

Stock Code: 7718

SPEC Products Corp. and its Subsidiaries
Consolidated financial statements and independent auditors' report
2024 and 2023

Company address: 9F-4, No. 358, Sec. 1, Dongmen Rd., East Dist., Tainan City
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Consolidated Financial Statements

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Statement of Consolidated Financial Statements of Affiliated Enterprises

The companies that should be included in the consolidated financial statements of affiliated companies under the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and consolidated financial statements of affiliated companies" for 2024 (from January 1, 2024 to December 31, 2024) are the same as those that should be included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards (IFRS) No. 10, "Consolidated Financial Statements." In addition, the information that should be disclosed in the consolidated financial statements of affiliated companies is included in the consolidated financial statements. Consequently, the consolidated financial statements of affiliated companies will not be prepared separately.

Hereby declared.

Name: SPEC Products Corp.

Chairman: Chang Hung Chen

March 12, 2025

Independent Auditors' Report

To: SPEC Products Corp.

Auditors' opinions

We have audited the balance sheet of SPEC Products Corp. and its subsidiaries (collectively “the Group”) as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, change in equity and cash flow and the notes (including the summary of significant accounting policies) for the years then ended December 31, 2024 and 2023.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in conformity 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 endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis of the audit opinion

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and the auditing standards. Our responsibility under these standards is further explained in the section of responsibility for the audit of the consolidated financial statements. We are independent of the Group in accordance with the Code of Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that sufficient and appropriate audit evidence has been obtained in order to serve as the basis for presenting the audit opinion.

Key audit matters

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

The end date of export sales income

The operating revenue of the Group, NT\$2,408,468 thousand, was recognized in 2024. The main source of revenue is from the manufacturing and sales of screws, bolts and fasteners. The recognition of revenue from export sales is mainly based on the terms and conditions of the contract, and revenue is recognized only when the control of the goods is transferred. The transfer of control over goods to customers and the performance of performance obligations involve manual work and judgment. The assessment of the impact on the financial statements is significant. Therefore, we have listed it as a key audit matter.

Our audit procedures include (but are not limited to): assessing and testing the effectiveness of internal control design and execution related to revenue recognition in the sales cycle, including reviewing the terms and conditions of the transaction; selecting samples to perform detailed testing of sales revenue transactions; reviewing the major terms and conditions in customer orders; and checking the accuracy of the timing and amount of revenue recognition by using relevant transaction certificates; for the period before and after the balance sheet date, the cut-off test is conducted to confirm that the company recognizes the revenue in the correct period; and reviewing whether there is a significant reversal of the operating revenue after the balance sheet date.

We also took into account the appropriateness of the disclosures of operating revenues in Notes 4 and 6 to the consolidated financial statements.

Inventory valuation for obsolete and slow-moving inventories

As of December 31, 2024, the net inventory of the Group was NT\$185,821 thousand, accounting for 10% of the total assets. The financial statements of the Group were material to the Company. As the amount of inventory obsolescence loss allowance involves significant judgments by the management, product technology and market changes must be considered. The amount of allowance for inventory valuation and obsolescence losses above is significant to the financial statements of the Group, therefore we have listed it as a key audit matter.

Our audit procedures include (but are not limited to) evaluate the appropriateness of the allowance for obsolete and slow-moving inventories policy; sampling to test the accuracy of the stock age intervals; analyze the changes to the obsolete and slow-moving inventories amount and the stock age amount; and to re-calculate the amount of the allowance for obsolete and slow-moving inventories in order to ensure that the inventory loss valuation is handled according to the accounting policy; evaluate the inventory procedures of management and to select important inventory locations to perform onsite observations to confirm the volume and status of the inventories.

We also took into account the appropriateness of the disclosures of operating revenues in Notes 4 and 6 to the consolidated financial statements.

Responsibilities of the management and the governing body for the consolidated financial statements

The responsibility of the management is to prepare 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 endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and to maintain the necessary internal control related to the preparation of the consolidated financial statements to ensure that the consolidated financial statements are free from material misstatement due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of the Group in continuing as a going concern, disclosing relevant matters, and using the going concern basis of accounting, unless the management intends to liquidate the Group or cease operations, or there is no other realistic alternative but to do so.

Those charged with governance are the governing body (including the Audit Committee) of the Group responsible for supervising the financial reporting process.

Responsibilities of the CPAs to audit the consolidated financial statements

The purpose of our audit of the consolidated financial statements is 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 audit report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists in the consolidated financial statements. Misstatements can arise from fraud or error. If the individual amount or the total amount in the misstatements can reasonably be expected to affect the economic decision made by the user of the consolidated financial statements, the misstatement is considered material.

When we audit the financial statements in accordance with the auditing standards, we exercise professional judgment and professional skepticism. We also perform the following tasks:

1. Identify and assess the risk of material misstatement arising from fraud or error within the consolidated financial statements; design and execute appropriate countermeasures in response to said risks; and obtain sufficient and appropriate audit evidence to serve as the basis for our opinion. The risk of material misstatement arising from fraud is higher than that arising from error because it may involve collusion, forgery, intentional omissions, misstatement, 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. Assess the appropriateness of the accounting policies adopted by the management, and the reasonableness of the accounting estimates and related disclosures.
4. Conclude on the appropriateness of the management's adoption 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 believe that there is a major uncertainty of such event or circumstance, we must remind the consolidated financial statement user to pay attention to relevant disclosures in the consolidated financial statements in our audit report, or, if such disclosure is inadequate, we must modify our opinion. Our conclusion is based on the audit evidence obtained as of the date of the audit report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. The overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within the Group in order to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit, and we are responsible for forming the Group's audit opinion.

The matters communicated between us and the governing body include the planned scope and time of the audit and significant audit findings (including any significant deficiencies in internal control identified during the 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 Group in 2024 and therefore are the key audit matters. We describe these matters in our auditor's report unless the law or regulation does not allow us to disclose such matters, or under extremely rare circumstances we determine that it is not possible to communicate such matters in our report because the adverse impact is reasonably expected to be greater than the public interest.

Others

We have audited the parent company only financial statements of the Company for the years ended December 31, 2024 and 2023, and an unqualified opinion report is issued by the CPAs.

EY Taiwan

Approved by the competent authority to handle the financial statements of the public company

Approval No.: Jin-Guan-Zheng-Shen-Zi No. 1100352201

Jin-Guan-Zheng-Shen-Zi No. 1010045851

Hung Kuo-Sen

CPA:

Li Fang-Wen

March 12, 2025

Notice to Readers

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

Accordingly, the accompanying consolidated financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice.

English Translation of Financial Statements Originally Issued in Chinese
SPEC Products Corp. and its Subsidiaries
Consolidated balance sheets
December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

Assets			December 31, 2024		December 31, 2023	
Code	Accounting item	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4/6.1	\$496,870	25	\$413,779	21
1110	Financial assets at fair value through profit or loss - current	4/6.2	74,185	4	77,232	4
1136	Financial assets measured at amortized cost - current	4/6.3, 16/8	2,016	-	276,965	14
1150	Net notes receivable	4/6.4, 16	374	-	306	-
1170	Net accounts receivable	4/6.5, 16	386,234	20	337,603	17
1200	Other receivables	4	20,323	1	14,287	-
130x	Inventory	4/6.6	185,821	10	153,390	8
1470	Other current assets	4	27,767	1	27,784	1
11xx	Total current assets		1,193,590	61	1,301,346	65
	Non-current assets					
1600	Property, plant and equipment	4/6.7/8	418,669	22	351,576	18
1755	Right-of-use assets	4/6.17	18,697	1	18,161	1
1760	Investment property, net	4/6.8/8	-	-	9,939	-
1780	Intangible assets	4	4,556	-	2,815	-
1840	Deferred income tax assets	4/6.21	15,605	1	12,315	1
1990	Other non-current assets	4/6.9/8	297,872	15	293,047	15
15xx	Total non-current assets		755,399	39	687,853	35
					\$1,989,19	
1xxx	Total assets		\$1,948,989	100	9	100

(Please refer to the notes to the consolidated financial statements.)

Chairperson: Chang, Hong-Cheng

President: Chang, Hong-Cheng

Accounting Officer: Fang, Chien-Hung

English Translation of Financial Statements Originally Issued in Chinese
SPEC Products Corp. and its Subsidiaries
Consolidated balance sheets
December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

Liabilities and equity			December 31, 2024		December 31, 2023	
Code	Accounting item	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	4/6.10	\$60,000	3	\$146,420	7
2130	Contract liabilities	4/6.15	5,791	-	5,704	-
2150	Notes payable	4	152	-	269	-
2170	Accounts payable	4	118,439	6	94,780	5
2200	Other payables	4	102,542	5	97,217	5
2230	Current income tax liabilities	4/6.21	34,238	2	57,139	3
2280	Lease liabilities - current	4/6.17	8,039	-	7,818	-
2322	Long-term loans - current portion	4/6.11	100,110	5	213,346	11
2399	Other current liabilities	4	11,767	1	8,140	-
21xx	Total current liabilities		441,078	22	630,833	31
	Non-current liabilities					
2540	Long-term loans	4/6.11	173,936	9	155,690	8
2570	Deferred income tax liabilities	4/6.21	6,305	-	2,147	-
2580	Lease liabilities - non-current	4/6.17	10,757	1	10,443	1
25xx	Total non-current liabilities		190,998	10	168,280	9
2xxx	Total liabilities		632,076	32	799,113	40
	Equity attributable to shareholders of the parent					
3110	Common stock capital	4/6.13	408,965	21	408,965	21
3200	Capital surplus	4/6.13	208,418	11	208,418	10
3300	Retained earnings	4/6.13				
3310	Legal reserve		111,140	6	90,234	5
3320	Special reserve		93	-	-	-
3350	Undistributed earnings		587,393	30	482,562	24
	Total retained earnings		698,626	36	572,796	29
3400	Other equity					
3410	Exchange differences on translation of financial statements of foreign operations	4/6.20	904	-	(93)	-
36xx	Non-controlling interests	6.13	-	-	-	-
3xxx	Total equity		1,316,913	68	1,190,086	60
	Total liabilities and equity		\$1,948,989	100	\$1,989,199	100

(Please refer to the notes to the consolidated financial statements.)

Chairperson: Chang, Hong-Cheng

President: Chang, Hong-Cheng

Accounting Officer: Fang, Chien-Hung

English Translation of Financial Statements Originally Issued in Chinese
SPEC Products Corp. and its Subsidiaries
Consolidated statements of comprehensive income
December 31, 2024 and 2023

(In Thousands of New Taiwan Dolllars)

Code	Accounting item	Notes	2024		2023	
			Amount	%	Amount	%
4000	Operating revenue	4/6.15	\$2,408,468	100	\$2,284,597	100
5000	Operating cost	4/6.6, 12, 14, 17, 18	(1,923,742)	(80)	(1,826,522)	(80)
5900	Gross operating profit		484,726	20	458,075	20
6000	Operating expenses	6.12, 14, 17, 18/7				
6100	Marketing expenses		(157,876)	(7)	(144,840)	(6)
6200	Administrative expenses		(82,139)	(3)	(66,681)	(3)
6300	Research and development expenses		(11,547)	-	(11,583)	(1)
6450	Expected credit impairment loss (loss)	4/6.16	(3,355)	-	(5,822)	-
	Total operating expenses		(254,917)	(10)	(228,926)	(10)
6900	Operating profit		229,809	10	229,149	10
7000	Non-operating income and expenses					
7010	Other income	6.19	30,871	1	30,470	1
7020	Other gains and losses	6.19, 23	51,935	2	19,080	1
7050	Financial cost	6.19	(3,679)	-	(8,475)	-
	Total non-operating income and expenses		79,127	3	41,075	2
7900	Net profit before tax		308,936	13	270,224	12
7950	Income tax expense	4/6.21	(60,417)	(3)	(59,789)	(3)
8200	Net income for the period		248,519	10	210,435	9
8300	Other comprehensive income	4/6.20				
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of financial statements of foreign operations		997	-	(531)	-
	Other comprehensive income (loss) in the current period (net amount after tax)		997	-	(531)	-
8500	Total comprehensive income for the period		\$249,516	10	\$209,904	9
8600	Net profit attributable to:					
8610	Shareholders of the parent		\$248,519	10	\$209,058	9
8620	Non-controlling interests		-	-	1,377	-
			\$248,519	10	\$210,435	9
8700	Total comprehensive income attributable to:					
8710	Shareholders of the parent		\$249,516	10	\$208,527	9
8720	Non-controlling interests		-	-	1,377	-
			\$249,516	10	\$209,904	9
	Earnings per share (NTD)					
9750	Basic earnings per share	4/6.22	\$6.08		\$5.72	
9850	Diluted earnings per share	4/6.22	\$6.06		\$5.67	

(Please refer to the notes to the consolidated financial statements.)

Chairperson: Chang, Hong-Cheng

President: Chang, Hong-Cheng

Accounting Officer: Fang, Chien-Hung

English Translation of Financial Statements Originally Issued in Chinese
SPEC Products Corp. and its Subsidiaries
Statement of changes in equity
December 31, 2024 and 2023

(In Thousands of New Taiwan Dolllars)

Item		Equity attributable to shareholders of the parent							Non-controlling interests	Total equity
		Common stock capital	Capital surplus	Retained earnings			Other equity items	Total equity attributable to shareholders of the parent		
				Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of financial statements of foreign operations			
Code		3110	3200	3310	3320	3350	3410	31xx	36xx	3xxx
A1	Balance on January 1, 2023	\$363,965	\$88,776	\$62,880	\$-	\$410,047	\$438	\$926,106	\$11,006	\$937,112
	Appropriation and distribution of 2022 earnings									
B1	Provision of legal reserve	-	-	27,354	-	(27,354)	-	-	-	-
B5	Common stock cash dividends	-	-	-	-	(109,189)	-	(109,189)	-	(109,189)
E1	Capital increase in cash	45,000	112,500	-	-	-	-	157,500	-	157,500
N1	Share-based payment transaction	-	7,142	-	-	-	-	7,142	-	7,142
D1	2023 Net income for the year	-	-	-	-	209,058	-	209,058	1,377	210,435
D3	2023 Other comprehensive income	-	-	-	-	-	(531)	(531)	-	(531)
D5	Total comprehensive income for the period	-	-	-	-	209,058	(531)	208,527	1,377	209,904
T1	Others - disposal of subsidiaries	-	-	-	-	-	-	-	(12,383)	(12,383)
Z1	Balance on December 31, 2023	\$408,965	\$208,418	\$90,234	\$-	\$482,562	\$(93)	\$1,190,086	\$-	\$1,190,086
A1	Balance on January 1, 2024	\$408,965	\$208,418	\$90,234	\$-	\$482,562	\$(93)	\$1,190,086	\$-	\$1,190,086
	Appropriation and distribution of 2023 earnings									
B1	Provision of legal reserve	-	-	20,906	-	(20,906)	-	-	-	-
B3	Provision of special reserve	-	-	-	93	(93)	-	-	-	-
B5	Common stock cash dividends	-	-	-	-	(122,689)	-	(122,689)	-	(122,689)
D1	2024 Net income for the year	-	-	-	-	248,519	-	248,519	-	248,519
D3	2024 Other comprehensive income	-	-	-	-	-	997	997	-	997
D5	Total comprehensive income for the period	-	-	-	-	248,519	997	249,516	-	249,516
Z1	Balance on December 31, 2024	\$408,965	\$208,418	\$111,140	\$93	\$587,393	\$904	\$1,316,913	\$-	\$1,316,913

(Please refer to the notes to the consolidated financial statements.)

Chairperson: Chang, Hong-Cheng

President: Chang, Hong-Cheng

Accounting Officer: Fang, Chien-Hung

English Translation of Financial Statements Originally Issued in Chinese
SPEC Products Corp. and its Subsidiaries
Consolidated statements of cash flow
December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

Code	Item	2024	2023	Code	Item	2024	2023
		Amount	Amount			Amount	Amount
AAAA	Cash flow from operating activities:			BBBB	Cash flow from investing activities:		
A10000	Net profit before tax for the period	\$308,936	\$270,224	B00050	Disposal of financial assets measured at amortized cost	274,949	294,369
A20000	Adjustments:			B00100	Acquisition of financial assets at fair value through profit or loss	(2,486)	(14,200)
A20010	Income and expenses:			B00200	Disposal of financial assets at fair value through profit or loss	8,810	24,223
A20100	Depreciation expense	22,504	25,517	B02300	Disposal of subsidiaries (less the cash received)	-	1,433
A20200	Amortization expenses	1,059	874	B02700	Acquisition of property, plant and equipment	(79,344)	(108,029)
A20300	Expected credit impairment loss	3,355	5,822	B02800	Disposal of property, plant and equipment	-	1,529
A20400	Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(3,277)	1,822	B04500	Acquisition of intangible assets	(2,800)	(230)
A20900	Interest expense	3,679	8,475	B05500	Disposal of investment property	12,365	16,524
A21200	Interest revenue	(19,142)	(19,091)	B06700	Increase in other non-current assets	(2,126)	(15,686)
A21900	Share-based payment for remuneration cost	-	7,142	BBBB	Net cash inflow from investing activities	209,368	199,933
A22500	Losses (gains) on disposal and retirement of property, plant and equipment	89	(395)				
A22700	(Gains) on disposal of investment property	(2,466)	(11,607)	CCCC	Cash flow from financing activities:		
A23100	(Gains) on disposal of investment	-	(200)	C00200	Decrease in short-term loans	(86,420)	(496,460)
A23700	Impairment loss on non-financial assets	-	1,474	C01600	Proceeds from long-term loans	61,000	126,317
A29900	Gain on lease modification	-	(2)	C01700	Repayment of long-term loans	(155,990)	(90,746)
A30000	Changes in operating assets/liabilities:			C04020	Repayment of lease principal	(9,408)	(9,387)
A31130	Decrease (increase) in notes receivable	(68)	1,399	C04500	Distribution of cash dividends	(122,689)	(109,189)
A31150	Decrease (increase) in accounts receivable	(51,986)	123,816	C04600	Capital increase in cash	-	157,500
A31180	Decrease (Increase) in other receivables	(6,036)	2,948	CCCC	Net cash inflow (outflow) from financing activities	(313,507)	(421,965)
A31200	Decrease (increase) in inventories	(32,431)	44,480				
A31240	Decrease (increase) in other current assets	17	(9,976)	DDDD	Effect of exchange rate changes on cash and cash equivalents	984	(525)
A32125	Increase (decrease) in contract liabilities	87	(4,386)				
A32130	Increase (decrease) in notes payable	(117)	1,824	EEEE	Increase in current cash and cash equivalents	83,091	106,935
A32150	Increase (decrease) in accounts payable	23,659	(28,301)	E00100	Cash and cash equivalents, beginning of period	413,779	306,844
A32180	Increase (decrease) in other payables	5,325	(20,826)	E00200	Cash and cash equivalents, end of period	\$496,870	\$413,779
A32230	Increase (decrease) in other current liabilities	3,627	(1,115)				
A33000	Cash inflow from operations	256,814	399,918				
A33100	Interest received	19,142	19,091				
A33300	Interest paid	(7,260)	(11,755)				
A33500	Income tax paid	(82,450)	(77,762)				
AAAA	Net cash inflow from operating activities	186,246	329,492				

(Please refer to the notes to the consolidated financial statements.)

Chairperson: Chang, Hong-Cheng

President: Chang, Hong-Cheng

Accounting Officer: Fang, Chien-Hung

SPEC Products Corp. and its Subsidiaries
Notes to the consolidated financial statements
2024 and 2023
(In Thousands of NTD, Unless Stated Otherwise)

I. Company history

1. SPEC Products Corp. (hereinafter referred to as the "Company") was incorporated upon approval on October 2, 2001. Its current registered address and business address are both 9F-4, No. 358, Sec. 1, Dongmen Rd., East Dist., Tainan City. Its main business activities include the manufacture of screws and nuts, wholesale of metalware, and international trade.
2. The Company's shares have been registered as emerging shares with the approval of Taipei Exchange ("TPEX"), and traded at TPEX since February 22, 2024.

II. Date and procedures for approving the financial statements

The consolidated financial statements of the Company and its subsidiaries (hereinafter referred to as "the Group") for the years ended December 31, 2024 and 2023 were approved for release after being submitted to the Board of Directors on March 12, 2025.

III. Application of new and revised standards and interpretations

1. Changes in accounting policies resulting from the first-time adoption of IFRSs

The Group has adopted the International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC). The first-time application of the new standards has no significant impact on the Group.

2. As of the publication date of the financial report, the Group has not yet adopted the following new and amended standards or interpretations already issued by the International Accounting Standards Board (IASB) and also endorsed and issued into effect by the FSC:

Item No.	New/amended/revised standards and interpretations	Effective date announced by IASB
1	Lack of Exchangeability (Amendments to IAS 21)	January 1, 2025

Notes to the Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

(1) Lack of Exchangeability (Amendments to IAS 21)

The amendments aim to explain the exchangeability and lack of exchangeability between currencies, and how the exchange rate is determined when the currency lacks exchangeability, and add additional disclosure requirements on the lack of exchangeability.

The amendments shall be applicable for the fiscal year beginning after January 1, 2025. The Group evaluated that there should be no significant impact derived therefor.

3. As of the publication date of the financial report, the Group has not adopted the following new and amended standards or interpretations issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC:

Item No.	New/amended/revised standards and interpretations	Effective date announced by IASB
1	Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be decided by the IASB
2	IFRS 17 "Insurance Contracts"	January 1, 2023
3	IFRS No. 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
4	Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures (IFRS 19)	January 1, 2027
5	Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	January 1, 2026
6	IFRS Annual Improvements - Volume 11	January 1, 2026
7	Contracts related to natural power (Amendments to IFRS 9 and IFRS 7)	January 1, 2026

- (1) Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

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The amendments address the inconsistency between the requirements in IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 requires that gains and losses arising from contributions of non-monetary assets to an associate or a joint venture shall be derecognized through downstream transactions. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

(2) IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General Model. Under this model, on initial recognition, an entity shall measure a company of insurance contracts at the total of the fulfillment cash flows and the contractual service margin. The carrying amount of a company of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-term contracts.

Upon promulgation of the Standard as of May 2017, the Standard was amended in June 2020 and 2021, so that the effective date should be deferred for another two years (i.e. to be postponed from January 1, 2021 to January 1, 2023) and additional exemptions should be made available; meanwhile, the costs for the adoption of the Standard may be cut through the simplification and certain

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circumstances may be explained in an easier way by virtue of the amendments. The Standard will replace the provisional one (namely IFRS 4 “Insurance Contracts”) after it becomes effective.

(3) IFRS No. 18 "Presentation and Disclosure in Financial Statements"

This standard will replace IAS No. 1 "Presentation in Financial Statements." The main changes are as follows:

(a) Improving the comparability of income statements

In the income statement, income and expenses are divided into five categories, namely the operating category, investing category, financing category, income taxes category, or discontinued operations category. The first three refer to new categories to improve the structure of the income statement and all enterprises are required to provide the subtotal referred to in the new definitions (including operating profit and loss). By virtue of the improved structure of the income statement, and the subtotal in the new definitions, investors may base the consistent starting point when analyzing the financial performance across enterprises, and make comparisons between enterprises easier.

(b) Enhancing the transparency of measurement on the management performance

Enterprises are required to disclose the explanation of enterprise-specific indicators (hereinafter referred to as the measurement on the management performance) related to the income statement.

(c) A useful summary of the information in the financial statements

The application guidelines for determining the position of financial information are established in the main financial statements or notes. The amendments are expected to provide more detailed and useful information. Enterprises are required to provide more transparent information about business expenses to help investors find and verify the information used by them.

(4) Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures (IFRS 19)

Simplify the disclosure of subsidiaries without public accountability, and allow subsidiaries that meet the definition to apply such standard at their own discretion.

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(5) Amendments to the Classification and Measurement of Financial Instruments
(Amendments to IFRS 9 and IFRS 7))

The amendments include:

- (a) Clarify that financial liabilities are derecognized on the settlement date, and explain the accounting treatment of financial liabilities settled through electronic payment before the settlement date.
- (b) For financial assets with environmental, social and governance (ESG) characteristics or other similar or similar characteristics, clarify how to evaluate the cash flow characteristics.
- (c) Clarify the treatment of assets without recourse and contractually linked instruments.
- (d) For financial assets or liabilities with terms and contingent characteristics related (including ESG linkage) and equity instruments classified as those at fair value through other comprehensive income, IFRS 7 requires additional disclosures.

(6) IFRS Annual Improvements - Volume 11

- (a) Amendments to IFRS 1
- (b) Amendments to IFRS 7
- (c) Implementation Guidance on the amendments to IFRS 7
- (d) Amendments to IFRS 9
- (e) Amendments to IFRS 10
- (f) Amendments to IAS 7

(7) Contracts related to natural power (Amendments to IFRS 9 and IFRS 7)

The amendments include:

- (a) Clarify the own-use requirements.
- (b) When the contract is used as hedging instrument, the application of hedge accounting is permitted.
- (c) The requirements for disclosure of notes are added to help investors understand the impact of these contracts on the Company's financial performance and cash flows.

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The above standards or interpretations have been issued by the IASB but have not yet been approved by the FSC. The actual date of application is subject to the regulations of the FSC. The Group is assessing the potential impact to be posed by the new or revised standards or interpretations referred to in (3) and, therefore, it is impossible to estimate the impact posed by said standards or interpretations on the Group reasonably for the time being. Notwithstanding, the other new or revised standards or interpretations render no material impact on the Company.

IV. Summary of significant accounting policies

1. Compliance Statement

The Group's consolidated financial statements for the years ended December 31, 2024 and 2023 are prepared 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 endorsed and issued into effect by the FSC.

2. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan dollars ("NT\$") unless otherwise stated.

3. Overview of consolidation

Principles for preparing consolidated financial statements

The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Particularly, the Company controls an investee if and only if it satisfies all of the following three elements:

- (1) Power over the investee (i.e. the Company has existing rights that give it the ability to direct the relevant activities).
- (2) Exposure, or rights, to variable returns from its involvement with the investee, and

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- (3) Ability to use its power over the investee to affect the amount of the investor's returns.

When the Company holds, directly or indirectly, the voting rights or other similar rights less than the majority investee's, the Company evaluates whether it still holds power over the investee by taking into account all critical facts and circumstances, including:

- (1) Contractual arrangements with the investee and others with voting rights.
- (2) Rights derived from other contractual arrangements.
- (3) Voting rights and potential voting rights.

When the facts and circumstances show changes of any or more of the three controlling elements, the Company re-evaluates whether it still holds power over the investee.

The subsidiaries have been included in the consolidated financial statements since the date of acquisition (namely, the date when the Group acquires the controlling power) in whole, until the date when the Company loses the controlling power over the subsidiaries. The fiscal period and accounting policies adopted by the subsidiaries' financial statements are consistent with those adopted by the parent company.

The balance, transactions, and unrealized internal gains and losses and dividends generated from the Group's internal transactions in the Group's internal account shall be derecognized accordingly.

If the Company doesn't lose the controlling power over the subsidiaries as a result of changes in shareholdings in the subsidiaries, the changes in equity should be treated as an equity transaction.

A subsidiary's total comprehensive income is attributed to the Company's owner and non-controlling interests, irrelevant with balance or loss generated from non-controlling interests.

If the Company loses control over the subsidiary,

- (1) it shall derecognize the subsidiary's assets (including goodwill) and liabilities;

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- (2) it shall derecognize any carrying amount of the non-controlling interests;
- (3) it shall recognize the fair value of consideration for the acquisition;
- (4) it shall recognize the fair value of any retained investments;
- (5) Reclassification of items previously recognized by the parent company as other comprehensive income in the amount of current profit or loss, or directly transferred to retained earnings in accordance with other IFRSs;
- (6) The resulting difference is recognized in the current profit or loss.

Entities in the consolidated financial statements are stated as following:

Name of Investor	Name of subsidiary	Principal business lines	Percentage of equity held	
			December 31, 2024	December 31, 2023
the Company	BCR INC. (hereinafter referred to as "BCR")	Wholesale of metalware and international trade	100.00%	100.00%
BCR	Suzhou Youlian Trading Co., LTD. (hereinafter referred to as "Suzhou Youlian")	Wholesale of fasteners and spare parts/accessories	100.00%	100.00%

4. Foreign currency transactions

The Group's consolidated financial statements are expressed in New Taiwan dollars, the functional currency adopted by the Company. Each entity in the Group decides its own functional currency independently, and measures its financial statement based on the functional currency.

Transactions in foreign currencies conducted by each entity in the Group are retranslated at its functional currency at the foreign exchange rate prevailing at the date of transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the closing foreign exchange rate on the same day; non-monetary items that are measured at fair value are retranslated at the foreign exchange rate on the same day when the fair value is determined; non-monetary items that are measured at historical cost are retranslated at the foreign exchange rate on the date of initial transactions.

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All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- (1) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (2) Foreign currency items within the scope of IFRS 9 “Financial Instruments” are accounted for based on the accounting policy for financial instruments.
- (3) Exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized into other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized into profit or loss.

5. Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. When the partial disposal involves the loss of control of a subsidiary that includes a foreign operation, and when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operations, such partial disposals are accounted for as disposals.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the

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exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

6. Criteria for classifying assets and liabilities as current or non-current items

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

- (1) Liabilities arising from operating activities that are expected to be paid off within the normal operating cycle;
- (2) Assets held mainly for trading purposes;
- (3) Assets that are expected to be realized within twelve months from the reporting period;
- (4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those to be exchanged or used to pay off liabilities more than twelve months after the reporting period.

Liabilities are classified as current if they meet any of the following criteria; otherwise, they are classified as non-current:

- (1) Liabilities that are expected to be paid off within the normal business cycle;
- (2) Liabilities held mainly for trading purposes;
- (3) Liabilities that are expected to be paid off within twelve months from the reporting period;
- (4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the reporting period.

7. Cash and cash equivalents

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Cash and cash equivalents comprise cash on hand, demand deposits and short-term and highly liquid time deposits or investments (time deposits to be matured within 3 months) that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

8. Financial instruments

Financial assets and liabilities shall be recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities within the scope of IFRS 9 “Financial Instruments” are recognized initially at fair value, plus or minus transaction costs directly attributable to acquisition or issuance of financial assets and financial liabilities (except those classified into financial assets and financial liabilities at fair value through profit or loss).

(1) Recognition and measurement of financial assets

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

A. Business model for managing the financial assets

B. Contractual cash flow characteristics of the financial assets

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, accounts receivables, financial assets measured at amortized cost and other receivables, etc., on the balance sheet:

A. Business model managing financial assets: To hold financial assets in order to collect contractual cash flows.

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B. The contractual cash flow characteristics of the financial asset: Cash flows are solely payments of principal and interest on the principal amount outstanding.

Such financial assets (excluding those involving hedging relationship) are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance). A gain or loss is recognized in profit or loss when the financial asset is derecognized through the amortization process or in order to recognize the impairment gains or losses.

Interest calculated by using the effective interest method (calculated by applying the effective interest rate to the gross carrying amount of a financial asset) or under the following circumstances shall be recognized into profit or loss:

- A. In the case of purchased or originated credit impaired financial assets, the Company applies the credit adjusted effective interest rate to the amortized cost of the financial asset.
- B. In the case of financial assets that are not purchased or originated credit impaired financial assets but subsequently have become credit impaired financial assets, the Company applies the effective interest rate to the amortized cost of the financial assets.

Disposal of financial assets at fair value through profit or loss

Except for the aforementioned financial assets that are measured at amortized cost when specific conditions are met, financial assets are measured at fair value through profit or loss, and are listed in the balance sheet as financial assets at fair value through profit or loss.

Such financial assets are measured at fair value. The gains or losses resulting from remeasurement are recognized in profit or loss, which include any dividends or interests received on such financial assets.

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(2) Impairment of financial assets

The Group recognizes the financial assets carried at amortized cost and measures the allowance for loss based on expected credit losses.

The Group expects credit losses in a way that reflects:

- A. An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- B. Time value of money
- C. Reasonable and supportable information (that is available without undue cost or effort on the balance sheet date) about past events, current conditions and forecasts of future economic conditions.

The allowance for loss is measured as follow:

- A. At an amount equal to 12 month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the balance sheet date. Additionally, the Company measures the allowance for loss at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current balance sheet date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit impaired financial asset.
- C. For accounts receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the allowance for loss at an amount equal to lifetime expected credit losses.
- D. For the lease payment receivables arising from transactions within the scope of IFRS 16, the Group measures the allowance for loss at an amount equal to lifetime expected credit losses.

At each balance sheet date, the Group needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the balance sheet date and the risk of

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default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(3) Derecognition of financial assets

Any financial asset held by the Group is derecognized when any of the following circumstances are met:

- A. The contractual rights to receive cash flows from the asset have expired.
- B. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- C. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable, including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized into profit or loss.

(4) Financial liabilities and equity instruments

Classification of liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the Group's assets after deducting all of its liabilities. The equity instrument issued by the Group is recognized based on the acquisition price less the direct issue cost.

Financial liabilities

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Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

The financial liabilities at fair value through profit or loss include those held for trading and designated as measured at fair value through profit or loss.

The liabilities which meet any of the following conditions shall be classified those held for trading:

- A. Liabilities that are incurred principally for the purpose of selling them in a short term;
- B. Liabilities that, upon initial recognition, are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking; or
- C. Liabilities that are derivative financial liabilities, except for financial guarantee contracts or derivative financial liabilities that are designated and effective hedging instruments.

For a contract consisting of one or multiple embedded derivative instruments, the entire hybrid (combined) contract may be designated as financial liability at fair value through profit or loss. When any of the following conditions is met and reliable and more relevant information may be provided, it shall be designated as measured at fair value through profit or loss on the initial recognition:

- A. Such designation may derecognize or significantly reduce the inconsistency in measurement or recognition; or
- B. A group of financial liabilities or financial assets and financial liabilities managed at fair value based on the written risk management or investment strategies, with the performance thereof evaluated under the same strategies, and the investment portfolio information provided by the consolidated entity to the management internally also based on the fair value.

The gains or losses generated from such financial liabilities are stated as income, which include any interest paid by the financial liabilities.

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Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized into profit or loss when the liabilities are derecognized, and amortized through the effective interest rate method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

When debt instruments subject to contractual terms different from each other significantly are exchanged or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor) between the Group and creditors, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized into profit or loss.

(5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

9. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement

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date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (1) In the principal market for the asset or liability, or
- (2) In the absence of a principal market, in the most advantageous market for the asset or liability;

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants acted in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

10. Inventories

Inventories are valued at lower cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present sellable or producible condition and location are accounted for as follows:

Commodities and raw materials - based on the actual purchase cost calculated under the weighted average method.

Finished goods and work-in-progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity, exclusive of the borrowing cost.

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The net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The provision of labor services is handled in accordance with IFRS 15 and beyond the scope of inventory.

11. Property, plant and equipment

Property, plant and equipment are stated at the cost of acquisition, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the same and restoring the site on which the same are located, and the necessary interest expenses for construction in progress. Each part of property, plant and equipment that is significant is depreciated separately. When significant parts of property, plant and equipment are required to be replaced regularly, the Group recognizes such parts as individual assets with specific useful life and depreciation. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 “Property, plant and equipment.” When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as the replacement cost if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight line basis over the estimated service life of the following assets:

Buildings and structures	6~38 years
Machinery and equipment	5~8 years
Utilities equipment	6~20 years
Transportation equipment	5~8 years
Office equipment	3~15 years
Other equipment	3~15 years

Any item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from

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its use or disposal. Any gain or loss arising on the derecognition of the asset is recognized into profit or loss.

The residual values, service life and methods of depreciation of property, plant and equipment are reviewed at the end of each fiscal year, and the changes resulting from the difference in the expected value and previous estimate are treated as changes in accounting estimates.

12. Investment property

The Group owned investment property is measured initially at cost, including transaction costs in acquisition of the assets. The carrying amount of the investment property includes the cost of repairing or adding the existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day to day servicing of the investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations,” investment property is measured using the cost model in accordance with the requirements of IAS 16 Property, plant and equipment for that model. If investment property is held by a lessee as the right of use assets and are not held for sale in accordance with IFRS 5, the investment property is measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight line basis over the estimated service life of the following assets:

Buildings and structures	41 years
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Investment property is derecognized and relevant profit or loss is recognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The Group decides to transfer to or from investment property based on the actual usage of the assets.

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Property is transferred to or from investment property by the Group when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use.

13. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

- (1) the right to obtain substantially all of the economic benefits from the use of the identified asset; and
- (2) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, by maximizing the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low value assets, the Group, if as a lessee, recognizes the right-of-use asset and lease liability for all leases.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate in a lease if that rate can be readily determined. If that rate

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cannot be readily determined, the Group uses the incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that is not paid at the commencement date:

- (1) Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (3) Amounts expected to be payable by the lessee under residual value guarantees;
- (4) The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (5) Payments of penalties for terminating the lease, if the lease period reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method, and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (1) the amount of the initial measurement of the lease liability;
- (2) any lease payments made at or before the commencement date, less any lease incentives received;
- (3) any initial direct costs incurred by the lessee; and
- (4) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use asset by applying a cost model.

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If the lease transfers ownership of the underlying asset to the Group by the end of the lease period or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the service life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date until expiration of the service life of the right-of-use asset or the end of the lease period, whichever earlier.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low value assets. The Group presents right-of-use assets and lease liabilities in the consolidated balance sheet and separately presents lease-related depreciation expense and interest expense in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis during the lease period.

14. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination refers to the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets that do not meet the conditions of recognition are not capitalized but recognized into profit or loss when it is incurred.

The service life of intangible assets is assessed as either finite or indefinite.

Intangible assets with finite service life are amortized over the service life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with finite service life is reviewed at least at the end of each fiscal year. Changes in the expected service life or the expected pattern of consumption of future economic

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benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite service life are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment on intangible assets with indefinite service life is reviewed each period to determine whether the indefinite service life continues to be supportable. If not, the change in service life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized into profit or loss.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (3 to 10 years).

15. Impairment loss on non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 “Impairment of Assets” may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group tests the individual assets or cash-generating units of the assets. If the impairment test result shows that the carrying amount of the asset or cash-generating unit of the asset is more than the recoverable amount thereof, the impairment loss should be recognized. An asset’s recoverable amount refers to the net fair value or value in use, whichever higher.

For any assets other than goodwill, an assessment is made at the end of each reporting period regarding whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset’s or cash-generating unit’s recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset, increasing the recoverable amount. However, the carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset.

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A cash generating unit, or group of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized according to the impairment loss test, it is first allocated to reduce the carrying amount of any goodwill and then allocated to any assets other than goodwill pro rata on the basis of the carrying amount of each asset. Impairment losses relating to goodwill cannot be reversed in future periods for any reason when they are recognized.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized into profit or loss.

16. Provisions for liabilities

Provisions for liabilities are recognized when the Group has a present obligation (legal or constructive) as a result of a past event. It is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of the provisions to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions for liabilities are discounted using a current pre tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provisions due to the passage of time is recognized as a borrowing cost.

Liabilities for public dues and payments are recognized progressively if the obligations arise over a period of time.

17. Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follow:

Sale of goods

The Group manufactures and sells goods. Sales revenue is recognized when the promised goods are delivered to the customers and control of the goods is transferred

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to the customers (i.e. the customers direct the use of such goods and obtain the ability of almost residual effects of such goods). The main products are screws, nuts and metalware. The revenue is recognized based on the price stated in the contract. For the other transactions for sale of goods, there is usually a quantity discount (based on the cumulative total sales in a specific period). Therefore, revenue is recognized based on the price stated in the contract, less the estimated quantity discount. The Group uses accumulated experience and expected value to estimate the variable consideration generated by the quantity discount, but only to the extent that the uncertainty related to the variable consideration is subsequently eliminated, the amount of cumulative revenue recognized is very unlikely to be reversed significantly. In the specific period as agreed, the expected quantity discount is also recognized as a refund liability.

The credit period of the Group's sale of goods is from 7 to 120 days. When the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivables. Such accounts receivable are generally short-term and free from any important financial components.

However, for some contracts, part of the consideration was received from customers upon signing the contract. The Group has an obligation to provide the goods subsequently; accordingly, these amounts are recognized as contract liabilities. The period between the transfers of the Group's said contract liabilities to revenue is usually within one year. Thus, no significant financing component arises.

18. Borrowing costs

The borrowing costs of qualifying assets directly attributable to the acquisition, construction or production shall be eligible for capitalization as a part of the costs of such assets. The other borrowing costs are recognized as the expenses when incurred. The borrowing costs include the interests and other costs incurred related to the borrowing of loans.

19. Share-based payment

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The cost of share-based payment transactions between the Group and employees for equity delivery is measured at fair value of the equity instrument on the date of grant, and the fair value is measured by an appropriate pricing model.

The equity-settled share-based payment transaction is recognized in installments in which the service conditions and performance conditions are fulfilled, and the increase in equity is recognized accordingly. The accumulated expenses recognized for the equity settlement transactions at the end of each reporting period before the vesting day refer to the best estimates reflecting the vested period and the number of equity instruments to be ultimately vested in the Group. The changes in the cumulative cost of share-based payment recognized at the beginning and end of each reporting period shall be recognized in the profit or loss of that period.

If the share-based payment does not meet the vested conditions, no expenses shall be recognized. However, if the vested conditions of the equity settlement transaction are related to the market price conditions or non-vested conditions, the relevant expenses will be recognized regardless of whether the market price conditions or the non-vested conditions are met when all service or performance conditions have been fulfilled.

When the terms and conditions of the equity settlement are modified, at least the original payment cost under the circumstance that no modification is made shall be recognized. If the modification of the transaction terms of the share-based payment increases the total fair value of the share-based payment transaction or is favorable to the employees, the additional equity-settled transaction costs shall be recognized.

If the equity-settled share-based payment incentive plan is canceled, it shall be deemed vested on the date of cancellation, and the remaining unrecognized share-based payment expense is recognized immediately. This includes the reward plan applicable when the non-vesting conditions controllable by the company or employees are not met. If the previously canceled reward plan is replaced by a new reward plan and it is confirmed on the date of grant that the canceled reward plan will be replaced, then the canceled reward plan and the new plan shall be treated as the modification of the original reward plan.

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The effect posed by dilution of outstanding options will be calculated subject to the additional shares when calculating the diluted earnings per share.

When the restricted stock award (RSA) is issued based on the fair value of the equity products granted on the date of grant, salary expenses and the corresponding increase in equity are recognized during the vested period. On the date of grant, the Group recognizes the remuneration unearned by employees. The remuneration unearned by employees is a transitional account title and is deducted from equity in the consolidated balance sheet and reclassified to salary expenses over time.

20. Income tax

Income tax expenses (gains) are the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

The current income tax assets and liabilities related to the current and prior periods are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The current income tax relating to items recognized into other comprehensive income or directly into equity is recognized into other comprehensive income or equity, instead of profit or loss.

The income tax for undistributed earnings is recognized as income tax expense on the date when the shareholders' meeting approves the distribution proposal.

Deferred income tax

Deferred income tax is provided on temporary differences at the end of reporting period between the tax bases of assets and liabilities and their carrying amounts in the balance sheet.

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Deferred tax liabilities are recognized for all taxable temporary differences, except:

- (1) Initial recognition of goodwill, or where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and the transaction does not generate equivalent taxable and deductible temporary differences.
- (2) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, except:

- (1) Where the deferred tax liability is related to the deductible temporary difference arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and the transaction does not generate equivalent taxable and deductible temporary differences.
- (2) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects,

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at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at the end of each reporting period and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the provisions of the temporary exception of "International Tax Reform - Pillar 2 Model Rules (Amendment to IAS 12)," no deferred income tax assets and liabilities of Pillar 2 income tax shall be recognized and no relevant information shall be disclosed.

V. Major accounting judgments, estimates, and major sources of uncertainty for assumptions

The preparation of the Group's consolidated financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Assumptions and estimation

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(1) Accounts receivables—estimation of impairment loss

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The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows due under the contract (carrying amount) and the cash flows that expect to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted difference. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(2) Obsolete and slow-moving inventories and market price decline

The estimates of the net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The expected realized value of inventories may serve as the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(3) Impairment loss on non-financial assets

Impairment is incurred if the carrying amount of the asset or cash-generating unit is more than the recoverable amount. The recoverable amount refers to the higher of the fair value less disposal costs and value in use. The fair value less disposal cost means the amount after the price receivable from sale of assets or required to be paid for transfer of liabilities by market participants in any orderly transactions on the date of measurement less the incremental cost attributable to disposal of assets or cash-generating unit directly. The value in use is calculated based on the discounted cash flow model. The cash flow is estimated based on the budget for the future five years, exclusive of any reorganization that the Group has not committed, or future significant investment required to improve the performance of the tested cash-generating unit asset. The recoverable amount is likely to be affected by the discount rate applied by the discounted cash flow model and expected future cash inflow and growth rate used for the purpose of extrapolation. For the key assumptions used to decide the recoverable amount of different cash-generating units, including sensitivity analysis, please refer to Note 6.

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(4) Revenue recognition - sales returns and allowances

The Group estimates sales returns and allowances based on historical experience and other known reasons, and recognizes sales returns as a deduction of operating revenue at the time of sales. The estimation of said sales returns and allowances is made based on the assumption that the cumulative revenue recognized in the material reversal is very unlikely to arise. Please refer to Note 4 for details.

(5) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. Such provisions are based on various factors, such as the experience of previous tax audits and different interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise on a wide variety of issues depending on the conditions prevailing in the territories where the respective Group entities are situated.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are taxable temporary differences. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

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VI. Descriptions of significant accounting items

1. Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand and petty cash	\$440	\$454
Demand deposits	496,430	413,325
Total	<u>\$496,870</u>	<u>\$413,779</u>

2. Disposal of financial assets at fair value through profit or loss

	December 31, 2024	December 31, 2023
Financial liabilities at fair value through profit or loss:		
Financial derivatives without hedging relationship designated		
Stocks	\$11,820	\$12,936
Bonds	54,840	57,243
Funds	7,525	7,053
Total	<u>\$74,185</u>	<u>\$77,232</u>
Current	<u>\$74,185</u>	<u>\$77,232</u>

The Group's financial assets at fair value through profit or loss were not provided as security.

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3. Financial assets measured at amortized cost

	December 31, 2024	December 31, 2023
Bank Deposit - Reserve account	\$2,016	\$-
Time deposits	-	276,965
Total	<u>\$2,016</u>	<u>\$276,965</u>
Current	<u>\$2,016</u>	<u>\$276,965</u>

The Group classifies partial financial assets as financial assets measured at amortized cost. For relevant information on loss allowance, please refer to Note 6.16. For relevant information on guarantees provided, please refer to Note 8. For relevant information on credit risk, please refer to Note 12.

4. Notes receivable

	December 31, 2024	December 31, 2023
Notes receivable	\$374	\$306
Less: Loss allowance	-	-
Total	<u>\$374</u>	<u>\$306</u>

The Group's notes receivable were not provided as security, as they were issued primarily for business.

For the information about the Group's evaluation on impairment and loss allowance under IFRS 9, please refer to Note 6.16. For the information about credit risk, please refer to Note 12.

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5. Accounts receivable

	December 31, 2024	December 31, 2023
Accounts receivable	\$397,301	\$352,818
Less: Loss allowance	(11,067)	(15,215)
Total	<u>\$386,234</u>	<u>\$337,603</u>

The Group's accounts receivable were not provided as security.

The credit period of the Group's sale to customers usually ranges from 7 to 120 days. The total carrying amount as of December 31, 2024 and 2023 was NT\$397,301 thousand and NT\$352,818 thousand, respectively. For the information on the allowance for losses in 2024 and 2023, please refer to Note 6.16. For the information on credit risk, please refer to Note 12.

6. Inventories

	December 31, 2024	December 31, 2023
Raw materials	\$7,172	\$9,234
Work in process	66,418	55,777
Finished goods	6,565	9,795
Commodities	105,666	78,584
Total	<u>\$185,821</u>	<u>\$153,390</u>

The Group recognized the cost of goods sold for NT\$1,923,742 thousand and NT\$1,826,522 thousand in 2024 and 2023, respectively, including the recognition of inventory valuation losses of NT\$1,492 thousand due to the 2024 inventory write-down to net realizable value, and the inventories in each age group in 2023 were written off, resulting in a decrease in the Group's provision for inventory obsolescence, and a gain on reversal of inventories of NT\$6,988 thousand.

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The aforementioned inventories have not been provided as collateral.

7. Property, plant and equipment

	December 31, 2024	December 31, 2023
Property, plant and equipment for own use	<u>\$418,669</u>	<u>\$351,576</u>

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	Land	Buildings and structures	Machinery and equipment	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress	Total
Original cost:									
January 1, 2024	\$164,748	\$54,612	\$61,670	\$10,339	\$2,625	\$8,938	\$6,245	\$108,012	\$417,189
Addition	-	2,474	28,158	-	1,100	129	359	47,124	79,344
Disposition	-	-	(3,029)	-	-	(1,713)	(222)	-	(4,964)
Other changes	-	-	-	-	-	-	-	882	882
Effect of exchange rate changes	-	-	-	-	-	79	-	-	79
December 31, 2024	<u>\$164,748</u>	<u>\$57,086</u>	<u>\$86,799</u>	<u>\$10,339</u>	<u>\$3,725</u>	<u>\$7,433</u>	<u>\$6,382</u>	<u>\$156,018</u>	<u>\$492,530</u>
January 1, 2023	\$164,748	\$56,885	\$85,540	\$10,339	\$5,562	\$11,038	\$12,202	\$4,001	\$350,315
Addition	-	-	2,670	-	550	-	1,096	103,713	108,029
Disposition	-	(127)	(9,962)	-	(3,487)	(450)	-	-	(14,026)
Disposal of subsidiaries	-	(2,146)	(16,578)	-	-	(428)	(8,233)	-	(27,385)
Other changes	-	-	-	-	-	(1,180)	1,180	298	298
Effect of exchange rate changes	-	-	-	-	-	(42)	-	-	(42)
December 31, 2023	<u>\$164,748</u>	<u>\$54,612</u>	<u>\$61,670</u>	<u>\$10,339</u>	<u>\$2,625</u>	<u>\$8,938</u>	<u>\$6,245</u>	<u>\$108,012</u>	<u>\$417,189</u>
Depreciation and impairment:									
January 1, 2024	\$-	\$16,499	\$36,561	\$2,956	\$1,095	\$6,293	\$2,209	\$-	\$65,613
Depreciation	-	3,480	6,628	601	479	680	1,189	-	13,057
Disposition	-	-	(3,029)	-	-	(1,713)	(133)	-	(4,875)
Other changes	-	-	-	-	-	-	-	-	-
Effect of exchange rate changes	-	-	-	-	-	66	-	-	66
December 31, 2024	<u>\$-</u>	<u>\$19,979</u>	<u>\$40,160</u>	<u>\$3,557</u>	<u>\$1,574</u>	<u>\$5,326</u>	<u>\$3,265</u>	<u>\$-</u>	<u>\$73,861</u>
January 1, 2023	\$-	\$15,288	\$51,313	\$2,355	\$2,702	\$6,248	\$8,517	\$-	\$86,423
Depreciation	-	3,565	7,760	601	746	1,636	1,476	-	15,784
Impairment (Note)	-	(65)	1,673	-	-	(57)	(784)	-	767
Disposition	-	(127)	(9,962)	-	(2,353)	(450)	-	-	(12,892)
Disposal of subsidiaries	-	(2,162)	(14,223)	-	-	(399)	(7,650)	-	(24,434)
Other changes	-	-	-	-	-	(650)	650	-	-
Effect of exchange rate changes	-	-	-	-	-	(35)	-	-	(35)
December 31, 2023	<u>\$-</u>	<u>\$16,499</u>	<u>\$36,561</u>	<u>\$2,956</u>	<u>\$1,095</u>	<u>\$6,293</u>	<u>\$2,209</u>	<u>\$-</u>	<u>\$65,613</u>
Carrying amount:									
December 31, 2024	<u>\$164,748</u>	<u>\$37,107</u>	<u>\$46,639</u>	<u>\$6,782</u>	<u>\$2,151</u>	<u>\$2,107</u>	<u>\$3,117</u>	<u>\$156,018</u>	<u>\$418,669</u>
December 31, 2023	<u>\$164,748</u>	<u>\$38,113</u>	<u>\$25,109</u>	<u>\$7,383</u>	<u>\$1,530</u>	<u>\$2,645</u>	<u>\$4,036</u>	<u>\$108,012</u>	<u>\$351,576</u>

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(Note) For 2023, the Group wrote down part of the property, plant and equipment to the recoverable amount, thereby resulting in an impairment loss, NT\$767 thousand, which was recognized in the non-operating income and expenses in the Statement of Comprehensive Income. Please refer to Note 6.19 for details.

The capitalized amounts of borrowing costs of property, plant and equipment and other non-current assets and the interest rates thereof are as follows:

Item	2024	2023
Recognized in property, plant and equipment and other non-current assets	\$3,581	\$3,280
Capitalized interest rate range of borrowing costs	0.08%~2.64%	0.95%~2.60%

Please refer to Note 8 for the provision of property, plant and equipment as security.

8. Investment property

	Land	Buildings	Total
Cost:			
January 1, 2024	\$6,405	\$4,095	\$10,500
Disposition	(6,405)	(4,095)	(10,500)
December 31, 2024	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>
January 1, 2023	\$9,867	\$6,293	\$16,160
Disposition	(3,462)	(2,198)	(5,660)
December 31, 2023	<u>\$6,405</u>	<u>\$4,095</u>	<u>\$10,500</u>
Depreciation and impairment:			
January 1, 2024	\$-	\$561	\$561
Current depreciation	-	40	40
Disposition	-	(601)	(601)
December 31, 2024	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>
January 1, 2023	\$-	\$1,190	\$1,190
Current depreciation	-	114	114
Disposition	-	(743)	(743)
December 31, 2023	<u>\$-</u>	<u>\$561</u>	<u>\$561</u>

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	Land	Buildings	Total
Net carrying amount:			
December 31, 2024	\$-	\$-	\$-
December 31, 2023	\$6,405	\$3,534	\$9,939

Please refer to Note 8 for the provision of investment property as security.

The carrying amounts of the investment properties located in the east district of Tainan City held by the Group on December 31, 2024 and 2023 were NT\$0 thousand and NT\$9,939 thousand. The fair value thereof was not evaluated by independent appraisers but was only evaluated by the Group's management in reference to the real estate price registration information of the real property in the neighboring areas or the most recent transaction price. The fair value is classified as Class III. The fair values were NT\$0 thousand and NT\$14,497 thousand on December 31, 2024 and 2023, respectively.

9. Other non-current assets

	December 31, 2024	December 31, 2023
Prepayment for land (Note 1)	\$245,490	\$242,791
Prepayment for equipment	9,275	11,331
Refundable deposits (Note 2)	35,107	34,225
Other non-current assets - others	8,000	4,700
Total	\$297,872	\$293,047

(Note 1) The Group acquired the land for business use as per the contract. The acceptance and inspection required under the contract has not been completed. It is stated as the prepayment for land. For the details about provision of such land as security, please refer to Note 8.

(Note 2) The refundable deposits are mainly those for the purchase of land.

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10. Short-term borrowings

	Interest rate range (%)	December 31, 2024	December 31, 2023
Unsecured bank borrowings	1.98~2.26%	\$35,000	\$3,000
Secured bank borrowings	2.19%	25,000	143,420
Total		<u>\$60,000</u>	<u>\$146,420</u>

As of December 31, 2024 and 2023, the Group had unused short-term borrowing facilities amounting to NT\$578,000 thousand and NT\$497,000 thousand, respectively.

For the security about the secured bank borrowings, please refer to Notes 7 and 8.

11. Long-term borrowings

The details of long-term borrowings as of December 31, 2024 and 2023 are as follows:

Creditors	December 31, 2024	Interest rate (%)	Repayment period and rules
E.SUN Bank Credit loans	\$31,747	1.58%	From December 24, 2021 to December 15, 2028, the grace period is 36 months, and starting from 4th year, the principal shall be repaid in 48 instalments evenly, with the interest payable on a monthly basis.
E.SUN Bank Credit loans	16,728	2.22%	From August 11, 2023 to August 11, 2026, the grace period is 12 months, and starting from 2nd year, the principal shall be repaid in 24 instalments evenly, with the interest payable on a monthly basis.
Taipei Fubon Bank Secured borrowings	68,038	1.08%	From May 24, 2021 to May 24, 2026, the grace period is 36 months, and starting from 4th year, the principal

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Creditors	December 31, 2024	Interest rate (%)	Repayment period and rules
			shall be repaid in 24 instalments evenly, with the interest payable on a monthly basis.
Taipei Fubon Bank Credit loans	80,000	2.46%	From January 4, 2024 to May 24, 2034, the grace period is 41 instalments, and starting from 4th year, the principal shall be repaid in 84 instalments evenly, with the interest payable on a monthly basis.
Taipei Fubon Bank Secured borrowings	26,500	1.58%	From February 6, 2024 to February 6, 2034, the grace period is 36 months, and starting from 4th year, the principal shall be repaid in 84 instalments evenly, with the interest payable on a monthly basis.
Cathay United Bank Credit loans	30,533	1.08%	From February 19, 2021 to January 17, 2026, the grace period is 39 instalments, and starting from 40 instalments, the principal shall be repaid in 21 instalments evenly, with the interest payable on a monthly basis.
Mega Bank Credit loans	20,500	0.98%	From May 31, 2021 to May 31, 2028, the grace period is 24 months, and starting from 3rd year, the principal shall be repaid in 60 instalments evenly, with the interest payable on a monthly basis.
Subtotal	\$274,046		
Less: current portion	(100,110)		
Total	\$173,936		

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Creditors	December 31, 2023	Interest rate (%)	Repayment period and rules
E.SUN Bank Credit loans	\$13,247	1.45%	From December 24, 2021 to December 15, 2028, the grace period is 36 months, and starting from 4th year, the principal shall be repaid in 48 instalments evenly, with the interest payable on a monthly basis.
E.SUN Bank Credit loans	20,000	0.50%	From August 11, 2023 to August 11, 2026, the grace period is 12 months, and starting from 2nd year, the principal shall be repaid in 24 instalments evenly, with the interest payable on a monthly basis.
E.SUN Bank Credit loans	15,000	0.50%	From October 13, 2023 to October 13, 2026, the grace period is 12 months, and starting from 2nd year, the principal shall be repaid in 24 instalments evenly, with the interest payable on a monthly basis.
Taipei Fubon Bank Secured borrowings	165,000	2.53%	From December 17, 2020 to May 24, 2024, the interest is payable on a monthly basis and the principal repaid in a lump sum on the maturity date.
Taipei Fubon Bank Secured borrowings	79,967	0.95%	From May 24, 2021 to May 24, 2026, the grace period is 36 months, and starting from 4th year, the principal shall be repaid in 24 instalments evenly, with the interest payable on a monthly basis.
Cathay United Bank Credit loans	49,322	0.95%	From February 19, 2021 to February 19, 2026, the grace period is 36

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Creditors	December 31, 2023	Interest rate (%)	Repayment period and rules
			months, and starting from 4th year, the principal shall be repaid in 24 instalments evenly, with the interest payable on a monthly basis.
Mega Bank Credit loans	26,500	0.85%	From May 31, 2021 to May 31, 2028, the grace period is 24 months, and starting from 3rd year, the principal shall be repaid in 60 instalments evenly, with the interest payable on a monthly basis.
Subtotal	\$369,036		
Less: current portion	(213,346)		
Total	\$155,690		

For the collateral for long-term borrowings, please refer to Note 7 and 8.

12. Retirement benefit plan

Defined contribution plan

The retirement benefit plan established by the Group in accordance with the "Labor Pension Act" is a defined contribution plan. According to the Act, the Group shall make a monthly contribution of no less than 6% of the monthly wages of the employees. The Group has established the regulations governing employees' retirement according to the Act, and contributed 6% of the employees' monthly salaries to the personal pension accounts maintained at the Bureau of Labor Insurance.

The amounts of expenses for the defined contribution plan recognized by the Group in 2024 and 2023 were NT\$4,821 thousand and NT\$4,928 thousand, respectively.

13. Equity

(1) Common stock

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- a. On August 8, 2023, the Company's Board of Directors resolved to carry out the cash capital increase by NT\$45,000 thousand, at the par value of NT\$10 per share and issued at a premium of NT\$35 per share, of which 675 thousand shares were reserved for employees' subscription. The fair value was NT\$10.58 per share. Meanwhile, it also resolved to set December 18, 2023 as the record date for the capital increase. The capital increase was approved by the competent authority and the registration of change was also completed.
- b. As of December 31, 2024 and 2023, the Company's authorized capitals were all NT\$800,000 thousand, at the par value of NT\$10 per share. The paid-in capital was NT\$408,965 thousand, and the issued shares were 40,896 thousand shares. Each share is entitled to one voting right and the right to receive dividends.

(2) Capital surplus

	December 31, 2024	December 31, 2023
Issued at premium	\$198,653	\$198,653
Reorganization	2,623	2,623
Employee share warrants	5,206	5,206
Expired employee share warrants	1,936	1,936
Total	<u>\$208,418</u>	<u>\$208,418</u>

According to laws and regulations, the capital surplus shall not be used except for making good the deficit of the Company. When the Company incurs no loss, the capital surplus exceeding the income derived from the issuance of new shares at a premium or income from endowments received by the Company may be capitalized annually in proportion to the paid-in capital. Said capital surplus may also be distributed to shareholders in cash in proportion to the number of shares being held by each of them.

(3) Earnings distribution and dividend policy

According to the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order:

- A. Pay all taxes and dues;
- B. Compensate all losses;
- C. Set aside 10% as the legal reserve;

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D. Set aside or reverse special reserve in accordance with law and regulations or the competent authority's order.

E. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The Company's dividend policy shall be prepared subject to the current and future investment environment which the Company is in, the Company's funding needs, domestic/foreign competition status and capital budget, and by taking into account the shareholders' rights and interests and the Company's long-term financial planning. The Board of Directors shall prepare the distribution proposal annually and present it at the shareholders' meeting. The stock dividends shall be 0%~90% of the total distributable dividends, including the cash dividends 10%~100% of the total distributable dividends.

According to the Company Act, the legal reserve shall be set aside, unless it amounts to the total authorized capital. The legal reserve can be used to make good the deficit. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or in cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributes the distributable earnings, it may set aside the special reserve from the difference between the balance of special reserve already set aside at the first-time adoption of IFRSs and the deduction net amount of other shareholders' equity. If there is a subsequent reversal of the net deduction of other shareholders' equity, the special reserve reversed may be reverted to distribute the earnings.

In accordance with the FSC's order under Jin-Guan-Zheng-Fa-Zi No. 1090150022 dated March 31, 2021, the Company shall set aside the special reserve from the unrealized revaluation increments and (gains on) cumulative translation adjustment transferred to the retained earnings after it chose to adopt the exemptions under IFRS 1 "First-time Adoption of International Financial Reporting Standards" on the date of translation, when the Company adopted the IFRS initially. When related assets are used, disposed of or reclassified by the Company subsequently, the original rate to state the special reserves could be used to reverse the earnings distribution.

The appropriations and distribution of earnings for 2024 and 2023 and dividends per share were proposed and resolved in the Board of Directors and the general

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shareholders' meeting on March 12, 2025 and June 28, 2024, respectively, as follows:

	Appropriation and distribution of earnings		Dividends per share (NTD)	
	2024	2023	2024	2023
Legal reserve	\$24,852	\$20,906		
Provision (reversal) of special reserve	(93)	93		
Common stock cash dividends	143,138	122,689	\$3.50	\$3.00

For the information about estimate bases and recognized amount of the remuneration to employees and directors, please refer to Note 6.18.

(4) Non-controlling interests

	2024	2023
Opening balance	\$-	\$11,006
Current net profit attributed to non- controlling interest	-	1,377
Disposal of subsidiaries	-	(12,383)
Closing balance	\$-	\$-

14. Share-based payment plan

The Group's employees are entitled to share-based payments as part of their compensation plan. The employees may obtain the consideration for equity instruments by providing labor services. Such transaction is an equity-settled share-based payment transaction.

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Cash capital increase to reserve employee stock options

The Group's Board of Directors resolved to issue new shares for the cash capital increase on August 8, 2023. 15% of the shares issued for the capital increase shall be subscribed for by qualified employees. The date of grant shall be determined based on the date when the number of shares subscribed for by employees is confirmed.

The record date of the subscription under the plan was November 3, 2023. A total of 4,500 thousand common shares were issued for cash capital increase, and 675 thousand shares out of them were reserved for the employees' subscription. The actual number of shares subscribed for by employees was 492 thousand shares.

As of December 31, 2023, the share-based payment plan agreed between the Group and the employees is as follows:

<u>Type of agreement</u>	<u>Date of grant</u>	<u>Provider (Unit: Thousand)</u>	<u>Contract period (year)</u>	<u>Vesting conditions</u>
Cash capital increase to reserve employee stock options	112.10.20	675	-	Immediately vested

The reserved employee stock options granted by the cash capital increase of the Group on October 20, 2023 were valued using the Black-Scholes Model and the inputs adopted by the Model are stated as follows:

	<u>Remuneration plan</u>
Stock price on the date of grant	NT\$45.53
Exercise price	NT\$35
Expected volatility	21.22%
Duration	52 days
Expected dividend yield	0.00%
Risk-free interest rate	1.00%
Fair value per unit	NT\$10.58

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The expenses of the Group's recognized employee share-based payment plan are as follows:

	<u>2023</u>
The expenses of the Group's recognized employee share-based payment plan are as follows: (all of which are equity-settled share-based payments)	<u>\$7,142</u>

15. Operating revenue

	<u>2024</u>	<u>2023</u>
Revenue from contracts with customers		
Revenue from sale of goods	\$2,382,989	\$2,264,382
Other operating revenue	25,479	20,215
Total	<u>\$2,408,468</u>	<u>\$2,284,597</u>

The information on the revenue from contracts with customers in 2024 and 2023 is as follows:

(1) Revenue breakdown

The components of revenue in 2024 are as follows:

	<u>Trading Operations Dept.</u>	<u>Production Operation Dept.</u>	<u>Total</u>
Revenue from sale of goods	\$1,975,348	\$407,641	\$2,382,989
Other operating revenue	19,646	5,833	25,479
Total	<u>\$1,994,994</u>	<u>\$413,474</u>	<u>\$2,408,468</u>
Timing of revenue recognition:			
At a point in time	<u>\$1,994,994</u>	<u>\$413,474</u>	<u>\$2,408,468</u>

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The components of revenue in 2023 are as follows:

	Trading Operations Dept.	Production Operation Dept.	Total
Revenue from sale of goods	\$1,900,928	\$363,454	\$2,264,382
Other operating revenue	15,739	4,476	20,215
Total	<u>\$1,916,667</u>	<u>\$367,930</u>	<u>\$2,284,597</u>
Timing of revenue recognition:			
At a point in time	<u>\$1,916,667</u>	<u>\$367,930</u>	<u>\$2,284,597</u>

(2) Contract balance

A. Contract liabilities - current

	December 31, 2024	December 31, 2023	January 1, 2023
Sale of goods	<u>\$5,791</u>	<u>\$5,704</u>	<u>\$10,090</u>

The significant changes in the balance of contract liabilities of the Group in 2024 and 2023 are as follows:

	2024	2023
Variance	<u>\$87</u>	<u>\$(4,386)</u>

The increase in the changes in contract liabilities of the Group in 2024 and 2023 is due to the partial consideration collected from the customer when signing the contract, and the Group must assume the obligation to recognize the contract liabilities for the subsequent sales of products, and the decrease is due to the completion of the performance obligation in this period, which is recognized as sales revenue.

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16. Expected credit impairment loss

	2024	2023
Operating expenses - expected credit impairment loss		
Notes receivable	\$-	\$-
Accounts receivable	3,355	5,822
Total	<u>\$3,355</u>	<u>\$5,822</u>

Please refer to Note 12 for further details on credit risk.

The Group's financial assets measured at amortized cost were assessed to be with low credit risk (the same as the assessment at the beginning of the period) on December 31, 2024 and 2023, so the allowance for loss was measured based on the 12-month expected credit loss. The Group only transacts with banks and other financial institutions with good credit ratings. Therefore, no loss allowance is provided for the current period.

The Group's accounts receivables (including notes receivable and accounts receivable) adopt the lifetime expected credit loss amount to measure the loss allowance. The amount of loss allowance evaluated on December 31, 2024 and 2023 is as follows:

The historical credit loss experience of accounts receivables (including notes receivable and accounts receivable) shows that there is no significant difference in the loss pattern of different customer groups. Therefore, the loss allowance is measured irrespective of groups and using an allowance matrix. The relevant information is as follows:

December 31, 2024

	Not overdue (Note)	Overdue days				Total
		Within 90 days	91~180 days	181~360 days	More than 361 days	
Total carrying amount	\$283,362	\$108,918	\$3,935	\$105	\$1,355	\$397,675
Loss rate	0.00%~ 18.12%	0.42%~ 83.58%	8.73%~ 100.00%	56.71%~ 100.00%	100.00%	
Lifetime expected credit loss	(4,307)	(4,582)	(729)	(94)	(1,355)	(11,067)
Total	<u>\$279,055</u>	<u>\$104,336</u>	<u>\$3,206</u>	<u>\$11</u>	<u>\$-</u>	<u>\$386,608</u>

Note: All of the Group's notes receivable are not past due.

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December 31, 2023

	Not overdue (Note)	Overdue days				Total
		Within 90 days	91~180 days	181~360 days	More than 361 days	
Total carrying amount	\$247,539	\$92,540	\$1,876	\$3,324	\$7,845	\$353,124
Loss rate	0.00%~ 3.11%	0.84%~ 50.00%	15.76%~ 100.00%	53.94%~ 100.00%	100.00%	
Lifetime expected credit loss	(1,059)	(3,240)	(321)	(2,750)	(7,845)	(15,215)
Total	<u>\$246,480</u>	<u>\$89,300</u>	<u>\$1,555</u>	<u>\$574</u>	<u>\$-</u>	<u>\$337,909</u>

Note: All of the Group's notes receivable are not past due.

The information on the changes in the loss allowance for the Group's notes receivable and accounts receivable for the 2024 and 2023 is as follows:

	Notes receivable	Accounts receivable	Total
January 1, 2024	\$-	\$15,215	\$15,215
Increase	-	3,355	3,355
Write-off due to irrecoverability	-	(7,503)	(7,503)
December 31, 2024	<u>\$-</u>	<u>\$11,067</u>	<u>\$11,067</u>
January 1, 2023	\$-	\$9,393	\$9,393
Increase	-	5,822	5,822
Write-off due to irrecoverability	-	-	-
December 31, 2023	<u>\$-</u>	<u>\$15,215</u>	<u>\$15,215</u>

17. Leases

(1) Group as a lessee

The Group leases multiple assets, including buildings and structures, transportation equipment and other equipment. The lease periods of each contract range from 2 to 6 years.

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The effects posed by the lease to the Group's financial position, financial performance and cash flows are stated as follows:

A. Amount recognized in the balance sheet

(a) Right-of-use assets

Carrying amount of right-of-use assets

	December 31, 2024	December 31, 2023
Buildings and structures	\$11,801	\$6,399
Transportation equipment	6,720	11,517
Other equipment	176	245
Total	<u>\$18,697</u>	<u>\$18,161</u>

The Group's right-of-use assets increased by NT\$9,890 thousand and NT\$11,662 thousand in 2024 and 2023, respectively.

(b) Lease liabilities

	December 31, 2024	December 31, 2023
Lease liabilities	<u>\$18,796</u>	<u>\$18,261</u>
Current	\$8,039	\$7,818
Non-Current	10,757	10,443
Total	<u>\$18,796</u>	<u>\$18,261</u>

For the interest expenses of the Group's lease liabilities for 2024 and 2023, please refer to Note 6.19(3) Financial Costs. For the maturity analysis on the lease liabilities, please refer to Note 12.5 Liquidity risk management.

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B. Amount recognized in the statement of comprehensive income

Depreciation of right-of-use assets

	2024	2023
Buildings and structures	\$3,733	\$5,465
Transportation equipment	5,605	4,077
Other equipment	69	77
Total	<u>\$9,407</u>	<u>\$9,619</u>

C. Lessee's income and expenses related to leasing activities

	2024	2023
Expenses of short-term leases	<u>\$795</u>	<u>\$550</u>

D. Lessee's cash outflows related to leasing activities

The Group's total cash outflow from leases for 2024 and 2023 were NT\$10,441 thousand and NT\$10,386 thousand, respectively.

18. Summary of employee benefits, depreciation and amortization expenses by function:

By nature \ By function	2024			2023		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expenses						
Salary expenses	\$38,716	\$127,884	\$166,600	\$39,455	\$118,029	\$157,484
Labor and national health insurance expenses	3,218	8,334	11,552	3,544	7,955	11,499
Pension expense	1,431	3,390	4,821	1,567	3,361	4,928
Remuneration to directors	-	2,207	2,207	-	2,095	2,095
Other employee benefit expenses	3,503	7,032	10,535	2,356	5,993	8,349
Depreciation expense	11,193	11,311	22,504	14,951	10,566	25,517
Amortization expenses	327	732	1,059	55	819	874

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According to the Company's Articles of Incorporation, where there are annual profits at the end of a financial year, no less than 1% of the profits for such year shall be distributed to employees as the remuneration to employees, and no more than 5% thereof as remuneration to directors. Notwithstanding, the accumulated losses, if any, shall have been covered first. By a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, the remuneration to employees may be paid in the form of stock or in cash and reported to a shareholders' meeting.

Based on the profit sought in the current year, the Company estimated the remunerations to employees and directors as NT\$6,319 thousand and NT\$2,207 thousand for 2024, respectively, which were stated into the salary expenses, and the remunerations to employees and directors and supervisors as NT\$5,466 thousand and NT\$2,095 for 2023, respectively, which were stated into the salary expenses.

The remunerations to employees and directors distributed per resolution of the Board of Directors on March 12, 2025 were NT\$6,319 thousand and NT\$2,207 thousand. No material differences exist between the same and the amounts stated in the 2024 financial statement.

No material differences exist in the remunerations to employees and directors and supervisors distributed actually in 2023 and the amounts stated as expenses in the 2023 financial report.

19. Non-operating income and expenses

(1) Other income

	2024	2023
Dividend income	\$463	\$603
Interest revenue	19,142	19,091
Other income - others	11,266	10,776
Total	<u>\$30,871</u>	<u>\$30,470</u>

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(2) Other gains and losses

	2024	2023
Gains (losses) on disposal of property, plant and equipment	\$(89)	\$395
Gains on disposal of investment property	2,466	11,607
Gains on disposal of investment	-	200
Gains on net foreign currency exchange	47,577	12,445
Gains or losses on financial assets/(liabilities) at fair value through profit or loss	3,277	(1,822)
Impairment loss on non-financial assets	-	(1,474)
Others	(1,296)	(2,271)
Total	<u>\$51,935</u>	<u>\$19,080</u>

(3) Financial cost

	2024	2023
Interest on bank borrowings	\$(3,441)	\$(8,026)
Interest on lease liabilities	(238)	(449)
Total	<u>\$(3,679)</u>	<u>\$(8,475)</u>

20. Components of other comprehensive income

The other comprehensive income of 2024 is as follows:

	Incurred in the current period	Income tax gains (expenses)	Amount after tax
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations	<u>\$997</u>	<u>\$-</u>	<u>\$997</u>

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The other comprehensive income of 2023 is as follows:

	Incurred in the current period	Income tax gains (expenses)	Amount after tax
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations	<u>\$(531)</u>	<u>\$-</u>	<u>\$(531)</u>

21. Income tax

The main components of income tax expenses in 2024 and 2023 are as follows:

Income tax recognized in profit or loss

	2024	2023
Current income tax expenses (gains):		
Current income tax payable	\$60,435	\$58,753
Adjustment of the income tax in the previous year in the current period	(1,008)	1,175
Deferred income tax expenses (gains):		
Deferred income tax expenses (gains) related to origination and reversal of temporary difference	868	(139)
Others	122	-
Income tax expense	<u>\$60,417</u>	<u>\$59,789</u>

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The amount of income tax expense and accounting profit multiplied by the applicable income tax rate is adjusted as follows:

	2024	2023
Net profit before tax from continuing operations	<u>\$308,936</u>	<u>\$270,224</u>
Tax amount calculated based on the domestic tax rate applicable to the income of the country concerned	\$62,873	\$56,036
Income tax impact from tax-free profits	(1,176)	(4,871)
Income tax effect of deferred income tax assets and liabilities	(2,092)	599
Additional tax levied on the unappropriated earnings	1,698	6,850
Adjustment of the income tax in the previous year in the current period	(1,008)	1,175
Others	<u>122</u>	<u>-</u>
Total income tax expense recognized in profit or loss	<u>\$60,417</u>	<u>\$59,789</u>

Notes to the Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries
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Deferred income tax assets (liabilities) related to the following items:

2024

	Opening balance	Recognized as Profit or loss	Closing balance
Temporary difference			
Net unrealized exchange loss	\$(184)	\$(3,828)	\$(4,012)
Unrealized provision for inventory valuation loss	3,622	299	3,921
Exceed the loss allowance	2,342	(830)	1,512
Unrealized sales discounts	1,937	1,605	3,542
Valuation of financial assets at fair value through profit or loss	2,580	(972)	1,608
Others	(129)	2,858	2,729
Deferred income tax benefit (expense)		<u>\$(868)</u>	
Net deferred income tax assets/(liabilities)	<u>\$10,168</u>		<u>\$9,300</u>
The information expressed on the balance sheet is as follows:			
Deferred income tax assets	<u>\$12,315</u>		<u>\$15,605</u>
Deferred income tax liabilities	<u>\$(2,147)</u>		<u>\$(6,305)</u>

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2023

	Opening balance	Recognized as Profit or loss	Closing balance
Temporary difference			
Net unrealized exchange loss	\$(439)	\$255	\$(184)
Unrealized provision for inventory valuation loss	4,858	(1,236)	3,622
Exceed the loss allowance	1,460	882	2,342
Unrealized sales discounts	2,157	(220)	1,937
Valuation of financial assets at fair value through profit or loss	1,832	748	2,580
Others	161	(290)	(129)
Deferred income tax benefit (expense)		\$139	
Net deferred income tax assets/(liabilities)	\$10,029		\$10,168
The information expressed on the balance sheet is as follows:			
Deferred income tax assets	\$12,068		\$12,315
Deferred income tax liabilities	\$(2,039)		\$(2,147)

Deferred income tax assets not recognized

As of December 31, 2024 and 2023, the Group's unrecognized deferred income tax assets amounted to NTD 0 thousand.

The assessment on income tax returns

As of December 31, 2024, the assessment on the income tax returns of the Group is as follows:

	The assessment on income tax returns
the Company	Authorized until 2022
Subsidiary - BCR	Authorized until 2022

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22. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing net profit for the year attributable to the ordinary shareholders of the parent company (upon reconciliation of interest on convertible corporate bonds) by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares to be issued when dilutive potential ordinary shares are converted into ordinary shares.

	2024	2023
(1) Basic earnings per share		
Net profit attributed to ordinary shareholders of parent company (NT\$ Thousand)	\$248,519	\$209,058
Weighted average number of ordinary shares for basic earnings per share (Thousand Shares)	40,896	36,569
Basic earnings per share (NT\$)	\$6.08	\$5.72
(2) Diluted earnings per share		
Net profit attributed to ordinary shareholders of parent company (NT\$ Thousand)	\$248,519	\$209,058
Weighted average number of ordinary shares for basic earnings per share (Thousand Shares)	40,896	36,569
Dilution effect:		
Remuneration to employees - shares (thousand shares)	147	325
Weighted average number of ordinary shares after adjustment and dilution (Thousand Shares)	41,043	36,894
Diluted basic earnings per share (NT\$)	\$6.06	\$5.67

There have been no other transactions involving outstanding ordinary shares or potential ordinary shares between the reporting period and the date of approval and publication of the financial statements.

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23. Changes in ownership interests in subsidiaries

Loss of control over subsidiaries

The Group petitioned the responsible officer for approval to sell 40.12% of the equity of YONG CHEN TECH CO., LTD. on May 22, 2023. After the equity transfer was completed on June 2, 2023, the Group lost the control over the company. The carrying amount of assets and liabilities on the date when the Group lost the control over Yong Chen is as follows:

	<u>Carrying amount</u>
Cash and cash equivalents	\$7,063
Notes and accounts receivable	8,898
Inventory	2,875
Other current assets	2,638
Property, plant and equipment	2,951
Right-of-use assets	39,503
Other non-current assets	1,858
Accounts payables	(5,143)
Lease liabilities - current and non-current	(39,942)
Other current liabilities	(22)
Net non-current assets	<u>20,679</u>
Net worth attributable to non-controlling interests	<u>(12,383)</u>
Net worth of the equity investment on the date of disposal	<u><u>\$8,296</u></u>
Gains on disposal of subsidiaries	
Consideration received	\$8,496
Less: Carrying amount of the equity investment on the date of disposal	<u>(8,296)</u>
Gains on disposal of investment	<u><u>\$200</u></u>

VII. Related party transactions

The related parties engaging in transactions with the Group during the financial reporting period are as follows:

Name of related party and relationship

<u>Name of related party</u>	<u>Relationship with the Group</u>
Chang Hung Chen	Chairman of the Group
Hsiang Ta-Yung	Substantive related party of the Group (Note)

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(Note) The Group sold 40.12% of the equity of Yong Chen Company to the Group's substantial related party - Hsiang Ta-Yung, on May 22, 2023 after approval by the responsible supervisor. The proceeds from the sale of equity was NT\$8,496 thousand and the gain on disposal of investment was NT\$200 thousand (recorded as other gains and losses). After the transfer of equity on June 2, 2023, it is no longer a related party to the Group. Please refer to Note 6.23 for details.

1. Others

On December 31, 2024 and 2023, the Group borrowed from financial institutions. According to some of the loan contracts, the Group's main management personnel provided joint guarantees.

2. Remuneration to the Group's key management

	2024	2023
Short-term employee benefits	\$38,250	\$46,612
Retirement benefit	540	540
Total	<u>\$38,790</u>	<u>\$47,152</u>

VIII. Pledged assets

The Group has provided the following assets as collaterals:

	Carrying amount		
	December 31, 2024	December 31, 2023	Details about the secured debts
Financial assets measured at amortized cost - current	\$2,016	\$261,965	Short-term borrowings
Property, plant and equipment - land	164,748	164,748	Short-term and long- term borrowings
Property, plant and equipment - buildings	27,233	29,204	Short-term and long- term borrowings
Prepayment for land (recognized in other non-current assets)	245,490	242,791	Long-term borrowings
Total	<u>\$439,487</u>	<u>\$698,708</u>	

Notes to the Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries
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IX. Significant contingent liabilities and unrecognized contractual commitments

- (I) The Group has had the following important engineering contracts as of December 31, 2024:

Project name	Contract amount (after tax)	Amount paid (after tax)	Amount outstanding (after tax)
Sinji Plant Construction Contract	\$178,000	\$155,879	\$22,121

- (II) As of December 31, 2024, the Group issued promissory notes for long-term and short-term borrowings in the amount of NT\$1,913,976 thousand as the performance bond. As they were considered as contingent liabilities in nature, they were not included in the financial statements.

X. Losses from major disasters

None.

XI. Material events after the reporting period

None.

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XII. Others

1. Categories of financial instruments

Financial assets

	December 31, 2024	December 31, 2023
Financial assets at fair value through profit or loss:		
Financial assets at fair value through profit or loss - -current	\$74,185	\$77,232
Financial assets measured at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	496,735	413,625
Financial assets measured at amortized cost	2,016	276,965
Notes receivable	374	306
Accounts receivable	386,234	337,603
Other receivables	20,323	14,287
Refundable deposits (recognized in other non-current assets)	35,107	34,225
Subtotal	940,789	1,077,011
Total	<u>\$1,014,974</u>	<u>\$1,154,243</u>

Financial liabilities

	December 31, 2024	December 31, 2023
Financial liabilities measured at amortized cost:		
Short-term borrowings	\$60,000	\$146,420
Accounts payables	221,133	192,266
Long-term borrowings (including the current portion)	274,046	369,036
Lease liabilities (including current and non-current)	18,796	18,261
Total	<u>\$573,975</u>	<u>\$725,983</u>

2. Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group

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identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for said financial risk management. Before entering into significant financial transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group shall comply with its financial risk management policies during its financial management activities.

3. Market risk

The Group's market risk arises from the fluctuation of fair value or cash flow due to changes in the market price of financial instruments. Market risk mainly includes exchange rate risk, interest rate risk and other price risks (e.g. equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables, and there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign exchange rate risk

The Group's exposure to the foreign exchange rate risk relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and net investment in foreign operations.

The Group's foreign currency receivables and foreign currency payables are denominated in the same foreign currency in part. Accordingly, the equivalent positions would generate the natural hedging effect. The Group uses forward exchange contracts to manage the foreign exchange rate risk with respect to certain foreign currency payments. Considering that the management of foreign exchange rate risk by said natural hedge and forward exchange contract does not satisfy the hedge accounting requirements, the Group waives to adopt the hedge accounting. Further, the net investment in foreign operations is considered as the strategic investment, for which the Group does not adopt any hedging policy.

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The Group's foreign exchange rate risk sensitivity analysis is performed on the effect posed to the Group's income by appreciation/depreciation of foreign currency related to the significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign exchange rate risk is mainly related to the volatility in the exchange rates for USD and EUR. The information of the sensitivity analysis is as follows:

- (1) When the NTD appreciates/depreciates 1% against the USD, the Group's income will decrease/increase by NT\$3,598 thousand and NT\$6,492 thousand for the years 2024 and 2023, respectively; the equity will decrease/increase by NT\$2,878 thousand and NT\$5,194 thousand, respectively.
- (2) When NTD appreciates/depreciates by 1% against EUR, the Group's profit or loss for 2024 and 2023 will decrease/ increase by NT\$2,219 thousand and NT\$1,086 thousand, respectively, and the equity will decrease/increase by NT\$1,775 thousand and NT\$869 thousand, respectively.

Interest rate risk

The interest rate risk arises when the fluctuation of the market interest rate results in fluctuation in financial instruments' fair value or future cash flow. The Group's interest rate risk arises primarily from the floating rate investment, and fixed rate and floating rate loans.

The Group maintains adequate fixed rate and floating rate portfolio, in addition to interest rate swaps, to manage the interest rate risk. Notwithstanding, as such management does not satisfy the hedge accounting requirements, the Group waives to adopt the hedge accounting.

The sensitivity analysis on the Group's interest rate risk is primarily intended to be conducted against the interest rate exposure items at the end of the financial reporting period, including the floating rate investment, floating rate loans and interest rate swaps. Meanwhile, under the hypothesis of holding for one fiscal year, when interest rate increases/decrease by 10 basis points, the Group's profit or loss for 2024 and 2023 is decreased/increased by NT\$162 thousand and NT\$175 thousand.

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Equity price risk

The Group holds TWSE/TPEX listed equity securities, of which the fair value will be affected by the uncertainty of the future value of these investment targets. The TWSE/TPEX listed equity securities held by the Group are included in the types of assets at fair value through profit or loss. The Group manages the price risk of equity securities by diversifying its investments and setting limits for a single or overall equity securities investment. Equity securities investment portfolio information shall be regularly provided to the senior management of the Group, and the Board of Directors shall review and approve all equity securities investment decisions.

It refers to the TWSE/TPEX listed equity securities at fair value through profit or loss. When the price of such equity securities increases/decreases by 1%, the Group's profit or loss for 2024 and 2023 will be increased/decreased by NT\$118 thousand and NT\$129 thousand.

4. Credit risk management

Credit risk is the risk that a trading counterpart will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities (primarily for bank deposits and other financial instruments).

The Group's business units manage the credit risk in accordance with the Group's established policy, procedures and control relating to credit risk management. The assessment on credit risk of all trading counterparts comprehensively takes into account their financial position, rating from credit rating agencies, historical experience in transactions, prevailing economic conditions and the Group's internal rating criteria, etc.. The Group also uses certain credit enhancement procedures (such as unearned sales revenue and insurance) to mitigate certain trading counterparts' credit risk.

As of December 31, 2024 and 2023, the top ten contract assets and accounts receivable represent 39% and 44% of the Group's total accounts receivables, respectively. The credit concentration risk of the other accounts receivable is insignificant relatively.

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The Group's treasury department manages the credit risk over the bank deposits, fixed-income securities and other financial instruments in accordance with the Group's policy. The Group only transacts with trading counterparts approved by the internal control procedures, which are banks and financial institutions, companies and government agencies with good credit ratings. Consequently, there is no significant credit risk for these trading counterparts.

5. Liquidity risk management

The Group's objective is to maintain financial resilience through cash and cash equivalents, high-liquidity securities and bank loan and lease contracts. The table below summarizes the maturity profile of the Group's financial liabilities based on the earliest date when the repayment is required and the undiscounted cash flows thereof. The amount so identified also includes the agreed interest. The undiscounted interest amounts of the cash flow of interest payable at floating rate are extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	1~2 years	2~3 years	Over 3 years	Total
December 31, 2024					
Borrowings	\$164,625	\$65,699	\$22,320	\$102,161	\$354,805
Accounts payables	221,133	-	-	-	221,133
Lease liabilities	8,220	5,646	2,552	2,675	19,093
December 31, 2023					
Borrowings	\$364,387	\$142,412	\$15,655	\$-	\$522,454
Accounts payables	192,266	-	-	-	192,266
Lease liabilities	8,015	5,923	3,352	1,350	18,640

6. Reconciliation of liabilities from financing activities

2024 and 2023 reconciliations of liabilities:

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	Short-term borrowings	Long-term borrowings (including the current portion)	Lease liabilities	Total liabilities from financing activities
January 1, 2024	\$146,420	\$369,036	\$18,261	\$533,717
Cash flow	(86,420)	(94,990)	(9,408)	(190,818)
Not changes in cash				
Others	-	-	9,890	9,890
Changes in the foreign exchange rate	-	-	53	53
December 31, 2024	\$60,000	\$274,046	\$18,796	\$352,842
January 1, 2023	\$642,880	\$333,465	\$56,015	\$1,032,360
Cash flow	(496,460)	35,571	(9,387)	(470,276)
Not changes in cash				
Others	-	-	(28,354)	(28,354)
Changes in the foreign exchange rate	-	-	(13)	(13)
December 31, 2023	\$146,420	\$369,036	\$18,261	\$533,717

7. Fair value of financial instruments

(1) The methods and assumptions applied in determining the fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group uses the following methods and assumptions to measure or disclose the fair value of financial assets and financial liabilities:

A. The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

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- B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (e.g. TWSE/TPEX-listed stocks).
- C. For equity instruments not traded in an active market (e.g. stocks issued by unlisted companies), the fair value is assessed under the market approach. That is, the fair value is estimated based on the price generated from the market where an identical or a comparable company's equity instruments are traded, and other critical information (e.g., the inputs including discounts for lack of marketability, similar company's P/E ratio, similar company's P/B ratio).
- D. For investment in debt instruments without active market quotation, bank loans, and other non-current liabilities, the fair value is decided based on the trading counterpart's quotation or valuation technique. The valuation technique is decided based on an analysis of cash flow discounts. The interest rate and discount rate hypotheses are based on the information related to similar instruments (e.g. TPEX reference interest rate yield curve, Reuters average quotation of promissory note interest rate and credit risk).

(2) The fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and financial liabilities measured at amortized cost approximate their fair values.

(3) Information about the fair value measurement hierarchy for financial instruments

Please refer to Note 12.8 for the fair value measurement hierarchy for financial instruments of the Group.

8. Fair value hierarchy

(1) Definition of fair value hierarchy

All assets and liabilities measured or disclosed at fair value are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Each level of inputs is described as follows:

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- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities acquired at the date of measurement.
- Level 2: Inputs observable for the asset or liability, either directly or indirectly, other than quoted prices included within Level 1.
- Level 3: Unobservable inputs for the asset or liability

For assets and liabilities measured at fair value on a recurring basis, the Group reevaluates their classification at the end of each reporting period to determine the amount of any transfer between different fair value hierarchy levels.

(2) Information about fair value measurement hierarchy

The Group does not have assets that are measured at fair value on a non-recurring basis. The fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

December 31, 2024

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Disposal of financial assets at fair value through profit or loss				
Stocks	\$11,820	\$-	\$-	\$11,820
Bonds	-	54,840	-	54,840
Funds	-	7,525	-	7,525

December 31, 2023

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Disposal of financial assets at fair value through profit or loss				
Stocks	\$12,936	\$-	\$-	\$12,936
Bonds	-	57,243	-	57,243
Funds	-	7,053	-	7,053

Transfer of fair value measurement hierarchy between Level 1 and Level 2

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For assets and liabilities of the Group measured at repetitive fair value, there were no transfers of fair value measurement hierarchy between Level 1 and Level 2, for 2024 and 2023.

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9. Information about significant assets and liabilities denominated in foreign currencies

Information regarding the Group's significant assets and liabilities denominated in foreign currencies is listed below:

	December 31, 2024			December 31, 2023		
	Foreign currency	Foreign exchange rate	NTD	Foreign currency	Foreign exchange rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	\$10,992	32.735	\$359,823	\$21,177	30.655	\$649,181
EUR	6,537	33.940	221,866	3,216	33.780	108,636

Said information is disclosed based on the carrying amount of foreign currency (which has been converted into the functional currency).

In consideration of the multiple functional currencies adopted by the Group, it is impossible for the Group to disclose the information about exchange gains/losses on various significant assets and liabilities denominated in foreign currencies. The Group's foreign currency exchange gains were NT\$47,577 thousand and NT\$12,445 thousand in 2024 and 2023, respectively.

10. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business operations and maximize its shareholders' equity. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain and adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

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XIII. Disclosures in Notes

1. Information on significant transactions and investees

- (1) Loans to others: None.
- (2) Endorsements/guarantees for others: None.
- (3) Marketable securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 2.
- (4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
- (5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- (6) Disposal of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- (7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- (8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- (9) The name and location of the investee company and other relevant information (excluding the investees in mainland China): Please refer to Table 3.
- (10) Derivatives trading: None.
- (11) Others: The business relationship between the parent and the subsidiaries and significant transactions between them: Please refer to Table 1 for details.

2. Information on investments in Mainland China:

- (1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, current-period income (losses) of investee and recognized investment income, ending carrying amount of investment, the amount received as dividends from the investee, and the limitation on investee: Please refer to Table 4.
- (2) Any significant transactions entered into with the investees in Mainland China via a third area, directly or indirectly, and the price, payment terms or unrealized

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profit or loss thereof, and any other information that may help better understand the effect posed by investments in Mainland China to the financial statements: Please refer to Table 4 for details.

3. Information on major shareholders: N/A.

XIV. Department information

For the purpose of management, the Group divides the operating units according to the performance of the decision-making and evaluation departments of the operational decision-makers, and also the following two business departments to be reported:

1. Trading Department: The Department is responsible for the trading of internal and external teeth.
2. Production and Operation Department: The Department is responsible for the manufacturing, processing, assembling, sorting and trading of external teeth products, and trading internal and external teeth products.

The management supervise the operating results of the relevant business unit, in order to decide the allocation of resources and performance assessment policy. The department's performance is assessed based on the operating income, and in the manner consistent with that applied to the operating income in the consolidated financial statements.

The inter-departmental transfer pricing is based on the similar arm's length transactions with third parties.

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1. Information about the profit and loss by department:

2024

	Trading Operations Dept.	Production Operation Dept.	Adjustment and Elimination	Total of the Group
Income				
Revenue from external customers	\$1,994,994	\$413,474	\$-	\$2,408,468
Inter-departmental revenue (Note)	33,880	105,266	(139,146)	-
Total revenue	<u>\$2,028,874</u>	<u>\$518,740</u>	<u>\$(139,146)</u>	<u>\$2,408,468</u>
Departmental profit or loss	<u>\$266,446</u>	<u>\$50,498</u>	<u>\$(8,008)</u>	<u>\$308,936</u>

2023

	Trading Operations Dept.	Production Operation Dept.	Adjustment and Elimination	Total of the Group
Income				
Revenue from external customers	\$1,916,667	\$367,930	\$-	\$2,284,597
Inter-departmental revenue (Note)	19,983	90,523	(110,506)	-
Total revenue	<u>\$1,936,650</u>	<u>\$458,453</u>	<u>\$(110,506)</u>	<u>\$2,284,597</u>
Departmental profit or loss	<u>\$232,254</u>	<u>\$41,986</u>	<u>\$(4,016)</u>	<u>\$270,224</u>

(Note) The inter-department revenue is derecognized on consolidation and reflected in the “Adjustment and Elimination.”

2. Information on products

By product	2024	2023
Retaining products	\$1,976,004	\$1,852,531
Parts and components	368,622	363,275
Others	63,842	68,791
Total	<u>\$2,408,468</u>	<u>\$2,284,597</u>

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3. Information by region:

(1) Revenue from external customers:

	2024	2023
North America	\$1,525,917	\$1,456,440
Europe	683,464	600,868
Asia/Australia/New Zealand	196,868	219,201
Others	2,219	8,088
Total	<u>\$2,408,468</u>	<u>\$2,284,597</u>

The Group's revenue is classified according to the location of the customer.

(2) Non-current assets

	December 31, 2024	December 31, 2023
Asia	<u>\$704,687</u>	<u>\$675,538</u>

4. Information on major customers:

	2024	2023
Customer A	\$286,607	\$333,348
Customer B	249,992	280,123
Total	<u>\$536,599</u>	<u>\$613,471</u>

5. Information about the profit and loss by department:

	2024	2023
Information about the profit and loss of departments to be reported:	\$316,944	\$274,240
Adjustment and Elimination:		
Derecognition of inter-segment profit or loss	(8,008)	(4,016)
Net profit before tax from continuing operations	<u>\$308,936</u>	<u>\$270,224</u>

Notes to the Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries (To be Continued)
(All amounts are in NTD thousand or in thousands of foreign currency)

Table 1

Business relationship between the parent and the subsidiaries and significant transactions between them

No. (Note 1)	Name of the trader	Trading counterpart	Relationship with the trader (Note 2)	Transaction details			
				Accounting title	Amount	Trading terms and conditions	As a percentage of consolidated total operating revenue or total assets (Note 3)
1	the Company	BCR INC.	1	Sales revenue	\$6,448	No comparable general terms and conditions available	0.27%
2	the Company	BCR INC.	1	Other operating cost	2,409	No comparable general terms and conditions available	0.10%
3	the Company	Suzhou Youlian	1	Accounts payable	8,960	No comparable general terms and conditions available	0.46%
4	the Company	Suzhou Youlian	1	Purchases (net)	27,852	No comparable general terms and conditions available	1.16%
5	BCR INC.	Suzhou Youlian	3	Accounts payable	4,087	No comparable general terms and conditions available	0.17%
6	BCR INC.	Suzhou Youlian	3	Purchases (net)	4,248	No comparable general terms and conditions available	0.22%

(Note 1) Where the parent company and its subsidiaries do business with each other, information shall be stated separately in the "No." column and numbered as follows:

1. "0" for parent company.
2. Each subsidiary is numbered sequentially starting from 1.

(Note 2) There are three types of relationship with the counterparty:

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

Notes to the Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries (To be Continued)
(All amounts are in NTD thousand or in thousands of foreign currency)

(Note 3) For assets and liabilities, the percentage of transaction amount to the consolidated total operating revenue or total assets is shown as the percentage of the balance, ending to the consolidated total assets. For income, it shall be shown as the percentage of accumulated amount in the consolidated total operating revenue.

Notes to the Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries (To be Continued)
(All amounts are in NTD thousand or in thousands of foreign currency)

Table 2

(Marketable securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures))

Holder	Type and name of marketable securities (Note)	Relationship with the securities issuer	Financial statement account	End of period				Remarks
				Number of shares (shares)	Carrying amount	Shareholding ratio	Fair value	
the Company	TWSE-listed stocks - Class C preferred shares of Fubon Financial Holding Co., Ltd.	None	Financial assets at fair value through profit or loss - current	184,956	\$9,840		\$9,840	No security or pledge
	TWSE listed stock - SHANGHAI COMMERCIAL SAVINGS BANK, LTD.	None	Financial assets at fair value through profit or loss - current	50,000	1,980		1,980	No security or pledge
				Subtotal	\$11,820		\$11,820	

Notes to the Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries (To be Continued)
(All amounts are in NTD thousand or in thousands of foreign currency)

Table 2 (to be continued)

Marketable securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures) (to be continued)

Holder	Type and name of marketable securities (Note)	Relationship with the securities issuer	Financial statement account	End of period				Remarks
				Number of shares (shares)	Carrying amount	Shareholding ratio	Fair value	
the Company	Bonds - Fubon Altria Corporate Bond	None	Financial assets at fair value through profit or loss - current	100,000	\$2,353		\$2,353	No security or pledge
	Bonds - Saudi Government International Bond purchased by Fubon	None	Financial assets at fair value through profit or loss - current	200,000	5,246		5,246	No security or pledge
	Bonds - Cathay United AT&T Bond	None	Financial assets at fair value through profit or loss - current	200,000	4,141		4,141	No security or pledge
	Bonds - Cathay United PLN Bond	None	Financial assets at fair value through profit or loss - current	200,000	4,508		4,508	No security or pledge
	Bonds - Cathay United BNP Paribas USD Non-Cumulative Perpetual Subordinated Bond	None	Financial assets at fair value through profit or loss - current	200,000	6,523		6,523	No security or pledge
	Bonds - CTBC PLN Bond	None	Financial assets at fair value through profit or loss - current	200,000	5,695		5,695	No security or pledge
	Bonds - E.SUN Amundi Funds Pioneer Strategic Income Bond	None	Financial assets at fair value through profit or loss - current	2,197	2,118		2,118	No security or pledge
	Bonds — Cathay/HSBC Holding USD Senior Unsecured Bond	None	Financial assets at fair value through profit or loss - current	200,000	6,433		6,433	No security or pledge
	Bonds — Shanghai Collective Fund Management Account	None	Financial assets at fair value through profit or loss - current	200,000	7,137		7,137	No security or pledge
	Bonds — Shanghai Collective Account 2-Year Bond	None	Financial assets at fair value through profit or loss - current	300,000	10,686		10,686	No security or pledge
				Subtotal	\$54,840		\$54,840	

Notes to the Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries (To be Continued)
(All amounts are in NTD thousand or in thousands of foreign currency)

Table 2 (to be continued)

Marketable securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures) (to be continued)

Holder	Type and name of marketable securities (Note)	Relationship with the securities issuer	Financial statement account	End of period				Remarks
				Number of shares (shares)	Carrying amount	Shareholding ratio	Fair value	
the Company	Monetary funds - E.SUN Allianz Global Investors Income and Growth Fund	None	Financial assets at fair value through profit or loss - current	13,345	\$3,796		\$3,796	No security or pledge
	Monetary funds - E.SUN ABITL Income Umbrella Multi-asset Income Fund of Funds	None	Financial assets at fair value through profit or loss - current	5,650	2,366		2,366	No security or pledge
	Monetary funds - E.SUN Franklin Biotechnology Discovery Fund	None	Financial assets at fair value through profit or loss - current	1,061	1,363		1,363	No security or pledge
				Subtotal	\$7,525		\$7,525	
				Total	\$74,185		\$74,185	

(Note) Marketable securities stated in this table refer to stocks, bonds, beneficiary certificates within the scope of IFRS 9 "Financial Instruments," and marketable securities derived from said items.

Notes to the Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries (To be Continued)
(All amounts are in NTD thousand or in thousands of foreign currency)

Table 3

The name and location of the investee company and other relevant information (excluding the investees in mainland China)

Name of Investor	Name of Investee	Location	Main business items	Original investment amount		Held at end of period			Investee (Loss) Profits of the period	Investment profit (loss) recognized in the current period	Remarks
				End of the current period	End of last year	Number of shares (shares)	Ratio	Carrying amount			
the Company	BCR	Taiwan	Wholesale of metalware and international trading.	\$63,188	\$63,188	3,000,000	100.00%	\$73,453	\$5,420	\$5,420	(Note)

(Note) Already eliminated when the consolidated financial statements were prepared.

Notes to the Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries (To be Continued)
(All amounts are in NTD thousand or in thousands of foreign currency)

Table 4

Information on investments in Mainland China:

Name of Investee in Mainland China	Main business items	Paid-up capital (Note 3)	Investment method (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of the beginning of the period	Investment Remittance or Regain in the current period		Accumulated Outward Remittance for Investment from Taiwan as of the end of the period	Investee profit or loss for the current period	Direct or indirect shareholdings by the Company %	Investment profit (loss) recognized in the current period (Note 6)	Carrying amount of investments at the end of the period (Note 6)	Repatriated investment income up to the current period	Remarks
					Remittance	Regain							
Suzhou Youlian	Wholesale of fasteners and spare parts/accessories	\$7,058 (CNY1,585 thousand)	(III) BCR (Note 4)	\$17,906 (USD547 thousand)	\$-	\$-	\$17,906 (USD547 thousand)	\$2,588	100%	\$2,588	\$31,608	-	(Note 5)

Accumulated amount of remittance from Taiwan to Mainland China at the end of the period	Amount of investment approved by the Investment Commission, Ministry of Economic Affairs	Limit of investment in Mainland China stipulated by the Investment Commission, MOEA (Note 2)
\$17,906 (USD547 thousand) (Note 3)	\$17,906 (USD547 thousand) (Note 3)	\$790,148

(Note 1) Investment methods are divided into the following three types:

(I) Reinvesting in Mainland China through companies in a third region; (II) reinvesting with the Company's own funds in Mainland China; (III) other means

(Note 2) According to the amendments to the "Regulations Governing Permission for Investment or Technical Cooperation in Mainland China" and "Principles for the Review of Investment or Technical Cooperation in Mainland China" on August 22, 2008, the limit of percentage of the cumulative amount of an investor's investment in Mainland China based on other enterprises is as follows: 60% of the Company's net worth or consolidated net worth, whichever is higher.

(Note 3) The RMB to NTD exchange rate in the Table is based on the exchange rate of 4.453 at the end of December 2024.

The USD to NTD exchange rate in the Table is based on the exchange rate of 32.735 at the end of December 2024.

(Note 4) The Group's subsidiary, BCR, directly invested in Suzhou Youlian.

(Note 5) Already eliminated when the consolidated financial statements were prepared.

(Note 6) The financial statements of the investee were audited by the external auditor of the parent company in Taiwan.