

**CHENBRO MICOM CO., LTD.**  
**PARENT COMPANY ONLY 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

(25) PWCR 24004200

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

### ***Opinion***

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers 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 parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of the other auditors, 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 Company's 2024 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters of the Company's 2024 parent company only financial statements are stated as follows:

### **Valuation of inventories**

#### Description

Refer to Note 4(12) 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 Company's carrying amount of inventory amounted to NT\$693,942 thousand.

The Company 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 Company measures inventories at the lower of cost and net realisable value, and assesses whether the value of inventories has declined. For inventories that are over a certain age and individually identified obsolete or slow-moving inventories, the net realisable values are determined by management based on historical data of inventory consumption. 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 revenue**

#### Description

Refer to Note 4(28) for accounting policy on revenue recognition and Note 6(21) for description of revenue. The Company is primarily engaged in manufacturing and sales of computer peripheral equipment. The Company's trading counterparties are mostly world-renowned companies with which the Company has long-term business partnership. As the sales of the Company's top 10 trading counterparties accounted for over 90%, the newly top 10 and significant changes in revenue of top 10 trading counterparties are significant to the 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 Company'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 that 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.

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

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

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

### ***Auditors' responsibilities for the audit of the parent company only financial statements***

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only financial statements.

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

- A. Identify and assess the risks of material misstatement of the parent company only 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only 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 Company to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 parent company only 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.

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Pan, Hui-Lin

Huang, Pei-Chuan

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 11, 2025

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The accompanying parent company only 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 parent company only 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.

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

	Assets	Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 2,163,264	16	\$ 1,114,075	10
1136	Current financial assets at amortised cost	6(4) and 8	110,000	1	31,924	-
1150	Notes receivable, net	6(5)	13,939	-	10,355	-
1170	Accounts receivable, net	6(5)	917,287	7	501,853	4
1180	Accounts receivable - related parties	7	1,180,996	9	2,283,306	20
1200	Other receivables		59,069	-	53,356	1
1210	Other receivables - related parties	7	23,554	-	68,691	1
1220	Current income tax assets	6(27)	-	-	4,009	-
130X	Inventories	6(6)	693,942	5	486,180	4
1410	Prepayments		37,738	-	25,933	-
1470	Other current assets		4,358	-	2,707	-
11XX	<b>Total current assets</b>		<b>5,204,147</b>	<b>38</b>	<b>4,582,389</b>	<b>40</b>
<b>Non-current assets</b>						
1510	Non-current financial assets at fair value through profit or loss	6(2)	1,399	-	-	-
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	-	-	1,000	-
1550	Investments accounted for using equity method	6(7)(20)	4,347,264	32	2,866,097	25
1600	Property, plant and equipment	6(8) and 8	3,819,911	28	3,860,693	33
1780	Intangible assets	6(9)	58,837	-	64,787	-
1840	Deferred income tax assets	6(27)	77,349	1	74,482	1
1900	Other non-current assets	6(10)	19,972	-	51,256	-
15XX	<b>Total non-current assets</b>		<b>8,534,441</b>	<b>62</b>	<b>7,009,862</b>	<b>60</b>
1XXX	<b>Total assets</b>		<b>\$ 13,738,588</b>	<b>100</b>	<b>\$ 11,592,251</b>	<b>100</b>

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**CHENBRO MICOM CO., LTD.**  
**PARENT COMPANY ONLY 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	%
<b>Current liabilities</b>					
2100 Short-term borrowings	6(11)	\$ 447,427	3	\$ 305,808	3
2130 Current contract liabilities	6(21)	6,957	-	12,975	-
2170 Accounts payable		1,010,112	7	1,171,558	10
2180 Accounts payable - related parties	7	1,444,562	11	660,870	6
2200 Other payables	6(12)	772,615	6	530,377	4
2220 Other payables - related parties	7	1,301	-	904	-
2230 Current income tax liabilities		147,183	1	279,639	2
2320 Long-term liabilities, current portion	6(14)	354,052	3	444,153	4
2365 Current refund liabilities		38,619	-	19,997	-
2399 Other current liabilities, others		2,559	-	1,879	-
<b>21XX Total current liabilities</b>		<b>4,225,387</b>	<b>31</b>	<b>3,428,160</b>	<b>29</b>
<b>Non-current liabilities</b>					
2530 Bonds payable	6(13)	960,192	7	-	-
2540 Long-term borrowings	6(14)	1,309,148	10	2,615,354	23
2570 Deferred income tax liabilities	6(27)	50,699	-	975	-
2600 Other non-current liabilities	6(15)	18,882	-	21,104	-
<b>25XX Total non-current liabilities</b>		<b>2,338,921</b>	<b>17</b>	<b>2,637,433</b>	<b>23</b>
<b>2XXX Total liabilities</b>		<b>6,564,308</b>	<b>48</b>	<b>6,065,593</b>	<b>52</b>
<b>Equity</b>					
Share capital	6(16)(17)				
3110 Common stock		1,209,877	9	1,205,945	10
Capital surplus	6(18)				
3200 Capital surplus		383,452	3	149,084	1
Retained earnings	6(19)				
3310 Legal reserve		1,093,782	8	985,172	9
3320 Special reserve		176,796	1	181,405	2
3350 Unappropriated retained earnings		4,420,844	32	3,192,304	28
Other equity interest	6(20)				
3400 Other equity interest		(110,471)	(1)	(187,252)	(2)
<b>3XXX Total equity</b>		<b>7,174,280</b>	<b>52</b>	<b>5,526,658</b>	<b>48</b>
Significant contingent liabilities and unrecorded contract commitments	9				
Significant events after the balance sheet date	6(19) and 11				
<b>3X2X Total liabilities and equity</b>		<b>\$ 13,738,588</b>	<b>100</b>	<b>\$ 11,592,251</b>	<b>100</b>

The accompanying notes are an integral part of these parent company only financial statements.

**CHENBRO MICOM CO., LTD.**  
**PARENT COMPANY ONLY 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	%
4000	Operating revenue	6(21) and 7	\$ 10,504,247	100	\$ 7,428,009	100
5000	Operating costs	6(6)(26) and 7	( 8,577,155)	( 82)	( 5,236,667)	( 71)
5900	Net operating margin		1,927,092	18	2,191,342	29
5910	Unrealised profit from sales		( 149,681)	( 1)	( 118,342)	( 2)
5920	Realised profit from sales		118,342	1	107,334	2
	Net realised loss from sales	6(7)	( 31,339)	-	( 11,008)	-
5950	Net operating margin		1,895,753	18	2,180,334	29
	Operating expenses	6(26) and 7				
6100	Selling expenses		( 101,632)	( 1)	( 93,215)	( 1)
6200	General and administrative expenses		( 483,605)	( 4)	( 389,846)	( 5)
6300	Research and development expenses		( 198,351)	( 2)	( 149,822)	( 2)
6450	Expected credit impairment gain	12(2)	1,232	-	10,408	-
6000	Total operating expenses		( 782,356)	( 7)	( 622,475)	( 8)
6500	Net other income (expenses)		244,727	2	79,592	1
6900	Operating profit		1,358,124	13	1,637,451	22
	Non-operating income and expenses					
7100	Interest income	6(22)	27,303	-	4,556	-
7010	Other income	6(23) and 7	21,321	-	12,475	-
7020	Other gains and losses	6(24)	55,016	1	( 19,843)	-
7050	Finance costs	6(25)	( 64,301)	( 1)	( 62,899)	( 1)
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method, net	6(7)	893,181	9	( 161,665)	( 2)
7000	Total non-operating income and expenses		932,520	9	( 227,376)	( 3)
7900	<b>Profit before income tax</b>		2,290,644	22	1,410,075	19
7950	Income tax expense	6(27)	( 357,113)	( 4)	( 324,619)	( 4)
8200	<b>Profit for the year</b>		\$ 1,933,531	18	\$ 1,085,456	15

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**CHENBRO MICOM CO., LTD.**  
**PARENT COMPANY ONLY 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	6(15)		\$ 2,431	\$ 809	
8316	Unrealised gain 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	6(27)		(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	(32,888)	
8360	Other comprehensive income (loss) that will be reclassified to profit or loss			143,225	(32,888)	
8300	<b>Other comprehensive income for the year</b>			\$ 157,416	\$ 5,257	
8500	<b>Total comprehensive income for the year</b>			\$ 2,090,947	\$ 1,090,713	
Earnings per share (in dollars)						
9750	Basic earnings per share	6(28)		\$ 16.05	\$ 9.03	
9850	Diluted earnings per share			\$ 15.60	\$ 8.95	

The accompanying notes are an integral part of these parent company only financial statements.

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

	Notes	Capital Reserves				Retained Earnings			Other Equity Interest			
		Share capital - common stock	Capital surplus, additional paid-in capital	Treasury stock transactions	Capital surplus, share options	Capital Surplus, restricted stock	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unrealised gains from financial assets measured at fair value through other comprehensive income	Other equity - others
<b>2023</b>												
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)
Profit for the year		-	-	-	-	-	-	-	1,085,456	-	-	-
Other comprehensive income (loss) for the year	6(3)(20)	-	-	-	-	-	-	-	648	(32,888)	37,497	-
Total comprehensive income		-	-	-	-	-	-	-	1,086,104	(32,888)	37,497	-
Distribution of 2022 earnings	6(19)											
Legal reserve		-	-	-	-	-	100,075	-	(100,075)	-	-	-
Reversal of special reserve		-	-	-	-	-	-	(89,311)	89,311	-	-	-
Cash dividends		-	-	-	-	-	-	-	(482,528)	-	-	(482,528)
Share-based payments	6(16)(20)	(375)	18,597	-	-	(18,222)	-	-	-	-	-	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)
<b>2024</b>												
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)
Profit for the year		-	-	-	-	-	-	-	1,933,531	-	-	1,933,531
Other comprehensive income for the year	6(3)(20)	-	-	-	-	-	-	-	1,945	143,225	12,246	-
Total comprehensive income		-	-	-	-	-	-	-	1,935,476	143,225	12,246	-
Distribution of 2023 earnings	6(19)											
Legal reserve		-	-	-	-	-	108,610	-	(108,610)	-	-	-
Reversal of special reserve		-	-	-	-	-	-	(4,609)	4,609	-	-	-
Cash dividends		-	-	-	-	-	-	-	(602,935)	-	-	(602,935)
Issuance of convertible bonds payable	6(13)	-	-	-	154,262	-	-	-	-	-	-	154,262
Conversion of convertible bonds	6(13)	7	212	-	(30)	-	-	-	-	-	-	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
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)

The accompanying notes are an integral part of these parent company only financial statements.

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

	Notes	Year ended December 31	
		2024	2023
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 2,290,644	\$ 1,410,075
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment gain	12(2)	( 1,232 )	( 10,408 )
Depreciation	6(8)(10)(26)	152,386	136,124
Amortisation	6(9)(26)	10,962	6,497
Net loss on financial assets at fair value through profit or loss	6(24)	2,500	-
Interest expense	6(25)	64,301	62,899
Interest income	6(22)	( 27,303 )	( 4,556 )
Dividend income	6(23)	( 1,596 )	-
(Gain) loss on disposal of property, plant and equipment	6(24)	( 206 )	187
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(7)	( 893,181 )	161,665
Net realised loss from sales	6(7)	31,339	11,008
Share-based payments	6(16)	5,159	11,331
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		( 3,584 )	7,585
Accounts receivable		( 414,202 )	324,720
Accounts receivable - related parties		1,102,310	( 879,080 )
Other receivables		( 4,553 )	( 33,226 )
Other receivables - related parties		45,137	75,231
Inventories		( 209,020 )	225,026 )
Prepayments		( 11,805 )	99,219
Other current assets		( 1,651 )	1,155 )
Changes in operating liabilities			
Current contract liabilities		( 6,018 )	11,167
Accounts payable		( 161,446 )	794,792
Accounts payable - related parties		783,692	( 331,543 )
Other payables (including related parties)		257,793	135,622
Current refund liabilities		18,622	19,997
Other current liabilities		91	328
Other non-current liabilities		( 643 )	( 4,171 )
Cash inflow generated from operations		3,028,496	1,779,282
Interest received		26,143	4,526
Dividends received		1,596	-
Interest paid		( 45,467 )	( 63,172 )
Income tax paid		( 439,189 )	( 244,344 )
Net cash flows from operating activities		<u>2,571,579</u>	<u>1,476,292</u>

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

	Notes	Year ended December 31	
		2024	2023
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of non-current financial assets at fair value through other comprehensive income	12(3)	(\$ 165,919 )	\$ -
Return of capital from financial assets at fair value through other comprehensive income	12(3)	60,003	- -
Acquisition of financial assets at amortised cost		( 100,000 )	( 3,445 )
Proceeds from disposal of financial assets at amortised cost		22,924	- -
Acquisition of investments accounted for using equity method	6(7)	( 476,100 )	- -
Acquisition of property, plant and equipment	6(29)	( 90,733 )	( 188,626 )
Proceeds from disposal of property, plant and equipment		206	477
Acquisition of intangible assets	6(29)	( 3,704 )	( 29,182 )
Increase in other non-current assets		( 924 )	( 286 )
Net cash flows used in investing activities		<u>( 754,247 )</u>	<u>( 221,062 )</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from short-term borrowings	6(30)	1,413,434	2,483,065
Repayment of short-term borrowings	6(30)	( 1,271,815 )	( 3,119,944 )
Proceeds from long-term borrowings	6(30)	- -	910,856
Repayment of long-term borrowings (including current portion)	6(30)	( 1,396,307 )	( 404,219 )
Payment of the principal of lease liabilities	6(10)(30)	( 2,050 )	( 1,992 )
Net issuance of convertible bonds	6(13)(30)	1,091,530	- -
Payment of cash dividends	6(19)	( 602,935 )	( 482,528 )
Net cash flows used in financing activities		<u>( 768,143 )</u>	<u>( 614,762 )</u>
Net increase in cash and cash equivalents		1,049,189	640,468
Cash and cash equivalents at beginning of year	6(1)	<u>1,114,075</u>	<u>473,607</u>
Cash and cash equivalents at end of year	6(1)	<u>\$ 2,163,264</u>	<u>\$ 1,114,075</u>

The accompanying notes are an integral part of these parent company only financial statements.

CHENBRO MICOM CO., LTD.

NOTES TO THE PARENT COMPANY ONLY 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 is 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 financial statements were authorised for issuance by 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®”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)**

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 Company’s financial condition and financial performance based on the Company’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 International Accounting Standards Board
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025
The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company'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 International Accounting 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 International Accounting 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 Company's financial condition and financial performance based on the Company'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 financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**(2) Basis of preparation**

- A. Except for the following items, the 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 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”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

**(3) Foreign currency translation**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The financial statements are presented in New Taiwan Dollars, which is the Company’s functional 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 Company 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 Company 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.

(4) 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 pay off liabilities more than twelve months after the balance sheet date.

The Company 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 paid off within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be paid off 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 Company classifies all liabilities that do not meet the criteria above as non-current.

(5) 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.

(6) 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 Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(7) 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 Company 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 Company measures the financial assets at fair value plus transaction costs. The Company 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 Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
  - (a) The objective of the Company'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 Company 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 Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company 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.

(10) 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 Company 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 Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

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

(12) 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, semi-finished goods and work in process 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.

(13) Investments accounted for using equity method / subsidiaries

- A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company 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.
- B. Unrealised gains or losses on transactions between the Company and its subsidiaries have been eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

**(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 Company 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~ 4 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 Company. 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 Company 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 life 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 Company assesses at each balance sheet date the recoverable amounts of those assets in which 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) Derecognition of financial liabilities Convertible bonds payable

Convertible bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company 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 expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses 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 Company 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' remuneration

Employees' compensation and directors' remuneration are recognised as expenses and liabilities, 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) 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 have 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. 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 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 Company 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.

**(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 Company 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 Company 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 are 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 Company 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 Company 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 Company recognises expenses for the related costs for which the grants are intended to compensate.

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

The preparation of these financial statements does not require management to make critical judgements in applying the Company'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:

As 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 on 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 \$693,942 .

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Petty cash and cash on hand	\$ 15	\$ 122
Checking account deposits	187	32
Demand deposits	298,566	157,174
Foreign currency deposits	107,496	846,747
Time deposits	1,757,000	110,000
	<hr/> <u>\$ 2,163,264</u>	<hr/> <u>\$ 1,114,075</u>

- A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Company has reclassified restricted cash and cash equivalents 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	<u>\$ 1,399</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:

	2024	2023
Financial assets mandatorily measured at fair value through profit or loss		
Put options of convertible bonds	<u>(\$ 2,500)</u>	<u>\$ -</u>

- B. The Company 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
	<hr/> <u>\$ 209,709</u>	<hr/> <u>\$ 91,547</u>

A. The Company 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	<u>\$ 1,596</u>	<u>\$ -</u>

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 Company 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**

	December 31, 2024	December 31, 2023
Current items:		
Time deposits	\$ 100,000	\$ -
Pledged bank deposits (including time deposits)	<u>10,000</u>	<u>31,924</u>
	<u>\$ 110,000</u>	<u>\$ 31,924</u>
Non-current items:		
Time deposits	<u>\$ -</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	<u>\$ 545</u>	<u>\$ 178</u>

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 Company was \$110,000 and \$32,924, respectively.

C. Information relating to credit risk is provided in Note 12(2). The trading partners of the Company's investment in time deposit are financial institutions with good credit quality, and the possibility of default is expected to be very low.

D. Information of financial assets at amortised cost that pledged is provided in Note 8.

(5) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable	\$ 13,939	\$ 10,355
Accounts receivable	\$ 917,644	\$ 503,442
Less: Allowance for bad debts	( 357)	( 1,589)
	<u>\$ 917,287</u>	<u>\$ 501,853</u>

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

	December 31, 2024		December 31, 2023	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$ 13,939	\$ 799,271	\$ 10,355	\$ 398,365
Up to 30 days	-	94,944	-	63,875
31 to 60 days	-	22,639	-	34,934
61 to 90 days	-	439	-	1,392
91 to 180 days	-	224	-	4,266
Over 180 days	-	127	-	610
	<u>\$ 13,939</u>	<u>\$ 917,644</u>	<u>\$ 10,355</u>	<u>\$ 503,442</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 \$931,583, \$513,797 and \$846,102, respectively.

C. The Company does not hold any collateral as security.

D. As at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable were \$13,939, \$10,355, \$917,287 and \$501,853, respectively.

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

(6) Inventories

	December 31, 2024	December 31, 2023
Raw materials	\$ 185,131	\$ 127,132
Semi-finished goods	133,291	82,168
Work in process	106,821	32,826
Finished goods	268,699	244,054
	<u>\$ 693,942</u>	<u>\$ 486,180</u>

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

	Years ended December 31,	
	2024	2023
Cost of goods sold	\$ 8,573,254	\$ 5,124,421
Loss on decline in market value	10,339	112,615
(Gain) loss on physical inventory	( 3,541)	1,871
Sale of scraps	( 2,897)	( 2,240)
	<u>\$ 8,577,155</u>	<u>\$ 5,236,667</u>

B. The Company has no inventories pledged to others.

(7) Investments accounted for using equity method

	2024	2023
At January 1	\$ 2,866,097	\$ 3,071,658
Addition of investments accounted for using equity method	476,100	-
Share of profit or loss of investments accounted for using equity method	893,181	( 161,665)
Net unrealised profit (loss) of inter-company transactions	( 31,339)	( 11,008)
Changes in other equity items (Note 6(20))	143,225	( 32,888)
At December 31	<u>\$ 4,347,264</u>	<u>\$ 2,866,097</u>
	December 31, 2024	December 31, 2023
Micom-Source Holding Co.	\$ 2,984,836	\$ 2,339,719
Chenbro Micom (USA) INC.	501,464	246,717
CLOUDWELL HOLDINGS, LLC.	137,982	128,042
Chenbro GmbH	37,791	32,208
Chen-Feng Precision Co., LTD.	208,975	119,411
CHENBRO (MALAYSIA) SDN. BHD.	476,216	-
	<u>\$ 4,347,264</u>	<u>\$ 2,866,097</u>

Details of the Company's subsidiaries are provided in Note 4(3) of the Company's consolidated financial statements as of and for the year ended December 31, 2024.

**(8) Property, plant and equipment**

	Land	Buildings	Machinery and equipment	Mold equipment	Computer communication equipment	Testing equipment	Transportation equipment	Office equipment	Others	Unfinished construction and equipment under acceptance	Total	Prepayments for business facilities (Note)
<b>At January 1, 2024</b>												
Cost	\$ 1,268,972	\$ 2,215,572	\$ 302,923	\$ 278,991	\$ 96,648	\$ 42,351	\$ 2,740	\$ 59,693	\$ 38,049	\$ 77,543	\$ 4,383,482	\$ 32,342
Accumulated depreciation	-	( 104,669)	( 40,252)	( 270,016)	( 44,833)	( 20,477)	( 2,740)	( 24,732)	( 15,070)	-	( 522,789)	-
	<u>\$ 1,268,972</u>	<u>\$ 2,110,903</u>	<u>\$ 262,671</u>	<u>\$ 8,975</u>	<u>\$ 51,815</u>	<u>\$ 21,874</u>	<u>\$ -</u>	<u>\$ 34,961</u>	<u>\$ 22,979</u>	<u>\$ 77,543</u>	<u>\$ 3,860,693</u>	<u>\$ 32,342</u>
<b>2024</b>												
Opening net book amount	\$ 1,268,972	\$ 2,110,903	\$ 262,671	\$ 8,975	\$ 51,815	\$ 21,874	\$ -	\$ 34,961	\$ 22,979	\$ 77,543	\$ 3,860,693	\$ 32,342
Additions	-	8,714	40,643	-	520	-	370	-	6,011	19,696	75,954	-
Transfers	-	1,820	17,616	1,258	-	580	-	-	66,355	( 54,029)	33,600	( 32,342)
Depreciation charges	-	( 65,908)	( 33,808)	( 5,971)	( 15,650)	( 6,077)	( 6)	( 8,652)	( 14,264)	-	( 150,336)	-
Closing net book amount	<u>\$ 1,268,972</u>	<u>\$ 2,055,529</u>	<u>\$ 287,122</u>	<u>\$ 4,262</u>	<u>\$ 36,685</u>	<u>\$ 16,377</u>	<u>\$ 364</u>	<u>\$ 26,309</u>	<u>\$ 81,081</u>	<u>\$ 43,210</u>	<u>\$ 3,819,911</u>	<u>\$ -</u>
<b>At December 31, 2024</b>												
Cost	\$ 1,268,972	\$ 2,226,106	\$ 361,182	\$ 279,394	\$ 90,277	\$ 42,701	\$ 3,110	\$ 59,693	\$ 110,289	\$ 43,210	\$ 4,484,934	\$ -
Accumulated depreciation	-	( 170,577)	( 74,060)	( 275,132)	( 53,592)	( 26,324)	( 2,746)	( 33,384)	( 29,208)	-	( 665,023)	-
	<u>\$ 1,268,972</u>	<u>\$ 2,055,529</u>	<u>\$ 287,122</u>	<u>\$ 4,262</u>	<u>\$ 36,685</u>	<u>\$ 16,377</u>	<u>\$ 364</u>	<u>\$ 26,309</u>	<u>\$ 81,081</u>	<u>\$ 43,210</u>	<u>\$ 3,819,911</u>	<u>\$ -</u>

Note: Prepayments for business facilities are shown as 'other non-current assets'. Details are provided in Note 6(10).

- The significant components of the 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.

															Unfinished construction and equipment under acceptance	Prepayments for business facilities (Note)
	Land	Buildings	Machinery and equipment	Mold equipment	Computer communication equipment	Testing equipment	Transportation equipment	Office equipment	Others					Total		
<u>At January 1, 2023</u>																
Cost	\$ 1,268,972	\$ 2,207,715	\$ 186,823	\$ 278,368	\$ 38,700	\$ 33,970	\$ 4,140	\$ 59,493	\$ 26,374	\$ 239,430	\$ 4,343,985	\$ -	\$ -	\$ -	\$ -	
Accumulated depreciation	-	( 42,361)	( 14,582)	( 263,364)	( 21,657)	( 21,569)	( 3,504)	( 15,416)	( 7,206)	-	( 389,659)	\$ -	\$ -	\$ -	\$ -	
	<u>\$ 1,268,972</u>	<u>\$ 2,165,354</u>	<u>\$ 172,241</u>	<u>\$ 15,004</u>	<u>\$ 17,043</u>	<u>\$ 12,401</u>	<u>\$ 636</u>	<u>\$ 44,077</u>	<u>\$ 19,168</u>	<u>\$ 239,430</u>	<u>\$ 3,954,326</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>2023</u>																
Opening net book amount	\$ 1,268,972	\$ 2,165,354	\$ 172,241	\$ 15,004	\$ 17,043	\$ 12,401	\$ 636	\$ 44,077	\$ 19,168	\$ 239,430	\$ 3,954,326	\$ -	\$ -	\$ -	\$ -	
Additions	-	7,857	11,524	623	4,872	6,061	-	200	4,923	5,103	41,163	32,342				
Disposals	-	-	-	-	-	-	( 292)	-	-	( 372)	( 664)	-				
Transfers	-	-	104,576	-	45,843	9,447	-	-	6,752	( 166,618)	-	-				
Depreciation charges	-	( 62,308)	( 25,670)	( 6,652)	( 15,943)	( 6,035)	( 344)	( 9,316)	( 7,864)	-	( 134,132)	-				
Closing net book amount	<u>\$ 1,268,972</u>	<u>\$ 2,110,903</u>	<u>\$ 262,671</u>	<u>\$ 8,975</u>	<u>\$ 51,815</u>	<u>\$ 21,874</u>	<u>\$ -</u>	<u>\$ 34,961</u>	<u>\$ 22,979</u>	<u>\$ 77,543</u>	<u>\$ 3,860,693</u>	<u>\$ 32,342</u>				
<u>At December 31, 2023</u>																
Cost	\$ 1,268,972	\$ 2,215,572	\$ 302,923	\$ 278,991	\$ 96,648	\$ 42,351	\$ 2,740	\$ 59,693	\$ 38,049	\$ 77,543	\$ 4,383,482	\$ 32,342				
Accumulated depreciation	-	( 104,669)	( 40,252)	( 270,016)	( 44,833)	( 20,477)	( 2,740)	( 24,732)	( 15,070)	-	( 522,789)	\$ -				
	<u>\$ 1,268,972</u>	<u>\$ 2,110,903</u>	<u>\$ 262,671</u>	<u>\$ 8,975</u>	<u>\$ 51,815</u>	<u>\$ 21,874</u>	<u>\$ -</u>	<u>\$ 34,961</u>	<u>\$ 22,979</u>	<u>\$ 77,543</u>	<u>\$ 3,860,693</u>	<u>\$ 32,342</u>				

Note: Prepayments for business facilities are shown as 'other non-current assets'. Details are provided in Note 6(10).

- The significant components of the 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.
- No borrowing cost was capitalized as part of property, plant and equipment for this year.

**(9) Intangible assets**

	Trademarks	Computer software	Patents	Total
<b><u>At January 1, 2024</u></b>				
Cost	\$ 1,332	\$ 114,797	\$ 5,140	\$ 121,269
Accumulated amortisation	( 721)	( 50,713)	( 5,048)	( 56,482)
	<u>\$ 611</u>	<u>\$ 64,084</u>	<u>\$ 92</u>	<u>\$ 64,787</u>
<b><u>2024</u></b>				
At January 1	\$ 611	\$ 64,084	\$ 92	\$ 64,787
Additions	145	4,571	296	5,012
Amortisation charge	( 165)	( 10,751)	( 46)	( 10,962)
At December 31	<u>\$ 591</u>	<u>\$ 57,904</u>	<u>\$ 342</u>	<u>\$ 58,837</u>
<b><u>At December 31, 2024</u></b>				
Cost	\$ 1,477	\$ 119,368	\$ 5,436	\$ 126,281
Accumulated amortisation	( 886)	( 61,464)	( 5,094)	( 67,444)
	<u>\$ 591</u>	<u>\$ 57,904</u>	<u>\$ 342</u>	<u>\$ 58,837</u>
	Trademarks	Computer software	Patents	Total
<b><u>At January 1, 2023</u></b>				
Cost	\$ 1,133	\$ 57,076	\$ 5,355	\$ 63,564
Accumulated amortisation	( 535)	( 44,499)	( 4,950)	( 49,984)
	<u>\$ 598</u>	<u>\$ 12,577</u>	<u>\$ 405</u>	<u>\$ 13,580</u>
<b><u>2023</u></b>				
At January 1	\$ 598	\$ 12,577	\$ 405	\$ 13,580
Additions	199	26,301	-	26,500
Transfers (Note)	-	31,420	-	31,420
Reclassifications	-	-	( 216)	( 216)
Amortisation charge	( 186)	( 6,214)	( 97)	( 6,497)
At December 31	<u>\$ 611</u>	<u>\$ 64,084</u>	<u>\$ 92</u>	<u>\$ 64,787</u>
<b><u>At December 31, 2023</u></b>				
Cost	\$ 1,332	\$ 114,797	\$ 5,140	\$ 121,269
Accumulated amortisation	( 721)	( 50,713)	( 5,048)	( 56,482)
	<u>\$ 611</u>	<u>\$ 64,084</u>	<u>\$ 92</u>	<u>\$ 64,787</u>

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

Details of amortisation on intangible assets are as follows:

	Years ended December 31,	
	2024	2023
Manufacturing expenses	\$ 1,478	\$ 1,587
Selling expenses	437	125
Administrative expenses	8,543	3,678
Research and development expenses	504	1,107
	<u>\$ 10,962</u>	<u>\$ 6,497</u>

(10) Other non-current assets

	December 31, 2024	December 31, 2023
Right-of-use assets	\$ 4,286	\$ 2,844
Guarantee deposits paid	1,402	972
Prepayments for intangible assets	1,374	2,682
Prepayments for business facilities	-	32,342
Others	<u>12,910</u>	<u>12,416</u>
	<u>\$ 19,972</u>	<u>\$ 51,256</u>

- A. The Company leases various assets including office, warehouse, business vehicles, parking spaces, coffee machine and printers, etc. Rental contracts are typically made for periods of 3 months to 3 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 and printers.
- C. For the years ended December 31, 2024 and 2023, the depreciation charges of right-of-use assets were \$2,050 and \$1,992, respectively.
- D. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets were \$3,492 and \$1,885, respectively.
- E. Information on profit or loss in relation to lease contracts is as follows:

<u>Items affecting profit or loss</u>	Years ended December 31,	
	2024	2023
Interest expense on lease liabilities	\$ 30	\$ 24
Expense on short-term lease contracts	1,835	2,329
Expense on leases of low-value assets	615	567

- F. For the years ended December 31, 2024 and 2023, the Company's total cash outflow for leases was \$4,530 and \$4,912 (of which \$2,050 and \$1,992 represents payments of the principal of lease liabilities), respectively.

(11) Short-term borrowings

Type of borrowings	December 31, 2024	Interest rate range	Collateral
Short-term borrowings	\$ 447,427	4.85%~5.20%	A promissory note of the same amount was issued as collateral.
Type of borrowings	December 31, 2023	Interest rate range	Collateral
Short-term borrowings	\$ 305,808	5.93%~6.07%	A promissory note of the same amount was issued as collateral.

(12) Other payables

	December 31, 2024	December 31, 2023
Remuneration due to directors' and employees' compensation	\$ 222,341	\$ 136,563
Wages and bonus payable	190,902	146,776
Payables for product development expenses	129,343	6,216
Payables for export freight and customs clearance charges	38,059	39,105
Payables for machinery and equipment	22,443	37,222
Payables for processing fees	20,330	17,712
Others	149,197	146,783
	\$ 772,615	\$ 530,377

(13) Bonds payable

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

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:

- 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.
- 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 borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2024
Loan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan (Note 1)	NTD 1,280,000 thousand, borrowings 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, borrowings 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, borrowings 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
Less: Current portion				1,663,200
				(354,052)
				\$ 1,309,148

Type of borrowings	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 2)	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 2)	\$ 326,667

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2023
Loan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan (Note 1)	NTD 1,280,000 thousand, borrowings 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, borrowings 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, borrowings 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
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	1.665% ~ 1.780%	Real estate located in Xinzhuang Dist., New Taipei City	372,000
Less: Current portion				3,059,507
				( 444,153)
				\$ 2,615,354

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 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 to cover 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 obligation	\$ 35,036	\$ 35,694
Fair value of plan assets	( 18,112)	( 15,694)
Net liability recognised in the balance sheet (shown as 'other non-current liabilities')	<u>\$ 16,924</u>	<u>\$ 20,000</u>

(c) Movements in present value of defined benefit obligation are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2024</u>			
Balance at January 1	\$ 35,694	( \$ 15,694)	\$ 20,000
Interest expense (income)	<u>428</u>	<u>( 188)</u>	<u>240</u>
	<u>36,122</u>	<u>( 15,882)</u>	<u>20,240</u>
Remeasurements:			
Return on plan assets	- ( 1,345)	( 1,345)	( 1,345)
Change in financial assumptions	( 472)	- ( 472)	( 472)
Experience adjustments	( 614)	- ( 614)	( 614)
	<u>( 1,086)</u>	<u>( 1,345)</u>	<u>( 2,431)</u>
Pension fund contribution	- ( 885)	( 885)	( 885)
Balance at December 31	<u>\$ 35,036</u>	<u>( \$ 18,112)</u>	<u>\$ 16,924</u>
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2023</u>			
Balance at January 1	\$ 36,004	( \$ 14,552)	\$ 21,452
Interest expense (income)	<u>432</u>	<u>( 175)</u>	<u>257</u>
	<u>36,436</u>	<u>( 14,727)</u>	<u>21,709</u>
Remeasurements:			
Return on plan assets	- ( 67)	( 67)	( 67)
Experience adjustments	( 742)	- ( 742)	( 742)
	<u>( 742)</u>	<u>( 67)</u>	<u>( 809)</u>
Pension fund contribution	- ( 900)	( 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 securitization 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 asset 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.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2025 are \$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
	<hr/>
	\$ 32,007

#### B. Defined contribution plan

Effective July 1, 2005, the Company has 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 contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2024 and 2023 were \$16,296 and \$13,863, respectively.

#### (16) Share-based payment

A. For the years ended December 31, 2024 and 2023, the Company’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 stocks (in thousands)	Quantity of 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 (in dollars)	Exercise		
			price (in dollars)	Expected option life	Fair value per unit (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	\$ 29,431	\$ 11,331

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)	7)
Retirement of restricted stocks	- ( 38)	38)
At December 31	<u>120,988</u>	<u>120,587</u>

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 debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
  - (b) The amount of \$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. (a) On May 27, 2024 and May 31, 2023, the shareholders resolved the appropriations of 2023 and 2022 earnings, respectively, as follows:

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

(b) On March 11, 2025, the Board of Directors has proposed the appropriation of 2024 earnings as follows:

	Year ended December 31, 2024	
	Dividend per share	
	Amount	(in dollars)
Legal reserve	\$ 193,548	\$ -
Reversal of special reserve	( 111,223)	-
Cash dividends to shareholders	907,408	7.50
	<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 translation	Unrealised gains on valuation	Others, unearned compensation	Total
At January 1	(\$ 233,649)	\$ 56,853	(\$ 10,456)	(\$ 187,252)
Valuation adjustment	-	12,246	-	12,246
Employee restricted stocks :				
- Stocks granted	-	-	( 114,800)	( 114,800)
- Transferred to expenses	-	-	36,110	36,110
Currency translation 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 translation	Unrealised gains on valuation	Others, unearned compensation	Total
At January 1	(\$ 200,761)	\$ 19,356	(\$ 21,787)	(\$ 203,192)
Valuation adjustment	-	37,497	-	37,497
Employee restricted stocks :				
- Transferred to expenses	-	-	11,331	11,331
Currency translation 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. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of control of goods to customers in the following major product types and geographical regions:

(a) Information on products

	Years ended December 31,	
	2024	2023
Server cases and components of peripheral products	\$ 10,334,177	\$ 7,307,746
Personal computer cases	170,070	120,263
	<u>\$ 10,504,247</u>	<u>\$ 7,428,009</u>

(b) Geographical information

	Years ended December 31,	
	2024	2023
US	\$ 6,518,538	\$ 4,966,468
China	1,981,341	998,710
Taiwan	735,123	451,441
Europe	668,872	674,077
Others	600,373	337,313
	<u>\$ 10,504,247</u>	<u>\$ 7,428,009</u>

B. Contract assets and liabilities

(a) The Company has recognised the following revenue-related contract assets and liabilities:

	December 31, 2024	December 31, 2023	January 1, 2023
Contract liabilities-sale of products	\$ 6,957	\$ 12,975	\$ 1,808

(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	\$ 9,759	\$ 437

(22) Interest income

	Years ended December 31,	
	2024	2023
Interest income from bank deposits	\$ 26,758	\$ 4,378
Interest income from financial assets measured at amortised cost	545	178
	<u>\$ 27,303</u>	<u>\$ 4,556</u>

(23) Other income

	Years ended December 31,	
	2024	2023
Government grant revenues	\$ 3,284	\$ 9,779
Dividend income	1,596	-
Other income, others	16,441	2,696
	<u>\$ 21,321</u>	<u>\$ 12,475</u>

(24) Other gains and losses

	Years ended December 31,	
	2024	2023
Net currency exchange gain (loss)	\$ 59,538	(\$ 19,090)
Gain (loss) on disposal of property, plant and equipment	206	( 187)
Loss on financial assets measured at fair value through profit or loss	( 2,500)	-
Other expenses	( 2,228)	( 566)
	<u>\$ 55,016</u>	<u>(\$ 19,843)</u>

(25) Finance costs

	Years ended December 31,	
	2024	2023
Interest expense on bank borrowings	\$ 45,057	\$ 62,875
Interest expense on bonds payable	19,214	-
Interest expense on lease liabilities	30	24
	<u>\$ 64,301</u>	<u>\$ 62,899</u>

(26) Employee benefit, depreciation and amortisation expenses

	Years ended December 31,	
	2024	2023
Wages and salaries	\$ 634,655	\$ 496,414
Share-based payment	5,159	11,331
Labour and health insurance fees	35,964	30,031
Pension costs	16,536	14,120
Other personnel expenses	30,672	20,425
Employee benefit expense	<u>\$ 722,986</u>	<u>\$ 572,321</u>
Depreciation charges on property, plant and equipment	<u>\$ 152,386</u>	<u>\$ 136,124</u>
Amortisation charges on intangible assets	<u>\$ 10,962</u>	<u>\$ 6,497</u>

A. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be distributed 3%~12% for employees' compensation and shall not be higher than 3% for directors' remuneration and 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 was accrued at \$171,809 and \$105,526, respectively; while directors' remuneration was 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 had been accounted for as changes in 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 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	\$ 307,016	\$ 358,560
Tax on undistributed surplus earnings	18,958	25,373
Prior year income tax over estimation	(15,232)	(23,058)
Total current tax	<u>310,742</u>	<u>360,875</u>
Deferred tax:		
Origination and reversal of temporary differences	46,371	(36,256)
Total deferred tax	<u>46,371</u>	<u>(36,256)</u>
Income tax expense	<u><u>\$ 357,113</u></u>	<u><u>\$ 324,619</u></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 obligation	<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	\$ 458,129	\$ 282,015
Prior year income tax over estimation	(15,232)	(23,058)
Effects from items adjusted in accordance with tax regulations	18,160	829
Tax exempt income by tax regulation	(1,596)	-
Tax on undistributed surplus earnings	18,958	25,373
Temporary differences not recognised as deferred tax liabilities	(127,937)	32,333
Others	<u>6,631</u>	<u>7,127</u>
Income tax expense	<u><u>\$ 357,113</u></u>	<u><u>\$ 324,619</u></u>

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

	2024				
	Recognised in other		Recognised in comprehensive		
	January 1	profit or loss	income		December 31
Temporary differences:					
-Deferred tax assets:					
Allowance for inventory valuation loss and loss on obsolete and slow-moving inventories	\$ 25,626	\$ 2,068	\$ -	\$ 27,694	
Unrealised gain on inter-affiliate accounts	22,504	7,432	-	29,936	
Unrealised gross profit	954	382	-	1,336	
Allowance for bad debts	5,156	(931)	-	4,225	
Unused compensated absences	1,715	627	-	2,342	
Pension	6,977	(129)	(486)	6,362	
Unrealised warranty provision	1,138	-	-	1,138	
Unrealised exchange loss	10,412	(8,424)	-	1,988	
Unrealized estimated expenses	-	2,328	-	2,328	
	<u>\$ 74,482</u>	<u>\$ 3,353</u>	<u>(\$ 486)</u>	<u>\$ 77,349</u>	
-Deferred tax liabilities:					
Investment income	<u>(\$ 975)</u>	<u>(\$ 49,724)</u>	<u>\$ -</u>	<u>(\$ 50,699)</u>	
	2023				
	Recognised in other		Recognised in comprehensive		
	January 1	profit or loss	income		December 31
Temporary differences:					
-Deferred tax assets:					
Allowance for inventory valuation loss and loss on obsolete and slow-moving inventories	\$ 3,103	\$ 22,523	\$ -	\$ 25,626	
Unrealised gain on inter-affiliate accounts	21,467	1,037	-	22,504	
Unrealised gross profit	164	790	-	954	
Allowance for bad debts	4,500	656	-	5,156	
Unused compensated absences	1,715	-	-	1,715	
Pension	7,267	(129)	(161)	6,977	
Unrealised warranty provision	1,138	-	-	1,138	
Unrealised exchange loss	-	10,412	-	10,412	
	<u>\$ 39,354</u>	<u>\$ 35,289</u>	<u>(\$ 161)</u>	<u>\$ 74,482</u>	
-Deferred tax liabilities:					
Investment income	\$ -	<u>(\$ 975)</u>	<u>\$ -</u>	<u>(\$ 975)</u>	
Unrealised exchange gain	<u>(\$ 1,942)</u>	<u>1,942</u>	<u>\$ -</u>	<u>\$ -</u>	
	<u><u>(\$ 1,942)</u></u>	<u><u>\$ 967</u></u>	<u><u>\$ -</u></u>	<u><u>(\$ 975)</u></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 amounts of 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 difference	\$ -	\$ 161,665

F. The Company'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		
	Weighted average number of ordinary shares outstanding	Earnings per share	
	Amount after tax	(shares in thousands)	(in dollars)
<b><u>Basic earnings per share</u></b>			
Profit attributable to ordinary shareholders of the Company	\$ 1,933,531	120,460	\$ 16.05
<b><u>Diluted earnings per share</u></b>			
Profit attributable to ordinary shareholders of the Company	\$ 1,933,531		
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	15,371	3,556	
Employees' compensation	-	722	
Restricted stocks	-	171	
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	\$ 1,948,902	124,909	\$ 15.60

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<b><u>Basic earnings per share</u></b>			
Profit attributable to ordinary shareholders of the Company	\$ 1,085,456	120,238	\$ 9.03
<b><u>Diluted earnings per share</u></b>			
Profit attributable to ordinary shareholders of the Company	\$ 1,085,456		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation		-	589
Restricted stocks		-	411
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential 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	\$ 109,554	\$ 41,163
Add: Opening balance of payable on equipment	37,222	152,343
Ending balance of prepayments for business facilities	-	32,342
Less: Opening balance of prepayments for business facilities	( 32,342)	-
Ending balance of payable on equipment	( 22,443)	( 37,222)
Transferred from inventories	( 1,258)	-
Cash paid during the year	\$ 90,733	\$ 188,626

(b) Acquisition of intangible assets

	Years ended December 31,	
	2024	2023
Acquisition of intangible assets	\$ 5,012	\$ 57,920
Add: Ending balance of prepayments for intangible assets	1,374	2,682
Less: Opening balance of prepayments for intangible assets	(2,682)	(31,420)
Cash paid during the year	<u>3,704</u>	<u>29,182</u>

B. Financing activities with no cash flow effects:

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

(30) Changes in liabilities from financing activities

	2024		
	Short-term borrowings	Bonds payable	Long-term borrowings
At January 1, 2024	\$ 305,808	\$ -	\$ 3,059,507
Changes in cash flow from financing activities	141,619	1,091,530	(1,396,307)
Changes in other non-cash items	-	(131,338)	-
At December 31, 2024	<u>\$ 447,427</u>	<u>\$ 960,192</u>	<u>\$ 1,663,200</u>

	Liabilities from Lease liabilities		financing activities-gross
	(Note)	(Note)	
At January 1, 2024	\$ 2,844	\$ 3,368,159	
Changes in cash flow from financing activities	(2,050)	(165,208)	
Changes in other non-cash items	3,492	(127,846)	
At December 31, 2024	<u>\$ 4,286</u>	<u>\$ 3,075,105</u>	

	2023		
	Short-term borrowings	Bonds payable	Long-term borrowings
At January 1, 2023	\$ 942,687	\$ -	\$ 2,552,870
Changes in cash flow from financing activities	( 636,879)	-	506,637
Changes in other non-cash items	-	-	-
At December 31, 2023	<u>\$ 305,808</u>	<u>\$ -</u>	<u>\$ 3,059,507</u>
		Liabilities from Lease liabilities financing (Note) activities-gross	
At January 1, 2023	\$ 2,951	\$ 3,498,508	
Changes in cash flow from financing activities	( 1,992)	( 132,234)	
Changes in other non-cash items	1,885	1,885	
At December 31, 2023	<u>\$ 2,844</u>	<u>\$ 3,368,159</u>	

Note: Lease liabilities were shown as 'other current liabilities' and 'other non-current liabilities' according to their liquidity.

## 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

Names of related parties	Relationship with the Company
CLOUDWELL HOLDINGS, LLC. (CLOUDWELL)	Subsidiary
Chenbro GmbH (GmbH)	Subsidiary
Chenbro Micom (USA) INC. (CMI)	Subsidiary
Chen-Feng Precision Co., Ltd. (CTW)	Subsidiary
ChenPower Information Technology (Shanghai) Co., Ltd. (CPT)	Subsidiary
Chenbro Technology (Kunshan) Co., Ltd. (CSH)	Subsidiary
Dongguan Procase Electronic Co., Ltd. (DGP)	Subsidiary
CHENBRO (MALAYSIA) SDN. BHD.(CMJ)	Subsidiary
Chen-Source Inc. (Chen-Source)	Other related party

(3) Significant related party transactions

A. Operating revenue and other income

	Years ended December 31,	
	2024	2023
Sales of goods:		
Subsidiaries		
- CMI	\$ 6,493,710	\$ 4,956,287
- Other subsidiaries	341,146	488,930
- Other related parties	-	8
	<u>6,834,856</u>	<u>5,445,225</u>
Other income - management revenue:		
Subsidiaries	3,531	41
Other income - rental income:		
Subsidiaries	36	36
	<u>3,567</u>	<u>77</u>
	<u>\$ 6,838,423</u>	<u>\$ 5,445,302</u>

(a) Sales of goods: Goods are sold based on normal prices and terms. Payment collection is 60 days and OA 120 days after monthly billings.

(b) Management revenue: Revenue arises from managing administrative affairs on behalf of subsidiaries and payment collection is 60~90 days after monthly billings.

B. Purchases and other expenses

	Years ended December 31,	
	2024	2023
Purchases:		
Subsidiaries		
- CSH	\$ 3,358,631	\$ 1,729,875
- DGP	990,148	674,122
- CTW	910,063	583,390
- Other subsidiaries	22,612	2,873
Other related parties	1,824	3,875
	<u>5,283,278</u>	<u>2,994,135</u>
Other expenses:		
Subsidiaries		
- CTW	2,280	2,735
Other related parties	48	22
	<u>2,328</u>	<u>2,757</u>
	<u>\$ 5,285,606</u>	<u>\$ 2,996,892</u>

- (a) Purchases of goods: No similar transaction can be compared with. Prices and terms are determined based on mutual agreements and payment term is 60 days after monthly billings.
- (b) Other expenses: It arises from processing services, utilities, cleaning, rent for short-term office leases, short-term leases of warehouse and management of warehouse on behalf of the Company, which were provided by the Company's subsidiaries and other related parties. Prices and terms are determined based on mutual agreements and payment term is 60 days after monthly billings.

C. Receivables from related parties

	December 31, 2024	December 31, 2023
Accounts receivable:		
Subsidiaries		
- CMI	\$ 1,166,341	\$ 2,270,489
- Other subsidiaries	<u>14,655</u>	<u>12,817</u>
	<u>1,180,996</u>	<u>2,283,306</u>
Other receivables:		
Subsidiaries		
- CSH	7,876	53,657
- DGP	<u>11,841</u>	<u>14,693</u>
- Other subsidiaries	<u>3,837</u>	<u>341</u>
	<u>23,554</u>	<u>68,691</u>
	<u><u>\$ 1,204,550</u></u>	<u><u>\$ 2,351,997</u></u>

- (a) The receivables from related parties are unsecured in nature and bear no interest.
- (b) Other receivables are amounts paid for purchase of materials on behalf of subsidiaries and other related parties.

D. Payables to related parties

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts payable:		
Subsidiaries		
- CSH	\$ 983,616	\$ 463,190
- DGP	266,960	143,438
- CTW	193,254	-
- Other subsidiaries	23	53,338
Other related parties	709	904
	<u>1,444,562</u>	<u>660,870</u>
Other payables:		
Subsidiaries	1,301	682
Other related parties	-	222
	<u>1,301</u>	<u>904</u>
	<u>\$ 1,445,863</u>	<u>\$ 661,774</u>

(a) Accounts payable bear no interest.

(b) Other payables: The payables are expenses paid by subsidiaries and mold fee.

E. Property transactions

Acquisition of financial assets

	Accounts	No. of shares (shares in thousands)	Objects	<u>Years ended</u>	
				<u>December 31, 2024</u>	
				Consideration	
Subsidiaries					
-CMJ	Investment accounted for using equity method	64,920	stocks	\$ 476,100	

No financial assets were acquired for the year ended December 31, 2023.

F. Endorsements and guarantees provided to related parties

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Subsidiaries (Note)		
- CLOUDWELL	\$ -	\$ 5,600

Note: unit in thousands of USD.

(4) Key management compensation

	Years ended December 31,	
	2024	2023
Short-term employee benefits	\$ 104,023	\$ 74,091
Post-employment benefits	168	335
Share-based payments	3,265	4,060
	<u>\$ 107,456</u>	<u>\$ 78,486</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value		Purpose
	December 31, 2024	December 31, 2023	
Time deposits (shown as 'current financial assets at amortised cost')	\$ 10,000	\$ 10,000	Customs duty guarantee
Cash in banks (shown as 'current financial assets at amortised cost')	\$ -	\$ 8,464	Grants for research and development
Time deposits (shown as 'current financial assets at amortised cost')	\$ -	\$ 13,460	Research and development plan guarantee
Land and buildings	\$ 2,235,057	\$ 2,738,673	Long-term borrowings (Notes 1 and 2)
Machinery and equipment	\$ 287,516	\$ 252,603	Long-term borrowings (Note 1)

Note 1: 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 2: 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.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

The Company's contracted but not yet incurred capital expenditures related to property, plant and equipment amounted to \$21,771.

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)E(b) 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 Company's objectives when managing capital are to maintain an optimal financial structure and capital ratio in order to support operations and maximize interests for shareholders.

### (2) Financial instruments

#### A. Financial instruments by category

	December 31, 2024	December 31, 2023
<b>Financial assets</b>		
Financial assets at fair value through profit or loss		
Put options of convertible bonds	\$ 1,399	\$ -
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	209,709	91,547
Financial assets at amortised cost		
Cash and cash equivalents	2,163,264	1,114,075
Financial assets at amortised cost	110,000	32,924
Notes receivable	13,939	10,355
Accounts receivable (including related parties)	2,098,283	2,785,159
Other receivables (including related parties)	82,623	122,047
Guarantee deposits paid	1,402	972
	<hr/> <u>\$ 4,680,619</u>	<hr/> <u>\$ 4,157,079</u>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 447,427	\$ 305,808
Accounts payable (including related parties)	2,454,674	1,832,428
Other payables (including related parties)	773,916	551,278
Bonds payable	960,192	-
Long-term borrowings (including current portion)	1,663,200	3,059,507
Other current liabilities	300	209
	<hr/> <u>\$ 6,299,709</u>	<hr/> <u>\$ 5,749,230</u>
Lease liability	<hr/> <u>\$ 4,286</u>	<hr/> <u>\$ 2,844</u>

**B. Financial risk management policies**

- (a) The Company'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 Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company'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 Company 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 Company is required to hedge its entire foreign exchange risk exposure with the Company treasury, and primarily hedge using natural hedge.

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

December 31, 2024						
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)			
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 68,180	32.79	\$ 2,235,622			
<u>Non-monetary items</u>						
USD:NTD	110,530	32.79	3,624,282			
MYR:NTD	64,968	7.33	476,216			
EUR:NTD	1,107	34.14	37,791			
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 64,407	32.79	\$ 2,111,906			
December 31, 2023						
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)			
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 113,313	30.71	\$ 3,479,842			
<u>Non-monetary items</u>						
USD:NTD	88,580	30.71	2,720,298			
EUR:NTD	948	33.98	32,208			
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 48,485	30.71	\$ 1,488,974			

iv. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2024 and 2023, amounted to \$59,538 and (\$19,090), respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2024				
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%	\$ 22,356	\$ -	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 21,119	\$ -	-
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%	\$ 34,789	\$ -	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 14,890	\$ -	-

#### Price risk

- The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income.
- Shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, 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 Company's main interest rate risk arises from borrowings with variable rates, which expose the Company to cash flow interest rate risk. Borrowing with fixed rates expose the Company to fair value interest rate risk. For the year ended December 31, 2024 and 2023, the Company's borrowing at variable rates were mainly 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 \$166 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 Company 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 Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of the 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 Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- vi. The Company classifies customers' accounts receivable in accordance with credit risk on trade. The Company applies the simplified approach using provision matrix and loss rate methodology to estimate expected credit loss under the provision matrix basis. The Company's notes receivable and accounts receivable-related parties have no significant impairment losses.

vii. The Company used the forecastability of The New Basel Capital Accord to adjust historical and timely information to assess the default possibility of accounts receivable. In 2024 and 2023, the loss allowance is as follows:

	Not past due	up to 30 days past due	31 to 60 days past due	61 to 90 days past due	91 to 180 days past due
<u>December 31, 2024</u>					
Expected loss rate	0.03%	0.03%	1.00%	5.00%	20.00%
Total book value	\$ 799,271	\$ 94,944	\$ 22,639	\$ 439	\$ 224
Loss allowance	\$ -	\$ -	\$ 220	\$ 21	\$ 44
	181 to 270 days past due	271 to 360 days past due	Over 361 days past due		Total
<u>December 31, 2024</u>					
Expected loss rate	30.00%	50.00%	100.00%		
Total book value	\$ 2	\$ 102	\$ 23	\$ 917,644	
Loss allowance	\$ 1	\$ 49	\$ 22	\$ 357	
	Not past due	up to 30 days past due	31 to 60 days past due	61 to 90 days past due	91 to 180 days past due
<u>December 31, 2023</u>					
Expected loss rate	0.03%	0.03%	1.00%	5.00%	20.00%
Total book value	\$ 398,365	\$ 63,875	\$ 34,934	\$ 1,392	\$ 4,266
Loss allowance	\$ -	\$ -	\$ 364	\$ 70	\$ 860
	181 to 270 days past due	271 to 360 days past due	Over 361 days past due		Total
<u>December 31, 2023</u>					
Expected loss rate	30.00%	50.00%	100.00%		
Total book value	\$ 450	\$ -	\$ 160	\$ 503,442	
Loss allowance	\$ 135	\$ -	\$ 160	\$ 1,589	

viii. Movements in relation to the Company 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	\$ 1,589	\$ 11,997
Reversal of impairment loss	(1,232)	(10,408)
At December 31	\$ 357	\$ 1,589

For the years ended December 31, 2024 and 2023, gains on impairment of accounts

receivable arising from customer contracts amounted to \$1,232 and \$10,408, respectively.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating units of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The table below analyses the Company'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:

	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
<u>December 31, 2024</u>				
Short-term borrowings	\$ 452,731	\$ -	\$ -	\$ -
Accounts payable	1,010,112	-	-	-
Accounts payable - related parties	1,444,562	-	-	-
Other payables	772,615	-	-	-
Other payables - related parties	1,301	-	-	-
Bonds payable	-	999,800	-	-
Other current liabilities	300	-	-	-
Long-term borrowings (including current portion)	372,916	732,300	409,158	204,282
Lease liabilities (including current portion)	2,297	2,111	-	-
<u>December 31, 2023</u>				
Short-term borrowings	\$ 311,698	\$ -	\$ -	\$ -
Accounts payable	1,171,558	-	-	-
Accounts payable - related parties	660,870	-	-	-
Other payables	530,377	-	-	-
Other payables - related parties	904	-	-	-
Other current liabilities	209	-	-	-
Long-term borrowings (including current portion)	491,001	1,182,994	870,675	655,425
Lease liabilities (including current portion)	1,687	1,184	-	-

- iii. The Company 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 (including related parties), other receivables (including related parties), other current assets, guarantee deposits paid, short-term borrowings, contract liabilities, accounts payable (including related parties), other payables (including related parties), long-term borrowings and lease liabilities are approximate to their fair values.

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

The Company 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 of 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>
<b>Assets</b>				
<b><u>Recurring fair value measurements</u></b>				
Financial assets at fair value through profit or loss				
Put options of convertible bonds	\$ -	\$ 1,399	\$ -	\$ 1,399
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>\$ 63,209</u>	<u>\$ 211,108</u>
December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<b><u>Recurring fair value measurements</u></b>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,547</u>	<u>\$ 91,547</u>

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

i. The instruments the Company 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 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 Company'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 Company'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 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
	Equity securities	Equity securities
At January 1	\$ 91,547	\$ 54,050
Return of capital from financial assets at fair value through other comprehensive income	( 60,003)	-
Recorded as unrealised gains on valuation of investments in equity instruments measured at fair value through other comprehensive income	<u>31,665</u>	<u>37,497</u>
At December 31	<u><u>\$ 63,209</u></u>	<u><u>\$ 91,547</u></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 updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

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

	Fair value at December 31, 2024	Valuation technique	Significant unobservable input	Range (first quartile)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 63,209	Market comparable companies	Price to book ratio multiple	1.71-1.96 (1.77)	The higher the multiple, the higher the fair value
	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (first quartile)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 91,547	Market comparable companies	Price to book ratio multiple	1.98-3.84 (2.03)	The higher the multiple, the higher the fair value

H. The Company 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 profit or loss				Recognised in other comprehensive income	
		Input	Change	Favourable	Unfavourable	Favourable	Unfavourable
				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 profit or loss				Recognised in other comprehensive income	
		Input	Change	Favourable	Unfavourable	Favourable	Unfavourable
				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: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please 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: Please 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: Please refer to table 5.

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

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

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please 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 December 31, 2024	Percentage representing the account of the 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 Procase Electronic Co., Ltd.	Purchases	990,148	12	
Chenbro Micom Co., Ltd.	Dongguan Procase Electronic Co., Ltd.	Accounts payable	266,960	11	

(4) Major shareholders information

Major shareholders information: Please refer to table 10.

14. OPERATING SEGMENT INFORMATION

Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers Article 22, a company is not required to present operating segment information within the scope of IFRS 8, in the parent company only financial statements.

**CHENBRO MICOM CO., LTD.**  
**CASH AND CASH EQUIVALENT**  
**DECEMBER 31, 2024**

(Expressed in thousands of New Taiwan dollars)

Item	Description	Exchange Rate	Amount
Petty cash and cash on hand			\$ 15
Checking account deposits			187
Demand deposits - NTD deposits			298,566
- Foreign deposits	USD 3,273 thousand	32.79	107,314
	CNY 41 thousand	4.48	182
Time deposit - NTD deposits	The interest rates range from 1.225% to 1.700%; they will be due between January and March of 2025.		1,757,000
			\$ 2,163,264

**CHENBRO MICOM CO., LTD.**  
**NET ACCOUNTS RECEIVABLE**  
**DECEMBER 31, 2024**

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

Customer Name	Amount	Note
<b><u>Accounts receivable</u></b>		
Company A	\$ 253,352	Full names must not be disclosed as specified in the contract.
Company B	86,481	"
Company C	59,079	"
Company D	45,846	"
Others	<u>472,886</u>	The balance of each sporadic supplier does not exceed 5% of the amount of this account.
	917,644	
Less: Allowance for bad debts	<u>( 357 )</u>	
	<u><u>\$ 917,287</u></u>	
<b><u>Accounts receivable - related parties</u></b>		
Chenbro Micom (USA) INC.	\$ 1,166,341	
Chenbro GmbH	<u>14,655</u>	
	<u><u>\$ 1,180,996</u></u>	

**CHENBRO MICOM CO., LTD.**

**INVENTORIES**

**DECEMBER 31, 2024**

(Expressed in thousands of New Taiwan dollars)

Items	Amount		Note
	Cost	Market Value	
Raw materials	\$ 268,894	\$ 213,621	The net realizable values of raw materials and finished goods are adopted as their market prices.
Semi-finished goods	171,242	160,611	
Work in process	106,821	106,821	
Finished goods	285,453	338,198	
	<u>\$ 832,410</u>	<u>\$ 819,251</u>	
Less: Allowance for valuation loss and obsolete and slow-moving inventories		(138,468)	
		<u>\$ 693,942</u>	

CHENBRO MICOM CO., LTD.  
CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Name	Beginning Balance		Addition		Decrease		Ending Balance		Assets Value		Market Value or Net Assets Value Basis	For Valuation and pledge
	shares (in thousands)	Amount	shares (in thousands)	Amount (Note1)	shares (in thousands)	Amount (Note1)	Number of shares (in thousands)	Percentage of Ownership	Unit Price (NTD)	Total Amount		
Micom-Source Holding Co.	22,323	\$ 2,339,719	-	\$ 645,117	-	\$ -	22,323	100%	\$ 2,984,836	133.71	\$ 3,004,723	Equity method
CLOUDWELL HOLDINGS, LLC	3,600	128,042	-	9,940	-	-	3,600	100%	137,982	38.33	137,985	"
Chenbro GmbH	250	32,208	-	5,583	-	-	250	100%	37,791	151.17	38,855	"
Chenbro Micom (USA) INC.	10,000	246,717	-	254,747	-	-	10,000	100%	501,464	50.15	634,937	"
Chen-Feng Precision Co., Ltd.	6,320	119,411	-	89,564	-	-	6,320	70%	208,975	33.07	208,975	"
CHENBRO (MALAYSIA) SDN. BHD.	-	-	64,920	476,216	-	-	64,920	100%	476,216	7.34	476,216	"
Total		<u>\$ 2,866,097</u>		<u>\$ 1,481,167</u>		<u>\$ -</u>			<u>\$ 4,347,264</u>			

Note 1: The increase (decrease) during this period refers to capital increases, the realised (unrealised) gross margin recognized by equity method, investment income (losses) and the cumulative translation adjustment recognized for this period.

CHENBRO MICOM CO., LTD.  
CHANGES IN PROPERTY, PLANT AND EQUIPMENT  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6.(8) for relevant movements.

**CHENBRO MICOM CO., LTD.**  
**SHORT-TERM BORROWINGS**  
**DECEMBER 31, 2024**  
(Expressed in thousands of New Taiwan dollars)

Types of borrowings	Ending Balance	Contract Period	Range of Interest		Financing facility	Pledge or collateral	Note
			Rate				
<b>Unsecured borrowings</b>							
Citibank Taiwan, Ltd.	\$ 98,370	October 11, 2024 - January 9, 2025	5.20%	\$ 311,505	A promissory note of the same amount was issued as collateral.		
"	65,580	December 23, 2024 - March 21, 2025	4.85%	311,505	"		
"	65,580	November 18, 2024 - January 17, 2025	5.12%	311,505	"		
The Shanghai Commercial & Savings Bank, Ltd.	152,317	September 25, 2024 - March 21, 2025	4.90%	163,950	"		
Cathay United Bank	<u>65,580</u>	November 12, 2024 - March 11, 2025	5.07%	200,000	"		
	<u><u>\$ 447,427</u></u>						

CHENBRO MICOM CO., LTD.  
LONG-TERM BORROWINGS  
DECEMBER 31, 2024  
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6.(14) for details of long-term borrowings.

CHENBRO MICOM CO., LTD.

ACCOUNTS PAYABLE

DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars)

Name of supplier	Amount	Note
<u>Accounts payable</u>		
Supplier A	\$ 185,423	Full names must not be disclosed as specified in the contract.
Supplier B	138,294	"
Supplier C	69,324	"
Supplier D	62,569	"
Others	<u>554,502</u>	The balance of each sporadic supplier does not exceed 5% of the amount of this account.
	<u>\$ 1,010,112</u>	
<u>Accounts payable - related parties</u>		
Chenbro Technology (Kunshan) Co., Ltd.	\$ 983,616	
Dongguan Procase Electronic Co., Ltd.	266,960	
Chen-Feng Precision Co., Ltd.	193,254	
Others	<u>732</u>	The balance of each sporadic supplier does not exceed 5% of the amount of this account.
	<u>\$ 1,444,562</u>	

CHENBRO MICOM CO., LTD.

OTHER PAYABLES

DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6.(12) for details of other payables.

CHENBRO MICOM CO., LTD.  
OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(Expressed in thousands of New Taiwan dollars)

Item	Volume (in thousands of units)	Amount
Server cases, peripheral products and components	865	\$ 10,334,177
Personal computer cases	140	170,070
		<u>\$ 10,504,247</u>

CHENBRO MICOM CO., LTD.  
OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Raw materials at the beginning of the year	\$ 211,599
Add: Purchases during this year	1,607,117
Finished goods reclassified to raw materials	111,789
Expenses reclassified to raw materials	51,690
Gain on physical inventory	3,205
Less: Raw materials at the end of the year	( 268,894)
Raw materials reclassified to expenses	( 51,498)
Raw materials sold	( 273,418)
Raw materials consumed during this year	1,391,590
Direct labor	52,467
Manufacturing expenses	443,277
Manufacturing cost	1,887,334
Add: Work in progress at the beginning of the year	32,826
Less: Work in progress at the end of the year	( 106,821)
Cost of Semi-finished goods	1,813,339
Semi-finished goods at the beginning of the year	86,527
Add: Purchases during this year	2,009,075
Semi-finished goods processing costs and expenses reclassified to semi-finished goods	353,578
Gain on physical inventory	336
Less: Finished goods at the end of the year	( 171,242)
Semi-finished goods reclassified to expenses	( 21,552)
Semi-finished goods sold	( 1,049,354)
Cost of finished goods	3,020,707
Finished goods at the beginning of the year	283,358
Add: Purchases during this year	4,299,608
Finished goods processing costs and expenses reclassified to semi-finished goods	45,572
Less: Finished goods at the end of the year	( 285,453)
Finished goods reclassified to raw materials for production	( 111,789)
Finished goods reclassified to property, plant, and equipment	( 1,258)
Finished goods reclassified to expenses	( 263)
Production and sales costs for finished goods	7,250,482
Raw materials sold	273,418
Semi-finished goods sold	1,049,354
Cost of goods manufactured and sold	8,573,254
Loss on decline in market value	10,339
Gain on physical inventory	( 3,541)
Sale of scraps	( 2,897)
Operating costs	\$ 8,577,155

**CHENBRO MICOM CO., LTD.**  
**MANUFACTURING EXPENSE**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
 (Expressed in thousands of New Taiwan dollars)

Items	Amount	Note
Indirect labor	\$ 157,715	Including pension costs.
Depreciation charges	82,134	
Service expense	58,963	
Import expenses	41,127	
Others	<u>103,338</u>	The balance of each item did not exceed 5% of the total amount of this account.
	<u><u>\$ 443,277</u></u>	

CHENBRO MICOM CO., LTD.  
SELLING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(Expressed in thousands of New Taiwan dollars)

Item	Amount	Note
Salaries and wages	\$ 53,527	Including pension costs.
Export expenses	20,342	
Others	<u>27,763</u>	The balance of each item did not exceed 5% of the total amount of this account.
	<u>\$ 101,632</u>	

**CHENBRO MICOM CO., LTD.**  
**GENERAL AND ADMINISTRATIVE EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Amount	Note
Salaries and wages	\$ 204,695	Including pension costs.
Depreciation charges	66,827	
Service expenses	45,791	
Directors' remuneration	50,532	
Others	<u>115,760</u>	The balance of each item did not exceed 5% of the total amount of this account.
	<u><u>\$ 483,605</u></u>	

CHENBRO MICOM CO., LTD.  
RESEARCH AND DEVELOPMENT EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(Expressed in thousands of New Taiwan dollars)

Item	Amount	Note
Salaries and wages	\$ 147,374	Including pension costs.
Service expenses	18,305	
Insurance fees	10,108	
Others	<u>22,564</u>	The balance of each item did not exceed 5% of the total amount of this account.
	<u>\$ 198,351</u>	

CHENBRO MICOM CO., LTD.  
CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

Nature	Function	Year ended December 31, 2024			Year ended December 31, 2023		
		Classified as			Classified as		
		Classified as	Operating Expenses	Total	Classified as	Operating Costs	Total
Employee Benefit Expense							
Salaries and wages	\$ 193,080	\$ 396,202	\$ 589,282	\$ 158,305	\$ 318,403	\$ 476,708	
Directors' remuneration	-	50,532	50,532	-	31,037		31,037
Labour and health insurance fees	15,657	20,307	35,964	11,937	18,094		30,031
Pension costs	7,142	9,394	16,536	5,524	8,596		14,120
Other personnel expenses	16,083	14,589	30,672	9,433	10,992		20,425
Total	\$ 231,962	\$ 491,024	\$ 722,986	\$ 185,199	\$ 387,122		\$ 572,321
Depreciation charges	\$ 82,134	\$ 70,252	\$ 152,386	\$ 69,780	\$ 66,344		\$ 136,124
Amortisation charges	\$ 1,478	\$ 9,484	\$ 10,962	\$ 1,587	\$ 4,910		\$ 6,497

Note:

- As at December 31, 2024 and 2023, the Company had 469 and 387 employees, respectively, both including 7 and 8 non-employee directors, respectively.
- A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information :
  - Average employee benefit expense in current year was \$1,456 thousand. ("Total employee benefit expense for this year - Total directors' remuneration" / "Number of employees for this year - Number of directors who did not concurrently serve as employees").
  - Average employee benefit expense in previous year was \$1,428 thousand. ("Total employee benefit expense for the prior year - Total directors' remuneration" / "Number of employees for the prior year - Number of directors who did not concurrently serve as employees").

CHENBRO MICOM CO., LTD.  
CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION (Cont.)  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

(2) Average employees salaries in current year were \$1,276 thousand. (Total salary and wages for this year / “Number of employees for this year - Number of directors who did not concurrently serve as employees”).

Average employees salaries in previous year were \$1,258 thousand. (Total salary and wages for the prior year / “Number of employees for the prior year - Number of directors who did not concurrently serve as employees”).

(3) The increase of the average employee salary and wages is 1.43%. (“Average employee salary and wages for this year - Average employee salary and wages for the prior year” / Average employee salary and wages for the prior year).

(4) Please disclose the company's remuneration policy (including directors, independent director, managerial officers and employees).

Directors:

(A) When the directors of the company perform their duties, regardless of the company's operating profit or loss, the company may pay remuneration, and the remuneration is authorized to the board of directors according to the degree of participation in the company's operations and the value of its contribution, and shall be negotiated with consideration.

(B) A ratio of profit of the current year distributable, shall be distributed as directors' remuneration. For the Company, the ratio shall not be higher than 3% for directors' remuneration. However, if the Company has accumulated deficit, the Company should cover accumulated losses first.

Managers and employees:

(A) A ratio of profit of the current year distributable, shall be distributed as employees' compensation. For the Company, the ratio shall be between 3% ~ 12% for employees' compensation.

(B) Based on the salary survey level, the company's annual operating performance and profit status, the company determines the salary adjustment level for the current year after comprehensive consideration. At the same time, implement reward differentiation and strive for fairness in the salary structure; follow the company's performance appraisal policy, implement the link between strategic goals and performance appraisal, and use the appraisal results as the basis for employee/manager salary, promotion, training and development, so as to exert the incentive effect .

## CHENBRO MICOM CO., LTD.

## Loans to others

Year ended December 31, 2024

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

Table 1

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

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.

## 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 (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees	Maximum outstanding endorsement/ guarantee amount as of December 31, 2024	Outstanding endorsement/ guarantee amount at December 31, 2024	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsements/ guarantees to net asset value of the endorser/ guarantor	Ceiling on total amount of endorsements/ guarantees	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name (Note 2)	single party												
1	Chenbro Micom (USA) INC.	CLOUDWELL 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.

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				
				Number of shares	Book value	Ownership (%)	Fair value	Footnote
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.

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.

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 counterparty	Transaction				Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)	
			Percentage of total purchases				Percentage of total notes/accounts receivable (payable)			Footnote	
			Purchases (sales)	Amount	(sales)	Credit term	Unit price	Credit term	Balance	receivable (payable)	
CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) INC.	Parent-subsidiary 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-subsidiary 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-subsidiary 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 Procase Electronic Co., Ltd.	CHENBRO MICOM CO., LTD.	Parent-subsidiary company	Sales	990,148	29.48	60 days after monthly billing	Note 1	Note 1	266,960	21.58	Note 2
Dongguan Procase 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-subsidiary 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.

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 with the counterparty	Overdue receivables				Amount collected subsequent to the balance sheet date (Note 1)	Allowance for doubtful accounts (Note 2)
			Balance as at December 31, 2024 (Note 3)	Turnover rate	Amount	Action taken		
CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) INC.	Parent-subsidiary company	Accounts receivable \$ 1,166,341	3.78	\$ -	\$ 785,319	\$ -	
Chenbro Technology (Kunshan) Co., Ltd.	CHENBRO MICOM CO., LTD.	Parent-subsidiary company	Accounts receivable 983,616	4.64	85	Promptly demanding collection of the overdue receivables	488,926	
Chenbro Technology (Kunshan) Co., Ltd.	ChenPower Information Technology (Shanghai) Co., Ltd.	Affiliate	Accounts receivable 203,081	2.25	-		63,767	
Dongguan Procase Electronic Co., Ltd.	CHENBRO MICOM CO., LTD.	Parent-subsidiary company	Accounts receivable 266,960	4.83	7,342	Promptly demanding collection of the overdue receivables	93,794	
Dongguan Procase Electronic Co., Ltd.	ChenPower Information Technology (Shanghai) Co., Ltd.	Affiliate	Accounts receivable 973,347	2.54	-		462,037	
Chen-Feng Precision Co., Ltd.	CHENBRO MICOM CO., LTD.	Parent-subsidiary company	Accounts receivable 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.  
 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 (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (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 Procase Electronic Co., Ltd.	CHENBRO MICOM CO., LTD.	2	Sales	990,148	Note 4	7
2	Dongguan Procase Electronic Co., Ltd.	CHENBRO MICOM CO., LTD.	2	Accounts receivable	266,960	Note 4	2
2	Dongguan Procase Electronic Co., Ltd.	ChenPower Information Technology (Shanghai) Co., Ltd.	3	Sales	2,366,417	Note 4	16
2	Dongguan Procase 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.

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				Investment income		
				Balance as at		Shares held as at		Book value	Net profit (loss) of the investee for the year ended December 31, 2024	by the Company for the year ended December 31, 2024		
				December 31, 2024	(Note 3)	December 31, 2023	(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.

## 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 Mainland China	Main business activities	Paid-in capital	Investment method	Amount remitted from Taiwan to Mainland China/ Amount remitted back		Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan for the year ended December 31, 2024	China as of December 31, 2024	Net income of investee for the year ended December 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2024		Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024	Footnote
				Remitted to Mainland China	Remitted back to Taiwan								(\$)	(\$)			
				(\$)	(\$)								(\$)	(\$)			
Chenbro Technology (Kunshan) Co., Ltd.	Manufacturing and processing of computer cases	\$ 327,900	2	\$ 327,900	\$ -	\$ -	\$ -	\$ -	\$ 327,900	\$ 190,080	100.00	\$ 190,080	\$ 1,051,340	\$ 767,130	Notes 2, 4, 5 and 7		
Dongguan Procase Electronic Co., Ltd.	Manufacturing and processing of computer cases	411,252	2	98,239	-	-	-	-	98,239	174,198	100.00	174,198	727,899	-	Notes 3 and 7		
ChenPower information Technology (Shang Hai) Co., Ltd.	Trading and order taking	68,859	2	-	-	-	-	-	-	103,053	100.00	103,053	328,216	-	Notes 2, 6 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 &amp; 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 Taiwan to Mainland China as of December 31, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)		Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 8)	
		(\$)	(\$)	(\$)	(\$)
CHENBRO MICOM 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.

## 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