	3.24	123,750	-
	Stocks - DataVan International Corporation	—	3	7,000	111,440	5.46	111,440	-
	Stocks - S-TECH Co., Ltd.	—	1	3,000	86,550	1.29	86,550	-
Chun Bang Precision Co., Ltd.	Stocks - The First Insurance Co., Ltd.	—	1	10	250	-	250	-
	Stocks - Taiwan Styrene Monomer Corporation	—	3	6,440	61,438	1.22	61,438	-
Chun Yu Investment Corp.	Stocks - Chun Yu Works & Co., Ltd.	The Company	(Note 2)	23,430	574,039	7.75	574,039	-
	Stocks - Taiwan Styrene Monomer Corporation	—	3	6,618	63,136	1.25	63,136	-
Chun Yu Bio-tech Corp.	Stocks - Chun Zu Machinery Industry Co., Ltd.	Subsidiary	(Note3)	9	161	0.01	161	-
	Stocks - Taiwan Styrene Monomer Corporation	—	3	1,500	14,310	0.28	14,310	-

(Note 1) The code number explanation is as follows:

1. Financial assets at fair value through profit or loss - current.
2. Financial assets at fair value through profit or loss- non-current.
3. Financial assets at fair value through other comprehensive profit or loss- non-current.

(Note 2) Information relating to the Company's stocks is provided in Note 6(16), 'Share capital'.

(Note 3) The Company's stocks held by Chun Yu Bio-tech Corp., listed as 'Financial assets at fair value through other comprehensive profit or loss- non-current', were changed to be shown as 'Investments accounted for under equity method' when the group prepared the consolidated financial statements and fully eliminated.

Table 3

Chun Yu Works & Co., Ltd. and subsidiaries

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the year ended December 31, 2024

Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
			(Sales)	(\$					\$		
Chun Yu Works & Co., Ltd.	Ofco Industrial Corporation	Other related party	(Sales)	591,555	(14%)	1 month	\$ -	3 ~ 5 months	\$ 123,718	19%	-
	Chun Yu Works (USA) Inc.	Subsidiary	(Sales)	(117,757)	(3%)	3 months	-	4 months	21,892	3%	-
Chun Yu (Dongguan) Metal Products Co., Ltd.	Shanghai Uchee Hardware Products Ltd.	Subsidiary	(Sales)	(181,137)	(15%)	3 months	-	(Note 1)	-	-	-
	Shanghai Uchee Hardware Products Ltd.	Subsidiary	Purchases	185,477	20%	3 months	-	(Note 2)	-	-	-
Shanghai Uchee Hardware Products Ltd.	Chun Yu (Dongguan) Metal Products Co., Ltd.	Subsidiary	(Sales)	(185,477)	(26%)	3 months	-	(Note 1)	-	-	-
	Chun Yu (Dongguan) Metal Products Co., Ltd.	Subsidiary	Purchases	181,137	30%	3 months	-	(Note 2)	-	-	-

(Note 1) The credit terms to third parties are 1 ~ 3 months after the sale.

(Note 2) The payment terms to third parties are 3 ~ 6 months after the acceptance.

(Note 3) Foreign currencies are translated into New Taiwan Dollars using the following exchanges: Ending balance of receivable and payable are translated using the exchange rates as of report date (USD:NTD 1:32.7850, RMB:NTD 1:4.5604), and the transactions amounts are translated into New Taiwan dollars at the average exchange rate for the year ended December 31, 2024 (USD:NTD 1:32.1251, RMB:NTD 1:4.5104).

Chun Yu Works & Co., Ltd. and subsidiaries
Receivables from related parties reaching \$100 million or 20% of the Company's paid-in capital
December 31, 2024

Table 4

Expressed in thousands of NTD

			Receivables from related party			Overdue receivables			
Company Name	Name of the counterparty	Relationship	General ledger account	Amount	Turnover rate	Amount	Action taken	Subsequent collections	Allowance for doubtful accounts
							for overdue accounts		
Chun Yu Works & Co., Ltd.	Ofco Industrial Corporation	Other related party	Accounts receivable	\$ 123,718	5.47	\$ -	-	\$ 123,550	\$ -

Chun Yu Works & Co., Ltd. and subsidiaries
Significant inter-company transactions during the reporting period
For the year ended December 31, 2024

Table 5 Expressed in thousands of NTD

Number (Note2)	Company name	Counterparty	Relationship (Note 3)	Transaction				Percentage of consolidated total operating revenue or total assets (Note 4)
				General ledger account	Amount	Transaction terms		
0	Chun Yu Works & Co., Ltd.	Chun Yu Works (USA) Inc.	1	Sales	\$ 117,757	4 months		1%
			1	Accounts receivable	21,892	-		-
			1	Other receivables	21,234	-		-
		SCHOLAR HOLDINGS LTD.	1	Other receivables	10,217	-		-
1	Chun Bang Precision Co., Ltd.	Chun Yu Works & Co., Ltd.	2	Sales	50,199	3 months		1%
			2	Accounts receivable	11,535	-		-
		Pt Moon Lion Industries Indonesia	3	Sales	15,791	3 months		-
		Chun Zu Machinery Industry Co., Ltd.	3	Sales	11,508	3 months		-
2	Chun Zu Machinery Industry Co., Ltd.	Shanghai Chun Zu Machinery Industry Ltd.	3	Sales	96,537	3 months		1%
			3	Other receivables	26,868	-		-
3	Shanghai Chun Zu Machinery Industry Ltd.	Chun Zu Machinery Industry Co., Ltd.	3	Sales	13,312	-		-
4	Chun Yu (Dongguan) Metal Products Co., Ltd.	Shanghai Uchee Hardware Products Ltd.	3	Sales	181,137	3 months		2%
			3	Other receivables	36,420	-		-
		SCHOLAR HOLDINGS LTD.	3	Other receivables	17,768	-		-
5	Shanghai Uchee Hardware Products Ltd.	Chun Yu (Dongguan) Metal Products Co., Ltd.	3	Sales	185,447	3 months		2%
6	Chunyu Group Shanghai Tongsheng Trade Co., Ltd.	Chun Yu (Dongguan) Metal Products Co., Ltd.	3	Accounts receivable	19,276	-		-

(Note 1) Intercompany transactions between the parent company and its subsidiaries or between subsidiaries are not disclosed repetitively since the circumstances and amounts of each transaction is the same on each side.

In addition, the disclosure threshold for significant intercompany transactions is \$10 million and the transactions are disclosed in asset and income aspects.

(Note 2) The transaction information of the Company and the consolidated subsidiaries should be noted in column "Number". The number means:

1. Number 0 presents the Company.
2. The consolidated subsidiaries are in order from number 1.

(Note 3) The relationships among the transation parties are as follows:

1. The Company to the consolidated subsidiary.
2. The consolidated subsidiary to the Company.
3. The consolidated subsidiary to another consolidated subsidiary.

(Note 4) The percentage of transaction amount over consolidated total revenues or total assets is as follows: Assets and liabilities are calculated using the ending balance over the consolidated total assets at period end; Sales is calculated using the amount of the period over the consolidated total revenue of the period.

(Note 5) For the amounts denominated in foreign currencies, the balances of notes/accounts receivable (payable) are translated into New Taiwan dollars at the exchange rate (USD 1 : NTD 32.7850; RMB 1 : NTD 4.5604) prevailing at the financial reporting date, and the transactions amounts are translated into New Taiwan dollars at the average exchange rate for the year ended December 31, 2024 (USD 1 : NTD :32.1251; RMB 1 : NTD 4.5104).

Table 6

Chun Yu Works & Co., Ltd. and subsidiaries											
Information on investees											
For the year ended December 31, 2024											
				Initial investment amount		Shares held as at December 31, 2024			Net profit (loss)	Investment income (loss)	
				Balance as at	Balance as at				of the investee for the	recognised by the Company	
Main business				December 31,	December 31,				year ended	for the year ended	
Investor	Investee	Location	activities	2024	2023	Number of shares	Ownership (%)	Book value	December 31, 2024	December 31, 2024	Footnote
Chun Yu Works & Co., Ltd.	Chun Bang Precision Co., Ltd.	Taiwan	Manufacture and trade of moulds	\$ 125,344	\$ 125,344	15,000,000	100.00	\$ 170,560	\$ 5,174	\$ 9,820	Subsidiary
	Chun Yu Works (U.S.A.) Inc.	U.S.A.	Import and export of hardware products	114,728	14,728	3,800,000	100.00	425,070	(6,469)	(13,968)	Subsidiary
	Chun Yu Investment Corporation	Taiwan	Professional investment	267,652	267,652	74,888,032	100.00	121,130	3,913	164	Subsidiary
	Chun Yu Bio-tech Corporation	Taiwan	Powder metallurgy	90,260	90,260	10,000,000	100.00	87,034	(12,694)	(12,694)	Subsidiary
	Scholar Holdings Ltd.	Virgin Islands	Reinvestment and import and export trade	2,581,891	2,581,891	33,183,211	100.00	1,107,108	62,179	62,024	Subsidiary
	Sunny City International Ltd	Samoa	Reinvestment and import and export trade	84,824	84,824	1,000,000	100.00	244,084	24,358	24,358	Subsidiary
	Pt Moon Lion Industries Indonesia	Indonesia	Manufacture and trade of screws and nuts	154,760	154,760	14,370,000	71.85	853,586	273,821	196,741	Subsidiary
	Chun Zu Machinery Industry Co., Ltd.	Taiwan	Manufacture and trade of machinery	52,597	52,597	28,821,939	47.81	481,668	68,027	33,725	Subsidiary
Chun Zu Machinery Industry Co., Ltd.	Lion City Management Ltd.	Virgin Islands	Professional investment	63,300	63,300	-	100.00	537,128	54,086	-	Subsidiary (Note 1)

(Note 1) According to the related regulations, it is not required to disclose income (loss) recognized by the Company.

(Note 2) Foreign currencies are translated into New Taiwan Dollars using the following exchanges: Ending balance of receivable and payable are translated using the exchange rates as of report date (USD:NTD 1:32.7850, RMB:NTD 1:4.5604), and the transactions amounts are translated into New Taiwan dollars at the average exchange rate for the year ended December 31, 2024 (USD:NTD 1:32.1251, RMB:NTD 1:4.5104).

Table 7

Chun Yu Works & Co., Ltd. and subsidiaries													
Information on investments in Mainland China													
For the year ended December 31, 2024													
Expressed in thousands of NTD													
Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Amount remitted from Taiwan					Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2024	Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Net income of investee for the year ended December 31, 2024					
					Remitted to Mainland China	Remitted back to Taiwan							
Chun Yu (Dongguan) Metal Products Co., Ltd.	Manufacture and trade of screws and nuts	\$ 2,114,010 (Note 1)	(Note 3)	\$ 1,580,008	\$ -	\$ -	\$ 1,580,008	\$ 61,916	100%	\$ 61,916	\$ 1,138,159	\$ -	(Note 9)
Shanghai Uchee Hardware Products Ltd.	Trade of screws and nuts	32,785	(Note 4)	32,785	-	-	32,785	24,392	100%	24,392	242,232	131,173 (Note 7)	(Note 9)
Chunyu Group Shanghai Tongsheng Trade Co., Ltd.	Trade of screws and nuts	8,721	(Note 5)	-	-	-	-	250	100%	250	(3,763)	-	(Note 9)
Shanghai Chun Zu Machinery Industry Ltd.	Manufacture and trade of machinery	278,673 (Note 2)	(Note 6)	65,570	-	-	65,570	53,946	47.82%	25,797	250,816	565,796 (Note 8)	(Note 10)

Company name		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 10)
Chun Yu Works & Co., Ltd.	\$	1,852,779	\$ 1,852,779	\$ 3,078,821
Chun Zu Machinery Industry Co., Ltd.		65,570	213,103	648,690

(Note 1) The investment in Chun Yu (Dongguan) Metal Products Co., Ltd. amounted to US\$64,481 thousand, consisting of US\$48,193 thousand that has been reported to the Investment Commission and US\$16,288 thousand from an investment loan from Scholar Holdings Ltd.

(Note 2) The paid-in capital of Shanghai Chun Zu Machinery Industry Ltd. amounted to US\$8,500 thousand, consisting of US\$4,000 thousand from remittance from Chun Zu Machinery Industry Co., Ltd. through its subsidiary, Lion City Management Ltd. and US\$4,500 thousand from capitalisation of retained earnings of Shanghai Chun Zu Machinery Industry Ltd., which were reported to the Investment Commission. In addition, proceeds from capital reduction of Lion City Management Ltd. in 2008 amounting to US\$2,000 thousand were reported to the Investment Commission.

(Note 3) Indirect investment in PRC through the existing company (Scholar Holdings Ltd.) located in the third area.

(Note 4) Indirect investment in PRC through the existing company (Sunny City International Ltd.) located in the third area.

(Note 5) Indirect investment in PRC through the existing company (Shanghai Uchee Hardware Products Ltd.) located in PRC.

(Note 6) Indirect investment in PRC through the existing company (Lion City Management Ltd.) located in the third area.

(Note 7) It is the cash dividends totaling US\$4,001 thousand distributed by Shanghai Uchee Hardware Products Ltd. to Sunny City International Ltd., which then remitted to the Company and Chun Bang Precision Co., Ltd.

(Note 8) It is the cash dividends amounting to US\$36,089 thousand distributed by Shanghai Chun Zu Machinery Industry Ltd. to Lion City Management Ltd., which then remitted to Chun Zu Machinery Industry Co., Ltd.

(Note 9) Investment gains or losses were recognised based on audited financial statements.

(Note 10) The ceiling is calculated based on the 60% of the investor’s net assets or consolidated net assets (whichever is higher).

(Note 11) For the amounts denominated in foreign currencies, the paid-in capital, amount of remittance from Taiwan and book value as of December 31, 2024 are translated into New Taiwan dollars at the exchange rate (USD 1 : NTD 32.7850; RMB 1 : NTD 4.5604) prevailing at the financial reporting date, and the net profit (loss) of the investee and investment income (loss) recognised by the Group for the year ended December 31, 2024 are translated into New Taiwan dollars at the average exchange rate for the year ended December 31, 2024 (USD 1 : NTD 32.1251; RMB 1 : NTD 4.5104).

Chun Yu Works & Co., Ltd. and subsidiaries
Major shareholders information
December 31, 2024

Table 8 Unit: shares

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Bai Jia Yuan Investment Co., Ltd.	84,219,450	27.87%
Jin Jhih Fu Assets Management Co., Ltd.	28,491,850	9.43%
Chun Yu Investment Co., Ltd.	23,430,172	7.75%

(Note) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may be different from the actual number of shares issued in dematerialised form due to the different calculation basis.