

**CHENBRO MICOM CO., LTD. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2024 AND 2023**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

(25) PWCR 24004530

To the Board of Directors and Stockholders of Chenbro Micom Co., Ltd.

### ***Opinion***

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

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

### ***Basis for opinion***

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

## ***Key audit matters***

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

Key audit matters for the Group's 2024 consolidated financial statements are stated as follows:

### **Valuation of inventories**

#### Description

Refer to Note 4(13) for accounting policy on inventory valuation, Note 5 for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(6) for description of allowance for inventory valuation losses. As of December 31, 2024, the Group's carrying amount of inventories was NT\$2,186,657 thousand.

The Group is primarily engaged in manufacturing and sales of computer peripheral equipment. As technology changes rapidly and the life cycle of electronic products is short, inventories may become obsolete within a short period. The Group measures inventories at the lower of cost and net realisable value, and assesses whether the value of inventories has declined. For inventories exceeding a certain period and individually identified as obsolete, its net realisable value is calculated based on the historical information of individual inventory clearance which was periodically reviewed by management. As the value of inventory is significant, the inventory items are numerous, and the accounting estimates are subject to management's judgement, we considered the valuation of inventories a key audit matter.

#### How our audit addressed the matter

Our procedures in relation to valuation of inventories included:

- A. Obtaining the provision policies on allowance for inventory valuation losses and comparing whether the policies applied on allowance for inventory valuation losses

are consistent for all periods. Assessing the estimation determined by the management and relevant accounting estimates of allowance for inventory loss.

- B. Obtaining an understanding of judgement logic of parameters in the inventory cost and net realisable value calculation report and verifying the logical calculation accuracy of the report.
- C. Matching information obtained in physical count of disposed and obsolete inventory against the list prepared by management and interviewing management and employees to examine the obsolete, slow-moving or damaged inventories that were included in the list.
- D. Assessing the reasonableness of obsolete loss based on the inventory aging and clearance of inventory individually identified by management, and obtaining evidences.
- E. Obtaining details of net realisable value of inventory and amount of obsolescence loss, recalculating the accuracy and comparing against historical data.

### **Existence of sales revenue**

#### Description

Refer to Note 4(28) for the accounting policies on revenue recognition and Note 6(21) for details of revenue. The Group is primarily engaged in manufacturing and sales of computer peripheral equipment. The Group's trading counterparties are mostly world-renowned companies and with whom the Group has long-term business partnership. As the sales of the Company's top 10 trading counterparties accounted for over 80%, the newly top 10 and significant changes in revenue of top 10 trading counterparties are significant to the consolidated financial statements, we considered the existence of sales revenue from the newly top 10 and significant changes in revenue of top 10 trading counterparties a key audit matter.

#### How our audit addressed the matter

Our procedures in relation to the reasonableness of revenue recognition included:

- A. Assessing the revenue cycle and performing tests to determine whether the Group's revenue process is conducted in accordance with the internal control procedures.
- B. Checking the related industry background in respect of the newly top 10 trading counterparties and obtained the nature and reasonableness of the transactions.
- C. Obtaining and selecting samples to verify related vouchers of the sales revenue from the newly top 10 and significant changes in revenue of top 10 trading counterparties and confirming whether the sales revenue transactions of these trading counterparties actually occurred.
- D. Examining details of sales returns and discounts from the newly top 10 and significant changes in revenue of top 10 trading counterparties that occurred after the balance sheet date and confirming whether there were any significant sales returns and discounts that occurred.

***Other matter – Parent company only financial reports***

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

***Responsibilities of management and those charged with governance for the consolidated financial statements***

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless

management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

***Auditors' responsibilities for the audit of the consolidated financial statements***

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

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

- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. 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.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Hui-Lin, Pan

Pei-Chuan, Huang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 11, 2025

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

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



**CHENBRO MICOM CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars)

| Assets             |   | Notes      | December 31, 2024 |     | December 31, 2023 |     |
|--------------------|---|------------|-------------------|-----|-------------------|-----|
|                    |   |            | AMOUNT            | %   | AMOUNT            | %   |
| Current assets     |   |            |                   |     |                   |     |
| 1100               | Cash and cash equivalents   | 6(1)       | \$ 3,799,819      | 23  | \$ 2,947,153      | 21  |
| 1136               | Current financial assets at amortised cost, net                               | 6(4) and 8 | 740,616           | 5   | 31,924            | -   |
| 1150               | Notes receivable, net   | 6(5) and 7 | 36,062            | -   | 11,839            | -   |
| 1170               | Accounts receivable, net  | 6(5) and 7 | 3,633,865         | 22  | 3,598,978         | 26  |
| 1200               | Other receivables   | 7          | 66,535            | -   | 56,234            | -   |
| 1220               | Current income tax assets   | 6(27)      | 1,388             | -   | 4,306             | -   |
| 130X               | Inventories   | 6(6)       | 2,186,657         | 13  | 1,842,956         | 13  |
| 1410               | Prepayments   |            | 113,357           | 1   | 90,262            | 1   |
| 1470               | Other current assets  |            | 6,697             | -   | 4,459             | -   |
| 11XX               | Total current assets  |            | 10,584,996        | 64  | 8,588,111         | 61  |
| Non-current assets |   |            |                   |     |                   |     |
| 1510               | Non-current financial assets at fair value through profit or loss             | 6(2)       | 66,979            | -   | -                 | -   |
| 1517               | Non-current financial assets at fair value through other comprehensive income | 6(3)       | 209,709           | 1   | 91,547            | 1   |
| 1535               | Non-current financial assets at amortised cost                                | 6(4) and 8 | 600               | -   | 1,000             | -   |
| 1600               | Property, plant and equipment   | 6(7) and 8 | 5,314,374         | 32  | 4,874,679         | 35  |
| 1755               | Right-of-use assets   | 6(8)       | 54,731            | -   | 58,933            | -   |
| 1780               | Intangible assets   | 6(9)       | 63,487            | -   | 70,675            | 1   |
| 1840               | Deferred income tax assets  | 6(27)      | 235,102           | 2   | 248,973           | 2   |
| 1900               | Other non-current assets  | 6(7)(10)   | 113,833           | 1   | 53,166            | -   |
| 15XX               | Total non-current assets  |            | 6,058,815         | 36  | 5,398,973         | 39  |
| 1XXX               | Total assets  |            | \$ 16,643,811     | 100 | \$ 13,987,084     | 100 |

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**CHENBRO MICOM CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity                  |  |              | Notes | December 31, 2024 |     | December 31, 2023 |            |          |   |    |
|---|--|--------------|-------|-------------------|-----|-------------------|------------|----------|---|----|
|   |  |              |       | AMOUNT            | %   | AMOUNT            | %          |          |   |    |
| Liabilities                             |  |              |       |                   |     |                   |            |          |   |    |
| Current liabilities                     |  |              |       |                   |     |                   |            |          |   |    |
| 2100                                    | Short-term borrowings  | 6(11)        | \$    | 640,630           | 4   | \$                | 375,751    | 3        |   |    |
| 2130                                    | Current contract liabilities   | 6(21)        |       | 81,718            | 1   |                   | 54,423     | 1        |   |    |
| 2170                                    | Accounts payable   | 7            |       | 3,721,259         | 22  |                   | 3,037,503  | 22       |   |    |
| 2200                                    | Other payables   | 6(12) and 7  |       | 1,514,315         | 9   |                   | 1,432,469  | 10       |   |    |
| 2230                                    | Current income tax liabilities   |              |       | 231,675           | 1   |                   | 303,782    | 2        |   |    |
| 2280                                    | Current lease liabilities  |              |       | 4,768             | -   |                   | 8,990      | -        |   |    |
| 2320                                    | Long-term liabilities, current portion                                 | 6(14)        |       | 354,052           | 2   |                   | 444,153    | 3        |   |    |
| 2365                                    | Current refund liabilities   |              |       | 79,084            | 1   |                   | 20,955     | -        |   |    |
| 2399                                    | Other current liabilities  |              |       | 4,894             | -   |                   | 4,811      | -        |   |    |
| 21XX                                    | Total current liabilities  |              |       | 6,632,395         | 40  |                   | 5,682,837  | 41       |   |    |
| Non-current liabilities                 |  |              |       |                   |     |                   |            |          |   |    |
| 2530                                    | Bonds payable  | 6(13)        |       | 960,192           | 6   |                   | -          | -        |   |    |
| 2540                                    | Long-term borrowings   | 6(14)        |       | 1,711,014         | 10  |                   | 2,700,625  | 19       |   |    |
| 2570                                    | Deferred income tax liabilities  | 6(27)        |       | 55,740            | -   |                   | 1,743      | -        |   |    |
| 2580                                    | Non-current lease liabilities  |              |       | 2,970             | -   |                   | 3,578      | -        |   |    |
| 2600                                    | Other non-current liabilities  | 6(15)        |       | 17,658            | -   |                   | 20,466     | -        |   |    |
| 25XX                                    | Total non-current liabilities  |              |       | 2,747,574         | 16  |                   | 2,726,412  | 19       |   |    |
| 2XXX                                    | Total liabilities  |              |       | 9,379,969         | 56  |                   | 8,409,249  | 60       |   |    |
| Equity                                  |  |              |       |                   |     |                   |            |          |   |    |
| Equity attributable to owners of parent |  |              |       |                   |     |                   |            |          |   |    |
|   | Share capital  | 6(17)        |       |                   |     |                   |            |          |   |    |
| 3110                                    | Common stock   |              |       | 1,209,877         | 7   |                   | 1,205,945  | 9        |   |    |
|   | Capital surplus  | 6(18)        |       |                   |     |                   |            |          |   |    |
| 3200                                    | Capital surplus  |              |       | 383,452           | 3   |                   | 149,084    | 1        |   |    |
|   | Retained earnings  | 6(19)        |       |                   |     |                   |            |          |   |    |
| 3310                                    | Legal reserve  |              |       | 1,093,782         | 7   |                   | 985,172    | 7        |   |    |
| 3320                                    | Special reserve  |              |       | 176,796           | 1   |                   | 181,405    | 1        |   |    |
| 3350                                    | Unappropriated retained earnings                                       |              |       | 4,420,844         | 27  |                   | 3,192,304  | 23       |   |    |
|   | Other equity interest  | 6(20)        |       |                   |     |                   |            |          |   |    |
| 3400                                    | Other equity interest  |              | (     | 110,471)          | (   | 2)                | (          | 187,252) | ( | 1) |
| 31XX                                    | Equity attributable to owners of the parent                            |              |       | 7,174,280         | 43  |                   | 5,526,658  | 40       |   |    |
| 36XX                                    | Non-controlling interests  |              |       | 89,562            | 1   |                   | 51,177     | -        |   |    |
| 3XXX                                    | Total equity   |              |       | 7,263,842         | 44  |                   | 5,577,835  | 40       |   |    |
|   | Significant contingent liabilities and unrecorded contract commitments | 9            |       |                   |     |                   |            |          |   |    |
|   | Significant events after the balance sheet date                        | 6(19) and 11 |       |                   |     |                   |            |          |   |    |
| 3X2X                                    | Total liabilities and equity   |              | \$    | 16,643,811        | 100 | \$                | 13,987,084 | 100      |   |    |

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

**CHENBRO MICOM CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

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

|  |                |    | Year ended December 31 |       |               |       |
|--|----------------|----|------------------------|-------|---------------|-------|
|  |                |    | 2024                   |       | 2023          |       |
| Items  | Notes          |    | AMOUNT                 | %     | AMOUNT        | %     |
| 4000 Operating revenue                       | 6(21) and 7    | \$ | 14,517,185             | 100   | \$ 11,247,258 | 100   |
| 5000 Operating costs                         | 6(6)(26) and 7 | (  | 10,727,398)            | ( 74) | ( 8,673,431)  | ( 77) |
| 5950 Net operating margin                    |                |    | 3,789,787              | 26    | 2,573,827     | 23    |
| Operating expenses                           | 6(26) and 7    |    |                        |       |               |       |
| 6100 Selling expenses                        |                | (  | 393,726)               | ( 3)  | ( 362,045)    | ( 3)  |
| 6200 General and administrative expenses     |                | (  | 665,515)               | ( 4)  | ( 574,519)    | ( 5)  |
| 6300 Research and development expenses       |                | (  | 287,280)               | ( 2)  | ( 201,979)    | ( 2)  |
| 6450 Expected credit impairment gain         | 12(2)          |    | 993                    | -     | 11,250        | -     |
| 6000 Total operating expenses                |                | (  | 1,345,528)             | ( 9)  | ( 1,127,293)  | ( 10) |
| 6500 Net other income (expenses)             |                |    | 62,017                 | -     | 15,182        | -     |
| 6900 Operating profit                        |                |    | 2,506,276              | 17    | 1,461,716     | 13    |
| Non-operating income and expenses            |                |    |                        |       |               |       |
| 7100 Interest income                         | 6(4)(22)       |    | 58,996                 | -     | 33,196        | -     |
| 7010 Other income                            | 6(23)          |    | 32,003                 | -     | 45,936        | 1     |
| 7020 Other gains and losses                  | 6(2)(24)       |    | 91,683                 | 1     | ( 31,555)     | -     |
| 7050 Finance costs                           | 6(25)          | (  | 77,865)                | -     | ( 79,657)     | ( 1)  |
| 7000 Total non-operating income and expenses |                |    | 104,817                | 1     | ( 32,080)     | -     |
| 7900 Profit before income tax                |                |    | 2,611,093              | 18    | 1,429,636     | 13    |
| 7950 Income tax expense                      | 6(27)          | (  | 639,177)               | ( 4)  | ( 322,596)    | ( 3)  |
| 8200 Profit for the year                     |                | \$ | 1,971,916              | 14    | \$ 1,107,040  | 10    |

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**CHENBRO MICOM CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

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

| Items  | Notes    | Year ended December 31 |           |                     |           |
|--|----------|------------------------|-----------|---------------------|-----------|
|  |          | 2024                   |           | 2023                |           |
|  |          | AMOUNT                 | %         | AMOUNT              | %         |
| <b>Other comprehensive income</b>  |          |                        |           |                     |           |
| <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>                        |          |                        |           |                     |           |
| 8311 Gain on remeasurement of defined benefit plan   |          | \$ 2,431               | -         | \$ 809              | -         |
| 8316 Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income | 6(3)(20) | 12,246                 | -         | 37,497              | -         |
| 8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss    |          | (486)                  | -         | (161)               | -         |
| 8310 Other comprehensive income that will not be reclassified to profit or loss  |          | 14,191                 | -         | 38,145              | -         |
| <b>Components of other comprehensive income that will be reclassified to profit or loss</b>                            |          |                        |           |                     |           |
| 8361 Financial statements translation differences of foreign operations  | 6(20)    | 143,225                | 1         | (32,888)            | -         |
| 8360 Other comprehensive income (loss) that will be reclassified to profit or loss                                     |          | 143,225                | 1         | (32,888)            | -         |
| 8300 <b>Total other comprehensive income for the year</b>  |          | <u>\$ 157,416</u>      | <u>1</u>  | <u>\$ 5,257</u>     | <u>-</u>  |
| 8500 <b>Total comprehensive income for the year</b>  |          | <u>\$ 2,129,332</u>    | <u>15</u> | <u>\$ 1,112,297</u> | <u>10</u> |
| Profit attributable to:  |          |                        |           |                     |           |
| 8610 Owners of the parent  |          | \$ 1,933,531           | 14        | \$ 1,085,456        | 10        |
| 8620 Non-controlling interest  |          | 38,385                 | -         | 21,584              | -         |
|  |          | <u>\$ 1,971,916</u>    | <u>14</u> | <u>\$ 1,107,040</u> | <u>10</u> |
| Comprehensive income attributable to:  |          |                        |           |                     |           |
| 8710 Owners of the parent  |          | \$ 2,090,947           | 15        | \$ 1,090,713        | 10        |
| 8720 Non-controlling interest  |          | 38,385                 | -         | 21,584              | -         |
|  |          | <u>\$ 2,129,332</u>    | <u>15</u> | <u>\$ 1,112,297</u> | <u>10</u> |
| Earnings per share (in dollars)  | 6(28)    |                        |           |                     |           |
| 9750 Basic earnings per share  |          | <u>\$ 16.05</u>        |           | <u>\$ 9.03</u>      |           |
| 9850 Diluted earnings per share  |          | <u>\$ 15.60</u>        |           | <u>\$ 8.95</u>      |           |

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

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

|   |                                 | Equity attributable to owners of the parent |  |                                |                                   |                                      |                 |  |   |  |                         |              |                              |              |  |
|---|---------------------------------|---|--|--------------------------------|-----------------------------------|--------------------------------------|-----------------|--|---|--|-------------------------|--------------|------------------------------|--------------|--|
|   |                                 | Capital Reserves                            |  |                                |                                   | Retained Earnings                    |                 |  | Other Equity Interest   |  |                         |              |                              |              |  |
|   |                                 |   | Capital surplus,<br>additional paid-<br>in capital | Treasury stock<br>transactions | Capital surplus,<br>share options | Capital Surplus,<br>restricted stock |                 | Unappropriated<br>retained<br>earnings | Financial<br>statements<br>translation<br>differences of<br>foreign<br>operations | Unrealised gains<br>from financial<br>assets measured<br>at fair value<br>through other<br>comprehensive<br>income | Other equity,<br>others | Total        | Non-controlling<br>interests | Total equity |  |
| Notes   | Share capital -<br>common stock |   |  |                                |                                   | Legal reserve                        | Special reserve |  |   |  |                         |              |                              |              |  |
| <u>2023</u>   |                                 |   |  |                                |                                   |                                      |                 |  |   |  |                         |              |                              |              |  |
| Balance at January 1, 2023                              | \$ 1,206,320                    | \$ 76,418                                   | \$ 6,222   | \$ -                           | \$ 66,069                         | \$ 885,097                           | \$ 270,716      | \$ 2,599,492                           | (\$ 200,761)  | \$ 19,356  | (\$ 21,787)             | \$ 4,907,142 | \$ 29,593                    | \$ 4,936,735 |  |
| Profit for the year                                     | -                               | -   | -  | -                              | -                                 | -                                    | -               | 1,085,456                              | -   | -  | -                       | 1,085,456    | 21,584                       | 1,107,040    |  |
| Other comprehensive income (loss) for the year 6(3)(20) | -                               | -   | -  | -                              | -                                 | -                                    | -               | 648                                    | ( 32,888)   | 37,497   | -                       | 5,257        | -                            | 5,257        |  |
| Total comprehensive income (loss) for the year          | -                               | -   | -  | -                              | -                                 | -                                    | -               | 1,086,104                              | ( 32,888)   | 37,497   | -                       | 1,090,713    | 21,584                       | 1,112,297    |  |
| Distribution of 2022 earnings                           |                                 |   |  |                                |                                   |                                      |                 |  |   |  |                         |              |                              |              |  |
| Legal reserve   | -                               | -   | -  | -                              | -                                 | 100,075                              | -               | ( 100,075)                             | -   | -  | -                       | -            | -                            | -            |  |
| Reversal of special reserve                             | -                               | -   | -  | -                              | -                                 | -                                    | ( 89,311)       | 89,311                                 | -   | -  | -                       | -            | -                            | -            |  |
| Cash dividends  | -                               | -   | -  | -                              | -                                 | -                                    | -               | ( 482,528)                             | -   | -  | -                       | ( 482,528)   | -                            | ( 482,528)   |  |
| Share-based payment 6(16)                               | ( 375)                          | 18,597                                      | -  | -                              | ( 18,222)                         | -                                    | -               | -                                      | -   | -  | 11,331                  | 11,331       | -                            | 11,331       |  |
| Balance at December 31, 2023                            | \$ 1,205,945                    | \$ 95,015                                   | \$ 6,222   | \$ -                           | \$ 47,847                         | \$ 985,172                           | \$ 181,405      | \$ 3,192,304                           | (\$ 233,649)  | \$ 56,853  | (\$ 10,456)             | \$ 5,526,658 | \$ 51,177                    | \$ 5,577,835 |  |
| <u>2024</u>   |                                 |   |  |                                |                                   |                                      |                 |  |   |  |                         |              |                              |              |  |
| Balance at January 1, 2024                              | \$ 1,205,945                    | \$ 95,015                                   | \$ 6,222   | \$ -                           | \$ 47,847                         | \$ 985,172                           | \$ 181,405      | \$ 3,192,304                           | (\$ 233,649)  | \$ 56,853  | (\$ 10,456)             | \$ 5,526,658 | \$ 51,177                    | \$ 5,577,835 |  |
| Profit for the year                                     | -                               | -   | -  | -                              | -                                 | -                                    | -               | 1,933,531                              | -   | -  | -                       | 1,933,531    | 38,385                       | 1,971,916    |  |
| Other comprehensive income for the year 6(3)(20)        | -                               | -   | -  | -                              | -                                 | -                                    | -               | 1,945                                  | 143,225   | 12,246   | -                       | 157,416      | -                            | 157,416      |  |
| Total comprehensive income for the year                 | -                               | -   | -  | -                              | -                                 | -                                    | -               | 1,935,476                              | 143,225   | 12,246   | -                       | 2,090,947    | 38,385                       | 2,129,332    |  |
| Distribution of 2023 earnings                           |                                 |   |  |                                |                                   |                                      |                 |  |   |  |                         |              |                              |              |  |
| Legal reserve   | -                               | -   | -  | -                              | -                                 | 108,610                              | -               | ( 108,610)                             | -   | -  | -                       | -            | -                            | -            |  |
| Reversal of special reserve                             | -                               | -   | -  | -                              | -                                 | -                                    | ( 4,609)        | 4,609                                  | -   | -  | -                       | -            | -                            | -            |  |
| Cash dividends  | -                               | -   | -  | -                              | -                                 | -                                    | -               | ( 602,935)                             | -   | -  | -                       | ( 602,935)   | -                            | ( 602,935)   |  |
| Issuance of convertible bonds payable 6(13)             | -                               | -   | -  | 154,262                        | -                                 | -                                    | -               | -                                      | -   | -  | -                       | 154,262      | -                            | 154,262      |  |
| Conversion of convertible bonds 6(13)                   | 7                               | 212   | -  | ( 30)                          | -                                 | -                                    | -               | -                                      | -   | -  | -                       | 189          | -                            | 189          |  |
| Issuance of restricted stocks 6(16)                     | 4,000                           | -   | -  | -                              | 110,800                           | -                                    | -               | -                                      | -   | -  | ( 114,800)              | -            | -                            | -            |  |
| Redemption of restricted stocks                         | ( 75)                           | -   | -  | -                              | 75                                | -                                    | -               | -                                      | -   | -  | -                       | -            | -                            | -            |  |
| Share-based payment 6(16)                               | -                               | 16,971                                      | -  | -                              | ( 47,922)                         | -                                    | -               | -                                      | -   | -  | 36,110                  | 5,159        | -                            | 5,159        |  |
| Balance at December 31, 2024                            | \$ 1,209,877                    | \$ 112,198                                  | \$ 6,222   | \$ 154,232                     | \$ 110,800                        | \$ 1,093,782                         | \$ 176,796      | \$ 4,420,844                           | (\$ 90,424)   | \$ 69,099  | (\$ 89,146)             | \$ 7,174,280 | \$ 89,562                    | \$ 7,263,842 |  |

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

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

|   |             | Year ended December 31 |                  |
|---|-------------|------------------------|------------------|
|   | Notes       | 2024                   | 2023             |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                       |             |                        |                  |
| Profit before tax   |             | \$ 2,611,093           | \$ 1,429,636     |
| Adjustments   |             |                        |                  |
| Adjustments to reconcile profit (loss)                            |             |                        |                  |
| Expected credit impairment gain                                   | 12(2)       | ( 993 )                | ( 11,250 )       |
| Depreciation  | 6(7)(8)(26) | 332,993                | 289,704          |
| Amortization  | 6(9)(26)    | 12,595                 | 8,487            |
| Net loss on financial assets at fair value through profit or loss |             | 2,500                  | -                |
| Interest expense  | 6(25)       | 77,865                 | 79,657           |
| Interest income   | 6(22)       | ( 58,996 )             | ( 33,196 )       |
| Dividend income   | 6(23)       | ( 1,596 )              | -                |
| (Gain) loss on disposal of property, plant and equipment          | 6(24)       | ( 40 )                 | 198              |
| Share-based payment   | 6(16)       | 5,159                  | 11,331           |
| Changes in operating assets and liabilities                       |             |                        |                  |
| Changes in operating assets                                       |             |                        |                  |
| Notes receivable, net   |             | ( 24,223 )             | 7,025            |
| Accounts receivable   |             | ( 33,910 )             | ( 1,239,982 )    |
| Other receivables   |             | ( 4,102 )              | ( 4,930 )        |
| Inventories   |             | ( 344,959 )            | 543,312          |
| Prepayments   |             | ( 23,095 )             | 93,156           |
| Other current assets  |             | ( 2,238 )              | ( 770 )          |
| Non-current financial assets at fair value through profit or loss |             | ( 65,580 )             | -                |
| Changes in operating liabilities                                  |             |                        |                  |
| Current contract liabilities                                      |             | 27,295                 | 46,145           |
| Accounts payable  |             | 683,756                | 1,058,905        |
| Other payables  |             | 90,796                 | 575,384          |
| Current refund liabilities  |             | 58,129                 | 20,955           |
| Other current liabilities   |             | 83                     | ( 2,406 )        |
| Other non-current liabilities                                     |             | ( 642 )                | ( 636 )          |
| Cash inflow generated from operations                             |             | 3,341,890              | 2,870,725        |
| Interest received   |             | 52,797                 | 33,044           |
| Interest paid   |             | ( 57,158 )             | ( 79,986 )       |
| Dividends received  |             | 1,596                  | -                |
| Income tax paid   |             | ( 640,984 )            | ( 299,863 )      |
| Net cash flows from operating activities                          |             | <u>2,698,141</u>       | <u>2,523,920</u> |

(Continued)

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

|  |           | Year ended December 31 |                     |
|--|-----------|------------------------|---------------------|
|  | Notes     | 2024                   | 2023                |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>  |           |                        |                     |
| Acquisition of financial assets at fair value through other comprehensive income         |           | (\$ 165,919 )          | \$ -                |
| Return of capital from financial assets at fair value through other comprehensive income |           | 60,003                 | -                   |
| Acquisition of financial assets at amortised cost  |           | ( 916,410 )            | ( 4,474 )           |
| Proceeds from disposal of financial assets at amortised cost                             |           | 228,199                | 4,283               |
| Acquisition of property, plant and equipment   | 6(29)     | ( 789,127 )            | ( 215,401 )         |
| Proceeds from disposal of property, plant and equipment                                  |           | 499                    | 1,512               |
| Acquisition of intangible assets   | 6(9)(29)  | ( 3,925 )              | ( 29,709 )          |
| (Increase) decrease in other non-current assets  |           | ( 3,927 )              | 10,050              |
| Net cash flows used in investing activities  |           | ( 1,590,607 )          | ( 233,739 )         |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>  |           |                        |                     |
| Increase in short-term borrowings  | 6(30)     | 1,601,057              | 2,818,130           |
| Repayment of short-term borrowings   | 6(30)     | ( 1,343,874 )          | ( 3,983,968 )       |
| Increase in long-term borrowings (including current portion)                             | 6(30)     | 320,000                | 910,856             |
| Repayment of long-term borrowings (including current portion)                            | 6(30)     | ( 1,405,303 )          | ( 426,800 )         |
| Payment of the principal of lease liabilities  | 6(8)(30)  | ( 9,040 )              | ( 10,341 )          |
| Net issuance of convertible bonds  | 6(13)(30) | 1,091,530              | -                   |
| Increase in guarantee deposits received  | 6(30)     | 272                    | -                   |
| Payment of cash dividends  | 6(19)     | ( 602,935 )            | ( 482,528 )         |
| Net cash flows used in financing activities  |           | ( 348,293 )            | ( 1,174,651 )       |
| Effect on foreign exchange difference  |           | 93,425                 | ( 21,095 )          |
| Net increase in cash and cash equivalents  |           | 852,666                | 1,094,435           |
| Cash and cash equivalents at beginning of year   | 6(1)      | 2,947,153              | 1,852,718           |
| Cash and cash equivalents at end of year   | 6(1)      | <u>\$ 3,799,819</u>    | <u>\$ 2,947,153</u> |

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

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

1. HISTORY AND ORGANISATION

Chenbro Micom Co., Ltd. was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in December 1983. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in computer software design, export and import of computer products and peripherals, and design, manufacturing, processing and trading of computer peripherals and system of expendables.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were reported to the Board of Directors on March 11, 2025.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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



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

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

| New Standards, Interpretations and Amendments   | Effective date by<br>International Accounting<br>Standards Board |
|---|--|
| Amendments to IAS 21, 'Lack of exchangeability' | January 1, 2025  |

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

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

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

| New Standards, Interpretations and Amendments   | Effective date by<br>International Accounting<br>Standards Board   |
|---|--|
| Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'              | January 1, 2026  |
| Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'                                     | January 1, 2026  |
| Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture' | To be determined by<br>International Accounting<br>Standards Board |
| IFRS 17, 'Insurance contracts'  | January 1, 2023  |
| Amendments to IFRS 17, 'Insurance contracts'  | January 1, 2023  |
| Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'                               | January 1, 2023  |
| IFRS 18, 'Presentation and disclosure in financial statements'  | January 1, 2027  |
| IFRS 19, 'Subsidiaries without public accountability: disclosures'  | January 1, 2027  |
| Annual Improvements to IFRS Accounting Standards—Volume 11  | January 1, 2026  |

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

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

#### 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

##### (1) Compliance statement

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

##### (2) Basis of preparation

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

##### (3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
  - (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
  - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
  - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-

controlling interests having a deficit balance.

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

B. Subsidiaries included in the consolidated financial statements:

| Name of investor            | Name of subsidiary                                    | Main business activities        | Ownership (%)     |                   | Description |
|-----------------------------|---|---------------------------------|-------------------|-------------------|-------------|
|                             |   |                                 | December 31, 2024 | December 31, 2023 |             |
| Chenbro Micom Co., Ltd.     | Micom-Source Holding Co.                              | Holding company                 | 100               | 100               |             |
| Chenbro Micom Co., Ltd.     | Chenbro Micom (USA) INC.                              | General trading company         | 100               | 100               |             |
| Chenbro Micom Co., Ltd.     | CLOUDWELL HOLDINGS, LLC.                              | Real estate leasing company     | 100               | 100               |             |
| Chenbro Micom Co., Ltd.     | Chenbro GmbH  | General trading company         | 100               | 100               |             |
| Chenbro Micom Co., Ltd.     | Chen-Feng Precision Co., Ltd.                         | Manufacturing of NCT            | 70                | 70                |             |
| Chenbro Micom Co., Ltd.     | CHENBRO (MALAYSIA) SDN.BHD.                           | Manufacturing of computer cases | 100               | -                 | Note 1      |
| Micom-Source Holding Co.    | AMAC International Co.                                | Holding company                 | 100               | 100               |             |
| Micom-Source Holding Co.    | AMBER International Company                           | Holding company                 | 100               | 100               |             |
| Micom-Source Holding Co.    | PROCASE & MOREX Corporation                           | Holding company                 | 100               | 100               |             |
| AMBER International Company | Chenbro Technology (Kunshan) Co., Ltd.                | Manufacturing of computer cases | 100               | 100               |             |
| AMBER International Company | ChenPower Information Technology (Shanghai) Co., Ltd. | General trading company         | 100               | 100               |             |

| Name of investor            | Name of subsidiary                    | Main business activities        | Ownership (%)     |                   | Description |
|-----------------------------|---------------------------------------|---------------------------------|-------------------|-------------------|-------------|
|                             |                                       |                                 | December 31, 2024 | December 31, 2023 |             |
| PROCASE & MOREX Corporation | Dongguan Procace Electronic Co., Ltd. | Manufacturing of computer cases | 88                | 88                |             |
| AMAC International Co.      | Dongguan Procace Electronic Co., Ltd. | Manufacturing of computer cases | 12                | 12                |             |
| CLOUDWELL HOLDINGS, LLC.    | CLOUDWELL (USA) CORPORATION           | Manufacturing of NCT            | -                 | -                 | Note 2      |

Note 1: CHENBRO (MALAYSIA) SDN. BHD. was established on October 8, 2024.

Note 2: CLOUDWELL (USA) CORPORATION was established on December 20, 2024, with its funds in place by February 2025.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

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

B. Translation of foreign operations

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

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

B. Liabilities that meet one of the following criteria are classified as current liabilities:

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

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

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

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

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

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
  - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories are recorded at standard cost and variances are allocated to inventories and cost of goods sold at the balance sheet date. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads allocated based on normal operating capacity. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

|                                  |            |
|----------------------------------|------------|
| Buildings and structures         | 5~50 years |
| Machinery and equipment          | 6~12 years |
| Mold equipment                   | 2~4 years  |
| Computer communication equipment | 3~5 years  |
| Testing equipment                | 3~10 years |
| Transportation equipment         | 5 years    |
| Office equipment                 | 3~10 years |
| Other equipment                  | 3~5 years  |

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

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable; and
- (b) Variable lease payments that depend on an index or a rate.

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

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

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

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



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

(16) Intangible assets

A. Trademarks

Separately acquired trademarks are stated at historical cost. Trademarks have a finite useful life and are amortised on a straight-line basis over their estimated useful lives of 10 years.

B. Computer software

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

C. Patents

Patents are stated at cost and amortised on a straight-line basis over its estimated useful life of 4 to 10 years.

(17) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(19) Accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services.

B. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Convertible bonds payable

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

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

(21) Derecognition of financial liabilities

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

(22) Offsetting financial instruments

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

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date).
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(24) Employee share-based payment

- A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.
- B. Restricted stocks:
  - (a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.
  - (b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Company recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.
  - (c) For restricted stocks where employees do not need to pay to acquire those stocks, the Company will redeem at no consideration and retire the unvested stocks if employees resign during the vesting period.

(25) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) Share capital

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

subsequently reissued, the difference between their carrying amount and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(27) Dividends

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

(28) Revenue recognition

- A. The Group manufactures and sells computer cases and related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- B. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. No element of financing is deemed present as the sales are made with a credit term after the transfer of controls in 45 to 60 days, which is consistent with market practice.
- C. A receivable is recognised when the control of products is transferred as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.
- D. The Group offers sales discounts and allowances, which is estimated based on historical experience. Refund liability is recorded when the sales are recognised, and sales discounts and allowances are estimated based on sales amounts.

(29) Government grants

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

(30) Operating segments

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

Board of Directors that makes strategic decisions.

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

The preparation of these consolidated financial statements does not require management to make critical judgements in applying the Group's accounting policies. The management makes critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

The Group's inventories are stated at the lower of cost and net realisable value. There might be material changes to the evaluation of inventory value as the technology changes rapidly, the items of the inventory in the balance sheet date are numerous, and the identification of obsolete inventory and determination of net realisable value are subject to management's judgement.

As of December 31, 2024, the carrying amount of inventories was \$2,186,657.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

|                             | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|-----------------------------|--------------------------|--------------------------|
| Petty cash and cash on hand | \$ 301                   | \$ 277                   |
| Checking account deposits   | 47,111                   | 523,722                  |
| Demand deposits             | 311,207                  | 198,518                  |
| Time deposits               | 2,163,339                | 534,809                  |
| Foreign currency deposits   | <u>1,277,861</u>         | <u>1,689,827</u>         |
|                             | <u>\$ 3,799,819</u>      | <u>\$ 2,947,153</u>      |

- A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Group has reclassified restricted cash and cash equivalents and time deposits with maturity over three months to 'current financial assets at amortised cost' and 'non-current financial assets at amortised cost'. Details of pledged assets are provided in Note 8.

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

|  | December 31, 2024 | December 31, 2023 |
|--|-------------------|-------------------|
| Non-current items:   |                   |                   |
| Financial assets mandatorily measured at fair value through profit or loss |                   |                   |
| Put options of convertible bonds   | \$ 1,399          | \$ -              |
| Private equity fund investment   | 65,580            | -                 |
|  | <u>\$ 66,979</u>  | <u>\$ -</u>       |

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

|  | Years ended December 31, |      |
|--|--------------------------|------|
|  | 2024                     | 2023 |
| Financial assets mandatorily measured at fair value through profit or loss |                          |      |
| Put options of convertible bonds   | (\$ 2,500)               | \$ - |

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

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

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

| Items              | December 31, 2024 | December 31, 2023 |
|--------------------|-------------------|-------------------|
| Non-current items: |                   |                   |
| Equity instruments |                   |                   |
| Listed stocks      | \$ 146,500        | \$ -              |
| Unlisted stocks    | 63,209            | 91,547            |
|                    | <u>\$ 209,709</u> | <u>\$ 91,547</u>  |

A. The Group has elected to classify stock investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$209,709 and \$91,547 as at December 31, 2024 and 2023, respectively.

- B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

|  | Years ended December 31, |           |
|--|--------------------------|-----------|
|  | 2024                     | 2023      |
| <u>Equity instruments at fair value through other comprehensive income</u> |                          |           |
| Fair value change recognised in other comprehensive income                 | \$ 12,246                | \$ 37,497 |
| Dividend income recognised in profit or loss                               |                          |           |
| Held at end of year  | \$ 1,596                 | \$ -      |

- C. As at December 31, 2024 and 2023, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$209,709 and \$91,547, respectively.

- D. Information relating to credit risk is provided in Note 12(2).

(4) Financial assets at amortised cost

| Items  | December 31, 2024 | December 31, 2023 |
|--|-------------------|-------------------|
| Current items:                                     |                   |                   |
| Time deposits                                      | \$ 730,616        | \$ -              |
| Pledged bank deposits<br>(including time deposits) | 10,000            | 31,924            |
|  | <u>\$ 740,616</u> | <u>\$ 31,924</u>  |
| Non-current items:                                 |                   |                   |
| Time deposits                                      | \$ -              | \$ 1,000          |
| Pledged bank deposits<br>(including time deposits) | 600               | -                 |
|  | <u>\$ 600</u>     | <u>\$ 1,000</u>   |

- A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

|                 | Years ended December 31, |        |
|-----------------|--------------------------|--------|
|                 | 2024                     | 2023   |
| Interest income | \$ 9,835                 | \$ 178 |

- B. As at December 31, 2024 and 2023, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$741,216 and \$32,924, respectively.

- C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

- D. Information on financial assets at amortised cost pledged to others is provided in Note 8.



(5) Accounts and notes receivable

|  | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|--|--------------------------|--------------------------|
| Notes receivable                           | <u>\$ 36,062</u>         | <u>\$ 11,839</u>         |
| Accounts receivable                        | \$ 3,634,824             | \$ 3,600,914             |
| Less: Allowance for uncollectible accounts | ( 959)                   | ( 1,936)                 |
|  | <u>\$ 3,633,865</u>      | <u>\$ 3,598,978</u>      |

A. The ageing analysis of accounts and notes receivable is as follows:

|                | <u>December 31, 2024</u>   |                         | <u>December 31, 2023</u>   |                         |
|----------------|----------------------------|-------------------------|----------------------------|-------------------------|
|                | <u>Accounts receivable</u> | <u>Notes receivable</u> | <u>Accounts receivable</u> | <u>Notes receivable</u> |
| Not past due   | \$ 3,431,340               | \$ 36,062               | \$ 3,440,486               | \$ 11,839               |
| Up to 30 days  | 161,521                    | -                       | 112,188                    | -                       |
| 31 to 60 days  | 39,098                     | -                       | 40,371                     | -                       |
| 61 to 90 days  | 1,303                      | -                       | 1,400                      | -                       |
| 91 to 180 days | 801                        | -                       | 5,857                      | -                       |
| Over 181 days  | 761                        | -                       | 612                        | -                       |
|                | <u>\$ 3,634,824</u>        | <u>\$ 36,062</u>        | <u>\$ 3,600,914</u>        | <u>\$ 11,839</u>        |

The above ageing analysis was based on past due date.

B. As of December 31, 2024, December 31, 2023 and January 1, 2023, the balances of receivables (including notes receivable) from contracts with customers amounted to \$3,670,886, \$3,612,753 and \$2,379,796, respectively.

C. The Group does not hold any collateral as security as at December 31, 2024 and 2023, and the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable was \$36,062 and \$11,839 and accounts receivable was \$3,633,865 and \$3,598,978, respectively.

D. Information relating to credit risk is provided in Note 12(2).

(6) Inventories

|                     | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|---------------------|--------------------------|--------------------------|
| Raw materials       | \$ 347,722               | \$ 368,293               |
| Semi-finished goods | 404,247                  | 307,590                  |
| Work in progress    | 206,288                  | 66,429                   |
| Finished goods      | 1,228,400                | 1,100,644                |
|                     | <u>\$ 2,186,657</u>      | <u>\$ 1,842,956</u>      |

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

|                                   | Years ended December 31, |                     |
|-----------------------------------|--------------------------|---------------------|
|                                   | 2024                     | 2023                |
| Cost of goods sold                | \$ 10,748,219            | \$ 8,204,024        |
| Sale of scraps                    | ( 27,480)                | ( 21,417)           |
| Loss on decline in market value   | 10,438                   | 485,698             |
| (Gain) loss on physical inventory | ( 3,779)                 | 5,126               |
|                                   | <u>\$ 10,727,398</u>     | <u>\$ 8,673,431</u> |

B. The Group has no inventories pledged to others.

## (7) Property, plant and equipment

|   | Land                | Buildings and structures | Machinery and equipment | Mold equipment    | Computer communication equipment | Testing equipment | Transportation equipment | Office equipment | Others           | Unfinished construction and equipment under acceptance | Total               | Prepayments for land, construction, and equipment (Note) |
|---|---------------------|--------------------------|-------------------------|-------------------|----------------------------------|-------------------|--------------------------|------------------|------------------|--|---------------------|--|
| <u>At January 1, 2024</u>               |                     |                          |                         |                   |                                  |                   |                          |                  |                  |  |                     |  |
| Cost                                    | \$ 1,340,612        | \$ 3,671,151             | \$ 956,474              | \$ 506,733        | \$ 138,434                       | \$ 66,478         | \$ 19,722                | \$ 87,326        | \$ 86,610        | \$ 77,543  | \$ 6,951,083        | \$ 33,469  |
| Accumulated depreciation and impairment | -                   | ( 902,052)               | ( 488,398)              | ( 443,604)        | ( 79,837)                        | ( 40,458)         | ( 19,060)                | ( 50,423)        | ( 52,572)        | -  | ( 2,076,404)        | -  |
|   | <u>\$ 1,340,612</u> | <u>\$ 2,769,099</u>      | <u>\$ 468,076</u>       | <u>\$ 63,129</u>  | <u>\$ 58,597</u>                 | <u>\$ 26,020</u>  | <u>\$ 662</u>            | <u>\$ 36,903</u> | <u>\$ 34,038</u> | <u>\$ 77,543</u>                                       | <u>\$ 4,874,679</u> | <u>\$ 33,469</u>   |
| <u>2024</u>                             |                     |                          |                         |                   |                                  |                   |                          |                  |                  |  |                     |  |
| Opening net book amount                 | \$ 1,340,612        | \$ 2,769,099             | \$ 468,076              | \$ 63,129         | \$ 58,597                        | \$ 26,020         | \$ 662                   | \$ 36,903        | \$ 34,038        | \$ 77,543  | \$ 4,874,679        | \$ 33,469  |
| Additions                               | 303,387             | 106,642                  | 84,173                  | 160,789           | 2,854                            | 100               | 370                      | 764              | 7,433            | 20,650   | 687,162             | 91,490   |
| Disposals                               | -                   | -                        | ( 361)                  | -                 | ( 23)                            | ( 4)              | -                        | ( 1)             | ( 70)            | -  | ( 459)              | -  |
| Transfers (Note)                        | -                   | 1,820                    | 19,453                  | 1,258             | -                                | 830               | -                        | -                | 66,355           | ( 54,983)  | 34,733              | ( 33,475)  |
| Depreciation charges                    | -                   | ( 129,196)               | ( 78,695)               | ( 59,168)         | ( 18,896)                        | ( 7,504)          | ( 463)                   | ( 10,034)        | ( 18,977)        | -  | ( 322,933)          | -  |
| Effects of foreign exchange             | <u>4,852</u>        | <u>27,335</u>            | <u>6,027</u>            | <u>2,261</u>      | <u>245</u>                       | <u>138</u>        | <u>22</u>                | <u>43</u>        | <u>269</u>       | <u>-</u>   | <u>41,192</u>       | <u>33</u>  |
| Closing net book amount                 | <u>\$ 1,648,851</u> | <u>\$ 2,775,700</u>      | <u>\$ 498,673</u>       | <u>\$ 168,269</u> | <u>\$ 42,777</u>                 | <u>\$ 19,580</u>  | <u>\$ 591</u>            | <u>\$ 27,675</u> | <u>\$ 89,048</u> | <u>\$ 43,210</u>                                       | <u>\$ 5,314,374</u> | <u>\$ 91,517</u>   |
| <u>At December 31, 2024</u>             |                     |                          |                         |                   |                                  |                   |                          |                  |                  |  |                     |  |
| Cost                                    | \$ 1,648,851        | \$ 3,834,469             | \$ 1,075,672            | \$ 639,890        | \$ 135,779                       | \$ 67,930         | \$ 20,672                | \$ 88,893        | \$ 160,590       | \$ 43,210  | \$ 7,715,956        | \$ 91,517  |
| Accumulated depreciation and impairment | -                   | ( 1,058,769)             | ( 576,999)              | ( 471,621)        | ( 93,002)                        | ( 48,350)         | ( 20,081)                | ( 61,218)        | ( 71,542)        | -  | ( 2,401,582)        | -  |
|   | <u>\$ 1,648,851</u> | <u>\$ 2,775,700</u>      | <u>\$ 498,673</u>       | <u>\$ 168,269</u> | <u>\$ 42,777</u>                 | <u>\$ 19,580</u>  | <u>\$ 591</u>            | <u>\$ 27,675</u> | <u>\$ 89,048</u> | <u>\$ 43,210</u>                                       | <u>\$ 5,314,374</u> | <u>\$ 91,517</u>   |

Note: Prepayments for land, construction, and equipment are shown as 'other non-current assets'. Details are provided in Note 6(10).

- The significant components of buildings include buildings and accessory equipment of buildings, which are depreciated over 10~50 years and 5~11 years, respectively.
- Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- The net difference of the transfers for this year resulted from the transfer from inventories amounting to \$1,258.
- No borrowing cost was capitalized as part of property, plant and equipment for this year.

|   | Land                | Buildings and structures | Machinery and equipment | Mold equipment   | Computer communication equipment | Testing equipment | Transportation equipment | Office equipment | Others           | Unfinished construction and equipment under acceptance | Total               | Prepayments for land, construction and equipment (Note) |
|---|---------------------|--------------------------|-------------------------|------------------|----------------------------------|-------------------|--------------------------|------------------|------------------|--|---------------------|---|
| <u>At January 1, 2023</u>               |                     |                          |                         |                  |                                  |                   |                          |                  |                  |  |                     |   |
| Cost                                    | \$ 1,340,612        | \$ 3,676,257             | \$ 844,748              | \$ 738,898       | \$ 53,862                        | \$ 44,529         | \$ 21,429                | \$ 112,950       | \$ 77,147        | \$ 239,430   | \$ 7,149,862        | \$ 12,548   |
| Accumulated depreciation and impairment | -                   | ( 786,622)               | ( 444,923)              | ( 657,985)       | ( 35,267)                        | ( 28,520)         | ( 19,183)                | ( 58,536)        | ( 42,778)        | -  | ( 2,073,814)        | -   |
|   | <u>\$ 1,340,612</u> | <u>\$ 2,889,635</u>      | <u>\$ 399,825</u>       | <u>\$ 80,913</u> | <u>\$ 18,595</u>                 | <u>\$ 16,009</u>  | <u>\$ 2,246</u>          | <u>\$ 54,414</u> | <u>\$ 34,369</u> | <u>\$ 239,430</u>                                      | <u>\$ 5,076,048</u> | <u>\$ 12,548</u>  |
| <u>2023</u>                             |                     |                          |                         |                  |                                  |                   |                          |                  |                  |  |                     |   |
| Opening net book amount                 | \$ 1,340,612        | \$ 2,889,635             | \$ 399,825              | \$ 80,913        | \$ 18,595                        | \$ 16,009         | \$ 2,246                 | \$ 54,414        | \$ 34,369        | \$ 239,430   | \$ 5,076,048        | \$ 12,548   |
| Additions                               | -                   | 7,857                    | 32,753                  | 852              | 6,884                            | 6,316             | -                        | 984              | 6,064            | 5,103  | 66,813              | 32,921  |
| Disposals                               | -                   | -                        | ( 797)                  | -                | -                                | ( 1)              | ( 292)                   | ( 246)           | ( 2)             | ( 372)   | ( 1,710)            | -   |
| Transfers (Note)                        | -                   | 6,149                    | 107,730                 | 13,506           | 51,121                           | 11,634            | -                        | ( 5,266)         | 7,445            | ( 166,618)   | 25,701              | ( 12,040)   |
| Depreciation charges                    | -                   | ( 125,688)               | ( 68,178)               | ( 31,085)        | ( 17,937)                        | ( 7,864)          | ( 1,278)                 | ( 12,945)        | ( 13,683)        | -  | ( 278,658)          | -   |
| Effects of foreign exchange             | -                   | ( 8,854)                 | ( 3,257)                | ( 1,057)         | ( 66)                            | ( 74)             | ( 14)                    | ( 38)            | ( 155)           | -  | ( 13,515)           | 40  |
| Closing net book amount                 | <u>\$ 1,340,612</u> | <u>\$ 2,769,099</u>      | <u>\$ 468,076</u>       | <u>\$ 63,129</u> | <u>\$ 58,597</u>                 | <u>\$ 26,020</u>  | <u>\$ 662</u>            | <u>\$ 36,903</u> | <u>\$ 34,038</u> | <u>\$ 77,543</u>                                       | <u>\$ 4,874,679</u> | <u>\$ 33,469</u>  |
| <u>At December 31, 2023</u>             |                     |                          |                         |                  |                                  |                   |                          |                  |                  |  |                     |   |
| Cost                                    | \$ 1,340,612        | \$ 3,671,151             | \$ 956,474              | \$ 506,733       | \$ 138,434                       | \$ 66,478         | \$ 19,722                | \$ 87,326        | \$ 86,610        | \$ 77,543  | \$ 6,951,083        | \$ 33,469   |
| Accumulated depreciation and impairment | -                   | ( 902,052)               | ( 488,398)              | ( 443,604)       | ( 79,837)                        | ( 40,458)         | ( 19,060)                | ( 50,423)        | ( 52,572)        | -  | ( 2,076,404)        | -   |
|   | <u>\$ 1,340,612</u> | <u>\$ 2,769,099</u>      | <u>\$ 468,076</u>       | <u>\$ 63,129</u> | <u>\$ 58,597</u>                 | <u>\$ 26,020</u>  | <u>\$ 662</u>            | <u>\$ 36,903</u> | <u>\$ 34,038</u> | <u>\$ 77,543</u>                                       | <u>\$ 4,874,679</u> | <u>\$ 33,469</u>  |

Note: Prepayments for land, construction, and equipment are shown as ‘other non-current assets’. Details are provided in Note 6(10)

- A. The significant components of buildings include buildings and accessory equipment of buildings, which are depreciated over 10~50 years and 5~11 years, respectively.
- B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- C. The net difference of the transfers for this year resulted from transferring mold equipment made for customers from inventories amounting to \$13,661.
- D. No borrowing cost was capitalized as part of property, plant and equipment for this year.

(8) Leasing arrangements - lessee

- A. The Group leases various assets including land, office, warehouse, business vehicles, parking spaces, printers and landscaping, etc. Rental contracts are typically made for periods of 3 months to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. Short-term leases with a lease term of 12 months or less pertain to parking spaces and offices. Low-value assets pertain to coffee machine, printers and landscaping.
- C. The carrying amounts of right-of-use assets and the depreciation charge are as follows:

|                          | December 31, 2024        | December 31, 2023   |
|--------------------------|--------------------------|---------------------|
|                          | Carrying amount          | Carrying amount     |
| Land                     | \$ 47,061                | \$ 46,650           |
| Buildings                | 4,748                    | 7,973               |
| Transportation equipment | 2,399                    | 3,043               |
| Others                   | 523                      | 1,267               |
|                          | <u>\$ 54,731</u>         | <u>\$ 58,933</u>    |
|                          | Years ended December 31, |                     |
|                          | 2024                     | 2023                |
|                          | Depreciation charge      | Depreciation charge |
| Land                     | \$ 977                   | \$ 961              |
| Buildings                | 6,495                    | 6,299               |
| Transportation equipment | 1,844                    | 3,085               |
| Others                   | 744                      | 701                 |
|                          | <u>\$ 10,060</u>         | <u>\$ 11,046</u>    |

- D. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets were \$4,210, and \$3,437, respectively.
- E. Information on profit or loss in relation to lease contracts is as follows:

|                                       | Years ended December 31, |        |
|---------------------------------------|--------------------------|--------|
|                                       | 2024                     | 2023   |
| <u>Items affecting profit or loss</u> |                          |        |
| Interest expense on lease liabilities | \$ 184                   | \$ 281 |
| Expense on short-term lease contracts | 3,770                    | 4,010  |
| Expense on leases of low-value assets | 1,300                    | 1,255  |
| Expense on variable lease payments    | 2,492                    | 2,779  |

- F. For the years ended December 31, 2024 and 2023, the Group's total cash outflow for leases was \$16,786 and \$18,666 (of which \$9,040 and \$10,341 represents payments of the principal of lease liabilities), respectively.

#### H. Variable lease payments

Some of the Group's lease contracts contain variable lease payment terms that are determined and recognised as expense based on the actual usage during the period.

#### I. Extension and termination options

In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

#### (9) Intangible assets

|                             | <u>Trademarks</u> | <u>Computer<br/>software</u> | <u>Patents</u> | <u>Total</u>     |
|-----------------------------|-------------------|------------------------------|----------------|------------------|
| <u>At January 1, 2024</u>   |                   |                              |                |                  |
| Cost                        | \$ 1,332          | \$ 130,814                   | \$ 5,140       | \$ 137,286       |
| Accumulated amortisation    | ( 721)            | ( 60,842)                    | ( 5,048)       | ( 66,611)        |
|                             | <u>\$ 611</u>     | <u>\$ 69,972</u>             | <u>\$ 92</u>   | <u>\$ 70,675</u> |
| <u>2024</u>                 |                   |                              |                |                  |
| At January 1                | \$ 611            | \$ 69,972                    | \$ 92          | \$ 70,675        |
| Additions                   | 145               | 4,792                        | 296            | 5,233            |
| Amortisation charge         | ( 165)            | ( 12,384)                    | ( 46)          | ( 12,595)        |
| Effects of foreign exchange | -                 | 174                          | -              | 174              |
| At December 31              | <u>\$ 591</u>     | <u>\$ 62,554</u>             | <u>\$ 342</u>  | <u>\$ 63,487</u> |
| <u>At December 31, 2024</u> |                   |                              |                |                  |
| Cost                        | \$ 1,477          | \$ 136,096                   | \$ 5,436       | \$ 143,009       |
| Accumulated amortisation    | ( 886)            | ( 73,542)                    | ( 5,094)       | ( 79,522)        |
|                             | <u>\$ 591</u>     | <u>\$ 62,554</u>             | <u>\$ 342</u>  | <u>\$ 63,487</u> |

|                           | <u>Trademarks</u> | <u>Computer<br/>software</u> | <u>Patents</u> | <u>Total</u>     |
|---------------------------|-------------------|------------------------------|----------------|------------------|
| <u>At January 1, 2023</u> |                   |                              |                |                  |
| Cost                      | \$ 1,133          | \$ 72,824                    | \$ 5,355       | \$ 79,312        |
| Accumulated amortisation  | ( 535)            | ( 52,798)                    | ( 4,950)       | ( 58,283)        |
|                           | <u>\$ 598</u>     | <u>\$ 20,026</u>             | <u>\$ 405</u>  | <u>\$ 21,029</u> |

2023

|                             |               |                  |              |                  |
|-----------------------------|---------------|------------------|--------------|------------------|
| At January 1                | \$ 598        | \$ 20,026        | \$ 405       | \$ 21,029        |
| Additions                   | 199           | 26,828           | -            | 27,027           |
| Transfers (Note)            | -             | 31,420           | -            | 31,420           |
| Reclassifications           | -             | -                | ( 216)       | ( 216)           |
| Amortisation charge         | ( 186)        | ( 8,204)         | ( 97)        | ( 8,487)         |
| Effects of foreign exchange | -             | ( 98)            | -            | ( 98)            |
| At December 31              | <u>\$ 611</u> | <u>\$ 69,972</u> | <u>\$ 92</u> | <u>\$ 70,675</u> |

At December 31, 2023

|                          |               |                  |              |                  |
|--------------------------|---------------|------------------|--------------|------------------|
| Cost                     | \$ 1,332      | \$ 130,814       | \$ 5,140     | \$ 137,286       |
| Accumulated amortisation | ( 721)        | ( 60,842)        | ( 5,048)     | ( 66,611)        |
|                          | <u>\$ 611</u> | <u>\$ 69,972</u> | <u>\$ 92</u> | <u>\$ 70,675</u> |

Note: Transferred from prepayments for intangible assets (shown as other non-current assets).

Details of amortisation on intangible assets are as follows:

|                                   | <u>Years ended December 31,</u> |                 |
|-----------------------------------|---------------------------------|-----------------|
|                                   | <u>2024</u>                     | <u>2023</u>     |
| Manufacturing cost                | \$ 2,609                        | \$ 2,856        |
| Selling expenses                  | 513                             | 350             |
| Administrative expenses           | 8,874                           | 4,004           |
| Research and development expenses | 599                             | 1,277           |
|                                   | <u>\$ 12,595</u>                | <u>\$ 8,487</u> |

(10) Other non-current assets

|   | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|---|--------------------------|--------------------------|
| Prepayments for land, construction, and equipment | \$ 91,517                | \$ 33,469                |
| Guarantee deposits paid                           | 5,737                    | 3,942                    |
| Prepayments for intangible assets                 | 1,374                    | 2,682                    |
| Others  | 15,205                   | 13,073                   |
|   | <u>\$ 113,833</u>        | <u>\$ 53,166</u>         |

(11) Short-term borrowings

| <u>Type of borrowings</u>     | <u>December 31, 2024</u> | <u>Interest rate</u> | <u>Collateral</u>  |
|-------------------------------|--------------------------|----------------------|--|
| Short-term borrowings         | \$ 447,427               | 4.85%~5.2%           | A promissory note of the same amount was issued as collateral.<br>Refer to Note 8. |
| Short-term secured borrowings | 193,203                  | 4.84%                |  |
|                               | <u>\$ 640,630</u>        |                      |  |
| <u>Type of borrowings</u>     | <u>December 31, 2023</u> | <u>Interest rate</u> | <u>Collateral</u>  |
| Short-term borrowings         | \$ 305,808               | 5.93%~6.07%          | A promissory note of the same amount was issued as collateral.<br>None.            |
| Short-term borrowings         | 69,943                   | 3.55%~3.60%          |  |
|                               | <u>\$ 375,751</u>        |                      |  |

(12) Other payables

|  | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|--|--------------------------|--------------------------|
| Wages and bonus payable                                    | \$ 396,169               | \$ 308,848               |
| Payables for product development expenses                  | 311,047                  | 432,863                  |
| Remuneration due to directors' and employees' compensation | 225,590                  | 138,400                  |
| Payables for export freight and customs clearance charges  | 156,080                  | 149,121                  |
| Payables for mold  | 111,674                  | 101,927                  |
| Payables for construction and equipment                    | 26,780                   | 37,222                   |
| Others   | 286,975                  | 264,088                  |
|  | <u>\$ 1,514,315</u>      | <u>\$ 1,432,469</u>      |

(13) Bonds payable

|                                 | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|---------------------------------|--------------------------|--------------------------|
| Bonds payable                   | \$ 999,800               | \$ -                     |
| Less: Discount on bonds payable | (39,608)                 | -                        |
|                                 | <u>\$ 960,192</u>        | <u>\$ -</u>              |



A. The issuance of domestic convertible bonds by the Company:

(a) The terms of the first domestic unsecured convertible bonds issued by the Company are as follows:

- i. The Company issued \$1,000,000, 0% first domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (January 19, 2024 ~ January 19, 2027) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on January 19, 2024.
- ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- iii. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. The conversion price was NT\$271 on the date of the bonds issuance. The aforementioned conversion price had been reset as NT\$266.6 (in dollars) according to the terms starting from July 1, 2024 (the effective date of price resetting).
- iv. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.
- v. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$154,262 were separated from the liability component and were recognised in 'capital surplus—share options' in accordance with IAS 32. The call options and put options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation was 2.0417%.

C. For the year ended December 31, 2024, the bondholders exercised conversion rights on convertible bonds amounting to \$200 in total par value, of which \$7 was converted into ordinary shares. The net conversion amount exceeded the par value of the converted ordinary shares, and \$212 was transferred to capital surplus - additional paid-in capital. Additionally, the discount on bonds payable related to the converted bonds at the transition date, financial assets at fair value through profit or loss and capital surplus - share options were \$10, \$1 and \$30, respectively, which were also transferred to capital surplus - additional paid-in capital.

(14) Long-term borrowings

| Type of borrowing   | Borrowing<br>period and<br>repayment term  | Interest rate   | Collateral | December 31,<br>2024 |
|---|--|-----------------|------------|----------------------|
| Loan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan (Note 1) | NTD 1,280,000 thousand, borrowing period is from February 8, 2021 to February 8, 2031, principal and interest are repayable monthly from March 15, 2024  | 1.150% ~ 1.275% | (Note 1)   | \$ 1,071,238         |
| "   | NTD 736,000 thousand, borrowing period is from January 15, 2021 to January 15, 2028, principal and interest are repayable monthly from February 15, 2024 | 1.150% ~ 1.275% | "          | 290,227              |
| "   | NTD 640,000 thousand, borrowing period is from June 15, 2021 to June 15, 2028, principal and interest are repayable monthly from July 15, 2024           | 1.150% ~ 1.275% | "          | 301,735              |

| Type of borrowing                      | Borrowing<br>period and<br>repayment term  | Interest rate | Collateral                | December 31,<br>2024 |
|--|--|---------------|---------------------------|----------------------|
| Purchase of land and<br>plant (Note 2) | NTD 35,000 thousand,<br>borrowing period is from<br>June 24, 2024 to June 24,<br>2039, principal and<br>interest are repayable<br>monthly from July 24,<br>2027  | 1.88%         | (Note 2)                  | \$ 35,000            |
| "                                      | NTD 245,000 thousand,<br>borrowing period is from<br>June 24, 2024 to June 24,<br>2044, principal and<br>interest are repayable<br>monthly from July 24,<br>2027 | 1.88%         | "                         | 245,000              |
| Working capital<br>(Note 2)            | NTD 40,000 thousand,<br>borrowing period is from<br>June 24, 2024 to June 24,<br>2031, principal and<br>interest are repayable<br>monthly from July 24,<br>2026  | 1.88%         | "                         | 40,000               |
| Foreign currency<br>borrowings         | USD 2,800 thousand;<br>borrowing period is from<br>November 2023 to<br>November 2033;<br>principal and interest are<br>repayable monthly from<br>December 2023   | 6.7% ~ 7.724% | Real estate in the<br>USA | 81,866               |
|  |  |               |                           | 2,065,066            |
| Less: Current portion                  |  |               |                           | ( 354,052)           |
|  |  |               |                           | <u>\$ 1,711,014</u>  |

| Type of borrowing   | Borrowing period and repayment term  | Interest rate | Collateral | December 31, 2023 |
|---|--|---------------|------------|-------------------|
| Preferential Loans for Returning Taiwanese Businesses for the Purchase of Land in Taiwan (Note 3) | TWD 400,000 thousand; borrowing period is from January 15, 2021 to January 15, 2028; principal and interest are repayable monthly from February 15, 2023 | 1.655%~1.780% | (Note 3)   | \$ 326,667        |
| Loan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan (Note 1)           | NTD 1,280,000 thousand, borrowing period is from February 8, 2021 to February 8, 2031, principal and interest are repayable monthly from March 15, 2024  | 1.025%~1.370% | (Note 1)   | 1,280,000         |
| "   | NTD 736,000 thousand, borrowing period is from January 15, 2021 to January 15, 2028, principal and interest are repayable monthly from February 15, 2024 | 1.025%~1.370% | "          | 736,000           |
| "   | NTD 640,000 thousand, borrowing period is from June 15, 2021 to June 15, 2028, principal and interest are repayable monthly from July 15, 2024           | 1.025%~1.150% | "          | 344,840           |

| Type of borrowing           | Borrowing period and repayment term  | Interest rate | Collateral  | December 31, 2023   |
|-----------------------------|--|---------------|---|---------------------|
| Secured borrowings          | TWD 372,000 thousand; borrowing period is from August 20, 2021 to August 20, 2036; principal and interest are repayable monthly from August 20, 2024 | 1.655%~1.780% | Real estate located in Xinzhuang Dist., New Taipei City | \$ 372,000          |
| Foreign currency borrowings | USD 2,800 thousand; borrowing period is from November 2023 to November 2033; principal and interest are repayable monthly from December 2023         | 7.644%~7.724% | Real estate in the USA                                  | 85,271              |
|                             |  |               |   | 3,144,778           |
| Less: Current portion       |  |               |   | ( 444,153)          |
|                             |  |               |   | <u>\$ 2,700,625</u> |

Note 1: The Company applied for Loans for Returning Overseas Taiwanese Businesses with the Bank of Taiwan in October 2020. The total amount of the loan was \$1,344,000. In July 2021, the Company applied for an adjustment of loan amount to \$2,656,000, and the loan term was 7 to 10 years after the first drawdown date. The interest rate of the loan was the floating interest rate on a 2-year time deposit offered by the Directorate General of the Postal Remittances and Savings Bank less 0.445% of annual interest and the markdown interest rate shall be no less than 0.4%. The commission fee shall be paid by the National Development Fund at an annual interest of 0.5%, and the payment period shall not exceed 5 years. The loan is mainly for construction of plant, purchase of machinery and equipment and working capital. The Company pledged promissory note of the same amount as the loan, machinery and equipment purchased with the loan proceeds and buildings as collateral.

If, during the contract period, there is a violation of any of the loan covenants, the budget of the National Development Fund may be frozen, there are changes in government policies, there is a need for capital procurement, or any other situation where the National Development Fund is not liable, the commission fee shall not be paid by the National Development Fund after notice and the interest rate of the loan shall be adjusted to the floating interest rate on a 2-year time deposit offered by the Directorate General of the Postal Remittances and Savings Bank plus 0.055% of annual interest and the markdown interest rate shall be no less than 0.9%. As of December 31, 2024, no violations of legal regulations have occurred.

Note 2: The subsidiary, Chen-Feng Precision Co., Ltd., obtained a loan from the Bank of Taiwan in the amount of \$320,000 in March 2024. The borrowing interests are the floating interest rate on a 2-year time deposit offered by the Directorate General of the Postal Remittances and Savings Bank plus 0.16% of annual interest and the floating interest rate on a 2-year time deposit offered by the Bank of Taiwan and Savings Bank plus 0.13 % of annual interest. The subsidiary provided the land and building located in Shulin District, New Taipei City as collateral.

Note 3: The Company applied for Preferential Loans for Returning Taiwanese Businesses for the Purchase of Land in Taiwan with the Bank of Taiwan in October 2020 and had drawn down the loan in January 2021. The total amount of the loan was \$400,000, and the loan term was 7 years after the first drawdown date. The interest rate of the loan was the floating interest rate on a 2-year time deposit offered by the Bank of Taiwan plus 0.155% of annual interest and the markdown interest rate shall be no less than 1%. The loan is mainly for the purchase of land. The Company pledged land in Lucao Township, Chiayi County as collateral. In January 2024, the Company fully paid the loan in advance.

#### (15) Pensions

##### A. Defined benefit plan

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

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

|   | December 31, 2024 | December 31, 2023 |
|---|-------------------|-------------------|
| Present value of defined benefit obligations  | \$ 35,036         | \$ 35,694         |
| Fair value of plan assets   | ( 18,112)         | ( 15,694)         |
| Net liability recognised in the balance sheet<br>(shown as 'other non-current liabilities') | <u>\$ 16,924</u>  | <u>\$ 20,000</u>  |

(c) Movements in net defined benefit liabilities are as follows:

|                                 | Present value of<br>defined benefit<br>obligations | Fair value of<br>plan assets | Net defined<br>benefit liability |
|---------------------------------|--|------------------------------|----------------------------------|
| Year ended December 31, 2024    |  |                              |                                  |
| Balance at January 1            | \$ 35,694  | (\$ 15,694)                  | \$ 20,000                        |
| Interest expense (income)       | 428  | ( 188)                       | 240                              |
|                                 | <u>36,122</u>                                      | <u>( 15,882)</u>             | <u>20,240</u>                    |
| Remeasurements:                 |  |                              |                                  |
| Return on plan assets           | -  | ( 1,345)                     | ( 1,345)                         |
| Change in financial assumptions | ( 472)   | -                            | ( 472)                           |
| Experience adjustments          | ( 614)   | -                            | ( 614)                           |
|                                 | <u>( 1,086)</u>                                    | <u>( 1,345)</u>              | <u>( 2,431)</u>                  |
| Pension fund contribution       | -  | ( 885)                       | ( 885)                           |
| Balance at December 31          | <u>\$ 35,036</u>                                   | <u>(\$ 18,112)</u>           | <u>\$ 16,924</u>                 |

|                              | Present value of<br>defined benefit<br>obligations | Fair value of<br>plan assets | Net defined<br>benefit liability |
|------------------------------|--|------------------------------|----------------------------------|
| Year ended December 31, 2023 |  |                              |                                  |
| Balance at January 1         | \$ 36,004  | (\$ 14,552)                  | \$ 21,452                        |
| Interest expense (income)    | 432  | ( 175)                       | 257                              |
|                              | <u>36,436</u>                                      | <u>( 14,727)</u>             | <u>21,709</u>                    |
| Remeasurements:              |  |                              |                                  |
| Return on plan assets        | -  | ( 67)                        | ( 67)                            |
| Experience adjustments       | ( 742)   | -                            | ( 742)                           |
|                              | <u>( 742)</u>                                      | <u>( 67)</u>                 | <u>( 809)</u>                    |
| Pension fund contribution    | -  | ( 900)                       | ( 900)                           |
| Balance at December 31       | <u>\$ 35,694</u>                                   | <u>(\$ 15,694)</u>           | <u>\$ 20,000</u>                 |

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign

financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2024 and 2023 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

|                         | Years ended December 31, |       |
|-------------------------|--------------------------|-------|
|                         | 2024                     | 2023  |
| Discount rate           | 1.50%                    | 1.20% |
| Future salary increases | 3.00%                    | 3.00% |

Assumptions regarding future mortality experience for the years ended December 31, 2024 and 2023 are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table in accordance with published statistics and experience in each territory.

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

|   | Discount rate  |                | Future salary increases |                |
|---|----------------|----------------|-------------------------|----------------|
|   | Increase 0.25% | Decrease 0.25% | Increase 0.25%          | Decrease 0.25% |
| <u>December 31, 2024</u>                              |                |                |                         |                |
| Effect on present value of defined benefit obligation | (\$ 382)       | \$ 392         | \$ 332                  | (\$ 326)       |
| <u>December 31, 2023</u>                              |                |                |                         |                |
| Effect on present value of defined benefit obligation | (\$ 439)       | (\$ 452)       | \$ 388                  | (\$ 380)       |

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods and types of assumptions used in preparing the sensitivity analysis and the method of calculating net pension liability did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2025 amount to \$851.



- (g) As of December 31, 2024, the weighted average duration of the retirement plan is 5 years. The analysis of timing of the future pension payment was as follows:

|               |    |               |
|---------------|----|---------------|
| Within 1 year | \$ | 14,565        |
| 1-2 year(s)   |    | 2,357         |
| 2-5 years     |    | 6,306         |
| Over 5 years  |    | 8,779         |
|               | \$ | <u>32,007</u> |

**B. Defined contribution plan**

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) Other overseas companies have a defined contribution plan in accordance with the local regulations, and contributions to endowment insurance and pension reserve are based on employees’ salaries and wages. Other than the periodic contribution, the overseas companies have no further obligations.
- (c) The pension costs under the defined contribution pension plan of the Company and its domestic subsidiaries for the years ended December 31, 2024 and 2023 were \$17,688 and \$15,016, respectively.
- (d) Micom-Source Holding Co., CLOUDWELL HOLDINGS, LLC., Chenbro GmbH, AMAC International Co., AMBER International Company, and PROCASE & MOREX Corporation did not establish their pension plans or had no employees. In addition, the pension costs under the defined contribution pension plans of Chenbro Micom (USA) INC., Chenbro Technology (Kunshan) Co., Ltd., ChenPower Information Technology (Shanghai) Co., Ltd. and Dongguan Procace Electronic Co., Ltd. for the years ended December 31, 2024 and 2023 were \$48,996 and \$42,240, respectively.

(16) Share-based payment

A. For the years ended December 31, 2024 and 2023, the Group's share-based payment arrangements were as follows:

| Type of arrangement                     | Grant date | Quantity granted      | Contract period | Vesting conditions   |
|---|------------|-----------------------|-----------------|--|
| Restricted stocks to employees (Note 1) | 2020.8.11  | 1,200 thousand shares | 4 years         | Graded vesting at a certain percentage after one year of service and achieving the required KPI (Note 2) |
| "                                       | 2024.8.8   | 400 thousand shares   | 3 years         | Graded vesting at a certain percentage after one year of service and achieving the required KPI (Note 3) |

Note 1: During the vesting period, the restricted stocks issued by the Company cannot be sold, pledged, transferred, donated, collateralised, or disposed in any other method, except for inheritance, and the shareholders' rights to attend, propose, speak and vote in the shareholders' meeting are executed by the trust institution according to the agreement. Employees are entitled to the cash and stock dividends distributed by the Company. The distributed cash and stock dividends are treated as meeting the vesting conditions and are not required to be kept in the trust institution. This also applies to capital reduction. If employees resign during the vesting period, the Company will redeem those stocks but employees are not required to return the dividends received.

Note 2: The vesting percentage for the employee who has one, two, three and four years of service with the Company since the grant date and achieves the performance condition is 25% each year.

Note 3: The vesting percentage for the employee who has one, two and three years of service with the Company since the grant date and achieves the performance condition is 30%, 30% and 40% each year.

B. Details of the above restricted stocks to employees are as follows:

|  | 2024                                 | 2023                                 |
|--|--------------------------------------|--------------------------------------|
|  | Quantity of<br>stocks (in thousands) | Quantity of<br>stocks (in thousands) |
| Restricted stocks at the beginning of year | 209                                  | 483                                  |
| Issued during the year                     | 400                                  | -                                    |
| Redeemed during the year (Note)            |                                      |                                      |
| -Retired                                   | - (                                  | 38)                                  |
| -Unretired                                 | - (                                  | 7)                                   |
| Vested during the year                     | ( 209)                               | ( 229)                               |
| Restricted stocks at the end of year       | <u>400</u>                           | <u>209</u>                           |

Note: For the year ended December 31, 2023, the Company redeemed 45 thousand shares of restricted stocks to employees, whereby the change of registration of 7 thousand shares of which had been completed as of February 20, 2024.

C. The fair value of restricted stocks granted on grant date is measured based on the stock price on the grant date and the estimated annual employee turnover rate. Relevant information is as follows:

| Type of arrangement            | Grant date | Stock price<br>(in dollars) | Exercise price<br>(in dollars) | Expected option life | Fair value<br>per unit<br>(in dollars) |
|--------------------------------|------------|-----------------------------|--------------------------------|----------------------|--|
| Restricted stocks to employees | 2020.8.11  | \$91.3                      | -                              | 4 years              | \$91.3                                 |
| "                              | 2024.8.8   | 287.0                       | -                              | 3 years              | 287.0                                  |

D. Expenses incurred on share-based payment transactions are shown below:

|                | Years ended December 31,          |
|----------------|-----------------------------------|
|                | 2024                      2023    |
| Equity-settled | \$ <u>29,431</u> \$ <u>11,331</u> |

In addition, the compensation costs incurred on the share-based payment transactions were reversed in the amount of \$24,272 and \$0 for the years ended December 31, 2024 and 2023, respectively, due to the failure to meet the vesting condition.

(17) Ordinary shares

As of December 31, 2024, the Company's authorised capital was \$1,500,000, consisting of 150 million shares of ordinary stock (including 1 million shares reserved for employee stock options), and the paid-in capital was \$1,209,877, with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. Movements in the number of the Company's ordinary shares outstanding (shares in thousands) are as follows:

|  | 2024    | 2023    |
|--|---------|---------|
| At January 1   | 120,587 | 120,632 |
| Issuance of restricted stocks                                  | 400     | -       |
| Conversion of convertible bonds                                | 1       | -       |
| Redemption of restricted stocks to employees yet to be retired | -       | (7)     |
| Retirement of restricted stocks                                | -       | (38)    |
| At December 31   | 120,988 | 120,587 |

Refer to Note 6(16) for details of restricted stocks.

(18) Capital surplus

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

(19) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the amount of legal reserve reaches total capital. The remaining shall take into account item D below for the related regulations of setting aside special reserve. The appropriation of the remaining earnings along with the unappropriated earnings of prior years depends on annual financial status and economic development and shall be proposed by the Board of Directors and approved by the shareholders.
- B. The Company's dividend policy is based on the current profit and consideration of the Company's growth in the future, capital budget plan and capital needs as well as consideration of shareholders' interest and long-term financial plan, etc. Earnings can be distributed to shareholders as cash dividends or stock dividends. Cash dividends shall account for at least 10% of the total dividends distributed. If cash dividends are lower than \$0.20 (in dollars) per share, stock dividends will be issued instead.

- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debitbalance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amount of \$65,573 previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. On May 27, 2024 and May 31, 2023, the shareholders resolved the appropriations of 2023 and 2022 retained earnings, respectively, as follows:

|                                | <u>Year ended December 31, 2023</u> |  | <u>Year ended December 31, 2022</u> |  |
|--------------------------------|-------------------------------------|--|-------------------------------------|--|
|                                | <u>Amount</u>                       | <u>Dividend<br/>per share<br/>(in dollars)</u> | <u>Amount</u>                       | <u>Dividend<br/>per share<br/>(in dollars)</u> |
| Legal reserve                  | \$ 108,610                          | \$ -   | \$ 100,075                          | \$ -   |
| Reversal of special reserve    | ( 4,609)                            | -  | ( 89,311)                           | -  |
| Cash dividends to shareholders | <u>602,935</u>                      | <u>5.00</u>                                    | <u>482,528</u>                      | <u>4.00</u>                                    |
|                                | <u>\$ 706,936</u>                   | <u>\$ 5.00</u>                                 | <u>\$ 493,292</u>                   | <u>\$ 4.00</u>                                 |

- F. On March 11, 2025 the Board of Directors has proposed the appropriations of the 2024 earnings as follows:

|                                | <u>Year ended December 31, 2024</u> |  |
|--------------------------------|-------------------------------------|--|
|                                | <u>Amount</u>                       | <u>Dividend<br/>per share<br/>(in dollars)</u> |
| Legal reserve                  | \$ 193,548                          | \$ -   |
| Reversal of special reserve    | ( 111,223)                          | -  |
| Cash dividends to shareholders | <u>907,408</u>                      | <u>7.50</u>                                    |
|                                | <u>\$ 989,733</u>                   | <u>\$ 7.50</u>                                 |

As of March 11, 2025, the abovementioned appropriations of 2024 earnings have not yet been resolved by the shareholders.

(20) Other equity items

| 2024                                 |                         |                                     |                                    |                     |
|--------------------------------------|-------------------------|-------------------------------------|------------------------------------|---------------------|
|                                      | Currency<br>translation | Unrealised<br>gains<br>on valuation | Other,<br>unearned<br>compensation | Total               |
| At January 1                         | (\$ 233,649)            | \$ 56,853                           | (\$ 10,456)                        | (\$ 187,252)        |
| Valuation adjustment                 | -                       | 12,246                              | -                                  | 12,246              |
| Employee restricted shares:          |                         |                                     |                                    |                     |
| - Stocks granted                     | -                       | -                                   | ( 114,800)                         | ( 114,800)          |
| - Transferred to expenses            | -                       | -                                   | 36,110                             | 36,110              |
| Currency translation<br>differences: |                         |                                     |                                    |                     |
| - Group                              | 143,225                 | -                                   | -                                  | 143,225             |
| At December 31                       | <u>(\$ 90,424)</u>      | <u>\$ 69,099</u>                    | <u>(\$ 89,146)</u>                 | <u>(\$ 110,471)</u> |

  

| 2023                                 |                         |                                     |                                    |                     |
|--------------------------------------|-------------------------|-------------------------------------|------------------------------------|---------------------|
|                                      | Currency<br>translation | Unrealised<br>gains<br>on valuation | Other,<br>unearned<br>compensation | Total               |
| At January 1                         | (\$ 200,761)            | \$ 19,356                           | (\$ 21,787)                        | (\$ 203,192)        |
| Valuation adjustment                 | -                       | 37,497                              | -                                  | 37,497              |
| Employee restricted shares:          |                         |                                     |                                    |                     |
| - Transferred to expenses            | -                       | -                                   | 11,331                             | 11,331              |
| Currency translation<br>differences: |                         |                                     |                                    |                     |
| - Group                              | ( 32,888)               | -                                   | -                                  | ( 32,888)           |
| At December 31                       | <u>(\$ 233,649)</u>     | <u>\$ 56,853</u>                    | <u>(\$ 10,456)</u>                 | <u>(\$ 187,252)</u> |

(21) Operating revenue

A. The Group derives revenue from the transfer of control of goods to customers in the following major product types:

|  | Years ended December 31, |                      |
|--|--------------------------|----------------------|
|  | 2024                     | 2023                 |
| Server cases, peripheral products and components | \$ 14,343,018            | \$ 11,135,095        |
| Personal computer cases                          | 174,167                  | 112,163              |
|  | <u>\$ 14,517,185</u>     | <u>\$ 11,247,258</u> |

B. Contract liabilities

(a) The Group has recognised the following revenue-related contract liabilities:

|   | December 31, 2024 | December 31, 2023 | January 1, 2023 |
|---|-------------------|-------------------|-----------------|
| Contract liabilities - sale of products | <u>\$ 81,718</u>  | <u>\$ 54,423</u>  | <u>\$ 8,278</u> |

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year:

|   | Years ended December 31, |          |
|---|--------------------------|----------|
|   | 2024                     | 2023     |
| Contract liabilities - sale of products | \$ 53,414                | \$ 6,877 |

(22) Interest income

|  | Years ended December 31, |                  |
|--|--------------------------|------------------|
|  | 2024                     | 2023             |
| Interest income from bank deposits                               | \$ 49,161                | \$ 33,018        |
| Interest income from financial assets measured at amortised cost | 9,835                    | 178              |
|  | <u>\$ 58,996</u>         | <u>\$ 33,196</u> |

(23) Other income

|                           | Years ended December 31, |                  |
|---------------------------|--------------------------|------------------|
|                           | 2024                     | 2023             |
| Government grant revenues | \$ 8,806                 | \$ 13,414        |
| Dividend income           | 1,596                    | -                |
| Other income, others      | 21,601                   | 32,522           |
|                           | <u>\$ 32,003</u>         | <u>\$ 45,936</u> |

(24) Other gains and losses

|  | Years ended December 31, |                    |
|--|--------------------------|--------------------|
|  | 2024                     | 2023               |
| Net currency exchange gain (loss)  | \$ 97,306                | (\$ 24,903)        |
| Losses on financial assets measured at fair value through profit or loss | ( 2,500)                 | -                  |
| Gain (loss) on disposal of property, plant and Others                    | 40 ( 3,163)              | ( 198) ( 6,454)    |
|  | <u>\$ 91,683</u>         | <u>(\$ 31,555)</u> |

(25) Finance costs

|                                       | Years ended December 31, |                  |
|---------------------------------------|--------------------------|------------------|
|                                       | 2024                     | 2023             |
| Interest expense on bank borrowings   | \$ 58,467                | \$ 79,376        |
| Interest expense on bonds payable     | 19,214                   | -                |
| Interest expense on lease liabilities | 184                      | 281              |
|                                       | <u>\$ 77,865</u>         | <u>\$ 79,657</u> |

(26) Employee benefit, depreciation and amortisation expenses

|                                  | Years ended December 31, |                     |
|----------------------------------|--------------------------|---------------------|
|                                  | 2024                     | 2023                |
| Wages and salaries               | \$ 1,430,328             | \$ 1,167,781        |
| Share-based payment              | 5,159                    | 11,331              |
| Labour and health insurance fees | 68,602                   | 57,691              |
| Pension costs                    | 66,924                   | 57,513              |
| Other personnel expenses         | 103,730                  | 83,531              |
| Employee benefit expense         | <u>\$ 1,674,743</u>      | <u>\$ 1,377,847</u> |
| Depreciation charges             | <u>\$ 332,993</u>        | <u>\$ 289,704</u>   |
| Amortisation charges             | <u>\$ 12,595</u>         | <u>\$ 8,487</u>     |

A. According to the Articles of Incorporation of the Company and its domestic subsidiaries, a ratio of profit of the current year distributable, shall be distributed as employees' compensation and directors' remuneration. For the Company, the ratio shall be between 3%~12% for employees' compensation and shall not be higher than 3% for directors' remuneration. For the domestic subsidiaries, the ratio shall not be lower than 2% for employees' compensation. Employees' compensation and directors' remuneration will be distributed in the form of stock or cash as resolved by the Board of Directors. Employees who are entitled to receive employees' compensation include employees of subsidiaries of the company meeting certain specific requirements. Related regulations were set by the Board of Directors. The distribution of employees' compensation and directors' remuneration should be reported to the stockholders. However, if the Company has accumulated deficit, the Company should cover accumulated losses first, then distribute employees' compensation and directors' remuneration proportionately as described above.

B. For the years ended December 31, 2024 and 2023, employees' compensation were accrued at \$175,058 and \$107,468, respectively; while directors' remuneration were accrued at \$50,532 and \$31,037, respectively. The aforementioned amounts were recognised in salary expenses.

For the year ended December 31, 2024, employees' compensation and directors' remuneration amounted to \$170,851 and \$50,250 as resolved by the Board of Directors on March 11, 2025, respectively, and the differences with the amounts recognised in the current year's financial statements amounted to \$958 and \$282, respectively. The differences will be accounted for as changes in accounting estimates in profit or loss for 2025.

For the year ended December 31, 2023, employees' compensation and directors' remuneration amounted to \$105,158 and \$30,929 as resolved by the Board of Directors on March 12, 2024, respectively, and the differences with the amounts recognised in the current year's financial statements amounted to \$368 and \$108, respectively. The differences had been accounted for as changes in accounting estimates in profit or loss for 2024.



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

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

|   | Years ended December 31, |                   |
|---|--------------------------|-------------------|
|   | 2024                     | 2023              |
| Current tax:                                      |                          |                   |
| Current tax on profits for the year               | \$ 573,764               | \$ 492,086        |
| Tax on undistributed surplus earnings             | 18,958                   | 25,373            |
| Prior year income tax over estimation             | ( 20,927)                | ( 25,025)         |
| Total current tax                                 | <u>571,795</u>           | <u>492,434</u>    |
| Deferred tax:                                     |                          |                   |
| Origination and reversal of temporary differences | 67,382                   | ( 169,838)        |
| Total deferred tax                                | <u>67,382</u>            | <u>( 169,838)</u> |
| Income tax expense                                | <u>\$ 639,177</u>        | <u>\$ 322,596</u> |

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

|  | Years ended December 31, |               |
|--|--------------------------|---------------|
|  | 2024                     | 2023          |
| Remeasurement of defined benefit obligations | <u>\$ 486</u>            | <u>\$ 161</u> |

B. Reconciliation between income tax expense and accounting profit:

|   | Years ended December 31, |                   |
|---|--------------------------|-------------------|
|   | 2024                     | 2023              |
| Tax calculated based on profit before tax and statutory tax rate (note) | \$ 724,375               | \$ 269,273        |
| Prior year income tax over estimation                                   | ( 20,927)                | ( 25,025)         |
| Effects from items adjusted in accordance with tax regulations          | 23,812                   | 1,087             |
| Tax exempt income by tax regulation (dividend income)                   | ( 1,596)                 | -                 |
| Tax on undistributed surplus earnings                                   | 18,958                   | 25,373            |
| Temporary differences not recognised as deferred tax                    | ( 141,097)               | 33,850            |
| Income tax expense on repatriated offshore funds                        | 39,703                   | -                 |
| Effect from investment tax credits                                      | ( 2,901)                 | -                 |
| Others  | ( 1,150)                 | 18,038            |
| Income tax expense  | <u>\$ 639,177</u>        | <u>\$ 322,596</u> |

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

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

|   | 2024              |                                 |   |                    |
|---|-------------------|---------------------------------|---|--------------------|
|   | January 1         | Recognised in<br>profit or loss | Recognised<br>in other<br>comprehensive<br>income | December 31        |
| Temporary differences:  |                   |                                 |   |                    |
| —Deferred tax assets:   |                   |                                 |   |                    |
| Allowance for inventory valuation loss and loss on obsolete and slow-moving inventories | \$ 117,710        | (\$ 1,840)                      | \$ -  | \$ 115,870         |
| Unrealised gain on inter-affiliate accounts   | 33,650            | 11,186                          | -   | 44,836             |
| Unrealised gross profit   | 954               | 382                             | -   | 1,336              |
| Allowance for bad debts   | 5,156             | ( 931)                          | -   | 4,225              |
| Unused compensated absences   | 1,921             | 634                             | -   | 2,555              |
| Pension   | 6,977             | ( 129)                          | ( 486)  | 6,362              |
| Unrealised exchange loss  | 10,412            | ( 8,424)                        | -   | 1,988              |
| Unrealised warranty provision   | 1,138             | -                               | -   | 1,138              |
| Unrealised joint development liabilities  | 12,284            | ( 12,284)                       | -   | -                  |
| Book-tax difference of costs on mold manufacturing                                      | 57,736            | ( 4,321)                        | -   | 53,415             |
| Unrealized estimated expenses   | -                 | 2,328                           | -   | 2,328              |
| Others  | 1,035             | 14                              | -   | 1,049              |
|   | <u>\$ 248,973</u> | <u>(\$ 13,385)</u>              | <u>(\$ 486)</u>                                   | <u>\$ 235,102</u>  |
| —Deferred tax liabilities:  |                   |                                 |   |                    |
| Investment income   | ( 975)            | ( 53,910)                       | -   | ( 54,885)          |
| Book-tax difference of depreciation charges on fixed assets                             | -                 | (855)                           | -   | ( 855)             |
| Others  | ( 768)            | 768                             | -   | -                  |
|   | <u>(\$ 1,743)</u> | <u>(\$ 53,997)</u>              | <u>\$ -</u>                                       | <u>(\$ 55,740)</u> |

|   | 2023              |                              |  |                   |
|---|-------------------|------------------------------|--|-------------------|
|   | January 1         | Recognised in profit or loss | Recognised in other comprehensive income | December 31       |
| Temporary differences:  |                   |                              |  |                   |
| —Deferred tax assets:   |                   |                              |  |                   |
| Allowance for inventory valuation loss and loss on obsolete and slow-moving inventories | \$ 7,274          | \$ 110,436                   | \$ -                                     | \$ 117,710        |
| Unrealised gain on inter-affiliate accounts   | 32,023            | 1,627                        | -  | 33,650            |
| Unrealised gross profit   | 164               | 790                          | -  | 954               |
| Allowance for bad debts   | 4,501             | 655                          | -  | 5,156             |
| Unused compensated absences   | 1,715             | 206                          | -  | 1,921             |
| Pension   | 7,267             | ( 129)                       | ( 161)                                   | 6,977             |
| Unrealised exchange loss  | -                 | 10,412                       | -  | 10,412            |
| Unrealised warranty provision   | 1,138             | -                            | -  | 1,138             |
| Unrealized joint development liabilities  | -                 | 12,284                       | -  | 12,284            |
| Book-tax difference of costs on mold manufacturing                                      | 17,866            | 39,870                       | -  | 57,736            |
| Others  | 8,282             | ( 7,247)                     | -  | 1,035             |
|   | <u>\$ 80,230</u>  | <u>\$ 168,904</u>            | <u>(\$ 161)</u>                          | <u>\$ 248,973</u> |
| —Deferred tax liabilities:  |                   |                              |  |                   |
| Investment income   | -                 | ( 975)                       | -  | ( 975)            |
| Unrealised exchange gain  | ( 1,942)          | 1,942                        | -  | -                 |
| Book-tax difference of depreciation charges on fixed assets                             | ( 483)            | ( 285)                       | -  | ( 768)            |
| Others  | ( 252)            | 252                          | -  | -                 |
|   | <u>(\$ 2,677)</u> | <u>\$ 934</u>                | <u>\$ -</u>                              | <u>(\$ 1,743)</u> |

- D. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2024 and 2023, the temporary differences unrecognised as deferred tax liabilities were \$2,717,550 and \$2,136,240, respectively.
- E. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

|                                  | December 31, 2024 | December 31, 2023 |
|----------------------------------|-------------------|-------------------|
| Deductible temporary differences | <u>\$ 79,787</u>  | <u>\$ 209,419</u> |

- F. The Company and subsidiary-Chen-Feng Precision Co., Ltd.'s income tax returns through 2022 have been assessed and approved by the Tax Authority.
- G. The Company had applied for investment of repatriated offshore funds back in Taiwan in 2021 and received a tax refund of \$4,009 from the National Taxation Bureau in November 2024.

(28) Earnings per share

| Year ended December 31, 2024   |                  |   |                                    |
|--|------------------|---|------------------------------------|
|  | Amount after tax | Weighted average<br>number of ordinary<br>shares outstanding<br>(shares in thousands) | Earnings per share<br>(in dollars) |
| <u>Basic earnings per share</u>  |                  |   |                                    |
| Profit attributable to ordinary<br>shareholders of the parent  | \$ 1,933,531     | 120,460   | \$ 16.05                           |
| <u>Diluted earnings per share</u>  |                  |   |                                    |
| Profit attributable to ordinary<br>shareholders of the parent  | \$ 1,933,531     |   |                                    |
| Assumed conversion of all<br>dilutive potential ordinary shares  |                  |   |                                    |
| Convertible bonds  | 15,371           | 3,556   |                                    |
| Employees' compensation  | -                | 722   |                                    |
| Restricted stocks  | -                | 171   |                                    |
| Profit attributable to ordinary<br>shareholders of the parent<br>plus assumed conversion of<br>all dilutive potential<br>ordinary shares | \$ 1,948,902     | 124,909   | \$ 15.60                           |
| Year ended December 31, 2023   |                  |   |                                    |
|  | Amount after tax | Weighted average<br>number of ordinary<br>shares outstanding<br>(shares in thousands) | Earnings per share<br>(in dollars) |
| <u>Basic earnings per share</u>  |                  |   |                                    |
| Profit attributable to ordinary<br>shareholders of the parent  | \$ 1,085,456     | 120,238   | \$ 9.03                            |
| <u>Diluted earnings per share</u>  |                  |   |                                    |
| Profit attributable to ordinary<br>shareholders of the parent  | \$ 1,085,456     |   |                                    |
| Assumed conversion of all<br>dilutive potential ordinary shares  |                  |   |                                    |
| Employees' compensation  | -                | 589   |                                    |
| Restricted stocks  | -                | 411   |                                    |
| Profit attributable to ordinary<br>shareholders of the parent<br>plus assumed conversion of<br>all dilutive potential<br>ordinary shares | \$ 1,085,456     | 121,238   | \$ 8.95                            |

(29) Supplemental cash flow information

A. Investing activities with partial cash payments:

(a) Purchase of property, plant and equipment:

|   | Years ended December 31, |                   |
|---|--------------------------|-------------------|
|   | 2024                     | 2023              |
| Purchase of property, plant and equipment                           | \$ 721,895               | \$ 92,514         |
| Add: Opening balance of payable on construction and equipment       | 37,222                   | 152,849           |
| Ending balance of prepayments for construction and equipment        | 91,517                   | 33,469            |
| Less: Opening balance of prepayments for construction and equipment | ( 33,469)                | ( 12,548)         |
| Ending balance of payable on construction and equipment             | ( 26,780)                | ( 37,222)         |
| Transferred from inventories  | ( 1,258)                 | ( 13,661)         |
| Cash paid during the year   | <u>\$ 789,127</u>        | <u>\$ 215,401</u> |

(b) Acquisition of intangible assets:

|   | Years ended December 31, |                  |
|---|--------------------------|------------------|
|   | 2024                     | 2023             |
| Acquisition of intangible assets                          | \$ 5,233                 | \$ 58,447        |
| Add: Ending balance of prepayment for intangible assets   | 1,374                    | 2,682            |
| Less: Opening balance of prepayment for intangible assets | ( 2,682)                 | ( 31,420)        |
| Cash paid during the year                                 | <u>\$ 3,925</u>          | <u>\$ 29,709</u> |

B. Financing activities with no cash flow effects:

|   | Years ended December 31, |             |
|---|--------------------------|-------------|
|   | 2024                     | 2023        |
| Convertible bonds converted to capital stocks | <u>\$ 189</u>            | <u>\$ -</u> |

(30) Changes in liabilities from financing activities

|  | Short-term<br>borrowings | Bonds<br>payable  | Long-term<br>borrowings |
|--|--------------------------|-------------------|-------------------------|
| At January 1, 2024                             | \$ 375,751               | \$ -              | \$ 3,144,778            |
| Changes in cash flow from financing activities | 257,183                  | 1,091,530         | ( 1,085,303)            |
| Impact of changes in foreign exchange rate     | 7,696                    | -                 | 5,591                   |
| Changes in other non-cash items                | -                        | ( 131,338)        | -                       |
| At December 31, 2024                           | <u>\$ 640,630</u>        | <u>\$ 960,192</u> | <u>\$ 2,065,066</u>     |

|  | Lease<br>liability | Guarantee<br>deposits<br>received | Liabilities from<br>financing<br>activities-gross |
|--|--------------------|-----------------------------------|---|
| At January 1, 2024                             | \$ 12,568          | \$ 538                            | \$ 3,533,635                                      |
| Changes in cash flow from financing activities | ( 9,040)           | 272                               | 254,642   |
| Impact of changes in foreign exchange rate     | -                  | ( 7)                              | 13,280  |
| Changes in other non-cash items                | 4,210              | -                                 | ( 127,128)  |
| At December 31, 2024                           | <u>\$ 7,738</u>    | <u>\$ 803</u>                     | <u>\$ 3,674,429</u>                               |

|  | Short-term<br>borrowings | Bonds<br>payable | Long-term<br>borrowings |
|--|--------------------------|------------------|-------------------------|
| At January 1, 2023                             | \$ 1,545,078             | \$ -             | \$ 2,660,382            |
| Changes in cash flow from financing activities | ( 1,165,838)             | -                | 484,056                 |
| Impact of changes in foreign exchange rate     | ( 3,489)                 | -                | 340                     |
| Changes in other non-cash items                | -                        | -                | -                       |
| At December 31, 2023                           | <u>\$ 375,751</u>        | <u>\$ -</u>      | <u>\$ 3,144,778</u>     |

|  | Lease<br>liability | Guarantee<br>deposits<br>received | Liabilities from<br>financing<br>activities-gross |
|--|--------------------|-----------------------------------|---|
| At January 1, 2023                             | \$ 19,472          | \$ 548                            | \$ 4,225,480                                      |
| Changes in cash flow from financing activities | ( 10,341)          | -                                 | ( 692,123)  |
| Impact of changes in foreign exchange rate     | -                  | ( 10)                             | ( 3,159)  |
| Changes in other non-cash items                | 3,437              | -                                 | 3,437   |
| At December 31, 2023                           | <u>\$ 12,568</u>   | <u>\$ 538</u>                     | <u>\$ 3,533,635</u>                               |

## 7. RELATED PARTY TRANSACTIONS

### (1) Parent and ultimate controlling party

The Company's shares are held by the public, thus, there is no parent company or ultimate parent.

### (2) Name of related party and relationship

| <u>Name of related party</u>              | <u>Relationship with the Group</u> |
|---|------------------------------------|
| Chen-Source Inc.                          | Other related party                |
| SUPPER LASERS INDUSTRY CO., LTD.          | Other related party                |
| DONGGUAN SUPPER LASERS INDUSTRY CO., LTD. | Other related party                |

### (3) Significant related party transactions

#### A. Operating revenue

|                       | <u>Years ended December 31,</u> |             |
|-----------------------|---------------------------------|-------------|
|                       | <u>2024</u>                     | <u>2023</u> |
| Sales:                |                                 |             |
| Other related parties | \$ 1,189                        | \$ 1,996    |

Goods are sold based on normal prices and terms. Payment term is 60~90 days after monthly billings.

#### B. Purchases and other expenses

|                       | <u>Years ended December 31,</u> |                  |
|-----------------------|---------------------------------|------------------|
|                       | <u>2024</u>                     | <u>2023</u>      |
| Purchases:            |                                 |                  |
| Other related parties | \$ 102,572                      | \$ 86,513        |
| Processing expenses:  |                                 |                  |
| Other related parties | 23                              | 10,765           |
| Other expenses:       |                                 |                  |
| Other related parties | 48                              | 22               |
|                       | <u>\$ 102,643</u>               | <u>\$ 97,300</u> |

(a) Purchases: No similar transaction can be compared with. Prices and terms are determined based on mutual agreements and payment term is 60~90 days after monthly billings.

(b) Other expenses: It arises from short-term leases of warehouse and management of warehouse by other related parties on behalf of the Company. Prices and terms are determined based on mutual agreements, and the collection term is 60 days after monthly billings.

#### C. Receivables from related parties

|                       | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|-----------------------|--------------------------|--------------------------|
| Accounts receivable:  |                          |                          |
| Other related parties | \$ 769                   | \$ 14                    |

The receivables from related parties are unsecured in nature and bear no interest.

D. Payables to related parties

|                                  | December 31, 2024 | December 31, 2023 |
|----------------------------------|-------------------|-------------------|
| Accounts payable:                |                   |                   |
| Other related parties            | \$ 17,129         | \$ 6,308          |
| Other payables - other expenses: |                   |                   |
| Other related parties            | -                 | 222               |
|                                  | <u>\$ 17,129</u>  | <u>\$ 6,530</u>   |

(4) Key management compensation

|                              | Years ended December 31, |                  |
|------------------------------|--------------------------|------------------|
|                              | 2024                     | 2023             |
| Short-term employee benefits | \$ 113,614               | \$ 74,091        |
| Post-employment benefits     | 335                      | 335              |
| Share-based payments         | 3,265                    | 4,060            |
|                              | <u>\$ 117,214</u>        | <u>\$ 78,486</u> |

8. PLEDGED ASSETS

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

| Pledged asset  | Book value          |                     | Purpose                                 |
|--|---------------------|---------------------|---|
|  | December 31, 2024   | December 31, 2023   |   |
| Time deposits (shown as 'current /non-current financial assets at amortised cost') | <u>\$ 10,600</u>    | <u>\$ 10,000</u>    | Customs duty guarantee                  |
| Cash in banks (shown as 'current financial assets at amortised cost')              | <u>\$ -</u>         | <u>\$ 8,464</u>     | Grant for research and development      |
| Time deposits (shown as 'current /non-current financial assets at amortised cost') | <u>\$ -</u>         | <u>\$ 13,460</u>    | Research and development plan guarantee |
|  |                     |                     | Long-term borrowings                    |
| Land and buildings   | <u>\$ 2,842,105</u> | <u>\$ 2,938,064</u> | (Notes 1, 2, 3 and 4)                   |
|  |                     |                     | Long-term borrowings                    |
| Machinery and equipment  | <u>\$ 287,516</u>   | <u>\$ 252,603</u>   | (Note 2)                                |
|  |                     |                     | Short-term borrowings                   |
| Accounts receivable  | <u>\$ 219,764</u>   | <u>\$ -</u>         | (Note 5)                                |

Note 1: In November, 2023, the subsidiary, CLOUDWELL HOLDINGS, LLC., signed a long-term borrowing contract for a credit line of USD 2.8 million with banks. The contract requires the subsidiary to pledge land and buildings as mortgage.



Note 2: The Company applied for Loans for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan and Preferential Loans for Returning Taiwanese Businesses for the Purchase of Land in Taiwan with the Bank of Taiwan in October 2020 and pledged promissory note of the same amount as the loan, machinery and equipment purchased from the loan, land in Lucao Township, Chiayi County and buildings as collateral.

Note 3: In August 2021, the Company signed a long-term borrowing contract for a credit line of \$372,000 with the Bank of Taiwan. The contract requires the Company to pledge land and buildings located on 18F & 19F, Xinzhuang District, New Taipei City as mortgage. The borrowing has been repaid in 2024. Consequently, the release of certain land and buildings pledged as collateral had been completed in April 2024.

Note 4: In June 2024, Chen-Feng Precision Co., Ltd. signed a long-term borrowing contract for a credit line of \$320,000 with the Bank of Taiwan. The contract requires the Company to pledge land and buildings located in Shulin District, New Taipei City as collateral.

Note 5: The subsidiary, Chenbro Technology (Kunshan) Co., Ltd., pledged its accounts receivable from the parent company, Chenbro Micom Co., Ltd., as collateral and was eliminated when preparing the consolidated financial statements.

#### 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

The Group's contracted but not yet incurred capital expenditures related to property, plant and equipment amounted to \$371,310.

#### 10. SIGNIFICANT DISASTER LOSS

None.

#### 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) On March 11, 2025, the Board of Directors of the Company resolved the following:

A. Refer to Note 6(26)B for the resolution of employees' compensation and directors' remuneration for the year ended December 31, 2024.

B. Refer to Note 6(19)F for the appropriation of 2024 earnings.

(2) The subsidiary, Qinkun (Jinan) Precision Technology Co., Ltd., was established on January 20, 2025, with its funding in place by February 13, 2025.

#### 12. OTHERS

##### (1) Capital management

The Group's objectives when managing capital are to maintain an optimal financial structure and capital ratio in order to support operations and maximise interests for shareholders.

## (2) Financial instruments

### A. Financial instruments by category

|  | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|--|--------------------------|--------------------------|
| <u>Financial assets</u>  |                          |                          |
| Financial assets at fair value through profit or loss  |                          |                          |
| Financial assets at fair value through profit or loss,<br>mandatorily measured at fair value | \$ 66,979                | \$ -                     |
| Financial assets at fair value through other<br>comprehensive income                         |                          |                          |
| Designation of equity instrument   | 209,709                  | 91,547                   |
| Financial assets at amortised cost   |                          |                          |
| Cash and cash equivalents  | 3,799,819                | 2,947,153                |
| Financial assets at amortised cost   | 741,216                  | 32,924                   |
| Notes receivable   | 36,062                   | 11,839                   |
| Accounts receivable  | 3,633,865                | 3,598,978                |
| Other receivables  | 66,535                   | 56,234                   |
| Guarantee deposits paid  | 5,737                    | 3,942                    |
|  | <u>\$ 8,559,922</u>      | <u>\$ 6,742,617</u>      |
| <u>Financial liabilities</u>   |                          |                          |
| Financial liabilities at amortised cost  |                          |                          |
| Short-term borrowings  | \$ 640,630               | \$ 375,751               |
| Accounts payable   | 3,721,259                | 3,037,503                |
| Other payables   | 1,514,315                | 1,432,469                |
| Bonds payable  | 960,192                  | -                        |
| Long-term borrowings (including current portion)   | 2,065,066                | 3,144,778                |
| Guarantee deposits received  | 803                      | 538                      |
| Other current liabilities  | 4,894                    | 4,811                    |
|  | <u>\$ 8,907,159</u>      | <u>\$ 7,995,850</u>      |
| Lease liabilities  | <u>\$ 7,738</u>          | <u>\$ 12,568</u>         |

### B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of

excess liquidity.

## C. Significant financial risks and degrees of financial risks

### (a) Market risk

#### Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury, and primarily hedge using natural hedge.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

|  | December 31, 2024                            |               |                     |
|--|--|---------------|---------------------|
|  | Foreign currency<br>amount<br>(in thousands) | Exchange rate | Book value<br>(NTD) |
| (Foreign currency: functional<br>currency) |  |               |                     |
| <u>Financial assets</u>                    |  |               |                     |
| <u>Monetary items</u>                      |  |               |                     |
| USD:NTD                                    | \$ 68,298                                    | 32.79         | \$ 2,239,491        |
| USD:RMB                                    | 36,882                                       | 7.32          | 1,209,361           |
| <u>Non-monetary items</u>                  |  |               |                     |
| USD:NTD                                    | 110,530                                      | 32.79         | 3,624,282           |
| EUR:NTD                                    | 1,107  | 34.14         | 37,791              |
| RMB:NTD                                    | 470,414                                      | 4.48          | 2,107,455           |
| MYR:NTD                                    | 64,968                                       | 7.33          | 476,216             |
| <u>Financial liabilities</u>               |  |               |                     |
| <u>Monetary items</u>                      |  |               |                     |
| USD:NTD                                    | \$ 64,494                                    | 32.79         | \$ 2,114,758        |
| USD:RMB                                    | 19,475                                       | 7.32          | 638,585             |

| December 31, 2023                       |  |               |                     |
|---|--|---------------|---------------------|
|   | Foreign currency<br>amount<br>(in thousands) | Exchange rate | Book value<br>(NTD) |
| (Foreign currency: functional currency) |  |               |                     |
| <u>Financial assets</u>                 |  |               |                     |
| <u>Monetary items</u>                   |  |               |                     |
| USD:NTD                                 | \$ 113,313                                   | 30.71         | \$ 3,479,842        |
| USD:RMB                                 | 20,497                                       | 7.09          | 629,463             |
| <u>Non-monetary items</u>               |  |               |                     |
| USD:NTD                                 | 88,580                                       | 30.71         | 2,720,298           |
| EUR:NTD                                 | 948  | 33.98         | 32,208              |
| RMB:NTD                                 | 445,891                                      | 4.33          | 1,930,710           |
| <u>Financial liabilities</u>            |  |               |                     |
| <u>Monetary items</u>                   |  |               |                     |
| USD:NTD                                 | \$ 48,495                                    | 30.71         | \$ 1,489,281        |
| USD:RMB                                 | 9,029  | 7.09          | 277,281             |

- iv. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2024 and 2023, amounted to \$97,306 and (\$24,903), respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

| Year ended December 31, 2024            |                        |                             |  |
|---|------------------------|-----------------------------|--|
| Sensitivity analysis                    |                        |                             |  |
|   | Degree of<br>variation | Effect on profit<br>or loss | Effect on other<br>comprehensive<br>income |
| (Foreign currency: functional currency) |                        |                             |  |
| <u>Financial assets</u>                 |                        |                             |  |
| <u>Monetary items</u>                   |                        |                             |  |
| USD:NTD                                 | 1%                     | \$ 22,395                   | \$ -                                       |
| USD:RMB                                 | 1%                     | 12,094                      | -  |
| <u>Financial liabilities</u>            |                        |                             |  |
| <u>Monetary items</u>                   |                        |                             |  |
| USD:NTD                                 | 1%                     | 21,148                      | -  |
| USD:RMB                                 | 1%                     | 6,386                       | -  |

| Year ended December 31, 2023            |                     |                          |                                      |
|---|---------------------|--------------------------|--------------------------------------|
| Sensitivity analysis                    |                     |                          |                                      |
|   | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
| (Foreign currency: functional currency) |                     |                          |                                      |
| <u>Financial assets</u>                 |                     |                          |                                      |
| <u>Monetary items</u>                   |                     |                          |                                      |
| USD:NTD                                 | 1%                  | \$ 34,798                | \$ -                                 |
| USD:RMB                                 | 1%                  | 6,295                    | -                                    |
| <u>Financial liabilities</u>            |                     |                          |                                      |
| <u>Monetary items</u>                   |                     |                          |                                      |
| USD:NTD                                 | 1%                  | 14,893                   | -                                    |
| USD:RMB                                 | 1%                  | 2,773                    | -                                    |

#### Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income.
- ii. Shares were issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other comprehensive income for the years ended December 31, 2024 and 2023 would have increased/decreased by \$2,097 and \$915, respectively, as a result of other comprehensive income on equity investments classified as at fair value through other comprehensive income.

#### Cash flow and fair value interest rate risk

- i. The Group's interest rate risk primarily arises from various borrowings. Borrowings with variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. For the years ended December 31, 2024 and 2023, the Group's borrowings were issued at fixed rate and are denominated in New Taiwan dollars.
- ii. If the borrowing interest rate of New Taiwan dollars had increased/decreased by 1 basis point with all other variables held constant, profit, net of tax for the years ended December 31, 2024 and 2023 would have decreased/increased by \$198 and \$306, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the financial assets at amortised cost and equity instruments stated at fair value through other comprehensive income.
- ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
- iii. Individual risk limits are set based on internal or external factors in accordance with limits set by the supervisors of credit control. The utilisation of credit limits is regularly monitored.
- iv. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- vi. The Group classifies customer's accounts receivable in accordance with credit risk on trade. The Group applies the simplified approach using the provision matrix and loss rate methodology to estimate expected credit loss. The Group's notes receivable have no significant impairment losses.
- vii. The Group used the forecastability of The New Basel Capital Accord to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2024 and 2023, the loss allowance is as follows:

|                          | Not<br>past due             | Up to 30 days<br>past due   | 31 to 60 days<br>past due | 61 to 90 days<br>past due | 91 to 180 days<br>past due |
|--------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------|----------------------------|
| <u>December 31, 2024</u> |                             |                             |                           |                           |                            |
| Expected loss rate       | 0.03%                       | 0.03%                       | 1.00%                     | 5.00%                     | 20.00%                     |
| Total book value         | \$ 3,431,340                | \$ 161,521                  | \$ 39,098                 | \$ 1,303                  | \$ 801                     |
| Loss allowance           | \$ -                        | \$ -                        | \$ 358                    | \$ 182                    | \$ 157                     |
|                          | 181 to 270 days<br>past due | 271 to 360 days<br>past due | Over 361 days<br>past due | Total                     |                            |
| <u>December 31, 2024</u> |                             |                             |                           |                           |                            |
| Expected loss rate       | 30.00%                      | 50.00%                      | 100.00%                   |                           |                            |
| Total book value         | \$ 636                      | \$ 102                      | \$ 23                     | \$ 3,634,824              |                            |
| Loss allowance           | \$ 191                      | \$ 49                       | \$ 22                     | \$ 959                    |                            |

|                          | Not<br>past due             | Up to 30 days<br>past due   | 31 to 60 days<br>past due | 61 to 90 days<br>past due | 91 to 180 days<br>past due |
|--------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------|----------------------------|
| <u>December 31, 2023</u> |                             |                             |                           |                           |                            |
| Expected loss rate       | 0.03%                       | 0.03%                       | 1.00%                     | 5.00%                     | 20.00%                     |
| Total book value         | \$ 3,440,486                | \$ 112,188                  | \$ 40,371                 | \$ 1,400                  | \$ 5,857                   |
| Loss allowance           | \$ -                        | \$ -                        | \$ 416                    | \$ 70                     | \$ 1,153                   |
|                          | 181 to 270 days<br>past due | 271 to 360 days<br>past due | Over 361 days<br>past due | Total                     |                            |
| <u>December 31, 2023</u> |                             |                             |                           |                           |                            |
| Expected loss rate       | 30.00%                      | 50.00%                      | 100.00%                   |                           |                            |
| Total book value         | \$ 450                      | \$ -                        | \$ 162                    | \$ 3,600,914              |                            |
| Loss allowance           | \$ 135                      | \$ -                        | \$ 162                    | \$ 1,936                  |                            |

viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

|                                 | Years ended December 31, |                     |
|---------------------------------|--------------------------|---------------------|
|                                 | 2024                     | 2023                |
|                                 | Accounts receivable      | Accounts receivable |
| At January 1                    | \$ 1,936                 | \$ 13,190           |
| Reversal of impairment loss     | ( 993)                   | ( 11,250)           |
| Effect of exchange rate changes | 16                       | ( 4)                |
| At December 31                  | \$ 959                   | \$ 1,936            |

For the years ended December 31, 2024 and 2023, gains on impairment of accounts receivable arising from customer contracts amounted to \$993 and \$11,250, respectively.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

- ii. The table below analyses the Group's non-derivative financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date. The analysis is as follows:

Non-derivative financial liabilities:

| <u>December 31, 2024</u>                            | <u>Less than<br/>1 year</u> | <u>Between 1<br/>and 3 years</u> | <u>Between 3<br/>and 5 years</u> | <u>Over<br/>5 years</u> |
|---|-----------------------------|----------------------------------|----------------------------------|-------------------------|
| Short-term borrowings                               | \$ 645,934                  | \$ -                             | \$ -                             | \$ -                    |
| Accounts payable                                    | 3,721,259                   | -                                | -                                | -                       |
| Other payables                                      | 1,514,315                   | -                                | -                                | -                       |
| Lease liabilities                                   | 4,863                       | 2,946                            | 175                              | -                       |
| Bonds payable                                       | -                           | 999,800                          | -                                | -                       |
| Other current liabilities                           | 4,894                       | -                                | -                                | -                       |
| Long-term borrowings<br>(including current portion) | 393,473                     | 804,595                          | 504,180                          | 503,006                 |
| Guarantee deposits received                         | 803                         | -                                | -                                | -                       |

Non-derivative financial liabilities:

| <u>December 31, 2023</u>                            | <u>Less than<br/>1 year</u> | <u>Between 1<br/>and 3 years</u> | <u>Between 3<br/>and 5 years</u> | <u>Over<br/>5 years</u> |
|---|-----------------------------|----------------------------------|----------------------------------|-------------------------|
| Short-term borrowings                               | \$ 381,640                  | \$ -                             | \$ -                             | \$ -                    |
| Accounts payable                                    | 3,037,503                   | -                                | -                                | -                       |
| Other payables                                      | 1,432,469                   | -                                | -                                | -                       |
| Lease liabilities                                   | 9,102                       | 3,645                            | -                                | -                       |
| Other current liabilities                           | 4,811                       | -                                | -                                | -                       |
| Long-term borrowings<br>(including current portion) | 505,931                     | 1,223,688                        | 905,319                          | 683,289                 |
| Guarantee deposits received                         | 538                         | -                                | -                                | -                       |

- iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.



B. Financial instruments not measured at fair value

- (a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid (shown as other non-current assets), short-term borrowings, accounts payable, other payables, lease liabilities, long-term borrowings (including current portion) and guarantee deposits received (shown as other current liabilities and other non-current liabilities), are approximate to their fair values.

|                        | December 31, 2024 |                   |                   |                |
|------------------------|-------------------|-------------------|-------------------|----------------|
|                        | <u>Book value</u> | <u>Fair value</u> |                   |                |
|                        |                   | <u>Level 1</u>    | <u>Level 2</u>    | <u>Level 3</u> |
| Financial liabilities: |                   |                   |                   |                |
| Bonds payable          | <u>\$ 960,192</u> | <u>\$ -</u>       | <u>\$ 971,763</u> | <u>\$ -</u>    |

The Group has no bonds payable as of December 31, 2023.

- (b) The methods and assumptions of fair value estimate are as follows:

Bonds payable is measured at present value, which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at balance sheet date.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

- (a) The related information on the nature of the assets and liabilities is as follows:

| December 31, 2024              | <u>Level 1</u>    | <u>Level 2</u>  | <u>Level 3</u>    | <u>Total</u>      |
|--------------------------------|-------------------|-----------------|-------------------|-------------------|
| Assets                         |                   |                 |                   |                   |
| <u>Recurring fair value</u>    |                   |                 |                   |                   |
| <u>measurements</u>            |                   |                 |                   |                   |
| Financial assets at fair value |                   |                 |                   |                   |
| through profit or loss         |                   |                 |                   |                   |
| Put options of convertible     |                   |                 |                   |                   |
| bonds                          | \$ -              | \$ 1,399        | \$ -              | \$ 1,399          |
| Private equity fund investment | -                 | -               | 65,580            | 65,580            |
| Financial assets at fair       |                   |                 |                   |                   |
| value through other            |                   |                 |                   |                   |
| comprehensive income           |                   |                 |                   |                   |
| Equity securities              | <u>146,500</u>    | <u>-</u>        | <u>63,209</u>     | <u>209,709</u>    |
|                                | <u>\$ 146,500</u> | <u>\$ 1,399</u> | <u>\$ 128,789</u> | <u>\$ 276,688</u> |

| December 31, 2023           | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-----------------------------|----------------|----------------|----------------|--------------|
| Assets                      |                |                |                |              |
| <u>Recurring fair value</u> |                |                |                |              |
| <u>measurements</u>         |                |                |                |              |
| Financial assets at fair    |                |                |                |              |
| valuethrough other          |                |                |                |              |
| comprehensive income        |                |                |                |              |
| Equity securities           | \$ -           | \$ -           | \$ 91,547      | \$ 91,547    |

(b) The methods and assumptions the Group used to measure fair value are as follows:

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

|                     | <u>Listed shares</u> |
|---------------------|----------------------|
| Market quoted price | Closing price        |

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
- iii. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. The evaluation of derivative financial instruments is based on evaluation models widely accepted by market users, such as discount methods and option pricing models.
- iv. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. The following chart is the movement of Level 3 for the years ended December 31, 2024 and 2023:

|   | 2024                     | 2023                     |
|---|--------------------------|--------------------------|
|   | <u>Equity securities</u> | <u>Equity securities</u> |
| January 1   | \$ 91,547                | \$ 54,050                |
| Acquired in the year  | 65,580                   | -                        |
| Return of capital from financial assets<br>at fair value through other comprehensive<br>income  | ( 60,003)                | -                        |
| Recorded as unrealised gains on<br>valuation of investments in equity<br>instruments measured at fair value<br>through other comprehensive income | <u>31,665</u>            | <u>37,497</u>            |
| At December 31  | <u>\$ 128,789</u>        | <u>\$ 91,547</u>         |

E. For the years ended December 31, 2024 and 2023, there was no transfer out from Level 3.

F. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

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

|                                   | <u>Fair value at<br/>December 31,<br/>2024</u> | <u>Valuation<br/>technique</u>   | <u>Significant<br/>unobservable<br/>input</u> | <u>Range<br/>(first<br/>quartile)</u> | <u>Relationship<br/>of inputs to<br/>fair value</u>  |
|-----------------------------------|--|--|---|---------------------------------------|--|
| Non-derivative<br>equity          |  |  |   |                                       |  |
| Unlisted shares                   | \$ 63,209                                      | Market<br>comparable<br>companies  | Price to book<br>ratio multiple               | 1.71-1.96<br>(1.77)                   | The higher<br>the multiple,<br>the higher the<br>fair value                                |
|                                   |  |  | Discount for<br>lack of<br>marketability      | 25%<br>(25%)                          | The higher<br>the discount<br>for lack of<br>marketability,<br>the lower the<br>fair value |
| Venture capital<br>shares         | \$ 65,580                                      | Based on the<br>most recent<br>transaction<br>price in a<br>non-active<br>market | Not<br>applicable                             | Not<br>applicable                     | Not<br>applicable  |
| Private equity<br>fund investment |  |  |   |                                       |  |
|                                   | <u>Fair value at<br/>December 31,<br/>2023</u> | <u>Valuation<br/>technique</u>   | <u>Significant<br/>unobservable<br/>input</u> | <u>Range<br/>(first<br/>quartile)</u> | <u>Relationship<br/>of inputs to<br/>fair value</u>  |
| Non-derivative<br>equity          |  |  |   |                                       |  |
| Unlisted shares                   | 91,547   | Market<br>comparable<br>companies  | Price to book<br>ratio multiple               | 1.98-3.84<br>(2.03)                   | The higher<br>the multiple,<br>the higher the<br>fair value                                |
|                                   |  |  | Discount for<br>lack of<br>marketability      | 25%<br>(25%)                          | The higher<br>the discount<br>for lack of<br>marketability,<br>the lower the<br>fair value |

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

|                   |                                    |        | December 31, 2024               |              |   |              |
|-------------------|------------------------------------|--------|---------------------------------|--------------|---|--------------|
|                   |                                    |        | Recognised in<br>profit or loss |              | Recognised in other<br>comprehensive income |              |
|                   |                                    |        | Favourable                      | Unfavourable | Favourable                                  | Unfavourable |
|                   | Input                              | Change | change                          | change       | change                                      | change       |
| Financial assets  |                                    |        |                                 |              |   |              |
| Equity instrument | Price to book ratio multiple       | ±1%    | \$ -                            | \$ -         | \$ 632                                      | (\$ 632)     |
|                   | Discount for lack of marketability | ±1%    | -                               | -            | 211   | ( 211)       |
|                   |                                    |        | December 31, 2023               |              |   |              |
|                   |                                    |        | Recognised in<br>profit or loss |              | Recognised in other<br>comprehensive income |              |
|                   |                                    |        | Favourable                      | Unfavourable | Favourable                                  | Unfavourable |
|                   | Input                              | Change | change                          | change       | change                                      | change       |
| Financial assets  |                                    |        |                                 |              |   |              |
| Equity instrument | Price to book ratio multiple       | ±1%    | -                               | -            | 915   | ( 915)       |
|                   | Discount for lack of marketability | ±1%    | -                               | -            | 305   | ( 305)       |

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

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

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 5.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 6.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Refer to table 7.

(2) Information on investees

Counterparties' information are disclosed based on subsidiaries' financial statements, which were not reviewed by independent auditors. However, the information on investments between companies was eliminated when preparing the consolidated financial statements. The following disclosures are for reference only.

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 9.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area:

| Name of company         | Counterparty                           | Accounts         | Year ended<br>December 31, 2024 | Percentage<br>representing the<br>account of the<br>company (%) | Note |
|-------------------------|--|------------------|---------------------------------|---|------|
| Chenbro Micom Co., Ltd. | Chenbro Technology (Kunshan) Co., Ltd. | Purchases        | \$ 3,358,631                    | 41  |      |
| Chenbro Micom Co., Ltd. | Chenbro Technology (Kunshan) Co., Ltd. | Accounts payable | 983,616                         | 40  |      |
| Chenbro Micom Co., Ltd. | Dongguan Procace Electronic Co., Ltd.  | Purchases        | 990,148                         | 12  |      |
| Chenbro Micom Co., Ltd. | Dongguan Procace Electronic Co., Ltd.  | Accounts payable | 266,960                         | 11  |      |

(4) Major shareholders information

Major shareholders information: Refer to table 10.

#### 14. OPERATING SEGMENT INFORMATION

##### (1) General information

Because each plant possesses similar economic characteristics, produces similar products under similar production process, uses the same machinery and equipment, as well as the distribution methods and customer categories are alike, the Company and subsidiaries' chief operating decision-maker has assessed that the Company and its subsidiaries only have one reportable operating segment. Furthermore, the measurement basis for the Company is in agreement with the basis stated in the reports reviewed by the chief operating decision-maker.

##### (2) Measurement of segment information

The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4. The Group's segment profit (loss) is measured with the operating income (loss), which is used as a basis for the Group in assessing the performance of the operating segments.

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

The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4. The Group's segment profit (loss) is measured with the operating income (loss), which is used as a basis for the Group in assessing the performance of the operating segments. The Company and subsidiaries have only one reportable operating segment, thus, the reportable information is in agreement with those in the consolidated financial statements.

##### (4) Reconciliation for segment income (loss)

The segment operating profit provided to the chief operating decision-maker is measured in a manner consistent with that used for the statement of comprehensive income. Amounts of total assets and total liabilities of segments are not provided to the chief operating decision-maker to make strategic decisions. There is no difference between the presentation of segment report and income statement and accordingly, no reconciliation is required to be disclosed.

##### (5) Information on products

Details of revenue are as follows:

|  | Year ended<br>December 31,2024 | Year ended<br>December 31,2023 |
|--|--------------------------------|--------------------------------|
| Server cases, peripheral products and components | \$ 14,343,018                  | \$ 11,135,095                  |
| Personal computer cases                          | 174,167                        | 112,163                        |
|  | <u>\$ 14,517,185</u>           | <u>\$ 11,247,258</u>           |

(6) Geographical information

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

|        | <u>Year ended December 31, 2024</u> |                       | <u>Year ended December 31, 2023</u> |                       |
|--------|-------------------------------------|-----------------------|-------------------------------------|-----------------------|
|        | Revenue                             | Non-current<br>assets | Revenue                             | Non-current<br>assets |
| US     | \$ 6,640,127                        | 236,416               | \$ 5,586,951                        | \$ 227,445            |
| China  | 5,451,327                           | 896,499               | 4,125,137                           | 805,749               |
| Europe | 973,548                             | 590                   | 656,601                             | 962                   |
| Taiwan | 807,484                             | 4,370,990             | 468,125                             | 4,019,740             |
| Others | 644,699                             | 36,193                | 410,444                             | -                     |
|        | <u>\$ 14,517,185</u>                | <u>\$ 5,540,688</u>   | <u>\$ 11,247,258</u>                | <u>\$ 5,053,896</u>   |

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2024 and 2023 is as follows:

|           | <u>Year ended December 31, 2024</u> |  | <u>Year ended December 31, 2023</u> |  |
|-----------|-------------------------------------|--|-------------------------------------|--|
|           | Revenue                             | Percentage of<br>consolidated net<br>operating<br>income | Revenue                             | Percentage of<br>consolidated net<br>operating<br>income |
| Company B | \$ 2,430,857                        | 17%  | \$ 2,008,121                        | 18%  |
| Company A | 2,214,078                           | 15%  | 2,859,576                           | 25%  |
| Company C | 2,090,354                           | 14%  | 1,794,133                           | 16%  |
| Company D | 1,492,590                           | 10%  | 377,483                             | 3%   |
| Company E | 1,074,422                           | 7%   | 541,252                             | 5%   |
| Company G | 696,240                             | 5%   | 272,796                             | 2%   |
| Company F | 563,408                             | 4%   | 571,103                             | 5%   |



## CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

## Loans to others

Year ended December 31, 2024

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

Table 1

| No.<br>(Note 1) | Creditor                             | Borrower                       | General<br>ledger<br>account                     | Is a<br>related<br>party | Maximum<br>outstanding<br>balance during<br>the year<br>ended December<br>31, 2024 | Balance at<br>December<br>31, 2024 | Actual amount<br>drawn down | Interest<br>rate | Nature of<br>loan       | Amount of<br>transactions<br>with the<br>borrower | Reason<br>for short-term<br>financing | Allowance<br>for<br>doubtful<br>accounts | Collateral |       | Limit on<br>loans<br>granted to<br>a single<br>party<br>(Note 2) | Ceiling on<br>total loans<br>granted<br>(Note 2) | Footnote |
|-----------------|--------------------------------------|--------------------------------|--|--------------------------|--|------------------------------------|-----------------------------|------------------|-------------------------|---|---------------------------------------|--|------------|-------|--|--|----------|
|                 |                                      |                                |  |                          |  |                                    |                             |                  |                         |   |                                       |  | Item       | Value |  |  |          |
| 1               | Micom-<br>Source<br>Holding Co. INC. | Chenbro<br>Micom (USA)<br>INC. | Other receivables<br>due from related<br>parties | Yes                      | \$ 328,400   | \$ 327,900                         | \$ 327,900                  | 0                | Short-term<br>financing | \$ -  | Operating Capital                     | \$ -                                     | None       | \$ -  | \$ 901,416   | \$ 1,502,361                                     | Note 3   |
| 1               | Micom-<br>Source<br>Holding Co. LLC. | CLOUDWELL<br>HOLDINGS,<br>LLC. | Other receivables<br>due from related<br>parties | Yes                      | 163,950  | 163,950                            | -                           | 0                | Short-term<br>financing | -   | Operating Capital                     | -  | None       | -     | 901,416  | 1,502,361  | Note 4   |

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: In accordance with the Company's "Procedures for Provision of Loans", for the purpose of loans between the Company's foreign subsidiaries or from foreign subsidiaries to the Company, for which the Company both have 100% shares directly or indirectly, limit on total loans granted by subsidiaries to a single party is 50% of subsidiaries' net assets and loans granted by subsidiaries to a single party is 30% of subsidiaries' net assets.

Note 3: The maximum balance of Micom-Source Holding Co.'s loan to Chenbro Micom (USA) INC. during the year ended December 31, 2024 was USD 10 million.

Note 4: The maximum balance of Micom-Source Holding Co.'s loan to CLOUDWELL HOLDINGS, LLC. during the year ended December 31, 2024 was USD 5 million.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES  
Provision of endorsements and guarantees to others  
Year ended December 31, 2024  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 2

| Number<br>(Note 1) | Endorser/<br>guarantor      | Party being endorsed/guaranteed |  |   | Maximum<br>outstanding<br>endorsement/<br>guarantee<br>amount as of<br>December 31,<br>2024 | Outstanding<br>endorsement/<br>guarantee<br>amount at<br>December 31,<br>2024 | Actual amount<br>drawn down | Amount of<br>endorsements/<br>guarantees<br>secured with<br>collateral | Ratio of accumulated<br>endorsement/<br>guarantee amount to<br>net asset value of the<br>endorser/ guarantor<br>company | Ceiling on total<br>amount of<br>endorsements/<br>guarantees<br>provided | Provision of<br>endorsements/<br>guarantees by<br>parent company<br>to subsidiary<br>(Note 4) | Provision of<br>endorsements/<br>guarantees by<br>subsidiary to<br>parent company<br>(Note 4) | Provision of<br>endorsements/<br>guarantees to the<br>party in Mainland<br>China<br>(Note 4) | Footnote |
|--------------------|-----------------------------|---------------------------------|--|---|---|---|-----------------------------|--|---|--|---|---|--|----------|
|                    |                             | Company name                    | Relationship<br>with the<br>endorser/<br>guarantor<br>(Note 2) | Limit on<br>endorsements/<br>guarantees<br>provided for a<br>single party |   |   |                             |  |   |  |   |   |  |          |
| 1                  | Chenbro Micom (USA)<br>INC. | CLOUDWELL<br>HOLDINGS, LLC.     | 4  | \$ 91,812   | \$ 91,952   | \$ 91,812   | \$ 81,886                   | \$ -   | 14.46   | \$ 380,963   | N   | N   | N  | Note 3   |

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is ‘0’.
- (2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is as follows:

- (1) A company with which the Company does business
- (2) A company in which the Company directly and indirectly holds more than 50 percent of the voting shares
- (3) A company that directly and indirectly holds more than 50 percent of the voting shares in the Company
- (4) Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares
- (5) Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project
- (6) Where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages
- (7) Where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other

Note 3: The limit of endorsement guarantee is explained as follows:

- (1) In accordance with the Company’s “Procedures for Provision of Endorsements and Guarantees”, ceiling on accumulated endorsements/guarantees to others and limit on endorsements/guarantees to a single party was 60% and 20% of the Company’s net assets, respectively.
- (2) In accordance with the Company’s “Procedures for Provision of Endorsements and Guarantees”, limit on endorsements/guarantees provided by the company to the subsidiaries holding more than 90% of the equity is 50% of the company's net assets.
- (3) In accordance with the Company’s “Procedures for Provision of Endorsements and Guarantees”, limit on endorsements/guarantees provided by the company and its subsidiaries to the subsidiaries holding more than 90% of the equity is 60% of the company's net assets.
- (4) The original currency amount of maximum and outstanding endorsement/guarantee provided by Chenbro Micom (USA) INC. to CLOUDWELL HOLDINGS, LLC. was based on the credit limit of USD 2,800 thousand for the year ended December 31, 2024, which was approved by the board of directors on November 8, 2023.

Note 4: : Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

## CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period

December 31, 2024

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

Table 3

| Securities held by       | Marketable securities                                | Relationship with the securities issuer | General ledger account  | As of December 31, 2024 |            |               |            | Footnote |
|--------------------------|--|---|---|-------------------------|------------|---------------|------------|----------|
|                          |  |   |   | Number of shares        | Book value | Ownership (%) | Fair value |          |
| CHENBRO MICOM CO., LTD.  | Diamond Creative Holding Limited                     | None                                    | Non-current financial assets at fair value through other comprehensive income | 625,879                 | \$ 63,209  | 14.29%        | \$ 63,209  |          |
| CHENBRO MICOM CO., LTD.  | JESS-LINK PRODUCTS CO., LTD.                         | None                                    | Non-current financial assets at fair value through other comprehensive income | 1,000,000               | 146,500    | 0.82%         | 146,500    |          |
| Micom-Source Holding Co. | Andra Capital Fund LP Private Equity Fund Investment | None                                    | Non-current financial assets at fair value through profit or loss             | —                       | 65,580     | —             | 65,580     |          |

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more

Year ended December 31, 2024

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

Table 4

| If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below: |  |                   |                    |   |                                      |                                    |   |  |                                  |                |  |   |                   |
|---|--|-------------------|--------------------|---|--------------------------------------|------------------------------------|---|--|----------------------------------|----------------|--|---|-------------------|
| Real estate acquired by   | Real estate acquired                                   | Date of the event | Transaction amount | Status of payment                       | Counterparty                         | Relationship with the counterparty | Original owner who sold the real estate to the counterparty | Relationship between the original owner and the acquirer | Date of the original transaction | Amount         | Basis or reference used in setting the price | Reason for acquisition of real estate and status of the real estate | Other commitments |
| Chen-Feng Precision Co., Ltd.   | Land and buildings in Shulin District, New Taipei City | February 19, 2024 | \$ 404,000         | Based on the contract schedule (Note 1) | IRON TRUST CORP.                     | None                               | Not applicable  | Not applicable   | Not applicable                   | Not applicable | According to the appraisal report            | Expansion of production capacity                                    | None              |
| CHENBRO (MALAYSIA) SDN. BHD.  | Land in Johor, Malaysia                                | October 30, 2024  | 360,645 RM 49,201  | Based on the contract schedule (Note 2) | Senai Airport City Sdn. Bhd. (SACSB) | None                               | Not applicable  | Not applicable   | Not applicable                   | Not applicable | According to the appraisal report            | Expansion of production capacity                                    | None              |

Note 1: Pertained to the purchase of land and buildings in Shulin District, New Taipei City, for a total contract price of \$400 million (including tax) and finder's fees of \$4 million (including tax). On June 30, 2024, the payment had been settled.

Note 2: Pertained to the purchase of land in Johor, Malaysia, for a total contract price of RM49,201 thousand. As of December 31, 2024, a payment of RM4,920 thousand had been made.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

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

Year ended December 31, 2024

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

Table 5

| Purchaser/seller                       | Counterparty  | Relationship with the<br>counterparty | Transaction          |              |   |                               | Differences in transaction<br>terms compared to third<br>party transactions |             | Notes/accounts receivable (payable) |   |          |
|--|---|---------------------------------------|----------------------|--------------|---|-------------------------------|---|-------------|-------------------------------------|---|----------|
|  |   |                                       | Purchases<br>(sales) | Amount       | Percentage of<br>total purchases<br>(sales) | Credit term                   | Unit price  | Credit term | Balance                             | Percentage of<br>total notes/accounts<br>receivable (payable) | Footnote |
|  |   |                                       |                      |              |   |                               |   |             |                                     |   |          |
| CHENBRO MICOM CO., LTD.                | Chenbro Micom (USA) INC.                              | Parent-subsiary company               | Sales                | \$ 6,493,710 | 61.82                                       | OA 120 days                   | Note 1  | Note 1      | \$ 1,166,341                        | 55.22   | Note 2   |
| CHENBRO MICOM CO., LTD.                | Chenbro GmbH  | Parent-subsiary company               | Sales                | 326,015      | 3.10  | 60 days after monthly billing | Note 1  | Note 1      | 14,655                              | 0.69  | Note 2   |
| Chenbro Technology (Kunshan) Co., Ltd. | CHENBRO MICOM CO., LTD.                               | Parent-subsiary company               | Sales                | 3,358,631    | 79.92                                       | 60 days after monthly billing | Note 1  | Note 1      | 983,616                             | 74.95   | Note 2   |
| Chenbro Technology (Kunshan) Co., Ltd. | ChenPower Information Technology (Shanghai) Co., Ltd. | Affiliate                             | Sales                | 295,420      | 7.03  | 90 days after monthly billing | Note 1  | Note 1      | 203,081                             | 15.48   | Note 2   |
| Dongguan Procace Electronic Co., Ltd.  | CHENBRO MICOM CO., LTD.                               | Parent-subsiary company               | Sales                | 990,148      | 29.48                                       | 60 days after monthly billing | Note 1  | Note 1      | 266,960                             | 21.58   | Note 2   |
| Dongguan Procace Electronic Co., Ltd.  | ChenPower Information Technology (Shanghai) Co., Ltd. | Affiliate                             | Sales                | 2,366,417    | 70.46                                       | 90 days after monthly billing | Note 1  | Note 1      | 973,347                             | 78.67   | Note 2   |
| Chen-Feng Precision Co., Ltd.          | CHENBRO MICOM CO., LTD.                               | Parent-subsiary company               | Sales                | 910,063      | 98.97                                       | 90 days after monthly billing | Note 1  | Note 1      | 193,254                             | 96.37   | Note 2   |

Note 1: Terms and prices for the abovementioned transactions are the same with third parties.

Note 2: The transactions were eliminated when preparing the consolidated financial statements.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

Receivables from related parties reaching \$100 million or 20% of paid-in capital or more

December 31, 2024

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

Table 6

| Creditor                                  | Counterparty   | Relationship<br>with the counterparty | Balance as at<br>December 31, 2024<br>(Note 3) | Turnover rate | Overdue receivables |  | Amount collected<br>subsequent to the<br>balance sheet date<br>(Note 1) | Allowance for<br>doubtful accounts<br>(Note 2) |
|---|--|---------------------------------------|--|---------------|---------------------|--|---|--|
|   |  |                                       |  |               | Amount              | Action taken   |   |  |
| CHENBRO MICOM CO., LTD.                   | Chenbro Micom (USA) INC.                                 | Parent-subsidiary<br>company          | Accounts receivable<br>\$ 1,166,341            | 3.78          | \$ -                |  | \$ 785,319  | \$ -   |
| Chenbro Technology<br>(Kunshan) Co., Ltd. | CHENBRO MICOM CO., LTD.                                  | Parent-subsidiary<br>company          | Accounts receivable<br>983,616                 | 4.64          | 85                  | Promptly demanding<br>collection of the<br>overdue receivables | 488,926   | -  |
| Chenbro Technology<br>(Kunshan) Co., Ltd. | ChenPower Information<br>Technology (Shanghai) Co., Ltd. | Affiliate                             | Accounts receivable<br>203,081                 | 2.25          | -                   |  | 63,767  | -  |
| Dongguan Procace Electronic<br>Co., Ltd.  | CHENBRO MICOM CO., LTD.                                  | Parent-subsidiary<br>company          | Accounts receivable<br>266,960                 | 4.83          | 7,342               | Promptly demanding<br>collection of the<br>overdue receivables | 93,794  | -  |
| Dongguan Procace Electronic<br>Co., Ltd.  | ChenPower Information<br>Technology (Shanghai) Co., Ltd. | Affiliate                             | Accounts receivable<br>973,347                 | 2.54          | -                   |  | 462,037   | -  |
| Chen-Feng Precision Co., Ltd.             | CHENBRO MICOM CO., LTD.                                  | Parent-subsidiary<br>company          | Accounts receivable<br>193,254                 | 7.38          | -                   |  | 47,435  | -  |

Note 1: Subsequent collections as of March 11, 2025.

Note 2: As the related parties have excellent credit condition, no allowance for doubtful accounts was recognised.

Note 3: The transactions were eliminated when preparing the consolidated financial statements.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES  
Significant inter-company transactions during the reporting period  
Year ended December 31, 2024  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 7

| Number<br>(Note 1) | Company name                           | Counterparty  | Relationship<br>(Note 2) | Transaction            |                           |                   | Percentage of consolidated<br>total operating<br>revenues or total assets<br>(Note 5) |
|--------------------|--|---|--------------------------|------------------------|---------------------------|-------------------|---|
|                    |  |   |                          | General ledger account | Amount (Notes 3, 6 and 7) | Transaction terms |   |
| 0                  | CHENBRO MICOM CO., LTD.                | Chenbro Micom (USA) INC.                              | 1                        | Sales                  | \$ 6,493,710              | Note 4            | 45  |
| 0                  | CHENBRO MICOM CO., LTD.                | Chenbro Micom (USA) INC.                              | 1                        | Accounts receivable    | 1,166,341                 | Note 4            | 7   |
| 0                  | CHENBRO MICOM CO., LTD.                | Chenbro GmbH  | 1                        | Sales                  | 326,015                   | Note 4            | 2   |
| 1                  | Chenbro Technology (Kunshan) Co., Ltd. | CHENBRO MICOM CO., LTD.                               | 2                        | Sales                  | 3,358,631                 | Note 4            | 23  |
| 1                  | Chenbro Technology (Kunshan) Co., Ltd. | CHENBRO MICOM CO., LTD.                               | 2                        | Accounts receivable    | 983,616                   | Note 4            | 6   |
| 1                  | Chenbro Technology (Kunshan) Co., Ltd. | ChenPower Information Technology (Shanghai) Co., Ltd. | 3                        | Sales                  | 295,420                   | Note 4            | 2   |
| 1                  | Chenbro Technology (Kunshan) Co., Ltd. | ChenPower Information Technology (Shanghai) Co., Ltd. | 3                        | Accounts receivable    | 203,081                   | Note 4            | 1   |
| 2                  | Dongguan Procace Electronic Co., Ltd.  | CHENBRO MICOM CO., LTD.                               | 2                        | Sales                  | 990,148                   | Note 4            | 7   |
| 2                  | Dongguan Procace Electronic Co., Ltd.  | CHENBRO MICOM CO., LTD.                               | 2                        | Accounts receivable    | 266,960                   | Note 4            | 2   |
| 2                  | Dongguan Procace Electronic Co., Ltd.  | ChenPower Information Technology (Shanghai) Co., Ltd. | 3                        | Sales                  | 2,366,417                 | Note 4            | 16  |
| 2                  | Dongguan Procace Electronic Co., Ltd.  | ChenPower Information Technology (Shanghai) Co., Ltd. | 3                        | Accounts receivable    | 973,347                   | Note 4            | 6   |
| 3                  | Chen-Feng Precision Co., Ltd.          | CHENBRO MICOM CO., LTD.                               | 2                        | Sales                  | 910,063                   | Note 4            | 6   |
| 3                  | Chen-Feng Precision Co., Ltd.          | CHENBRO MICOM CO., LTD.                               | 2                        | Accounts receivable    | 193,254                   | Note 4            | 1   |

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Transaction amounts less than NT\$100 million or 20% of paid-in capital are not disclosed.

Note 4: There is no transaction similar to the above purchases and sales, which are determined in accordance with mutual agreement.

Note 5: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 6: Except for current profit (loss) for the year ended December 31, 2024 translated using the average exchange rate of that period, amounts in currencies other than NTD disclosed by investees are translated using the spot rate at December 31, 2024.

Note 7: The transactions were eliminated when preparing the consolidated financial statements.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES  
Information on investees (not including investees in Mainland China)  
Year ended December 31, 2024  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 8

| Investor                 | Investee                       | Location               | Main business activities                       | Initial investment amount                   |   | Shares held as at December 31, 2024 |               |                        | Net profit (loss) of the investee for the year ended December 31, 2024<br>(Note 3) | Investment income (loss) recognised by the Company for the year ended December 31, 2024 (Notes 3 and 4) | Footnote         |
|--------------------------|--------------------------------|------------------------|--|---|---|-------------------------------------|---------------|------------------------|--|---|------------------|
|                          |                                |                        |  | Balance as at December 31, 2024<br>(Note 3) | Balance as at December 31, 2023<br>(Note 3) | Number of shares                    | Ownership (%) | Book value<br>(Note 3) |  |   |                  |
| CHENBRO MICOM CO., LTD.  | Micom-Source Holding Co.       | Cayman Islands         | Holding company                                | \$ 720,264                                  | \$ 720,264                                  | 22,323,002                          | 100.00        | \$ 2,984,836           | \$ 447,274   | \$ 539,495  | Notes 1 and 3    |
| CHENBRO MICOM CO., LTD.  | Chenbro Micom (USA) INC.       | USA                    | General trading company                        | 32,408                                      | 32,408                                      | 10,000,000                          | 100.00        | 501,464                | 253,996  | 257,787   | Notes 1 and 3    |
| CHENBRO MICOM CO., LTD.  | Cloudwell Holdings, LLC.       | USA                    | Real estate leasing company                    | 109,365                                     | 109,365                                     | 3,600,000                           | 100.00        | 137,982                | 1,242  | 1,242   | Note 3           |
| CHENBRO MICOM CO., LTD.  | Chenbro GmbH                   | Germany                | General trading company                        | 9,019                                       | 9,019                                       | 250,000                             | 100.00        | 37,791                 | 4,792  | 4,754   | Notes 1 and 3    |
| CHENBRO MICOM CO., LTD.  | Chen-Feng Precession Co., Ltd. | Taiwan                 | Manufacturing of NCT                           | 56,000                                      | 56,000                                      | 6,319,600                           | 70.00         | 208,975                | 127,949  | 89,565  | -                |
| CHENBRO MICOM CO., LTD.  | CHENBRO (MALAYSIA) SDN. BHD.   | Malaysia               | Manufacturing and processing of computer cases | 476,100                                     | -   | 64,920,121                          | 100.00        | 476,216                | 338  | 338   | -                |
| Micom-Source Holding Co. | AMAC International Co.         | Cayman Islands         | Holding company                                | 197,658                                     | 197,658                                     | 6,027,738                           | 100.00        | 87,492                 | 20,905   | -   | Notes 2, 3 and 4 |
| Micom-Source Holding Co. | AMBER International Company    | Cayman Islands         | Holding company                                | 270,190                                     | 270,190                                     | 8,239,890                           | 100.00        | 1,377,336              | 253,454  | -   | Notes 2, 3 and 4 |
| Micom-Source Holding Co. | PROCASE & MOREX Corporation    | British Virgin Islands | Holding company                                | 278,715                                     | 278,715                                     | 35,502                              | 100.00        | 662,772                | 152,426  | -   | Notes 2, 3 and 4 |

Note 1: Investment income (loss) recognised for the year ended December 31, 2024 includes recognition and elimination of realised and unrealised gain (loss) on upstream transactions.

Note 2: The indirect reinvestment company of the Company and investment income / loss recognised by Micom-Source Holding Co..

Note 3: Except for current profit (loss) for the year ended December 31, 2024 translated using the average exchange rate of that period, amounts in currencies other than NTD disclosed by investees are translated using the spot rate at December 31, 2024.

Note 4: Investment income / loss recognised by the Company includes only that of the subsidiaries in which the Company directly invested and that of investees accounted for using equity method.



CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2024

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

Table 9

| Investee in<br>Mainland China                                | Main business<br>activities                          | Paid-in capital | Investment<br>method | Accumulated amount of<br>remittance from Taiwan to<br>Mainland China as of<br>January 1, 2024 | Amount remitted from Taiwan to<br>Mainland China/ Amount remitted back<br>to Taiwan for the year ended December<br>31, 2024 |                            | Accumulated amount of<br>remittance from Taiwan<br>to Mainland China as of<br>December 31, 2024 | Net income of<br>investee for the<br>year ended<br>December 31, 2024 | Ownership held<br>by<br>the Company<br>(direct or indirect) | Investment income<br>(loss) recognised by<br>the Company<br>for the year ended<br>December 31, 2024<br>(Note 1) | Book value of<br>investments in<br>Mainland China<br>as of December<br>31, 2024 | Accumulated<br>amount<br>of investment<br>income<br>remitted back to<br>Taiwan as of<br>December 31,<br>2024 | Footnote               |
|--|--|-----------------|----------------------|---|---|----------------------------|---|--|---|---|---|--|------------------------|
|  |  |                 |                      |   | Remitted to<br>Mainland China   | Remitted back<br>to Taiwan |   |  |   |   |   |  |                        |
| Chenbro Technology<br>(Kunshan) Co., Ltd.                    | Manufacturing and<br>processing of<br>computer cases | \$ 327,900      | \$ 2                 | \$ 327,900  | \$ -  | \$ -                       | \$ 327,900  | \$ 190,080   | 100.00  | \$ 190,080  | \$ 1,051,340  | \$ 767,130   | Notes 2, 4, 5<br>and 7 |
| Dongguan Procace<br>Electronic Co., Ltd.                     | Manufacturing and<br>processing of<br>computer cases | 411,252         | 2                    | 98,239  | -   | -                          | 98,239  | 174,198  | 100.00  | 174,198   | 727,899   | -  | Notes 3 and<br>7       |
| ChenPower information<br>Technology (Shang<br>Hai) Co., Ltd. | Trading and order<br>taking                          | 68,859          | 2                    | -   | -   | -                          | -   | 103,053  | 100.00  | 103,053   | 328,216   | -  | Notes 2, 6<br>and 7    |

Investment method:

1.Directly invest in a company in Mainland China.

2.Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

3.Others.

Note 1: The investment income / loss of current period were audited by independent auditors of the Company.

Note 2: The Company reinvested through AMBER International Company.

Note 3: The Company reinvested through PROCASE & MOREX Corporation and AMAC International Co..

Note 4: The Company distributed cash dividends of \$302,406 (net of taxation on earnings remitted from Mainland China) to the Company through the holding companies, AMBER International Company and Micom-Source Holding Co. on October 17, 2014.

Note 5: The Company distributed cash dividends of \$464,724 (net of taxation on earnings remitted from Mainland China) to the Company through the holding companies, AMBER International Company and Micom-Source Holding Co. on May 28, 2020.

Note 6: The Company incorporated on October 8, 2016 and was reinvested by Chenbro Technology (Kunshan) Co., Ltd. through AMBER International Company at an amount of USD 2.1 million as capital of the Company on December 23, 2016.

Note 7: Except for current profit (loss) for the year ended December 31, 2024 translated using the average exchange rate of that period, amounts in currencies other than NTD disclosed by investees are translated using the spot rate at December 31, 2024.

| Company name               | Accumulated amount of remittance from<br>Taiwan to Mainland China as of<br>December 31, 2024 | Investment amount approved<br>by the Investment Commission of<br>the Ministry of Economic Affairs<br>(MOEA) | Ceiling on investments in Mainland<br>China imposed by the<br>Investment Commission of MOEA<br>(Note 8) |
|----------------------------|--|---|---|
|                            |  |   |   |
| CHENBRO MICOM<br>CO., LTD. | \$ 426,139   | \$ 436,378  | \$ -  |

Note 8: Pursuant to the Gong-Zhi-Zi Order No. 11251035860, certificate for qualified operational headquarters, issued by the Industrial Development Bureau, Ministry of Economic Affairs on September 7, 2023, there is no ceiling on accumulated investments in Mainland China for the period from September 4, 2023 to September 3, 2026.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

Major shareholders information

December 31, 2024

Table 10

| Name of major shareholders  | Shares                |               |
|-----------------------------|-----------------------|---------------|
|                             | Number of shares held | Ownership (%) |
| Chen Fengming               | 13,236,433            | 10.94         |
| Pengwei Investment Holdings | 12,180,000            | 10.06         |
| Lianmei Investment          | 11,831,000            | 9.77          |
| Chen Meichi                 | 9,656,009             | 7.98          |
| Minguang Investment Holding | 8,543,967             | 7.06          |