

SPIROX CORPORATION and Subsidiaries
Consolidated Financial Statements for the Years Ended
December 31, 2024 and 2023 and
Independent Auditor's Report

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

Declaration of Consolidated Financial Statements of Affiliated

The entities that are required to be included in the combined financial statements of Spirox Corporation as of and for the year ended December 31, 2024, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Spirox Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Spirox Corporation

Chairman: Peter Chin

March 12, 2025

Independent Auditors' Report

The Board of Directors and Shareholders
of Spirox Corporation

Opinion

We have audited the accompanying consolidated statements of Spirox Corporation and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated financial statement section of our report. We are independent of Spirox Corporation and its subsidiaries 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 other independent accountants, 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 materials that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for Spirox Corporation and its subsidiaries's consolidated financial statements for the year ended December 31, 2024 are stated as follows:

Appropriateness of sales revenue recognition

Spirox Corporation and its subsidiaries' sales revenue mainly comes from the agency of sales of semiconductor equipment. We consider that whether the recognition time of sales revenue was fairly, is an area of high concern in the audit.

Please refer to Note 4(18) for accounting policy on revenue recognition.

We performed the following audit procedures:

1. Understand the related internal control system and procedures for sales transactions, and further evaluate the effectiveness of the design and implementation of internal control system regarding the sales transactions.
2. Ascertain whether the content and classification of the main operating revenue are appropriate, and confirm whether the operating revenue is recognized in accordance with regulations.
3. Test the consistency of operating revenue, accounts receivable and credit terms from major customers:
 - (1) Obtain or compile a comparative analysis table of major customers' operating revenue, accounts receivable and credit terms.
 - (2) Obtain and review credit information of the inspected company to its major customers.
 - (3) Whether the maturity for the collection of accounts receivable complies with the credit terms of the inspected company.
4. Test authenticity of major customers:
 - (1) Inspect the relevant industry background and other information of manufacturers and customers for the main agency brand to confirm the authenticity of customers.
 - (2) Sample and check the original orders, shipping lists or export declarations of relevant external customers to confirm the consistency of sales revenue recognition amount and time.
5. Test the consistency of transactions content with major customers:
 - (1) Whether the collection period of accounts receivable is abnormal.
 - (2) Find out whether the object of significant accounts receivable is consistent with the sales object.
 - (3) Inspect the top ten purchase objects, and check whether there are situations where the purchase and sale objects are the same.

Other Matters

Using the reports of other independent accountants

Among the associates included in the financial statements of Spirox Corporation., Jetek Technology Corp., SCube Technologies Co., Ltd., and Southport Corporation for the year 2024, as well as the financial statements of Southport Corporation for the year 2023, were not audited by us but by other accountants. Additionally, the financial statements of Jetek Technology Corp. and SCube Technologies Co., Ltd. for the year 2023, which were prepared according to a different financial reporting framework, were not audited by us but by other accountants. The financial statements of Jetek Technology Corp. and SCube Technologies Co., Ltd. for the year 2023, which were converted to comply with the Financial Reporting Standards for Securities Issuers and International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), Interpretations, and Announcements approved and promulgated by the Financial Supervisory Commission ("FSC"), have been adjusted accordingly, and the necessary audit procedures have been performed by this accountant. Therefore, the opinions expressed by this accountant regarding the financial statements of the above entities are based on the audit reports of other accountants for the amounts and financial disclosures related to the investments in these companies. As of December 31, 2024 and 2023, the total assets of the above subsidiary were NT\$199,364 thousand and NT\$296,692 thousand, accounting for 7.69% and 8.19% of the total consolidated assets, respectively. For the years ended December 31, 2024 and 2023, the net operating revenue were NT\$92,947 thousand and NT\$169,391 thousand, accounting for 13.81% and 12.62% of the consolidated net operating revenue, respectively.

Others

Spirox Corporation has prepared the parent company only financial statements for the 2024 and 2023, and the audit report with unqualified opinions and other matters issued by the accountant is on file for reference.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing Spirox Corporation and its subsidiaries'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 Spirox Corporation and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the audit committee) are overseeing Spirox Corporation and its subsidiaries's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Spirox Corporation and its subsidiaries's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists

related to the events or conditions that may cast significant doubt on Spirox Corporation and its subsidiaries's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Spirox Corporation and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Spirox Corporation and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of significance in the audit of the consolidated financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kuan Chao Lin and Ming Yu Wen.

PKF Taiwan
Republic of China
March 12, 2025

The accompanying consolidated financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China. For the convenience of readers, in independent auditors' report and the accompanying consolidated statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or and difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail. As the consolidated financial statements are the responsibility of the management, PKF Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive form the translation.

SPIROX CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Note	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
CURRENT ASSETS	4				
Cash and cash equivalents	6	\$ 1,271,021	49	\$ 1,460,624	41
Financial assets at fair value through profit or loss, current	7, 27	-	-	730,402	20
Financial assets measured at amortized cost, current	9, 27, 29	128,880	5	93,343	3
Notes receivable, net	10, 27	-	-	2,566	-
Accounts receivable, net	10, 27	201,886	8	334,290	9
Other receivables	11	10,094	-	52,837	1
Current tax assets	21	5,217	-	1,358	-
Inventories, net	12	69,962	3	73,757	2
Prepayments		93,944	4	82,790	2
Other current assets		50	-	2,935	-
Total current assets		<u>1,781,054</u>	<u>69</u>	<u>2,834,902</u>	<u>78</u>
NON-CURRENT ASSETS	4				
Financial assets at fair value through profit or loss, non-current	7, 27	16,693	1	7,315	-
Financial assets at fair value through other comprehensive income, non-current	8, 27	71,522	3	51,694	1
Financial assets at amortized cost, non-current	9, 27, 29	32,549	1	-	-
Property, plant and equipment	13, 29	589,402	23	603,469	17
Right-of-use assets	14	11,113	-	12,049	-
Intangible assets	15	78,243	3	86,481	3
Deferred tax assets	21	3,605	-	18,586	1
Other non-current assets	29	8,085	-	9,708	-
Total non-current assets		<u>811,212</u>	<u>31</u>	<u>789,302</u>	<u>22</u>
Total assets		<u>\$ 2,592,266</u>	<u>100</u>	<u>\$ 3,624,204</u>	<u>100</u>
LIABILITIES AND EQUITY					
CURRENT LIABILITIES	4				
Short-term borrowings	16, 27, 29	\$ 13,500	1	\$ 183,472	5
Contract liabilities	19	41,509	2	83,173	2
Accounts payable		111,246	4	251,927	7
Other payables	27	89,852	3	98,502	3
Current tax liabilities	21	1,100	-	9,933	-
Lease liabilities, current	14	5,530	-	8,478	-
Current portion of long-term borrowings	16, 27, 29	50,753	2	161,024	5
Other current liabilities		4,006	-	3,970	-
Total current liabilities		<u>317,496</u>	<u>12</u>	<u>800,479</u>	<u>22</u>
NON-CURRENT LIABILITIES	4				
Long-term borrowings	16, 27, 29	12,286	1	64,017	2
Deferred tax liabilities	21	125,322	5	152,434	4
Lease liabilities-non-current	14	5,859	-	4,395	-
Net defined benefit liabilities, non-current	17	1,649	-	3,360	-
Guarantee deposits	29	2,307	-	2,491	-
Total non-current liabilities		<u>147,423</u>	<u>6</u>	<u>226,697</u>	<u>6</u>
Total liabilities		<u>464,919</u>	<u>18</u>	<u>1,027,176</u>	<u>28</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	4, 18, 23				
Share capital					
Ordinary shares		1,149,749	44	1,149,749	32
Capital surplus		390,640	15	437,109	12
Retained earnings					
Legal reserve		707,818	27	707,818	20
Special reserve		136,077	5	220,024	6
Unappropriated earnings		(59,076)	(2)	174,537	5
Other equity		(118,890)	(4)	(133,050)	(4)
Treasury shares		(127,617)	(5)	(38,174)	(1)
Equity attributable to owners of the parent		<u>2,078,701</u>	<u>80</u>	<u>2,518,013</u>	<u>70</u>
Non-controlling interests		48,646	2	79,015	2
Total equity		<u>2,127,347</u>	<u>82</u>	<u>2,597,028</u>	<u>72</u>
Total liabilities and equity		<u>\$ 2,592,266</u>	<u>100</u>	<u>\$ 3,624,204</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With PKF Taiwan auditors' report dated March 12, 2025)

SPIROX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Item	Note	2024		2023	
		Amount	%	Amount	%
Operating revenue, net	4, 19	\$ 673,273	100	\$ 1,342,715	100
Operating costs	12	535,513	80	1,104,293	82
Gross profit		137,760	20	238,422	18
Operating expenses	20, 28				
Selling expenses		220,241	33	233,785	18
Administrative expenses		153,500	23	120,986	9
Research expenses		54,874	8	44,529	3
Expected credit impairment losses (gains)	10	(23,246)	(3)	28,960	2
Total operating expenses		405,369	61	428,260	32
Other operating income and expenses, net	20	(141)	-	(1,559)	-
Operating loss		(267,750)	(41)	(191,397)	(14)
Non-operating income and expenses					
Interest income	20	34,374	5	32,656	3
Other income	20	25,407	4	18,695	1
Other gains or losses	20	(78,175)	(12)	105,602	8
Financial costs	20	(5,406)	-	(10,416)	(1)
Expected credit impairment gains	11	355	-	(20)	-
Share of profit (loss) of associates and joint ventures accounted for using equity method, net		-	-	(131)	-
Total non-operating income and expenses		(23,445)	(3)	146,386	11
Profit (loss) before income tax		(291,195)	(44)	(45,011)	(3)
Income tax expenses	4, 21	15,297	2	(10,221)	(1)
Net profit (loss) for the year		(275,898)	(42)	(55,232)	(4)
Other comprehensive income (loss)					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit plan		2,845	-	534	-
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income		(10,179)	(1)	22,389	2
Income tax related to items that will not be reclassified	21	(521)	-	(107)	-
Total items that will not be reclassified to profit or loss		(7,855)	(1)	22,816	2
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translating the financial statements of foreign operations	4, 18	30,423	4	15,192	1
Income tax related to items that may be reclassified	4, 21	(6,084)	(1)	(2,987)	-
Total items that may be reclassified subsequently to profit or loss		24,339	3	12,205	1
Total other comprehensive income		16,484	2	35,021	3
Total comprehensive income for the year		\$ (259,414)	(40)	\$ (20,211)	(1)
Net profit (loss) attributable to:					
Owners of the Parent		\$ (251,519)		\$ (56,085)	
Non-controlling interests		(24,379)		853	
		\$ (275,898)		\$ (55,232)	
Total comprehensive income attributable to:					
Owners of the Parent		\$ (235,035)		\$ (21,320)	
Non-controlling interests		(24,379)		1,109	
		\$ (259,414)		\$ (20,211)	
Loss per share	4, 22				
Basic		\$ (2.23)		\$ (0.49)	
Diluted		\$ (2.23)		\$ (0.49)	

The accompanying notes are an integral part of the consolidated financial statements.
(With PKF Taiwan auditors' report dated March 12, 2025)

SPIROX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

Item	Equity attributable to owners of the parent												
	Retained earnings						Other equity						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Equity directly associated with disposal groups held for sale	Exchange differences on translating the financial statements of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Others	Treasury shares	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance, January 1, 2023	\$ 1,187,419	618,213	683,421	235,388	416,282	-	(45,213)	(166,653)	0	(148,537)	2,780,320	56,904	2,837,224
Appropriation of earnings:													
Legal reserve appropriated	-	-	24,397	-	(24,397)	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(15,364)	15,364	-	-	-	-	-	-	-	-
Cash dividends to shareholders-NT\$0.59955 per share	-	-	-	-	(68,586)	-	-	-	-	-	(68,586)	-	(68,586)
Cash dividends from capital surplus-NT\$0.39970 per share	-	(45,724)	-	-	-	-	-	-	-	-	(45,724)	-	(45,724)
Net loss for the year ended December 31, 2023	-	-	-	-	(56,085)	-	-	-	-	-	(56,085)	853	(55,232)
Other comprehensive income (loss) for year ended December 31, 2023, net of income tax	-	-	-	-	427	-	11,949	22,389	-	-	34,765	256	35,021
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(55,658)	-	11,949	22,389	-	-	(21,320)	1,109	(20,211)
Share-based payment transactions	-	11,629	-	-	-	-	-	-	-	-	11,629	-	11,629
Adjustments due to dividends that subsidiaries received from parent company	-	355	-	-	-	-	-	-	-	-	355	-	355
Treasury shares transferred to employees	-	(355)	-	-	(6,269)	-	-	-	-	30,774	24,150	-	24,150
Changes in ownership interests in subsidiaries	-	(141,581)	-	-	-	-	-	-	-	-	(141,581)	141,581	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(120,579)	(120,579)
Disposals of investments in equity instruments at fair value through other comprehensive income													
income	-	-	-	-	(44,478)	-	-	44,478	-	-	-	-	-
Treasury shares acquired	-	-	-	-	-	-	-	-	-	(21,230)	(21,230)	-	(21,230)
Treasury shares retired	(37,670)	(5,428)	-	-	(57,721)	-	-	-	-	100,819	-	-	-
Balance, December 31, 2023	1,149,749	437,109	707,818	220,024	174,537	-	(33,264)	(99,786)	-	(38,174)	2,518,013	79,015	2,597,028
Appropriation of earnings:													
Reversal of special reserve	-	-	-	(83,947)	83,947	-	-	-	-	-	-	-	-
Cash dividends to shareholders-NT\$0.60682 per share	-	-	-	-	(68,365)	-	-	-	-	-	(68,365)	-	(68,365)
Cash dividends from capital surplus-NT\$0.40455 per share	-	(45,576)	-	-	-	-	-	-	-	-	(45,576)	-	(45,576)
Net loss for the year ended December 31, 2024	-	-	-	-	(251,519)	-	-	-	-	-	(251,519)	(24,379)	(275,898)
Other comprehensive income (loss) for year ended December 31, 2024, net of income tax	-	-	-	-	2,324	-	24,339	(10,179)	-	-	16,484	-	16,484
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	(249,195)	-	24,339	(10,179)	-	-	(235,035)	(24,379)	(259,414)
Share-based payment transactions	-	15,205	-	-	-	-	-	-	-	-	15,205	643	15,848
Adjustments due to dividends that subsidiaries received from parent company	-	359	-	-	-	-	-	-	-	-	359	-	359
Treasury shares transferred to employees	-	(90)	-	-	-	-	-	-	-	22,980	22,890	-	22,890
Changes in ownership interests in subsidiaries	-	(16,367)	-	-	-	-	-	-	-	-	(16,367)	16,367	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(23,000)	(23,000)
Treasury shares acquired	-	-	-	-	-	-	-	-	-	(112,423)	(112,423)	-	(112,423)
Balance, December 31, 2024	\$ 1,149,749	\$ 390,640	\$ 707,818	\$ 136,077	\$ (59,076)	\$ -	\$ (8,925)	\$ (109,965)	\$ -	\$ (127,617)	\$ 2,078,701	\$ 48,646	\$ 2,127,347

The accompanying notes are an integral part of the consolidated financial statements.
(With PKF Taiwan auditors' report dated March 12, 2025)

SPIROX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from operating activities:		
Net profit (loss) before income tax	\$ (291,195)	\$ (45,011)
Adjustments for :		
Depreciation	44,508	36,525
Amortization	9,152	6,542
Expected credit impairment losses	(23,601)	28,980
Gains on financial financial assets at fair value through profit or loss, net	130,026	(142,135)
Financial costs	5,406	10,416
Share of losses of associates and joint ventures accounted for using equity method	0	131
Interest income	(34,374)	(32,656)
Dividend income	(4,909)	(1,907)
Provision for inventory market price decline and obsolete and slow-moving inventories	15,631	9,102
Share-based payment	15,848	11,629
Gains (losses) on disposal of property, plant and equipment, net	167	1,580
Property, plant and equipment transferred to expenses	-	195
Losses on foreign exchange, net	(28,306)	32,846
Losses (gains) on lease modification	(24)	(21)
Changes in operating assets and liabilities		
(Increase) decrease in notes receivable	2,566	(2,434)
Decrease in accounts receivable	149,758	136,770
Decrease in other receivables	(613)	62,818
(Increase) decrease in inventories	(21,057)	117,798
Decrease in prepayments	(11,154)	23,189
Decrease in other current assets	2,885	10,592
Decrease in other operating assets	1,623	450
Increase (decrease) in contract liabilities	(41,664)	(12,170)
Increase (decrease) in notes and accounts payable	(144,875)	(144,737)
Increase in other payables	(2,092)	11,884
Decrease in other current liabilities	36	(1,005)
Decrease in net defined benefit liabilities	1,134	(410)
Cash generated from operations	(225,124)	118,961
Interest received	33,396	35,371
Dividends received	4,909	1,907
Interest paid	(5,725)	(10,418)
Income tax refund (paid)	(16,131)	(7,964)
Net cash generated from operating activities	(208,675)	137,857
Cash flows from investing activities:		
Acquisitions of financial assets at fair value through other comprehensive income	(30,000)	(10,780)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	31,917
Decrease in financial assets at amortized cost	(66,509)	30,313
Acquisitions of financial assets at fair value through profit or loss	(216,784)	(7,169)
Proceeds from disposal of financial assets at fair value through profit or loss	833,297	-
Net cash outflow from acquisitions of subsidiaries	0	(3,074)
Acquisitions of property, plant and equipment	(12,339)	(24,025)
Proceeds from disposal of property, plant and equipment	-	216
Increase in other receivables	44,689	597,602
Acquisitions of intangible assets	(914)	-
Net cash generated from (used in) investing activities	551,440	615,000
(To be continued)		

	2024	2023
(Continued)		
Cash flow from financing activities:		
Increase (decrease) in short-term borrowing	\$ (169,972)	\$ 59,362
Repayment of long-term borrowings	(162,002)	(143,136)
Increase (decrease) in guarantee deposits	(184)	685
Cash payment for the principal portion of the lease liabilities	(10,543)	(8,638)
Cash dividends	(113,582)	(113,955)
Treasury shares acquired	(117,732)	(15,921)
Proceeds from treasury shares transferred to employees	22,890	24,150
Changes in non-controlling interests	(23,000)	(198,554)
Net cash generated from (used in) financing activities	<u>(574,125)</u>	<u>(396,007)</u>
Effect of foreign exchange rate changes	<u>41,757</u>	<u>971</u>
Net increase in cash and cash equivalents	(189,603)	357,821
Cash and cash equivalents at the beginning of the year	1,460,624	1,102,803
Cash and cash equivalents at the end of the year	<u>\$ 1,271,021</u>	<u>\$ 1,460,624</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With PKF Taiwan auditors' report dated March 12, 2025)

SPIROX CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2024 and 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. General Information

Spirox Corporation (the “Company”) was established in December 11, 1987. The Company’s main business includes the design and sales of computer parts, computer inspection machines, electronic components, computer disk drivers and power supplies, sales and repair of microcomputers and their peripheral devices, computer software designs, and the importing and exporting trade business for the aforesaid products, as well as agency, quotation, bidding and distribution business of the related products of domestic and foreign manufactures.

On December 12, 2002, the Company’s shares were listed and traded on the Taiwan Stock Exchange.

On April 29, 2003, the Company was resolved by the Board of Directors to merge with Spirox Systems Corporation by an absorption merger. On September 29, 2003 as the base date for the merger and capital increase was approved by the resolution of the Board of Directors on April 29, 2003. Spirox Corporation would be the surviving company while Spirox Systems Corporation would be dissolved in the merger. The name of the surviving company after the merger is still Spirox Corporation.

This consolidated financial statements are denominated in New Tainwan dollar, the functional currency of the Company.

Spirox Corporation and its subsidiaries are hereinafter collectively referred to as the Company.

2. The Authorization of Financial Statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 12, 2025.

3. Application of New and Revised International Financial Reporting Standards

- a. Initial application of amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC), (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

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

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 16 “Sale and Leaseback”	January 1, 2024
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS7 “supplier arrangements”	January 1, 2024

- b. Amendments to the IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2025

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

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendment to IAS 21 “Lack of Convertibility”	January 1, 2025

Note: These amendments are applicable for annual reporting periods beginning on or after January 1, 2025, and may be applied earlier. Upon adoption, comparative information should not be restated, and any impact from the initial application of these amendments should be recognized as an adjustment to the opening balance of retained earnings.

- c. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendment to IFRS 9 and IFRS 7 “Amendments to Classification and Measurement of Financial Instruments”	January 1, 2026
Amendment to IFRS 9 and IFRS 7 “Financial Impact of Reliance on Natural Power Contracts”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts” and Amendments to IFRS 17 “ Insurance Contracts” replace IFRS 4 “Insurance Contracts”	January 1, 2023
IFRS 18 “Presentation and Disclosure of Financial Statements” issued, replacing IAS 1 “Presentation of Financial Statements” while continuing certain provisions within it.	January 1, 2027
IFRS 19 “Subsidiaries Without Public Accountability: Disclosure” issued, allowing qualifying subsidiaries to adopt the new IFRS accounting standards with reduced disclosure requirements.	January 1, 2027
Annual Improvements to IFRS – Volume 11.	January 1, 2026

As of the date the accompanying consolidated financial statements were authorized for issue, the consolidated company continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be used disclosed when the consolidated company completes the evaluation.

4. Summary of Significant Accounting Policies

The summary of the significant accounting policies adopted by the consolidated financial statements is described as follows:

a. Statement of compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

b. Basis for preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, contingent consideration of business combination and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets. For assets, the historical cost usually refers to the fair value of the consideration paid to acquire the asset; for liabilities, it usually refers to the amount received to undertake the obligation or the amount expected to be paid to settle the debt.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for assets or liabilities.

c. Basis of consolidation

1) Principle for preparation of consolidated financial statements

Control is achieved when the Company is exposed to variable remuneration from the participation of the invests or has rights to such variable remuneration, and has ability to influence such remuneration through its power over the investee. In particular, the Company only controls the investor only when the Company has the following 3 control elements:

- (i) The power over the investee (that is, the existing right that gives him the current ability to lead relevant activities)
- (ii) Risks or rights, from variable remuneration for the participation of the investee, and
- (iii) The ability to use its power over the invested to affect the amount of investee remuneration

When the Company directly or indirectly holds less than a majority of the voting rights or similar rights of the investor, the Company considers all relevant facts and circumstances to assess whether it has power over the investee, including:

- (i) Contract agreement with other voting rights holders of the investee
- (ii) Rights arising from other contractual agreements
- (iii) Voting rights and potential voting rights

When the facts and circumstances show that one or more of the 3 control elements has changed, the Company will reassess whether it still controls the investee.

The consolidated financial statements includes the financial statements of the Company and the entities (subsidiaries) controlled by the Company. The financial statements of the subsidiaries shall be included in the consolidated financial report from the date when they obtain control, and until the date when they no longer have control.

The financial statements of the subsidiaries have been appropriately adjusted in material respects to make their accounting policies consistent with the accounting policies used by the Company.

The major transactions, balances, income, and expenses and losses between the various entities of the consolidated company have been completely eliminated at the time of consolidated.

If the consolidated company loses control of a subsidiary, then

- (i) Derecognise the assets (including goodwill) and liabilities of subsidiaries
- (ii) Derecognise the book amount of any non-controlling interests
- (iii) Recognise the fair value of the consideration received, if any
- (iv) Recognise any investment retained in the former subsidiary at its fair value
- (v) Recognise any profit or loss as current profit and loss
- (vi) Reclassification of the parent company previously recognized in other comprehensive profit and loss items as current profit and loss.

2) The subsidiaries included in the consolidated financial statements

The consolidated entities are listed as follows:

Name of investor	Name of subsidiary	Main business and products	Percentage of ownership		Remark
			December 31, 2024	December 31, 2023	
Spirox Corporation	HIBON INVESTMENT CORPORATION	General investment	100%	100%	
	Spirox Cayman Corporation	General investment	60%	60%	Note 1
	SOUTHPORT CORPORATION	Optical and precision equipment manufacturing and services	57.16%	53.68%	Note 6
	SCube Technologies Co., Ltd.	Semiconductor equipment testing and parts sales services	49.73%	33.26%	Note 7
HIBON INVESTMENT CORPORATION	Spirox Cayman Corporation	General investment	40%	40%	Note 1
	Jetek Technology Corp.	Semiconductor test equipment sales and solution provision	100%	100%	Note 7
SOUTHPORT CORPORATION	SCube Technologies Co., Ltd.	Semiconductor equipment testing and parts sales services	33.26%	33.26%	
Spirox Cayman Corporation	Spirox International Limited	International trade	100%	100%	
	Spirox Technology (Shanghai) Co., Ltd.	Development, design, production and sales of IC software	100%	100%	
	Bright Future Cayman Limited	General investment	100%	100%	Note 3,8

Name of investor	Name of subsidiary	Main business and products	Percentage of ownership		Remark
			December 31, 2024	December 31, 2023	
Spirox Cayman Corporation	Shanghai Infinet Technology Co., Ltd.	Computer inspection machine, electronic components	100%	100%	
Shanghai Infinet Technology Co., Ltd.	Hefei Spirox Technology Co., Ltd.	Development, design and sales of IC software	-%	100%	Note 3
Hefei Spirox Technology Co., Ltd.	Excellent Future Limited	General investment	100%	100%	Note 4
Excellent Future Limited	BEYOND ENGINEERING CORP.	Electronic material retailing	100%	100%	Note 5
Spirox Technology (Shanghai) Co., Ltd.	Hefei Spirox Technology Co., Ltd.	Development, design and sales of IC software	100%	-	Note 3

Note 1: Spirox Cayman Corporation conducted a proportional cash capital reduction was carried out on October 13, 2023, returning a total of USD 8,400 thousand (equivalent to NTD 270,816 thousand).

Note 2: Spirox Cayman Corporation repurchased employee-held shares in February 2023, increasing its ownership from 87.08% to 87.22%. Bright Future Cayman Limited conducted a non-proportional cash reduction on March 15, 2023, in which Spirox Cayman Corporation did not participate based on its ownership percentage, resulting in Spirox Cayman Corporation's ownership increasing from 87.22% to 100%. Furthermore, Bright Future Cayman Limited conducted a cash reduction on September 15, 2023, returning USD 8,000 thousand to Spirox Cayman Corporation.

Note 3: Shanghai Infinet Technology Co., Ltd. repurchased shares from both KAIA and another shareholder in January 2023, increasing its ownership from 91.73% to 100%. Additionally, at the Board of Directors meeting held on July 31, 2024, Shanghai Infinet Technology Co., Ltd. resolved to transfer 100% of its equity interest in Hefei Spirox Technology Co., Ltd. to Shanghai Infinet Technology Co., Ltd. for a total consideration of RMB 31,095 thousand. The registration change was completed on September 14, 2024.

Note 4: Excellent Future Limited received a cash injection of USD 200 thousand from Hefei Spirox Technology Co., Ltd. on August 8, 2023. Furthermore, on May 23, 2024, Hefei Spirox Technology Co., Ltd. conducted a cash capital increase of USD 1,800 thousand.

Note 5: On May 11, 2022, the Board of Directors resolved to align with future business developments by proposing to transfer the shares of BEYOND ENGINEERING CORP., held by HIBON INVESTMENT CORPORATION (holding 100% of shares), to Excellent Future Limited at a price of NTD 11.08 per share, with a total transaction amount of approximately NTD 4,401 thousand. On August 9, 2023, Excellent Future Limited acquired 100% of BEYOND ENGINEERING CORP. for approximately USD 138,000 at the transfer price, and the registration change was completed on August 28, 2023. Additionally, on May 30, 2024, Excellent Future Limited subscribed to 5,500 thousand ordinary shares at a par value of RMB 10 per share through a cash capital increase, with an investment cost of RMB 55,000 thousand. The registration change was completed on June 25, 2024.

Note 6: The Company subscribed to 3,091 thousand shares of ordinary shares of SOUTHPORT CORPORATION in November 2023 through a cash capital increase. The par value per share is NTD 10, with a total investment cost of NTD 108,195 thousand. Please refer to Note 24 for details. Additionally, in December 2024, the company purchased shares held by other shareholders at an investment cost of RMB 14,000 thousand, increasing its shareholding percentage from 53.68% to 57.16%. Please refer to Note 18(6).

Note 7: In January 2023, the Company subscribed to 606 thousand shares of ordinary shares of SCube Technologies Co., Ltd. through a cash capital increase. The par value per share is NTD 10, with a total investment cost of NTD 10,000 thousand. Additionally, on November 30, 2023, the Company acquired 53.68% equity interest in SOUTHPORT CORPORATION, resulting in the Company holding controlling interest of 66.52% indirectly in SCube Technologies Co., Ltd. Therefore, SCube Technologies Co., Ltd. is included as a subsidiary in the consolidated financial statements. Additionally, in December 2024, the company purchased shares held by other shareholders at an investment cost of RMB 9,000 thousand, increasing its shareholding percentage from 33.26% to 49.73%. Please refer to Note 18(6).

Note 8: The company has ceased operations as of May 2024 and expects to complete the relevant liquidation procedures by June 2025.

d. Classification of assets and liabilities as current and non-current

Current asset are assets held for trading purposes and assets expected to be converted to cash, sold or consumed within 12 months from the end of the reporting period. Current liabilities are obligations incurred for trading purposes and obligations to be settled within 12 months from the end of the reporting period. Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

e. Foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The functional currency of the Company, HIBON INVESTMENT CORPORATION, BEYOND ENGINEERING CORP., Jetek Technology Corp., SOUTHPORT CORPORATION and SCube Technologies Co., Ltd. is New Taiwan Dollar. The functional currency of Spirox Cayman Corporation, Spirox International Limited, Bright Future Cayman Limited and Excellent Future Limited is US Dollar. The functional currency of Shanghai Infinet Technology Co., Ltd., Hefei Spirox Technology Co., Ltd. and Spirox Technology (Shanghai) Co., Ltd. is RMB. When preparing consolidated financial statements, the financial performance and financial status of each consolidated entity are converted into New Taiwan Dollar.

In preparing the consolidated financial statements, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for the exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company’s foreign operations are translated into New Taiwan Dollar using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income and accumulated in equity.

f. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, time deposits with original maturities of less than 3 months, and highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of changes in value.

g. Inventories

Inventories are recorded at cost and calculated using the weighted-average method. The purchase cost of inventories includes the purchase price, import taxes and other taxes (except for the part that can be recovered by the enterprise from the taxation authority), as well as transportation, handling and other costs directly attributable to the acquisition of the goods. Trade discounts, concessions and other similar items are deducted from determining the cost of purchase.

Inventories are measured at the lower of cost or net realizable value. Net realizable value refers to estimated selling price, minus the estimated cost to be completed and the estimated cost required to complete the sale. When the comparative cost and the net realizable value are lower, the comparison is made item by item. The amount of inventories written down from cost to net realizable value is recognized as cost of goods sold and will be re-evaluated the net realizable value of inventories in each subsequent period. If the factors that previously caused the net realizable value of the inventory to be lower than the cost have vanished, or there is evidence that the net realizable value has increased due to changes in economic conditions, within the scope of the original offset amount, the increase in the net realizable value of the inventory shall be reversed and recognized as the reduction of the cost of goods sold in the current period.

h. Investments accounted for using equity method

The consolidated company uses the equity method to account for its investments in associates. Financial statements of associates are prepared for the same reporting as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company. In addition, when an investment recognized using equity method is classified as held for sale or to be distributed to owners, the investments accounted for using equity method will cease to be used.

i. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land is not depreciated, depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Leases

If a contract transfers control over the use of an identified asset for a period of time in exchange for consideration, the contract is a lease or includes a lease.

Lessor

The lessor classifies each lease as an operating lease or a finance lease. A lease that transfers almost all the risks and rewards attached to the ownership of the underlying asset is financial lease; if a lease does not transfer almost all the risks and rewards attached to the ownership of underlying asset, it is an operating lease.

If it is an operating lease, the lessor recognizes the lease payments as income on a straightline basis, but if other systematic basis is more representative of the form of the reduced use efficiency of the underlying asset, this basis applies. If it is a financial lease, the lessor shall recognize the finance lease receivables and the unearned finance income

of the finance lease on the lease start date, and adopts a systematic and reasonable basis to allocate the finance income to the lease period, so that each period of the lease period has a fixed rate of return.

Lessee

The Company recognizes right-of-use assets and lease liabilities for all the commencement date of the lease. The right-of-use asset is measured at cost, and the lease liability is based on the present value of the lease payment not yet paid on that date.

The right-of-use assets shall be depreciated, and its depreciation period shall be the earlier of the period from the beginning of the end of useful life of the right-of-use asset or the expiration of the lease terms ; However, if the lessee will acquire the ownership of leased asset at the end of the lease term, or if the cost of the right-of-use asset reflects the exercise of the purchase option, the depreciation period is from the lease start date to the useful life of the underlying asset.

Lease liabilities use the effective interest rate method to calculate interest expense, so that the interest rate of each period calculated based on the lease liability balance is fixed. Lease payments are used to pay interest and reduce lease liabilities. The interest on the lease liabilities is recognized in profit or loss.

k. Intangible assets

Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual year, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Company disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Other intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual values, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

2) Internally generated – Research and development expenditures

Research expenditures are recognized as expenses when incurred.

3) Acquired through business combination

Intangible assets acquired through business combination are recognized at fair value on the date of acquisition and recognized separately from goodwill, and the subsequent measurement method is the same as that of intangible assets acquired separately.

4) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

1. Impairment

At the end of each reporting period, the consolidated company reviews the carrying amounts of its assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is evaluated based on the present value of estimated future cash flows, discounted at the current market-determined rate, and certain risk assumptions which impact future cash flows.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

Goodwill shall be tested for impairment regularly every year, and the impairment loss shall be recognized in the profit and loss of the current year and shall not be reversed in subsequent periods.

m. Financial instruments

Financial assets and financial liabilities are recognized only when the Company becomes a party to the contractual terms of the financial instruments. At the time of initial recognition, it should be measured at fair value. If it is not a financial asset or financial liability that is measured at fair value through profit or loss, the transaction costs directly attributable to the acquisition or the issuance of the financial asset or financial liability should be added or subtracted. However, accounts receivable that do not contain a significant financial component should be measured at the transaction price when initially recognized.

Financial assets are only delisted when one of the following conditions is met:

- a) Invalidation of contractual rights from cash flow of financial assets;
- b) Almost all risks and rewards of transferring ownership of financial assets, or almost all risks and rewards of ownership of the financial assets are neither transferred not retained, and control of the financial assets is not retained.

For financial products with an active market, the fair value is based on the public quoted prices in the active market; for financial products without an active market, the fair value is estimated by evaluation method.

The recognition and delisting of conventional transaction financial assets are based on the transaction day accounting treatment.

1) Financial assets

Financial assets are based on the business model for managing financial assets and the contractual cash flow characteristics of financial assets. Financial assets held by the Company are classified into measured at amortized cost, at fair value through profit or loss and at fair value through other comprehensive income:

Measured at amortized cost

If a financial asset meets the following two conditions at the same time, it will be measured at the amortized cost:

- a) Financial assets are held under a certain business model. The purpose of this model is to hold financial assets to collect contractual cash flows.
- b) The contractual terms of the financial asset generate cash flows on a specific date, and these cash flows are all interest on the payment of the principal and the amount of principal in circulation.

For financial assets measured at amortized cost, their benefits or losses are recognized in profit and loss, but if they are part of a hedging relationship, they are treated as hedging accounting. Interest income is calculated using the effective interest method.

Interest income is calculated using the effective interest method.

At fair value through other comprehensive income

If a financial asset meets the following two conditions at the same time, it will be measured at fair value through other comprehensive income :

- a) Financial assets are held under a certain business model whose purpose is achieved by collecting contractual cash flows and selling financial assets ; and
- b) The contractual terms of the financial asset generate cash flows on a specific date, and these cash flows are all interest on the payment of the principal and the amount of principal in circulation.

Gains or losses are recognized in other comprehensive profit and loss, except for derogation benefits or losses and foreign currency exchange gains and losses. When assets are delisted, the accumulated benefits or losses listed in other comprehensive profit and loss are reclassified from equity to profit and loss.

If the investment in a specific equity instrument that should be measured at fair value through profit and loss is not held for trading, nor is it a contingent consideration recognized in a business combination, an irrevocable choice can be made at the time of initial recognition and its subsequent fairness. Changes in value are reported in other comprehensive income. In this case, the profit or loss is recognized in other comprehensive profits and losses, but dividends that are not investment cost recovery are included in the profits and losses. When assets are delisted, the accumulated benefits or losses listed in the other comprehensive profit and loss shall not be reclassified to profit and loss.

Measured at fair value through profit or loss

Financial assets are all measured at fair value through profit and loss, except when measured at amortized cost or at fair value through other comprehensive profits and losses.

At the time of initial recognition, financial assets can be irrevocably designated as measured at fair value through profit and loss to eliminate or significantly reduce. If not designated, it will be measured by using different basis to measure assets or liabilities or recognizing its benefits and losses. Or the recognition is inconsistent.

The benefit or loss is recognized in the profit and loss, but if it is part of the hedging relationship, it shall be treated as hedging accounting.

2) Financial liabilities

Financial liabilities shall be classified as measured at amortized cost, except for derivatives that do not comply with hedging accounting, designated as measured at fair value through profit and loss, and contingent consideration in a business combination that shall be classified as measured at fair value through profit or loss. Measured, except for financial liabilities that are not in compliance with delisted transfers or continuous participation in transferring assets, financial guarantee contracts, and commitments to provide loans at lower than market interest rates.

3) Impairment

Financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive gains and losses, contract assets and loan commitments under applicable impairment regulations, and financial guarantee contracts to measure impairment based on the expected credit loss model. If the credit risk of a financial instrument has increased significantly since its initial recognition, the allowable loss is measured in the amount of expected credit loss during the duration of each reporting day ; If the credit risk of a financial instrument has not increased significantly since the initial recognition, the 12-month expected credit loss amount will be used to measure the allowable loss on the reporting date.

n. Reserve for liabilities

The reserve for liabilities shall be recognized when the consolidated company has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions. For defined retirement benefits plan, the pension shall be recognized according to the actuarial results. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

p. Share-based payment arrangement

Employee share option

Employee share option is recognized as expenses on a straight-line basis during the vesting period based on the fair value of the equity instrument on the grant date and the best estimated quantity expected to be acquired, and the capital reserve-employee share option is adjusted at the same time. If it is immediately vested on the grant date, it shall be fully recognized as an expense on the grant date. The signing date that the Company transfers treasury stocks to employees is the date of grant.

The Company revises the estimated number of employee share option expected to be vested on each balance sheet date. If there is a revision to the original estimated quantity, the affected number is recognized as profit or loss, so that the accumulated expenses reflect the revised estimate, and the capital reserve-employee share option is adjusted accordingly.

q. Government grants

Government grants are recognized only when it is reasonably certain that the consolidated company will comply with the conditions attached to the government subsidies and will receive such subsidies.

Government grants are recognized in the profit and loss on a systematic basis during the period when the related costs that they intend to compensate are recognized as expenses by the consolidated company. Government grants that are conditional on the acquisition, construction or other means of acquisition of non-current assets of the consolidated company are recognized as deferred income and transferred to profit and loss during the useful life of the relevant assets at a reasonable and systematic basis.

If the government grants are used to compensate for expenses or losses that have occurred, or is for the purpose of providing immediate financial support to the consolidated company and there is no future related costs, it is recognized in the profit and loss during the period when it can be received.

r. Revenue recognition

The Company allocates the transaction price to each contractual performance obligation after the contractual performance obligation is identified in the customer contract and recognized revenue when each performance obligation is satisfied.

Sales revenue comes from the agency sales of related products of integrated circuit (IC) design and verification equipment and the agency of fast-moving consumer goods. The Company recognizes revenue and accounts receivable at the time when the customer has the right to set the price and use the products and has the primary responsibility for re-selling the products and bears the risk of obsolescence of the products when the goods are shipped or delivered to the location designated by the customers.

Service revenue comes from IC verification services. With the provision of services by the Company, the customer obtains and consumes the performance benefits at the same time, and the relevant income is recognized when the services are provided.

s. Non-operating income

Dividend income from investments is recognized when the right to receive the dividend is confirmed, it is probable that the economic benefits associated with the dividend will flow in, and the amount of the dividend can be measured reliably. Interest income is recognized on an accrual basis based on the principal outstanding and the applicable effective interest rate over time.

t. Income tax

The income tax consists of current income tax and deferred income tax. The current income tax and deferred income tax shall be recognized in profit or loss, other than the income tax related to combined entities, and items stated into other comprehensive income or stated into equity directly.

The current income tax includes the projected income tax payable or tax refund receivable based on the current taxable income (loss), and the adjustment of income tax payable or tax refund receivable in the previous years. The amount refers to the best estimates of the expected payables or receivables measured on the basis of the statutory tax rate or tax rate substantially enacted on the reporting date. Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

According to the Income Tax Law, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

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

u. Loss per share

The basic loss per share is calculated by the current net profit (loss) divided by the weighted average number of shares outstanding. However, upon capitalization of retained earnings or capitalization of capital reserves, or if the decrease is due to capital reduction to write off losses, it will be adjusted retrospectively according to the ratio of capital increase and capital reduction. Diluted loss per share is calculated using the same manner as basic loss per share, but only after the effect of all dilutive potential ordinary shares are adjusted.

v. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as current expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. If there is any change in the amount after the shareholders' meeting in the following year, the change in accounting estimate will be adjusted and recorded to profit or loss of the following year.

w. Operating segments information

An operating segment is a component of an entity, that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The consolidated financial reports of the Company are affected by accounting policies, accounting assumptions and estimates, and the management must make appropriate professional judgments when preparing the consolidated financial reports.

The assumptions and estimates of the Company are the best estimates made in accordance with the relevant International Financial Reporting Standards. Estimates and assumptions are based on historical experience and other relevant factors, but actual results may differ from these estimates and assumptions.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

a. Fair value measurement and valuation process of financial assets

When there is no market quotation for financial assets measured at fair value in an active market, the Company will decide whether to outsource the valuation and determine the appropriate fair value valuation technique in accordance with relevant laws or judgments.

If input values at Level 1 cannot be obtained when estimating the fair value, the Company or the appraiser appointed shall refer to information of the analysis of the investee's financial status and operating results, recent transaction prices, quotations of the same equity instruments in inactive markets, quotations of similar instruments in active markets and valuation multiples of comparable companies, etc. to determine the input values. If the actual changes in future input values differ from expectations, changes in fair value may occur.

Please refer to Note 27 for descriptions of fair value valuation techniques and input values.

b. Estimated impairment of financial assets

The estimated impairment of accounts receivable is based on the Company's assumptions about the default rate and expected loss rate. The Company considers historical experience as well as forward-looking information to make assumptions and select inputs for impairment assessments.

6. Cash and Cash Equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand	\$ 109	\$ 166
Demand deposits	938,953	826,877
Cash equivalents (investments with original maturities less than 3 months)-Time deposits	331,951	633,573
Checking accounts	8	8
	<u>\$ 271,021</u>	<u>\$ 460,624</u>

The market rate intervals of time deposits at the end of the reporting period were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Time deposits with original maturities of less than 3 months	1.225%-4.82%	1.1%-5.65%

7. Financial instruments at fair value through profit or loss

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets - current</u>		
Mandatory measured at fair value through profit or loss		
Non-derivative financial assets		
Foreign investments		
Listed shares (a)	\$ -	\$ 730,402
<u>Non-current financial assets</u>		
Mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
Foreign investments		
Listed shares	\$ 770	\$ 931
Beneficiary Certificate of Fund	15,923	6,384
	<u>\$ 16,693</u>	<u>\$ 7,315</u>

Due to the spread of the epidemic in London, it was impossible to obtain the local Chinese embassy certification documents for the share transfer operation in a short period of time. Considering the timeliness of the capital amendment registration process of Union Semiconductor (Hefei) Co., Ltd. (Union Semiconductor), the Board of Directors of the Company resolved on November 11, 2020 that the above-mentioned capital loan of RMB 85,000 thousand from Spirox Cayman Corporation to Union Semiconductor was converted into an investment project. It became to invest in

Union Semiconductor at RMB 5 per share by Spirox Technology (Shanghai) Co., Ltd., a subsidiary 100% owned by Spirox Cayman Corporation. The investment amount was RMB 85,000 thousand. The number of shares acquired was 17,000 thousand shares, accounting for about 3.07% of the total issued shares of Union Semiconductor. In addition, Union Semiconductor repaid the loan principal and interest arising from debt equity swap of Spirox Cayman Corporation in cash. Union Semiconductor was listed on the Sci-Tech innovation board on August 18, 2022. The Company disposed of 1,000 and 16,000 thousand shares of Union Semiconductor in 2023 and 2024, respectively. As of December 31, 2023, the Company's shareholding ratio in Union Semiconductor had been fully sold.

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

Investments in equity instruments

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 19,435	\$ 21,652
Unlisted shares	52,072	29,881
Foreign investments	<u>15</u>	<u>161</u>
	<u>\$ 71,522</u>	<u>\$ 51,694</u>

The Company invests in equity instruments for medium- and long-term strategic purposes, and expects to make profits through long-term investments. Accordingly, the management chose to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

In the second quarter of 2023, in order to realize some long-term investments profits and adjust investments positions to diversify risks, the Company sold some foreign stocks at a fair value of \$31,917 thousand, and related other equity - unrealized losses from financial assets measured at FVTOCI of \$44,478 thousand were transferred to retained earnings.

9. Financial assets at amortized cost

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Domestic investment		
Restricted bank deposits	\$ 1,000	\$ 1,003
Time deposits with original maturities of more over 3 months	<u>127,880</u>	<u>92,340</u>
	<u>\$128,880</u>	<u>\$ 93,343</u>
<u>Non-current</u>		
Foreign investment		
Bonds	<u>\$ 32,549</u>	<u>\$ -</u>

- a. As of December 31, 2024 and 2023, the interest rate ranges for time deposits with original maturities of more than 3 months were 1.35% to 4.90% and 1.45% to 4.50% per annum, respectively.
- b. Refer to Note 29 for information relating to investments in financial assets at amortized cost pledged as security.

10. Notes and accounts receivable, net

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Notes receivable</u>		
At amortized cost		
Carrying amount	\$ -	\$ 2,566
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 2,566</u>
<u>Accounts receivable</u>		
At amortized cost		
Carrying amount	\$ 226,336	\$ 381,179
Less: Allowance for impairment loss	(<u>24,450</u>)	(<u>46,889</u>)
	<u>\$ 201,886</u>	<u>\$ 334,290</u>

The credit period of the Company to customers is different according to the evaluation of each transaction. In principle, the credit period is 90 days after the invoice is issued.

The Company measures the loss allowance of notes and accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on receivables are estimated using a provision matrix by reference to the past default experience with the respective debtors and an analysis of the debtors' current financial positions, GDP growth rate, unemployment rate and industrial indicators. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the expected credit loss rate based on the account opening days of receivables is not further distinguished according to different segments of the Company's customer base.

If there is any evidence shows that the counter-party is in serious financial difficulty and the Company cannot reasonably expect to recover the amount, the Company directly writes off the related accounts receivable. The Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, they are recognized in profit or loss.

The loss allowance of notes and accounts receivable measured using the provision matrix are as follows:

December 31, 2024

	Not past due	Overdue less than 90 days	Overdue 91 to 180 days	Overdue 181 to 365 days	Overdue more than 365 days	Total
Expected credit loss rate	0%~0.21%	1.40%	3.40%	9.13%	100%	
Carrying amount	\$ 93,333	\$ 46,555	\$ 14,696	\$ 53,710	\$ 18,042	\$ 226,336
Loss allowance(lifetime ECLs)	(<u>555</u>)	(<u>652</u>)	(<u>500</u>)	(<u>4,701</u>)	(<u>18,042</u>)	(<u>24,450</u>)
Amortized cost	<u>\$ 92,778</u>	<u>\$ 45,903</u>	<u>\$ 14,196</u>	<u>\$ 49,009</u>	<u>\$ -</u>	<u>\$ 201,886</u>

December 31, 2023

	Not past due	Overdue less than 90 days	Overdue 91 to 180 days	Overdue 181 to 365 days	Overdue more than 365 days	Total
Expected credit loss rate	0%~0.26%	1.92%	4.39%	12.86%	100%	
Carrying amount	\$ 283,940	\$ 34,243	\$ 11,063	\$ 11,146	\$ 43,353	\$ 383,745
Loss allowance(lifetime ECLs)	(960)	(657)	(486)	(1,433)	(43,353)	(46,889)
Amortized cost	<u>\$ 282,980</u>	<u>\$ 33,586</u>	<u>\$ 10,577</u>	<u>\$ 9,713</u>	<u>\$ -</u>	<u>\$ 336,856</u>

The movements of the loss allowance of accounts receivable are as follows:

	For the year ended December 31	
	2024	2023
Balance at January 1	\$ 46,889	\$ 15,863
Provision (reversal) impairment loss	(23,246)	28,960
Acquisition from business combination	-	2,315
Effect of foreign exchange rate change	807	(249)
Balance at December 31	<u>\$ 24,450</u>	<u>\$ 46,889</u>

For the year ended December 31, 2024, the total carrying amount of accounts receivable and loss allowance decreased \$154,843 thousand and \$22,439 thousand, respectively; For the year ended December 31, 2023, the total carrying amount of accounts receivable and loss allowance decreased \$140,750 thousand and \$31,026 thousand, respectively, due to the combined effect of changes and total carrying amount decreased in notes receivable and accounts receivable of different aging risk groups.

11. Other receivables, net

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Other receivables</u>		
Measured at amortized cost		
Carrying amount	\$ 10,094	\$ 57,431
Less: Loss allowance	-	(4,594)
	<u>\$ 10,094</u>	<u>\$ 52,837</u>

The movements of loss allowance of other receivables were as follows:

	For the year ended December 31	
	2024	2023
Balance at January 1	\$ 4,594	\$ 4,574
Provision impairment loss	(355)	20
Amounts written off due to inability to recover	(4,239)	-
Balance at December 31	<u>\$ -</u>	<u>\$ 4,594</u>

12. Inventories

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Merchandise	\$ 48,009	\$ 46,549
Raw materials	11,741	15,509
finished goods	9,832	7,984
work in progress	380	3,715
	<u>\$ 69,692</u>	<u>\$ 73,757</u>

Cost of sales is as follows:

	For the year ended December 31	
	2024	2023
Cost of good sold and labor costs	\$ 519,882	\$ 1,095,191
Provision for inventory market price decline and slow-moving inventories	15,631	9,102
	<u>\$ 535,513</u>	<u>\$ 1,104,293</u>

13. Property, plant and equipment

	December 31, 2024	December 31, 2023
Assets used by the Company	\$ 547,504	\$ 557,273
Assets subject to operating leases	41,898	46,196
	<u>\$ 589,402</u>	<u>\$ 603,469</u>

a. Assets used by the Company

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Equipment awaiting examination	Total
<u>Cost</u>									
Balance at January 1, 2024	\$ 388,175	\$ 161,787	\$ 92,195	\$ 590	\$ 11,100	\$ 29,826	\$ 34,680	\$ 5,196	\$ 723,549
Additions	-	1,917	4,044	-	1,936	901	3,070	-	11,868
Disposals	-	(7,117)	(194)	-	(3,444)	(5,112)	(1,016)	-	(16,883)
Reclassification	-	-	8,642	-	-	-	1,211	(1,211)	8,642
Reversal of assets leased under operating leases	-	4,690	-	-	-	-	-	-	4,690
Effect of exchange rate changes	-	-	(9,467)	-	(291)	(2,618)	(718)	-	(13,094)
Balance at December 31, 2024	<u>\$ 388,175</u>	<u>\$ 161,277</u>	<u>\$ 95,220</u>	<u>\$ 590</u>	<u>\$ 9,301</u>	<u>\$ 22,997</u>	<u>\$ 37,227</u>	<u>\$ 3,985</u>	<u>\$ 718,772</u>
<u>Accumulated depreciation</u>									
Balance at January 1, 2024	\$ -	\$ 65,985	\$ 48,386	\$ 590	\$ 7,615	\$ 21,500	\$ 22,200	\$ -	\$ 166,276
Depreciation	-	4,351	16,185	-	1,892	4,740	6,450	-	33,618
Disposals	-	(7,117)	(192)	-	(3,307)	(5,112)	(988)	-	(16,716)
Reversal of assets leased under operating leases	-	1,740	-	-	-	-	-	-	1,740
Effect of exchange rate changes	-	-	(9,477)	-	(327)	(2,743)	(1,103)	-	(13,650)
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 64,959</u>	<u>\$ 54,902</u>	<u>\$ 590</u>	<u>\$ 5,873</u>	<u>\$ 18,385</u>	<u>\$ 26,559</u>	<u>\$ -</u>	<u>\$ 171,268</u>
Carrying amount at January 1, 2024	<u>\$ 388,175</u>	<u>\$ 95,802</u>	<u>\$ 43,809</u>	<u>\$ -</u>	<u>\$ 3,485</u>	<u>\$ 8,326</u>	<u>\$ 12,480</u>	<u>\$ 5,196</u>	<u>\$ 557,273</u>
Carrying amount at December 31, 2024	<u>\$ 388,175</u>	<u>\$ 96,318</u>	<u>\$ 40,318</u>	<u>\$ -</u>	<u>\$ 3,428</u>	<u>\$ 4,612</u>	<u>\$ 10,668</u>	<u>\$ 3,985</u>	<u>\$ 547,504</u>
<u>Cost</u>									
Balance at January 1, 2023	\$ 388,175	\$ 190,701	\$ 210,895	\$ 590	\$ 12,466	\$ 43,404	\$ 28,456	\$ 6,619	\$ 881,306
Additions	-	1,268	7,130	-	676	-	518	1,211	10,803
Acquisition from business combination	-	-	23,682	-	619	7,567	3,631	-	35,499
Disposals	-	(528)	(159,317)	-	(2,905)	(23,799)	(441)	-	(186,990)
Reclassification	-	-	2,575	-	59	-	-	(2,634)	-
Transfer to expenses	-	-	(745)	-	-	-	-	-	(745)
Assets reclassified as leased for operating lease purposes	-	(29,654)	-	-	-	-	-	-	(29,654)
Effect of exchange rate changes	-	-	7,975	-	185	2,654	2,516	-	13,330
Balance at December 31, 2023	<u>\$ 388,175</u>	<u>\$ 161,787</u>	<u>\$ 92,195</u>	<u>\$ 590</u>	<u>\$ 11,100</u>	<u>\$ 29,826</u>	<u>\$ 34,680</u>	<u>\$ 5,196</u>	<u>\$ 723,549</u>
<u>Accumulated depreciation</u>									
Balance at January 1, 2023	\$ -	\$ 72,566	\$ 173,916	\$ 590	\$ 7,720	\$ 35,717	\$ 11,530	\$ -	\$ 302,039
Depreciation	-	4,588	10,547	-	2,308	3,604	6,225	-	27,272
Disposals	-	(528)	(152,987)	-	(2,892)	(23,799)	(363)	-	(180,569)
Acquisition from business combination	-	-	9,480	-	270	3,240	2,054	-	15,044
Transfer to expenses	-	-	(550)	-	-	-	-	-	(550)
Assets reclassified as leased for operating lease purposes	-	(10,641)	-	-	-	-	-	-	(10,641)
Effect of exchange rate changes	-	-	7,980	-	209	2,738	2,754	-	13,681
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 65,985</u>	<u>\$ 48,386</u>	<u>\$ 590</u>	<u>\$ 7,615</u>	<u>\$ 21,500</u>	<u>\$ 22,200</u>	<u>\$ -</u>	<u>\$ 166,276</u>
Carrying amount at January 1, 2023	<u>\$ 388,175</u>	<u>\$ 118,135</u>	<u>\$ 36,979</u>	<u>\$ -</u>	<u>\$ 4,746</u>	<u>\$ 7,687</u>	<u>\$ 16,926</u>	<u>\$ 6,619</u>	<u>\$ 579,267</u>
Carrying amount at December 31, 2023	<u>\$ 388,175</u>	<u>\$ 95,802</u>	<u>\$ 43,809</u>	<u>\$ -</u>	<u>\$ 3,485</u>	<u>\$ 8,326</u>	<u>\$ 12,480</u>	<u>\$ 5,196</u>	<u>\$ 557,273</u>

As of December 31, 2024 and 2023, the Company did not have any impairment on property, plant and equipment.

Depreciation expenses were accrued on a straight-line basis over the following estimated useful lives:

Buildings	2 to 51 years
Machinery and equipment	2 to 6 years
Transportation equipment	6 years
Office equipment	2 to 6 years
Leasehold improvements	5 to 6 years
Other equipment	1 to 6 years

Please refer to Note 25 for the reclassification of property, plant and equipment.

Please refer to Note 29 for the amount of property, plant and equipment used by the Company pledged as security for loans.

b. Operating lease

	<u>Buildings</u>
<u>Cost</u>	
Balance at January 1, 2024	\$ 73,435
Assets used by the Company	(<u>4,690</u>)
Balance at December 31, 2024	<u>\$ 68,745</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2024	\$ 27,239
Assets used by the Company	(<u>1,740</u>)
Depreciation	<u>1,348</u>
Balance at December 31, 2024	<u>\$ 26,847</u>
Carrying amount at January 1, 2024	<u>\$ 46,196</u>
Carrying amount at December 31, 2024	<u>\$ 41,898</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 43,781
Assets used by the Company	<u>29,654</u>
Balance at December 31, 2023	<u>\$ 73,435</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2023	\$ 15,381
Assets used by the Company	10,641
Depreciation	<u>1,217</u>
Balance at December 31, 2023	<u>\$ 27,239</u>
Carrying amount at January 1, 2023	<u>\$ 28,400</u>
Carrying amount at December 31, 2023	<u>\$ 46,196</u>

The Company rents out buildings and structures under operating lease with the lease period of 2022 to 2027, and has no right to renew the contract. At the end of the lease period, the lessee does not have right of preferential refusal of the asset.

The total amount of lease payments to be received in the future for renting out the buildings used by the Company under operating lease was as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
First year	\$ 13,412	\$ 9,013
1~5 years	<u>13,471</u>	<u>8,085</u>
	<u>\$ 26,883</u>	<u>\$ 17,098</u>

Depreciation were accrued on a straight-line basis over the following estimated useful lives:

Buildings	51 years
-----------	----------

Please refer to Note 29 for the operating lease amount of property, plant and equipment pledged as security for loans.

14. Lease agreement

a. Right-of-use assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Right-of-use assets carrying amount		
Buildings	<u>\$ 11,113</u>	<u>\$ 12,049</u>
	<u>For the year ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Additions to Right-of-use assets	<u>\$ 9,399</u>	<u>\$ 2,673</u>
Disposal of right-of-use assets	<u>\$ 999</u>	<u>\$ 3,279</u>
Effect of acquisitions on right-of-use assets due to business combination	<u>\$ -</u>	<u>\$ 5,786</u>
Depreciation charge for Right-of-use assets		
Buildings	<u>\$ 9,542</u>	<u>\$ 8,036</u>

b. Lease liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Lease liabilities carrying amount		
Current	<u>\$ 5,530</u>	<u>\$ 8,478</u>
Non-current	<u>\$ 5,859</u>	<u>\$ 4,395</u>

Ranges of discount rates for lease liabilities are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Buildings	2.33%~5.00%	2.33%~5.00%

c. Other lease information

	For the year ended December 31	
	2024	2023
Expenses relating to short-term lease	<u>\$ 698</u>	<u>\$ 1,020</u>
Total cash outflow for leases	<u>\$ 11,241</u>	<u>\$ 7,727</u>

The Company's leases of parking space and dormitory qualify as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. Intangible assets

	Computer software	Expertise	Goodwill	Total
<u>Cost</u>				
Balance at January 1, 2024	\$ 11,594	\$ 61,870	\$ 55,206	\$ 128,670
Addition	914	-	-	914
Disposals	(5,550)	-	-	(5,550)
Effect of foreign exchange rate changes	4	-	-	4
Balance at December 31, 2024	<u>\$ 6,962</u>	<u>\$ 61,870</u>	<u>\$ 55,206</u>	<u>\$ 124,038</u>
<u>Accumulated amortization and impairment loss</u>				
Balance at January 1, 2024	\$ 8,549	\$ 9,702	\$ 23,938	\$ 42,189
Amortization	2,722	6,430	-	9,152
Disposals	(5,550)	-	-	(5,550)
Effect of foreign exchange rate changes	4	-	-	4
Balance at December 31, 2024	<u>\$ 5,725</u>	<u>\$ 16,132</u>	<u>\$ 23,938</u>	<u>\$ 45,795</u>
Carrying amount at January 1, 2024	<u>\$ 3,045</u>	<u>\$ 52,168</u>	<u>\$ 31,268</u>	<u>\$ 86,481</u>
Carrying amount at December 31, 2024	<u>\$ 1,237</u>	<u>\$ 45,738</u>	<u>\$ 31,268</u>	<u>\$ 78,243</u>
<u>Cost</u>				
Balance at January 1, 2023	\$ 11,913	\$ 21,870	\$ 24,183	\$ 57,966
Effect of acquisitions resulting from business combination	-	40,000	31,023	71,023
Disposals	(317)	-	-	(317)
Effect of foreign exchange rate changes	(2)	-	-	(2)
Balance at December 31, 2023	<u>\$ 11,594</u>	<u>\$ 61,870</u>	<u>\$ 55,206</u>	<u>\$ 128,670</u>
<u>Accumulated amortization and impairment loss</u>				
Balance at January 1, 2023	\$ 5,088	\$ 6,939	\$ 23,938	\$ 35,965
Amortization	3,779	2,763	-	6,542
Disposals	(317)	-	-	(317)
Effect of foreign exchange rate changes	(1)	-	-	(1)
Balance at December 31, 2023	<u>\$ 8,549</u>	<u>\$ 9,702</u>	<u>\$ 23,938</u>	<u>\$ 42,189</u>
Carrying amount at January 1, 2023	<u>\$ 6,825</u>	<u>\$ 14,931</u>	<u>\$ 245</u>	<u>\$ 22,001</u>
Carrying amount at December 31, 2023	<u>\$ 3,045</u>	<u>\$ 52,168</u>	<u>\$ 31,268</u>	<u>\$ 86,481</u>

Amortizations were accrued on a straight-line basis over the following estimated useful lives:

Computer software	1 to 10 years
Patents	3 years
Expertise	9 to 10 years

The intangible assets are not pledged as security for loans.

Please refer to Note 25 for the intangible assets acquired due to the business combination in 2023 of the Company.

16. Borrowings

a. Short-term borrowings

	December 31, 2024	December 31, 2023
<u>Unsecured borrowings</u>		
Bank loans	\$ 4,050	\$ 172,347
<u>Secured borrowings</u>		
Bank loans (Note 29)	9,450	11,125
	<u>\$ 13,500</u>	<u>\$ 183,472</u>

The interest rates of bank revolving loans were 2.878%~2.03% and 2.03%~3.5% as of December 31, 2024 and 2023, respectively.

b. Long-term borrowings

Creditors	December 31, 2024	December 31, 2023	Interest rate(%)	Repayment period and method
<u>Unsecured borrowings</u>				
Bank loans				
Taiwan Cooperative Bank	\$ 197	\$ 224	2.22	Repayment grace period is 1 year. From July 5, 2024, repayment occurs monthly over 48 periods, with interest payments made monthly.
Taiwan Cooperative Bank	650	738	2.22	Repayment grace period is 1 year. From July 5, 2024, repayment occurs monthly over 48 periods, with interest payments made monthly.
Taiwan Cooperative Bank	593	674	2.22	Repayment grace period is 1 year. From July 5, 2024, repayment occurs monthly over 48 periods, with interest payments made monthly.
Taiwan Cooperative Bank	761	1,000	2.875	Repayment grace period is 1 year. From January 28, 2024, repayment occurs monthly over 48 periods, with interest payments made monthly.
<u>Secured borrowings(Note 29)</u>				
Bank loans				
E.SUN Commercial Bank.	\$ 86	\$ 100	3.045	Repayment grace period is 1 year. From December 28, 2023, repayment occurs monthly over 48 periods, with interest payments made monthly.
First Bank Hsinchu Branch	-	60,696	2.35	Repayment grace period is 24 months. From January 10, 2023, principal and interest are amortized in 24 installments according to annuity method.

(Continued)

Creditors	December 31, 2024	December 31, 2023	Interest rate(%)	Repayment period and method
First Bank Hsinchu Branch	\$ -	\$ 25,290	2.35	Repayment grace period is 24 months. From January 28, 2023, principal and interest are amortized in 24 installments according to annuity method.
First Bank Hsinchu Branch	7,991	31,578	2.475	Repayment grace period is 24 months. From May 13, 2023, principal and interest are amortized in 24 installments according to annuity method.
First Bank Hsinchu Branch	26,648	61,429	2.475	Repayment grace period is 24 months. From October 2, 2023, principal and interest are amortized in 24 installments according to annuity method.
First Bank Hsinchu Branch	11,134	22,000	2.475	Repayment grace period is 24 months. From January 7, 2024, principal and interest are amortized in 24 installments according to annuity method.
Taiwan Cooperative Bank	2,599	2,954	2.22	Repayment grace period is 1 year. From July 5, 2024, repayment occurs monthly over 48 periods, with interest payments made monthly.
Taiwan Cooperative Bank	2,371	2,695	2.22	Repayment grace period is 1 year. From July 5, 2024, repayment occurs monthly over 48 periods, with interest payments made monthly.
Taiwan Cooperative Bank	1,774	2,017	2.22	Repayment grace period is 1 year. From July 5, 2024, repayment occurs monthly over 48 periods, with interest payments made monthly.
Taiwan Cooperative Bank	3,042	4,000	2.875	Repayment grace period is 24 months. From January 28, 2024, principal and interest are amortized in 48 installments according to annuity method.
E.SUN Bank	1,637	1,900	3.045	Repayment grace period is 1 year. From December 28, 2023, repayment occurs monthly over 48 periods, with interest payments made monthly.
TAIWAN BUSINESS BANK,LTD.	3,556	4,523	2.22	From July 20, 2023, repayment occurs monthly over 60 periods, with both interest and principal paid monthly.
Land Bank of Taiwan (Note)	-	2,578	2.63	From July 20, 2020, repayment occurs monthly over 60 periods. Interest is paid monthly from the 1 st period to the 24 th period. From the 25 th period to the 60 th period, both principal and interest are amortized equally over each period.
Land Bank of Taiwan (Note)	-	645	2.63	From July 20, 2020, repayment occurs monthly over 60 periods. Interest is paid monthly from the 1 st period to the 24 th period. From the 25 th period to the 60 th period, both principal and interest are amortized equally over each period.
	63,039	225,041		
Less: Current portion	(50,753)	(161,024)		
Long-term borrowings	\$ 12,286	\$ 64,017		

(Concluded)

Note: The loan pertains to SCube Technologies Co., Ltd., which is a subsidiary included in the Company.

17. Post-employment benefit plans

a. Defined contribution plans

The Company and domestic subsidiaries adopted a pension plan under the Labor Pension Act (LPA), which is a government managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company and domestic subsidiaries in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Company's defined benefit plans were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligation	\$ 23,276	\$ 20,305
Fair value of plan assets	(21,627)	(16,945)
Net defined benefit liabilities	<u>\$ 1,649</u>	<u>\$ 3,360</u>

Movements in net defined benefit liabilities (assets) were as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Balance at January 1, 2023	<u>\$ 23,306</u>	<u>(\$ 19,002)</u>	<u>\$ 4,304</u>
Service cost			
Interest expenses (income)	<u>375</u>	<u>(305)</u>	<u>70</u>
Recognized in profit or loss	<u>375</u>	<u>(305)</u>	<u>70</u>
Benefit paid	<u>(2,912)</u>	<u>2,912</u>	<u>-</u>
Remeasurements			
Actuarial loss (benefit)			
-Changes in financial assumptions	<u>675</u>	<u>-</u>	<u>675</u>
-Experience adjustments	<u>(1,139)</u>	<u>(70)</u>	<u>(1,209)</u>
Recognized in other comprehensive loss (income)	<u>(464)</u>	<u>(70)</u>	<u>(534)</u>
Contributions from the employer	<u>-</u>	<u>(480)</u>	<u>(480)</u>
Balance at December 31, 2023	<u>\$ 20,305</u>	<u>(\$ 16,945)</u>	<u>\$ 3,360</u>
Service cost			
Interest expenses (income)	<u>312</u>	<u>(246)</u>	<u>66</u>
Pre-service cost	<u>3,712</u>	<u>(2,044)</u>	<u>1,668</u>
Recognized in profit or loss	<u>4,024</u>	<u>(2,290)</u>	<u>1,734</u>

(Continued)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Remeasurements			
Actuarial loss (benefit)			
-Changes in financial assumptions	(548)	-	(548)
-Experience adjustments	(505)	(1,792)	(2,297)
Recognized in other comprehensive loss (income)	(1,053)	(1,792)	(2,845)
Contributions from the employer	-	(600)	(600)
Balance at December 31, 2023	<u>\$ 23,276</u>	<u>(\$ 21,627)</u>	<u>\$ 1,649</u>

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest rate risk: The decrease in interest rates on government bonds will increase the current value of the defined benefit obligation, but the return on investment in plan assets will also increase, which will have a partially offsetting effect on the net defined benefit obligation.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2024	December 31, 2023
Discount rate	1.52-1.56%	1.29%
Expected rate of salary increase	3.00%	3.00%

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

	December 31, 2024	December 31, 2023
Discount rate		
0.5% increase	(\$ 1,146)	(\$ 1,043)
0.5% decrease	<u>\$ 1,222</u>	<u>\$ 1,116</u>

(Continued)

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Expected rate of salary increase		
0.5% increase	<u>\$ 2,198</u>	<u>\$ 2,246</u>
0.5% decrease	<u>(\$ 1,991)</u>	<u>(\$ 2,007)</u>

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Expected contributions to the plan for the next year	<u>\$ 18,906</u>	<u>\$ 17,615</u>
Average duration of the defined benefit obligation	10-13 years	11 years

18. Equity

a. Share capital

Ordinary shares

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Authorized shares (in thousands)	<u>300,000</u>	<u>300,000</u>
Authorized capital	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Issued and fully paid shares (in thousands)	<u>114,975</u>	<u>114,975</u>
Issued capital	<u>\$ 1,149,749</u>	<u>\$ 1,149,749</u>

As of December 31, 2024 and 2023, the number of shares authorized were 300,000 thousand shares with a par value of \$10 per share, carry one vote per share and the right to receive dividends. Among the shares authorized, there were 30,000 thousand shares reserved for the issuance of employee share option certificates.

The Company's shareholders' meeting held on June 19, 2024, approved a private placement of ordinary shares, with the number of shares not exceeding 11,000 thousand shares.

The relevant information regarding the issuance of common shares through private placement and the pending public offering is as follows:

	<u>1st, 2021</u>
The Shareholder meetings resolution date	2021.11.02
Private placement base date	2021.11.30
Number of shares (in thousands)	16,300
Face value (in NTD)	10
Subscription price (in NTD)	24
Total amount of private placement (in thousands of NTD)	391,200

Besides the above-mentioned private placement of ordinary shares which are subject to restrictions on circulation and transfer in accordance with the Securities and Exchange Act, and can only be listed and traded after 3 years from the delivery date and retroactive handling for publicly issuance, the rights and obligations of private placement are the same as those of public companies which issue ordinary shares.

b. Capital surplus

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>May be used to offset a deficit,</u> <u>distributed as cash dividends, or</u> <u>transferred to share capital</u> <u>(Note)</u>		
Additional paid-in capital	\$120,083	\$165,659
From merger	78,174	78,174
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	40,907	40,907
Repurchase of treasury stock	9,243	-
<u>May be used to offset a deficit</u> <u>only</u>		
Changes in ownership interests in subsidiaries	10,825	27,192
Employee share option	<u>131,408</u>	<u>125,177</u>
	<u>\$390,640</u>	<u>\$437,109</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividend policy

Under the Company's dividend policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 20(9).

Dividends to shareholders can be distributed in cash or shares, of which the cash portion of dividends shall not less than 10% of the distribution. The dividend policy is proposed by the Board of Directors every year according to law, and submitted to the shareholders' meeting for resolution, subject to factors such as Company's current and future

investment environment, capital demand, domestic and foreign competition conditions and capital demand budgets, as well as shareholders' interests, balancing dividends and the Company's long-term financial planning.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The special reserve shall be allocated from the cumulative net amount of other deductions from equity in the preceding period and the cumulative net amount of increase in investment property fair value in the preceding period. If there remains any insufficiency, allocate it from the amount of the after-tax net profit for the period, plus items other than after-tax net profit for the period, that are included in the undistributed earnings of the period.

The Company resolved to distribute earnings and capital surplus for the years 2023 and 2022 at the Shareholders' Meetings held on June 19, 2024 and June 21, 2023, the distributions were as follows:

	For the year ended December 31	
	2023	2022
Legal reserve	<u>\$ -</u>	<u>\$ 24,397</u>
Reversal of special reserve	<u>(\$ 83,947)</u>	<u>(\$ 15,364)</u>
Cash dividends distributed from earnings	<u>\$ 68,365</u>	<u>\$ 68,586</u>
Cash distributed from capital surplus	<u>\$ 45,576</u>	<u>\$ 45,724</u>
Cash dividends per share (NT\$)	<u>\$1.01137</u>	<u>\$0.99925</u>

Note: The total numbers of ordinary shares outstanding were affected due to the repurchase of company shares and the transfer of treasury shares to employees. The cash distribution from capital surplus in 2023 and 2022 was adjusted from \$1 per share to \$1.01137 and \$1 per share to \$0.99925, respectively.

The appropriations of loss compensation plan for 2024 were proposed by the Board of Directors on March 12, 2025:

	For the year ended December 31, 2024
Reversal of special reserve	<u>(\$ 17,187)</u>
Use of legal reserve to offset losses	<u>\$ 41,889</u>

The appropriations of loss compensation plan for 2024 are subject to the resolution of the shareholders' meeting to be held on June 25, 2025.

d. Special reserve

	For the year ended December 31	
	2024	2023
Balance at January 1	\$220,024	\$235,388
Reversal of special reserve		
Reversal of in respect of debits		
to other equity items	(183,947)	(15,364)
Balance at December 31	<u>\$136,077</u>	<u>\$220,024</u>

As of December 31, 2024 and 2023, the special reserves both were \$10,948 thousand and \$10,948 thousand for the first time using IFRSs.

The reversal amount of special reserve in 2024 refers to the part of the special reserve accrued for the difference between the market price of the parent Company's shares held by the subsidiaries and the carrying amount based on the shareholding ratio, the reduction in exchange losses from the financial statements of overseas operating entities for the current period, plus the decrease in unrealized losses on financial assets, is deducted. The reversal amount of special reserve in 2023 refers to the part of the special reserve accrued for the difference between the market price of the parent Company's shares held by the subsidiaries and the carrying amount based on the shareholding ratio, the reduction in exchange losses from the financial statements of overseas operating entities for the current period, net of the increase in unrealized losses on financial assets, is deducted.

e. Other equity

1) Exchange differences on translating the financial statements of foreign operations

	For the year ended December 31	
	2024	2023
Balance at January 1	(\$ 33,264)	(\$ 45,213)
Exchange differences on		
translating the financial		
statements of foreign		
operations	<u>24,339</u>	<u>11,949</u>
Balance at December 31	(<u>\$ 8,925</u>)	(<u>\$ 33,264</u>)

2) Unrealized gains or losses of financial assets measured at FVTOCI

	For the year ended December 31	
	2024	2023
Balance at January 1	(\$ 99,786)	(\$166,653)
Recognized for the year		
Unrealized (losses) gains from		
Equity instruments	(10,179)	22,389
Cumulative unrealized gain of		
equity instruments		
transferred to retained		
earnings due to disposal	<u>-</u>	<u>44,478</u>
Balance at December 31	(<u>\$109,965</u>)	(<u>\$ 99,786</u>)

f. Non-controlling interests

	For the year ended December 31	
	2024	2023
Balance at January 1	\$ 79,015	\$ 56,904
Net profit (Loss) for the year	(24,379)	853
Other comprehensive income of the year		
Exchange differences on translating the financial statements of foreign operations	-	256
Share-based payment transaction	643	-
Changes in ownership interests in subsidiaries	16,367	141,581
Non-controlling interests increase (decrease)	(23,000)	(120,579)
Balance at December 31	<u>\$ 48,646</u>	<u>\$ 79,015</u>

Changes in ownership interests in subsidiaries for the year ended December 31, 2024

In December 2024, The Company had a repurchase of equity stake in Southport Corporation from shareholders, resulting in an increase in the shareholding ratio from 53.68% to 57.16%. Since it did not affect the Company's control over the subsidiary, it was handled as an equity transaction. The changes were as follows:

	Amount
Cash capital increase from non-controlling interests	(\$ 14,000)
The carrying amount of subsidiaries' net assets to be calculated the amount to be transferred out of non-controlling interest based on changes in relative equity	<u>2,992</u>
Equity transactions differences	<u>(\$ 11,008)</u>

In December 2024, The Company had a repurchase of equity stake in SCube Technologies Co., Ltd. from shareholders, resulting in an increase in the shareholding ratio from 33.26% to 49.73%. Since it did not affect the Company's control over the subsidiary, it was handled as an equity transaction. The changes were as follows:

	Amount
Cash capital increase from non-controlling interests	(\$ 9,000)
The carrying amount of subsidiaries' net assets to be calculated the amount to be transferred out of non-controlling interest based on changes in relative equity	<u>3,641</u>
Equity transactions differences	<u>(\$ 5,359)</u>

The equity transaction for the year ended December 31, 2024 decreased \$16,367 thousand for capital surplus-changes in ownership interests in subsidiaries.

Changes in ownership interests in subsidiaries for the year ended December 31, 2023

In January 2023, Shanghai Infinet Technology Co., Ltd. had a repurchase of equity stake in Hefei Spirox Technology Co., Ltd. from shareholders, resulting in an increase in the shareholding ratio from 91.73% to 100%. Since it did not affect the Company's control over the subsidiary, it was handled as an equity transaction. The changes were as follows:

	<u>Amount</u>
Cash capital increase from non-controlling interests	(\$154,364)
The carrying amount of subsidiaries' net assets to be calculated	
the amount to be transferred out of non-controlling interest	
based on changes in relative equity	<u>10,357</u>
Equity transactions differences	<u>(\$144,107)</u>

In February 2023, Spirox Cayman Corporation bought back the shares of Bright Future Cayman Limited held by resigned employees, resulting in an increase in the shareholding ratio from 87.08% to 87.22%. Since it did not affect the Company's control over the subsidiary, it was handled as an equity transaction. The changes were as follows:

	<u>Amount</u>
Cash capital increase from non-controlling interests	(\$ 455)
The carrying amount of subsidiaries' net assets to be calculated	
the amount to be transferred out of non-controlling interest	
based on changes in relative equity	<u>509</u>
Equity transactions differences	<u>\$ 54</u>

On March 15, 2023, Spirox Cayman Corporation did not proportionally participate in the cash capital decrease of Bright Future Cayman Limited, resulting in an increase in the shareholding ratio from 87.22% to 100%. Since it did not affect the Company's control over the subsidiary, it was handled as an equity transaction. The changes were as follows:

	<u>Amount</u>
Cash capital increase from non-controlling interests	(\$ 43,735)
The carrying amount of subsidiaries' net assets to be calculated	
the amount to be transferred out of non-controlling interest	
based on changes in relative equity	<u>46,207</u>
Equity transactions differences	<u>\$ 2,472</u>

The equity transaction for the year ended December 31, 2023 decreased \$141,581 thousand for capital surplus-changes in ownership interests in subsidiaries.

g. Treasury shares

1) Reasons and quantities of shares reacquired:

		<u>December 31, 2024</u>	
<u>Reacquired from</u>	<u>Purpose of reacquired</u>	<u>Shares (in thousands)</u>	<u>Amount</u>
The Company	For transferring shares to employees	1,891	\$ 110,673
HIBON INVESTMENT CORPORATION	Subsidiary held shares of the Company	<u>355</u>	<u>16,944</u>
		<u>2,246</u>	<u>\$ 127,617</u>

Note: The initial number of shares was 551 thousand shares, increased by the purchase of 1,764 thousand shares during the period, decreased by the transfer of 424 thousand shares to employees.

Reacquired from	Purpose of reacquired	December 31, 2023	
		Shares (in thousands)	Amount
The Company	For transferring shares to employees	551	\$ 21,230
HIBON INVESTMENT CORPORATION	Subsidiary held shares of the Company	355	16,944
		<u>906</u>	<u>\$ 38,174</u>

Note: The initial number of shares was 4,917 thousand shares, increased by the purchase of 551 thousand shares during the period, decreased by the transfer of 1,150 thousand shares to employees, and canceled 3,767 thousand shares.

- 2) According to the Securities and Exchange Act, the number of shares bought back may not exceed 10% of the total number of issued and outstanding shares of the Company. The total amount of the shares bought back may not exceed the amount of retained earnings plus premium on capital shares plus realized capital surplus.
- 3) The treasury shares held by the Company shall not be pledged in accordance with the Securities and Exchange Act, nor shall they be entitled to dividend distributions and voting rights. Shares of the Company held by the subsidiaries are treated as treasury shares, except that they cannot participate in the Company's cash capital increase and have no voting rights; they enjoy the same rights as ordinary shareholders.
- 4) According to the Securities and Exchange Act, the shares bought back by the Company for transferring shares to employees shall be transferred within 3 years from the date of buyback. The shares not transferred within the said time limit shall be deemed as not issued by the Company, and amendment registration for the shares cancelling shall be processed. Where the buyback was required to maintain the Company's credit and shareholders' rights and interests, the shares so purchased shall be cancelled and the amendment registration shall be affected within 6 months from the date of buyback. The Board of Directors resolved on May 12, 2020 to amend the time limit set out in Article 3 of the "procedures of transferring shares to employees for the first time buyback in 2018" from 3 years to 5 years in accordance with Article 28-2 of the Securities and Exchange Act amended on June 21, 2019.
- 5) The 8,000 thousand treasury shares of the Company's sixth buyback, up to December 28, 2023, a total of 4,233 thousand shares have been transferred in batches. The remaining 3,767 thousand shares reached the five-year mark on December 27, 2023. Pursuant to the Board Resolution on December 13, 2023, the Company established December 28, 2023, as the reduction of capital reference date. The share cancellation was completed on January 22, 2024. The breakdown of the partial were transferred in installments as follows:
For the first transfer to employees, the total of 1,035 thousand shares were transferred with an amount of \$27,697 thousand, and the subscription base date was set as July 28, 2020. (The treasury shares transferred as employees share option was completed on July 28, 2020.)
For the second transfer to employees, the total of 140 thousand shares were transferred with an amount of \$3,746 thousand, and the subscription base date was set as February 1, 2021.
For the third transfer to employees, the total of 45 thousand shares were transferred with an amount of \$1,204 thousand, and the subscription base date was set as March 26, 2021.

For the fourth transfer to employees, the total of 55 thousand shares were transferred with an amount of \$1,472 thousand, and the subscription base date was set as August 13, 2021.

For the fifth transfer to employees, the total of 46 shares were transferred with an amount of \$1,231 thousand, and the subscription base date was set as January 21, 2022.

For the sixth transfer to employees, the total of 47 thousand shares were transferred with an amount of \$1,258 thousand, and the subscription base date was set as March 24, 2022.

For the seventh transfer to employees, the total of 695 thousand shares were transferred with an amount of \$18,598 thousand, and the subscription base date was set as August 11, 2022.

For the eighth transfer to employees, the total of 1,020 thousand shares were transferred with an amount of \$27,295 thousand, and the subscription base date was set as November 9, 2022.

For the ninth transfer to employees, the total of 485 thousand shares were transferred with an amount of \$12,979 thousand, and the subscription base date was set as January 12, 2023.

For the tenth transfer to employees, the total of 120 thousand shares were transferred with an amount of \$3,211 thousand, and the subscription base date was set as March 24, 2023.

For the eleventh transfer to employees, the total of 120 thousand shares were transferred with an amount of \$3,211 thousand, and the subscription base date was set as August 10, 2023.

For the twelfth transfer to employees, which were conducted in two installments, 375 thousand shares and 50 thousand shares were transferred with an amount of \$10,035 thousand and \$1,338 thousand, and the subscription base date was set as November 9 and December 14, 2023.

- 6) On February 21, 2023, the Board of Directors of the Company resolved to repurchase treasury shares for the eighth time to transfer shares to employees. In the second quarter of 2023, 34 thousand shares were repurchased for an amount of NTD 985 thousand. Additionally, at the Board of Directors meeting on November 8, 2024, it was resolved to transfer to employees and set the subscription record date as December 16, 2024.

- 7) On December 13, 2023, the Board of Directors of the Company resolved to repurchase treasury shares for the ninth time to transfer shares to employees. In the fourth quarter of 2023, 517 thousand shares were repurchased for an amount of NTD 20,245 thousand. In the first quarter of 2024, 483 thousand shares were repurchased for an amount of NTD 21,129 thousand. The breakdown of the partial were transferred in installments as follows:

For the first transfer to employees, the total of 194 thousand shares were transferred with an amount of \$8,026 thousand, and the subscription base date was set as December 16, 2024.

- 8) On March 11, 2024, the Board of Directors of the Company resolved to repurchase treasury shares for the tenth time to transfer shares to employees. In the second quarter of 2024, 1,281 thousand shares were repurchased for an amount of NTD 91,294 thousand. The breakdown of the partial were transferred in installments as follows:

For the first transfer to employees, the total of 196 thousand shares were transferred with an amount of \$13,969 thousand, and the subscription base date was set as December 16, 2024.

- 9) The subsidiary, HIBON INVESTMENT CORPORATION held 355 thousand shares of the Company's share on December 31, 2024 and 2023, and the average book value per share were \$47.73, respectively. The shares were registered as treasury shares, and the fair value of each share was \$62.20 and \$39.20, respectively.

19. Operating revenue

	For the year ended December 31	
	2024	2023
Revenue from contracts with customers		
Sales revenue	\$ 642,590	\$ 1,254,716
Service revenue	11,098	64,046
Repair and maintenance revenue	18,609	23,362
Other operating revenue	976	591
	<u>\$ 673,273</u>	<u>\$ 1,342,715</u>

The revenue of the Company comes from sales revenue transferred at a certain point in time and service and repair and maintenance revenue gradually transferred over time.

a. Contract balances

	December 31, 2024	December 31, 2023
Contract liability-current	<u>\$ 41,509</u>	<u>\$ 83,173</u>

Changes in contract liabilities are primarily attributable to differences in the timing of satisfaction of performance obligations and the timing of payment by customers.

b. Disaggregation of revenue

	For the year ended December 31	
By region	2024	2023
Taiwan	\$ 224,251	\$ 283,923
China	445,768	1,041,236
Others	3,254	17,556
	<u>\$ 673,273</u>	<u>\$ 1,342,715</u>

c. Revenue of products

	For the year ended December 31	
	2024	2023
Semiconductor equipment	\$ 642,590	\$ 1,254,716
Service revenue	11,098	64,046
Repair and maintenance revenue	18,609	23,362
Other operating revenue	976	591
	<u>\$ 673,273</u>	<u>\$ 1,342,715</u>

20. Net profit for the continuing operations

a. Other operating income and expenses, net

	For the year ended December 31	
	2024	2023
Gains on disposal of property, plant and equipment	(\$ 165)	(\$ 1,580)
Gains on lease modification	<u>24</u>	<u>21</u>
	(<u>\$ 1,559</u>)	(<u>\$ 1,559</u>)

b. Interest income

	For the year ended December 31	
	2024	2023
Bank deposits	\$ 34,367	\$ 31,818
Other interest income	<u>7</u>	<u>838</u>
	<u>\$ 34,374</u>	<u>\$ 32,656</u>

c. Other income

	For the year ended December 31	
	2024	2023
Rent income	\$ 13,874	\$ 12,271
Dividend revenue	4,909	1,907
Government grants	-	3,478
Other income	<u>6,624</u>	<u>1,039</u>
	<u>\$ 25,407</u>	<u>\$ 18,695</u>

d. Other gains or losses

	For the year ended December 31	
	2024	2023
Gains (losses) on financial assets at FVTPL, net	(\$ 130,026)	\$ 142,135
Net foreign exchange gain (loss)	53,914	(30,179)
Miscellaneous expenses	(2,061)	(6,354)
Net loss on disposal of property, plant, and equipment	(<u>2</u>)	<u>-</u>
	(<u>\$ 78,175</u>)	<u>\$ 105,602</u>

e. Financial costs

	For the year ended December 31	
	2024	2023
Interest expenses		
Bank loans	\$ 4,947	\$ 9,891
Lease liabilities	<u>459</u>	<u>525</u>
	<u>\$ 5,406</u>	<u>\$ 10,416</u>

f. Depreciation and amortization

	For the year ended December 31	
	2024	2023
An analysis of depreciation by function		
Operating costs	\$ 5,540	\$ 436
Operating expenses	<u>38,968</u>	<u>36,089</u>
	<u>\$ 44,508</u>	<u>\$ 36,525</u>
An analysis of amortization by function		
Operating costs	\$ -	\$ -
Operating expenses	<u>9,152</u>	<u>6,542</u>
	<u>\$ 9,152</u>	<u>\$ 6,542</u>

g. Research and development expenditures recognized as expenses as incurred

	For the year ended December 31	
	2024	2023
Research and development expenses	<u>\$ 54,874</u>	<u>\$ 44,529</u>

h. Employee benefit expenses

	For the year ended December 31	
	2024	2023
Post-employment benefits		
Defined contribution plans	\$ 8,563	\$ 8,054
Defined benefit plans (Note 17)	1,734	70
Other employee benefits	<u>312,206</u>	<u>286,450</u>
	<u>\$ 322,503</u>	<u>\$ 294,574</u>
Summary by function		
Operating costs	\$ 24,031	\$ 17,854
Operating expenses	<u>298,472</u>	<u>276,719</u>
	<u>\$ 322,503</u>	<u>\$ 294,573</u>

i. Compensation of employees and remuneration of director

In accordance with the Company's Articles of Incorporation, the Company allocates no less than 2% and no higher than 5% for the distributions of compensation to employees and remuneration to directors, respectively, from the balance after deducting the cumulative losses depends on the condition of current year benefit. The recipients of cash or share distributions for employees' compensation include employees of affiliated companies who meet certain criteria. 2024 and 2023 employees' compensation and directors' remunerations were resolved by the Board of Directors on March 12, 2025 and March 11, 2024, respectively. The resolutions were as follows:

	For the year ended December 31	
	2024	2023
Compensation of employees	\$ -	\$ -
Remuneration of directors	-	-

If there is any change in the amount after the adoption of the annual consolidated financial statements, the change in accounting estimate will be adjusted and recorded in the following year.

The Company held board meetings on March 11, 2024, to decide not to allocate remunerations to employees and directors, and the annual financial report did not recognize the relevant amount. The Company held a board meeting on March 23, 2023, where the actual distribution amounts for employee remuneration and director remuneration were consistent with the recognized amounts in the annual consolidated financial statements.

	For the year ended December 31			
	2023		2022	
	Compensation of employees	Remuneration of directors	Compensation of employees	Remuneration of directors
Amount to be distributed resolved by the board of directors	\$ -	\$ -	\$ 11,982	\$ -
Amount recognized in annual financial statements	\$ -	\$ -	\$ 11,982	\$ -

Information on compensation of employees and remuneration of directors resolved by the Company's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

21. Income tax for the continuing operations

a. Income tax recognized in profit or loss

Major components of tax expense recognized are as follows:

	For the year ended December 31	
	2024	2023
Current tax		
In respect of the current year	\$ 3,439	\$ 14,161
Adjustments for prior year	-	(7)
	3,439	14,154
Deferred tax		
In respect of the current year	(18,736)	(3,933)
Income tax expense recognized in profit or loss	(\$ 15,297)	\$ 10,221

A reconciliation of accounting profit and income tax expense and the applicable tax rate is as follows:

	For the year ended December 31	
	2024	2023
Loss before tax for continuing operations	(\$ 291,195)	(\$ 45,011)
Tax expense (income) calculated at statutory rate (Note)	(\$ 151,919)	\$ 18,504

	For the year ended December 31	
	2024	2023
Nondeductible expenses in determining taxable income	(14,686)	12,546
Unrecognized loss carryforwards and deductible temporary differences	148,021	(27,825)
Additional levy on undistributed earnings	-	3,311
Adjustments for prior years	-	(10)
Tax effects of payment of foreign tax credit	<u>3,287</u>	<u>3,695</u>
Income tax expense recognized in profit or loss	(\$ 15,297)	\$ 10,221

Note: The applicable tax rate is based on calculation of the applicable income tax rate of the relevant National income.

b. Income tax expense (income) recognized in other comprehensive income

	For the year ended December 31	
	2024	2023
<u>Deferred tax</u>		
In respect of the current year		
- Remeasurement of defined benefit plan	(\$ 521)	(\$ 107)
- Translation of foreign operations	(<u>6,084</u>)	(<u>2,987</u>)
	(<u>\$ 6,605</u>)	(<u>\$ 3,094</u>)

c. Current tax assets and liabilities

	December 31, 2024	December 31, 2023
Current tax assets		
Tax refund receivable	<u>\$ 5,217</u>	<u>\$ 1,358</u>
Current tax liabilities	<u>\$ 1,100</u>	<u>\$ 9,933</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2024

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	Disposal of subsidiaries	Ending balance
<u>Deferred tax assets</u>						
Temporary differences						
Unrealized exchange loss	\$ 36	(\$ 36)	\$ -	\$ -	\$ -	\$ -
Investment loss	-	157	-	-	-	157
Leave payable	87	(85)	-	-	-	2

(Continued)

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	Disposal of subsidiaries	Ending balance
Inventory write-down and obsolescence loss	1,353	356	-	-	-	1,709
Exchange differences on translation of foreign operations	7,821	-	(6,084)	-	-	1,737
Loss offset	<u>9,289</u>	<u>(9,289)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 18,586</u>	<u>(\$ 8,897)</u>	<u>(\$ 6,084)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,605</u>
Deferred tax liabilities						
Temporary differences						
Gains on foreign investments accounted for using equity method	\$133,558	(\$ 28,037)	\$ -	\$ -	\$ -	\$ 105,521
Acquisition from business combination	10,696	(1,514)	-	-	-	9,182
Defined retirement benefit plans	8,180	87	521	-	-	8,788
Unrealized exchange income	<u>-</u>	<u>1,831</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,831</u>
	<u>\$152,434</u>	<u>(\$ 27,633)</u>	<u>\$ 521</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,322</u>

For the year ended December 31, 2023

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	Disposal of subsidiaries	Ending balance
Deferred tax assets						
Temporary differences						
Unrealized exchange loss	\$ 1,044	(\$ 1,024)	\$ -	\$ 16	\$ -	\$ 36
Unrealized gross profit	144	(144)	-	-	-	-
Leave payable	-	87	-	-	-	87
Inventory write-down and obsolescence loss	-	1,353	-	-	-	1,353
Exchange differences on translation of foreign operations	10,808	-	(2,987)	-	-	7,821
Loss offset	<u>-</u>	<u>4,921</u>	<u>-</u>	<u>-</u>	<u>4,368</u>	<u>9,289</u>
	<u>\$ 11,996</u>	<u>\$ 5,193</u>	<u>(\$ 2,987)</u>	<u>\$ 16</u>	<u>\$ 4,368</u>	<u>\$ 18,586</u>

(Continued)

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	Disposal of subsidiaries	Ending balance
Deferred tax liabilities						
Temporary differences						
Gains on foreign investments accounted for using equity method	\$126,424	\$ 7,134	\$ -	\$ -	\$ -	\$ 133,558
Acquisition from business combination	2,986	(702)	-	-	8,412	10,696
Defined retirement benefit plans	7,991	82	107	-	-	8,180
Unrealized exchange income	<u>5,254</u>	<u>(5,254)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$142,655</u>	<u>\$ 1,260</u>	<u>\$ 107</u>	<u>\$ -</u>	<u>\$ 8,412</u>	<u>\$ 152,434</u>

- e. Unrecognized deductible temporary differences of deferred tax assets in the consolidated balance sheets

	December 31, 2024	December 31, 2023
Deductible temporary differences	<u>\$ 69,832</u>	<u>\$ 57,317</u>

- f. Income tax assessments

The income tax returns of the Company through 2022 and its subsidiaries in Taiwan through 2022 have been assessed by the tax authorities as follows:

	Assessment year
Hibon Investment Corporation	2022
Beyond Engineering Corp.	2022
Southport Corporation	2022
Jetek Technology Corp.	2022
SCube Technologies Co., Ltd.	2022

22. Loss per share

	Unit: NT\$ per share	
	For the year ended December 31	
	2024	2023
Basic loss per share	(\$ 2.23)	(\$ 0.49)
Diluted loss per share	(\$ 2.23)	(\$ 0.49)

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share for the continuing operations were as follows:

Net loss for the year

	For the year ended December 31	
	2024	2023
Net loss attributable to the Company's owners	(\$ 251,519)	(\$ 56,085)
Effect of dilutive potential ordinary shares	-	-
Net loss of continuing operations used in the computation of diluted earnings per share	(\$ 251,519)	(\$ 56,085)

The weighted average number of ordinary shares outstanding (in thousand shares) was as follow:

	For the year ended December 31	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	112,684	114,060
Effect of potentially dilutive ordinary shares:		
Compensation to employees	-	94
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>112,684</u>	<u>114,154</u>

If the Company has the option to pay employees in shares or cash, the calculation of diluted losses per share assumes that employee compensation will be paid in shares and is included in the weighted-average number of ordinary shares outstanding for the purpose of calculating diluted losses per share when the potential ordinary shares have a dilutive effect. The dilutive effect of these potential ordinary shares will continue to be considered in the calculation of diluted losses per share prior to the issuance of employee compensation shares in the following year.

23. Share-based payment arrangements

a. Share option plan of the Company

In order to attract and retain professional talents demanded, and to bring employees together and feel a sense of belonging to the Company, the Company and its subsidiary, VESP Technology Corporation ("VESP Corp.") offered a total of 2,960 thousand units and 6,387 thousand units of employee share option on January 12, 2022 and April 1, 2020, respectively, to jointly create corporate interests. In addition, to jointly create the interests of the Company and shareholders with the strategic partners and professionals needed for the business operation of VESP Corp. and its affiliated enterprises, there were 450 thousand units and 811 thousand units of share option provided for specific individuals as an incentive mechanism.

Each unit of share option can subscribe for one ordinary share of the subsidiary, Bright Future Cayman Limited ("BF Limited"), and the subscription price is RMB 1 per share. The lifetime of the share option is 0.112 year and 0.072 year, respectively.

According to the employee share subscription method and related contracts, employees shall maintain their employment status of the Company and its subsidiaries within 3 years from the signing date and gradually vest during the employment. If an employee loses his/her status as an employee, the employee shall compensate 1.5 times the total subscription price, and the amount of compensation shall be the shares of BF Limited held by him/her to be purchased by Spirox Cayman Corporation, the shareholder of BF Limited, at the original contract price as subscription price. From the capital increase base date, any share subscribed by the employees shall not be transferred within 2 years. In addition, under certain conditions, employees may request Spirox Cayman Corporation to purchase the shares of BF Limited held by them.

According to the employee share subscription method and related contracts signed with the specific person, this person must aggressively contribute to knowledge or technique required for the business operation of VESP Corp. and its affiliated enterprises within 3 years from the signing date, and this person agrees to this statement that will be fully determined by VESP Corp. If this person violates the contracts, he/she shall compensate 1.5 times the total subscription price, and the amount of compensation shall be the shares of BF Limited held by him/her to be purchased by Spirox Cayman Corporation, the shareholder of BF Limited, at the original contract price as subscription price. From the capital increase base date, any share subscribed by the person shall not be transferred within 2 years. In addition, under certain conditions, the specific person may request Spirox Cayman Corporation to purchase the shares of BF Limited held by him/her.

The relevant information of share option are as follows:

For the year ended December 31, 2023		
Share option	Number of options (in thousands)	Weighted-average exercise price (RMB)
Beginning balance	9,993	\$ 1
Granted	-	1
Vested	(9,993)	-
Expired	-	-
Ending balance	-	-
Weighted-average fair value of share option granted (RMB)		
		\$ 0.075~0.079

The Company uses the Binomial Option Pricing Model ("CRR model") for the subscription of shares granted on January 12, 2022 and April 1, 2020, respectively. The input values used in the CRR model are as follows:

	January 12, 2022	April 1, 2020
Lifetime (Year)	0.112	0.072
Risk-free interest rate	2.00%	1.41%
Expected volatility	25.77%	39.58%
Expected dividend yield	-	-
Strike price (RMB)	1.000	1.000
Current price (RMB)	1.065	1.052
Fair value of share option (RMB)	0.079	0.075

The weighted-average values of the share option are RMB 0.079 and RMB 0.075 per unit, respectively.

b. Share option plan of the employee

The Company signed a treasury share transfer contract (seniority plan) with the employees of the Company and its subsidiary, Jetek Technology Corp., and signed a treasury share transfer contract (performance achievement plan) with the employees of the Company in October 2020. According to the treasury share transfer method and related contracts, the main terms are as follows:

1) Seniority plan

The contract stipulates that the total number of shares to be subscribed is 4,410 thousand shares, and the number of shares to be subscribed shall be submitted within the aforesaid total number of shares on seven specific dates agreed in the contract. The subscription price is based on NT\$27 per share or the employee's subscription price of treasury shares approved by the board of directors and the shareholders' meeting, whichever is lower. The employee must maintain the current employment status of the Company and its subsidiaries by December 31, 2022; if the employment identity is lost, the employee shall compensate the Company for the number of shares subscribed multiplied by \$10. The share options for the treasury shares transferred to employees were fully exercised on March 31, 2023.

As of the audit report date, the employee share option plan has offered 7 times subscription of treasury shares, and the information is as follows:

Approved by Board of Directors	Base date of subscription	Shares subscribed
2021.01.29	2021.02.01	140
2021.03.25	2021.03.26	65
2021.08.11	2021.08.13	55
2022.01.20	2022.01.21	46
2022.03.23	2022.03.24	34
2022.08.10	2022.08.11	660
2022.11.08	2022.11.09	1,020

2) Performance achievement plan

The contract stipulates that the total number of shares to be subscribed is 1,065 thousand shares, and the number of shares to be subscribed shall be submitted within the maximum number of shares on five specific dates agreed in the contract. The subscription price is based on NT\$27 per share or the employee's subscription price of treasury shares approved by the board of directors and the shareholders' meeting, whichever is lower. Employees shall be current employees of the Company or its subsidiaries when receiving the share subscription. The share options for the treasury shares transferred to employees were fully exercised on March 31, 2023.

As of the audit report date, the employee share option plan has offered two times subscription of treasury shares, and the information is as follows:

Approved by Board of Directors	Base date of subscription	Shares subscribed
2022.03.23	2022.03.24	13
2022.08.10	2022.08.11	35

The relevant information of the treasury share transfer contract is summarized as follows:

For the year ended December 31, 2023	Performance achievement plan		Seniority plan	
	Number of options (in thousands)	Weighted-average exercise price (NTD)	Number of options (in thousands)	Weighted-average exercise price (NTD)
Beginning balance	74	\$ 21.00	920	\$ 21.00
Granted	-	-	-	-
Vested	-	-	-	-
Expired	(74)	21.00	(920)	21.00
Ending balance	<u>-</u>	-	<u>-</u>	-

The extraordinary shareholders' meeting of the Company resolved for private placement of ordinary shares on November 2, 2021. Due to changes of the Company's ordinary shares, the transfer price shall be adjusted from \$27 to \$23 per share according to the formula stipulated in the share buyback for employee transfer method. And the shareholders' meeting on June 22, 2022 resolved that the transfer price of treasury shares to employees at a price lower than the average price of the actual buyback shares was adjusted from \$23 to \$21 per share.

Unit: In thousands of shares

Approved by Board of Directors	Grant date	Shares issued	Fair value on grant date
2021.01.29	2021.01.29	140	\$ 2.32
2021.03.25	2021.03.25	45	\$ 8.65
2021.08.11	2021.08.13	55	\$ 3.09

(Continued)

Approved by Board of Directors	Grant date	Shares issued	Fair value on grant date
2022.01.20	2022.01.20	46	\$ 8.65
2022.03.23	2022.03.23	47	\$ 5.00
2022.08.10	2022.08.11	695	\$ 5.15
2022.11.08	2022.11.09	1,020	\$ 6.01
(Concluded)			

The Company uses the Binomial Option Pricing Model and Black-Scholes Model for the share-based payment transaction granted, respectively. The input values used in the models are as follows:

	January 2021	March 2021	August 2021	January 2022
Share price on grant date	\$ 29.15	\$ 35.65	\$ 30.00	\$ 31.65
Exercise price	\$ 27.0	\$ 27.0	\$ 27.0	\$ 23.0
Expected volatility	44.880%	41.78%	43.56%	33.28%
Lifetime	0.02 year	0.02 year	0.032 year	0.036 year
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	0.1053%	0.1099%	0.1199%	0.3907%
			November	
	March 2022	August 2022	2022	
Share price on grant date	\$ 28.00	\$ 26.15	\$ 27.00	
Exercise price	\$ 23.0	\$ 21.0	\$ 21.0	
Expected volatility	32.47 %	28.82 %	28.17 %	
Lifetime	0.036 year	0.028 year	0.028 year	
Expected dividend yield	0.00 %	0.00 %	0.00 %	
Risk-free interest rate	0.5614 %	0.7756 %	0.9900 %	

The Company transferred 605 thousand treasury shares to employees in January 2023. The recipients were current employees of the Company. According to the regulations on the transfer of treasury shares and related contracts, the total number of shares available for subscription was set at 605 thousand shares. The subscription was executed on two specific dates as defined in the contract, with the subscription price set at NTD 21 per share. Employees eligible for subscribing to the shares should have been current employees of the Company or its subsidiaries. The subscription rights for the treasury shares transferred to employees were fully exercised by March 24, 2023.

The employee share option plan has offered 2 times subscription of treasury shares, and the information is as follows:

Approved by Board of Directors	Base date of subscription	Shares subscribed
2023.01.11	2023.02.08	485
2023.01.11	2023.03.24	120

The Company transferred 120 thousand treasury shares to employees in August 2023. The recipients were current employees of the Company. According to the regulations on the transfer of treasury shares and related contracts, the total number of shares available for subscription was set at 120 thousand shares. The subscription was executed on a specific date as defined in the contract, with the subscription price set at NTD 21 per share. Employees eligible for subscribing to the shares should have been current employees of the Company or its subsidiaries. The subscription rights for the treasury shares transferred to employees were fully exercised by August 10, 2023.

The employee share option plan of treasury shares, and the information is as follows:

<u>Approved by Board of Directors</u>	<u>Base date of subscription</u>	<u>Shares subscribed</u>
2023.08.09	2023.08.10	120

The Company transferred 375 thousand treasury shares and 50 thousand treasury shares to employees in November 2023 and December 2023, respectively. The recipients were current employees of the Company. According to the regulations on the transfer of treasury shares and related contracts, the total number of shares available for subscription was set at 375 thousand shares and 50 thousand shares, respectively. The subscription was executed on two specific dates as defined in the contract, with the subscription price set at NTD 21 per share. Employees eligible for subscribing to the shares should have been current employees of the Company or its subsidiaries. The subscription rights for the treasury shares transferred to employees were fully exercised by November 9, 2023 and December 14, 2023.

The employee share option plan of treasury shares, and the information is as follows:

<u>Approved by Board of Directors</u>	<u>Base date of subscription</u>	<u>Shares subscribed</u>
2023.11.08	2023.11.09	375
2023.11.08	2023.12.14	50

	For the year ended December 31, 2023	
	Number of options	Weighted-average
	(in thousands)	exercise price
		(NTD)
Beginning balance	\$ -	\$ -
Granted	1,150	21
Vested	(1,150)	21
Expired	-	-
Ending balance	<u>\$ -</u>	

Unit: In thousands of shares

<u>Approved by Board of Directors</u>	<u>Grant date</u>	<u>Shares issued</u>	<u>Fair value on grant date</u>
2023.01.11	2023.01.12	485	\$ 2.61
2023.01.11	2023.03.24	120	\$ 2.87
2023.08.09	2023.08.10	120	\$ 21.86
2023.11.08	2023.11.09	375	\$ 18.06
2023.11.08	2023.12.14	50	\$ 18.08

The Company uses the Binomial Option Pricing Model and Black-Scholes Model for the share-based payment transaction granted, respectively. The input values used in the models are as follows:

	January 2023	March 2023	August 2023	November 2023
Share price on grant date	\$23.60	\$23.60	\$42.85	\$39.05
Exercise price	\$21.00	\$21.00	\$21.00	\$21.00
Expected volatility	25.85%	25.85%	40.41%	44.58%
Lifetime	0.036 year	0.216 year	0.028 year	0.036 year
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	1.0159%	1.0159%	0.9376%	0.9954%
	December 2023			
Share price on grant date	\$39.05			
Exercise price	\$21.00			
Expected volatility	44.58 %			
Lifetime	0.036 year			
Expected dividend yield	0.00 %			
Risk-free interest rate	0.9954 %			

The Company transferred 34 thousand treasury shares to employees in November 2024. The recipients were current employees of the Company and its subsidiary, Southport Corporation. According to the regulations on the transfer of treasury shares and related contracts, the total number of shares available for subscription was set at 34 thousand shares. The subscriptions was executed on a specific date as defined in the contract, with the subscription price set at NTD 30 per share. Employees eligible for subscribing to the shares should have been current employees of the Company or its subsidiaries. The subscription rights for the treasury shares transferred to employees were fully exercised by December 16, 2024.

The employee share option plan of treasury shares, and the information is as follows:

Approved by Board of Directors	Base date of subscription	Shares subscribed
2024.11.06	2024.12.16	34

The Company transferred 266 thousand treasury shares to employees in November 2024. The recipients were current employees of the Company and its subsidiary, Southport Corporation. According to the regulations on the transfer of treasury shares and related contracts, the total number of shares available for subscription was set at 266 thousand shares. The subscriptions was executed on a specific date as defined in the contract, with the subscription price set at NTD 41 per share. Employees eligible for subscribing to the shares should have been current employees of the Company or its subsidiaries.

The employee share option plan of treasury shares, and the information is as follows:

Approved by Board of Directors	Base date of subscription	Shares subscribed
2024.11.06	2024.12.16	194
2024.11.06	2025.01.06	72

The Company transferred 695 thousand treasury shares to employees in November 2024. The recipients were current employees of the Company and its subsidiary, Southport Corporation. According to the regulations on the transfer of treasury shares and related contracts, the total number of shares available for subscription was set at 695 thousand shares. The subscriptions was executed on a specific date as defined in the contract, with the subscription price set at NTD 71 per share. Employees eligible

for subscribing to the shares should have been current employees of the Company or its subsidiaries.

The employee share option plan of treasury shares, and the information is as follows:

Approved by Board of Directors	Base date of subscription	Shares subscribed
2024.11.06	2024.12.16	196
2024.11.06	2025.01.06	499

	For the year ended December 31, 2024	
	Number of options (in thousands)	Weighted-average exercise price (NTD)
Beginning balance	\$ -	\$ -
Granted	995	61.58
Vested	(424)	53.99
Expired	-	-
Ending balance	<u>\$ 571</u>	67.22

Unit: In thousands of shares

Approved by Board of Directors	Grant date	Shares issued	Fair value on grant date
2024.11.06	2024.12.16	34	\$ 43.75
2024.11.06	2024.12.16	194	\$ 32.78
2024.11.06	2024.12.16	196	\$ 7.32
2024.11.06	2025.01.06	72	\$ 32.84
2024.11.06	2025.01.06	499	\$ 8.42

The Company uses the Binomial Option Pricing Model and Black-Scholes Model for the share-based payment transaction granted, respectively. The input values used in the models are as follows:

	November 2024	November 2024	November 2024	November 2024
Share price on grant date	\$73.70	\$73.70	\$73.70	\$73.70
Exercise price	\$30.00	\$41.00	\$71.00	\$41.00
Expected volatility	54.61%	54.61%	54.61%	54.61%
Lifetime	0.136 year	0.136 year	0.136 year	0.192 year
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	1.3456%	1.3456%	1.3456%	1.3456%
	November 2024			
Share price on grant date	\$73.70			
Exercise price	\$71.00			
Expected volatility	54.61 %			
Lifetime	0.192 year			
Expected dividend yield	0.00 %			
Risk-free interest rate	1.3456 %			

The compensation costs recognized in 2024 and 2023 were \$15,848 thousand and \$11,629 thousand, respectively.

24. Business combination

a. Acquisition of subsidiary company

	Major businesses and products	Acquisition date	Acquisition percentage of ownership (%)	Consideration transferred
SOUTHPORT CORPORATION N ("SOUTHPORT")	Optical and precision equipment manufacturing and services	November 30, 2023	53.68	<u>\$ 108,195</u>
SCube Technologies Co., Ltd. ("SCube") (Note)	Semiconductor equipment testing and parts sales services	November 30, 2023	66.52	<u>\$ 10,000</u>

Note: The Company acquired 33.26% equity of SCube Technologies Co., Ltd. in January 2023 through a cash increase, thereby becoming an associate company. Furthermore, the Company acquired 53.68% equity of SOUTHPORT CORPORATION on November 30, 2023, resulting in the Company indirectly holding a controlling interest of 66.52% in SCube Technologies Co., Ltd. Consequently, investments accounted for using the equity method were reclassified as investments in subsidiaries accounted for using the equity method, effective November 30, 2023.

The acquisitions of SOUTHPORT and SCube by the consolidated company in the 2023 were aimed at developing proprietary products and expanding global business.

b. Consideration transferred

	SOUTHPORT	SCube
Cash	<u>\$108,196</u>	<u>\$ 10,000</u>

c. Assets acquired and liabilities assumed on acquisition date

	SOUTHPORT	SCube
Current assets		
Cash and cash equivalents	\$104,415	\$ 10,707
Accounts receivable and Other receivable	6,586	3,713
Inventories	28,527	258
Others	5,954	284
Non-current assets		
Investments accounted for using equity method	9,870	-
Property, plant and equipment	4,902	15,553
Right-of-use assets	5,786	-
Expertise	40,000	-
Others	5,260	1,019
Current liabilities		
Short-term borrowings	(14,500)	-

(Continued)

	<u>SOUTHPORT</u>	<u>SCube</u>
Accounts payable and Other payable	(9,095)	(1,909)
Contract liabilities	(307)	(367)
Others	(3,060)	(31)
Non-current liabilities		
Long-term borrowings	(20,905)	(5,648)
Deferred tax liabilities	(8,412)	-
Others	(3,711)	-
	<u>\$151,310</u>	<u>\$ 23,579</u>
		(Concluded)

In the corporate merger transactions, the fair values of the receivables (mainly accounts receivable) acquired from SOUTHPORT and SCube are 6,586 thousand and 3,713 thousand, respectively. The total contractual amounts are 6,591 thousand and 3,713 thousand, respectively. The best estimate of the expected unrecoverable contractual cash flows as of the acquisition date are both zero.

d. Non-controlling interests

Non-controlling interests of SOUTHPORT and SCube on the acquisition date (ownership interests of 46.32% and 33.48%, respectively) amounted to 70,080 thousand and 7,897 thousand, respectively. These amounts are measured based on the proportionate share of the identifiable net assets recognized by the acquirees.

e. Goodwill generated from acquisitions

	<u>SOUTHPORT</u>	<u>SCube</u>
Consideration transferred	\$108,196	\$ 10,000
Add: Non-controlling interests	70,080	7,897
Investments accounted for using equity method-SOUTHPORT	-	9,870
Less : Share of profit or loss of subsidiaries accounted for using the equity method from Spirox Corporation	-	(131)
Fair value of identifiable net assets acquired	(<u>151,310</u>)	(<u>23,579</u>)
Goodwill generated from acquisitions	<u>\$ 26,966</u>	<u>\$ 4,057</u>

The goodwill generated from the acquisitions of SOUTHPORT and SCube primarily arises from control premiums. Additionally, the consideration paid in the merger includes expected synergies, revenue growth, future market development, and the value of employees from SOUTHPORT and SCube. However, these benefits do not meet the recognition criteria for separately identifiable intangible assets and therefore are not recognized individually.

f.

g. Net cash outflow (inflow) from acquisitions of subsidiaries

	<u>SOUTHPORT</u>	<u>SCube</u>
Consideration paid in cash	\$108,196	\$ 10,000
Less: Cash received and cash equivalent balance	(104,415)	(10,707)
	<u>\$ 3,781</u>	<u>(\$ 707)</u>

h. The impact of business combinations on operating results

Since the acquisition date, the operating results from the acquired company are as follows:

	<u>SOUTHPORT</u>	<u>SCube</u>
Operating revenue	<u>\$ 3,452</u>	<u>\$ 2,772</u>
Net profit for the year	<u>\$ 1,596</u>	<u>\$ 2,099</u>

If the business combination occurs at the beginning of the accounting year on the acquisition date, the consolidated company forecasts operating income of 38,557 thousand and a forecasted net loss of 32,961 thousand for the 2023. These amounts do not reflect the actual income and operating results that the Company would generate if the business combination were completed on the beginning date of the fiscal year.

In preparing hypothetical forecasts for the Company's operating income and net profit from the acquisition date to the beginning of the accounting year, management has already taken the following factors into consideration:

- 1) Depreciation is calculated based on the fair value of plant and property as of the original accounting treatment of the business combination, rather than on the book value recorded in the pre-acquisition financial statements.
- 2) Borrowing costs are estimated based on the post-business combination financial condition of the consolidated company, credit ratings, and the debt-to-equity ratio.

25. Cash flows information

a. Non-cash transaction

The Company had the following non-cash transaction investments in 2024 and 2023:

	<u>For the year ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Affects cash and non-cash investments		
Additions of property, plant and equipment	\$ 11,868	\$ 10,803
Decrease in other payable	<u>471</u>	<u>13,222</u>
Cash paid for property, plant and equipment	<u>\$ 12,339</u>	<u>\$ 24,025</u>
Disposal of property, plant and equipment	-	4,841

(Continued)

	For the year ended December 31	
	2024	2023
Decrease in other receivable	(_____)	(_____ 4,625)
Cash proceeds from disposal of property, plant and equipment	\$ _____	\$ _____ 216
Non-Affects on cash flow investments		
Inventory reclassified to property, plant, and equipment	\$ _____ 8,642	\$ _____ - (Concluded)

The Company had the following non-cash financing activities in 2024 and 2023:

	For the year ended December 31	
	2024	2023
Affects cash and non-cash investments		
Repurchase of treasury stock	(\$ 112,423)	(\$ 21,230)
Increase (decrease) in other payable	(_____ 5,309)	_____ 5,309
Cash paid for the repurchase of treasury stock	(\$ _____ 117,732)	(\$ _____ 15,921)

b. Changes in liabilities from financing activities

For the year ended December 31, 2024

	January 1, 2024	Cash flows	Non-cash changes			December 31, 2024
			Increase of leasing	Effect of exchange rate changes	Other (Note)	
Short-term borrowings	\$ 183,472	(\$ 169,972)	\$ -	\$ -	\$ -	\$ 13,500
Long-term borrowings	225,041	(162,002)	-	-	-	63,039
Guarantee deposits	2,491	(184)	-	-	-	2,307
Lease liabilities	<u>12,873</u>	(<u>10,543</u>)	<u>9,399</u>	<u>224</u>	(<u>564</u>)	<u>11,389</u>
	<u>\$ 423,877</u>	(<u>\$ 342,701</u>)	<u>\$ 9,399</u>	<u>\$ 224</u>	(<u>\$ 564</u>)	<u>\$ 90,235</u>

Note: Others mainly refers to the reductions of lease modifications.

For the year ended December 31, 2023

	January 1, 2023	Cash flows	Non-cash changes			December 31, 2023
			Increase of leasing	Effect of exchange rate changes	Other (Note)	
Short-term borrowings	\$ 117,152	\$ 59,362	\$ -	(\$ 7,542)	\$ 14,500	\$ 183,472
Long-term borrowings	341,628	(143,136)	-	(4)	26,553	225,041
Guarantee deposits	1,806	685	-	-	-	2,491
Lease liabilities	<u>15,802</u>	(<u>8,638</u>)	<u>2,673</u>	(<u>188</u>)	<u>3,224</u>	<u>12,873</u>
	<u>\$ 476,388</u>	(<u>\$ 91,727</u>)	<u>\$ 2,673</u>	(<u>\$ 7,734</u>)	<u>\$ 44,277</u>	<u>\$ 423,877</u>

Note: Others mainly refers to the reductions of acquisition of subsidiaries' liabilities and lease modifications.

26. Capital management

The Company conducts capital management to ensure that the Company can be under the premise of continuous operation and maximize shareholder compensation by optimizing the balance of debt and equity. The capital management of the Company is to ensure that the sufficient financial resources are in place to meet needs of working capital, capital expenditure, research and development expenses, dividend payment, debt repayment and other operation demand within the next twelve months.

27. Financial instruments

a. Fair value of financial instruments that are not measured at fair value

The carrying amount of financial instruments not measured at fair value reasonably approaches their fair value, including cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivable, other non-current assets, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings and guarantee deposits.

b. Fair value information of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets</u>				
<u>Financial assets at FVTPL</u>				
-Listed shares and emerging market shares	\$ 770	\$ -	\$ -	\$ 770
-Unlisted shares	-	-	15,923	15,923
<u>Financial assets at FVTOCI</u>				
-Listed shares and emerging market shares	19,435	-	-	19,435
-Unlisted shares	-	-	52,087	52,087
Total	<u>\$ 20,205</u>	<u>\$ -</u>	<u>\$ 68,010</u>	<u>\$ 88,215</u>

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets</u>				
<u>Financial assets at FVTPL</u>				
-Listed shares and emerging market shares	\$731,333	\$ -	\$ -	\$731,333
-Beneficial certificates of funds	-	-	6,384	6,384
<u>Financial assets at FVTOCI</u>				
-Listed shares and emerging market shares	21,652	-	-	21,652
-Unlisted shares	-	-	30,042	30,042
Total	<u>\$752,985</u>	<u>\$ -</u>	<u>\$ 36,426</u>	<u>\$789,411</u>

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2024

Financial assets	Financial assets FVTPL			Financial assets at FVTOCI	Total
	Convertible bonds	Beneficial certificates of funds	Unlisted shares	Unlisted shares	
Beginning balance	\$ -	\$ 6,384	\$ -	\$ 30,042	\$ 36,426
Recognized in profit or loss (Other gains or losses)	-	(1,196)	-	-	(1,196)
Recognized in other comprehensive income(unrealized gains or losses of financial assets measured at FVTOCI)	-	-	-	(7,962)	(7,962)
Acquisition	-	10,119	-	30,000	40,119
Effect of exchange rate changes	-	616	-	7	623
Ending balance	<u>\$ -</u>	<u>\$ 15,923</u>	<u>\$ -</u>	<u>\$ 52,087</u>	<u>\$ 68,010</u>

For the year ended December 31, 2023

Financial assets	Financial assets FVTPL			Financial assets at FVTOCI	Total
	Convertible bonds	Beneficial certificates of funds	Unlisted shares	Unlisted shares	
Beginning balance	\$ -	\$ -	\$ -	\$ 35,735	\$35,735
Recognized in profit or loss (Other gains or losses)	-	(533)	-	-	(533)
Recognized in other comprehensive income(unrealized gains or losses of financial assets measured at FVTOCI)	-	-	-	1,627	1,627
Transfer to Level 3 (Note)	-	-	-	(17,320)	(17,320)
Acquisition	-	7,169	-	10,000	17,169
Effect of exchange rate changes	-	(252)	-	-	(252)
Ending balance	<u>\$ -</u>	<u>\$ 6,384</u>	<u>\$ -</u>	<u>\$ 30,042</u>	<u>\$ 36,426</u>

Note: Since observable market information of the equity instrument investment became available, it was transferred from Level 3 to Level 1.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

- In 2024, the fair value of beneficial certificates of funds was estimated using the net asset value method, referencing the fair value of net assets as measured in the most recent financial statements of the investee entities.
- The fair value evaluation techniques for non-listed equity investments are as follows:

Financial assets at FVTOCI can be compared to the listed companies

It refers to the price-to-book ratio of comparable listed companies. The unobservable input value used by the Company on December 31, 2024 and 2023 was a liquidity discount of 30%, respectively. If the following input values are changed to reflect reasonably possible alternative assumptions, when other input values remain unchanged, an increase (decrease) of 1% in the liquidity discount will make the fair value of the non-listed equity investment (increase) decrease \$744thousand and \$429 thousand on December 31, 2024 and 2023, respectively.

The Company's evaluation process for the fair value of "Financial assets measured at FVTOCI" classified as Level 3 is carried out by the accounting

department to verify independent fair value of financial instruments. The responsible department uses independent source data to make the evaluation results close to the market state, confirm that the data source is independent, reliable, consistent with other resources, and represents to be executable prices. The evaluation model is regularly calibrated, conducted back testing, updated the input values and data required and any other necessary fair value adjustments to ensure that the valuation results are reasonable.

c. Categories of financial instruments

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Financial assets at FVTOCI		
Assign specific equity instrument investment	\$ 71,522	\$ 51,694
Financial assets at FVTPL		
Specific financial assets FVTPL	\$ 16,693	\$ 737,717
At amortized cost		
Financial assets at amortized cost	\$ 161,429	\$ 93,343
Cash and cash equivalents	1,271,021	1,460,624
Accounts receivable, net	201,886	334,290
Notes receivable	-	2,566
Refundable deposits	7,951	9,708
Other receivables	10,094	52,837
Other financial assets	-	2,050
	<u>\$ 1,652,381</u>	<u>\$ 1,955,418</u>
<u>Financial liabilities</u>		
At amortized cost		
Accounts payable	\$ 111,246	\$ 251,927
Short-term borrowings	13,500	183,472
Other payables	89,852	98,502
Long-term borrowings	63,039	225,041
Guarantee deposits	2,307	2,491
	<u>\$ 279,944</u>	<u>\$ 761,433</u>

d. Objective and policies of financial risk management

The Company financial risk management objective is to manage all risks that are relevant to operating activities, like market risk, credit risk and liquidity risk. In order to reduce related financial risks, the finance department of the Company is committed to identifying, assessing and avoiding market uncertainties to reduce the potential adverse effects of market changes on the financial performance of the group.

The important financial planning of the Company is reviewed by the Audit Committee and the Board of Directors in accordance with relevant regulations and internal control systems. When the financial department executes the financial plan, it strictly abides by the relevant financial operation procedures on the overall financial risk management and division of authority and responsibility.

1) Market risk

a) Foreign currency risk

The Company operates transnationally, so it is subject to currency risks arising from transactions that are relatively different from the functional currency of the Company and its subsidiaries, mainly the US dollar. The related currency risk arises from future commercial transactions and assets and liabilities recognized. The following table is the sensitivity analysis when the exchange rate of NT dollar to US dollar increases and decreases by 10%. The sensitivity analysis only includes monetary items in foreign currencies, and the conversion at the end of the period is adjusted with 10% of the exchange rate change.

Currency risk arises when future commercial transactions and assets or liabilities recognized are denominated in a foreign currency that is not the entity's functional currency. The management of the Company has established a policy, stipulating that each company in the group shall hedge its overall currency risk through the group finance department.

The Company holds investments in several foreign operations whose net assets are subject to foreign currency translation risk. Currency risk arising from the net assets of the Company's foreign operations is primarily managed through transactions denominated in the relevant foreign currency.

	Impact of US Dollar	
	2024	2023
Income	<u>\$ 41,027</u>	<u>\$ 93,018</u>

b) Interest rate risk

Due to the entities in the Company borrow funds at fixed and floating interest rates at the same time, interest rate risk is incurred. The Company manages interest rate risk by maintaining an appropriate combination of fixed and floating interest rates. The Company regularly evaluates hedging activities that are consistent with interest rate views and established risks to ensure the most cost-effective hedging strategies are adopted. Therefore, the impact of changes in interest rates at current stage is not significant, and there is not any hedging action undertook.

The carrying amount of the Company's financial assets and financial liabilities subject to interest rate risk on the balance sheet date are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Fair value interest rate risk		
-Financial assets	\$ 460,831	\$ 726,916
-Financial liabilities	11,389	12,873
Cash flow interest rate risk		
-Financial assets	938,953	826,877
-Financial liabilities	79,539	408,513

2) Credit risk

Credit risk refers to the risk that the counterparty of the transaction defaults on contractual obligations and causes financial losses to the Company. The credit risk of the Company mainly comes from the receivables from operating activities and cash in banks from investment activities. Operational credit risk and financial credit risk are managed separately. As of the balance sheet date, the Company's maximum exposure to credit risk due to non-performance of counter-parties' obligations mainly arises from the carrying amount of financial assets recognized in the Company's balance sheet.

Business related credit risk

The Company's outstanding accounts receivable are mainly from global customers, and most of the accounts receivable have not provided collateral or credit guarantee. Although the Company has established relevant procedures to supervise and manage and reduce the credit risk of accounts receivable, there is no guarantee that the procedures can completely and effectively eliminate credit risk and avoid losses.

As of December 31, 2024 and 2023, the accounts receivable balance of the top ten customers accounted for 58% and 45% of the Company's accounts receivable balance, respectively, and the concentration of credit risk of the remaining accounts receivable was relatively insignificant.

Financial related credit risk

The Company regularly adjusts the transaction limit according to market conditions and the financial and credit status of counterparties for the performance transactions. In addition, the Company also reduces credit risk by selecting financial institutions with good credit as transaction partners.

3) Liquidity risk

Cash flow forecast is performed by each operating entity within the group and summarized by the Group finance department. The Group finance department monitors the forecast of the Group's liquidity demand to ensure that it has sufficient funds to meet operating needs and maintain sufficient unused borrowing commitments at any time. The Group's debt financing plan is considered in these forecasts and meets the financial ratio target of the internal balance sheet.

When the remaining cash held by each operating entity exceeds the management needs of working capital, the Group finance department will invest the remaining funds in interest-bearing demand deposits, time deposits and securities. The instruments selected will be with adequate due date or sufficient liquidity to respond to the above forecast and provide sufficient movement level.

a) Liquidity and interest rate risk table of non-derivative financial liabilities

The remaining contract maturity analysis of non-derivative financial liabilities is based on the earliest date that The Company may be required to repay, and is

compiled based on the undiscounted cash flows of the financial liabilities (including principal and estimated interest). Therefore, the bank loans that the Company can be required to repay immediately are within the earliest period in the table below, regardless of the probability of the bank immediately executing the right; the maturity analysis of other non-derivative financial liabilities is compiled in accordance with the agreed repayment date.

For interest cash flows paid at floating interest rates, the undiscounted interest amount is derived from the yield curve on the balance sheet date.

	December 31, 2024			
	Less than 1 year	1 to 3 years	More than 3 years	Total
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 13,696	\$ -	\$ -	\$ 13,696
Accounts payable	111,246	-	-	111,246
Other payables	89,852	-	-	89,852
Long-term borrowings	51,586	10,692	1,965	64,243
Guarantee deposits	<u>1,625</u>	<u>655</u>	<u>-</u>	<u>2,307</u>
	<u>\$ 268,032</u>	<u>\$ 11,347</u>	<u>\$ 1,965</u>	<u>\$ 281,344</u>

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	More than 5 years
Lease liabilities	<u>\$ 5,831</u>	<u>\$ 6,001</u>	<u>\$ -</u>

	December 31, 2023			
	Less than 1 year	1 to 3 years	More than 3 years	Total
<u>Non-derivative financial liabilities (Note)</u>				
Short-term borrowings	\$ 184,380	\$ -	\$ -	\$ 184,380
Accounts payable	251,927	-	-	251,927
Other payables	98,502	-	-	98,502
Long-term borrowings	164,413	58,085	7,199	229,697
Guarantee deposits	1,836	655	-	2,491
	<u>\$ 701,058</u>	<u>\$ 58,740</u>	<u>\$ 7,199</u>	<u>\$ 766,997</u>

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	More than 5 years
Lease liabilities	<u>\$ 8,747</u>	<u>\$ 4,471</u>	<u>\$ -</u>

b) Financing facilities

	December 31, 2024	December 31, 2023
Unsecured bank loan facilities		
-Amount Used	\$ 11,336	\$ 179,983
-Amount Unused	<u>1,343,990</u>	<u>1,173,079</u>
	<u>\$ 1,355,326</u>	<u>\$ 1,353,062</u>

(Continued)

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Stand-by loan facilities		
-Used amount	\$ 71,606	\$ 233,530
-Unused amount	<u>129,737</u>	<u>92,115</u>
	<u>\$ 204,343</u>	<u>\$ 325,645</u>
		(Concluded)

28. Transactions with related parties

Intercompany balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation, therefore those are not disclosed in this note. In addition to those disclosed in other notes, the transactions between the Company and other related parties were as follows:

a. Related party name and categories

<u>Related party name</u>	<u>Related Party Categories</u>
SCube Technologies Co., Ltd.	Subsidiary company (Note 2)
Note 1: The Company acquired a 33.26% shares in SCube Technologies Co., Ltd. in January 2023 through a cash capital increase, making it an associate of the company. Furthermore, on November 30, 2023, the Company acquired a 53.68% shares in SOUTHPORT CORPORATION, resulting in the Company holding a controlling interest of 66.52% in SCube Technologies Co., Ltd. indirectly. Consequently, the investment accounted for using the equity method was reclassified from an associate to a subsidiary of the Company effective November 30, 2023.	

b. Operating expenses

	<u>For the year ended December 31</u>	
<u>Related party Categories / Name</u>	<u>2024</u>	<u>2023</u>
<u>Affiliated company</u>		
SCube Technologies Co., Ltd.	<u>\$ -</u>	<u>\$ 2,847</u>

c. Remuneration to key management personnel

	<u>For the year ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 49,238	\$ 31,191
Share-based payment	<u>12,822</u>	<u>5,721</u>
	<u>\$ 62,060</u>	<u>\$ 36,912</u>

The compensation of directors and other key management personnel were determined by the Remuneration Committee based on personal performance and the market trend.

29. Assets Pledged as Collateral or for security

The following assets have been provided as collateral for financing loans and customs deposits for imported raw materials:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Pledged time deposits(Accounted as financial assets at amortized cost)	\$ 1,403	\$ 92,340
Restricted bank deposits (financial assets measured at amortized cost)	1,000	1,003
Refundable deposits(Accounted as other non-current assets)	7,951	9,708
Property, plant and equipment	<u>475,545</u>	<u>479,361</u>
	<u>\$45885,899</u>	<u>\$582,412</u>

30. Significant Contingent Liabilities and Unrecognized Commitments

- a. As of December 31, 2024, the Company had tariff guarantee facilities of \$5,000 thousand provided by financial institutions.

31. Significant assets and liabilities denominated in foreign currencies

The following information is presented in the aggregate in foreign currencies other than the functional currency of each entity of the Company. The disclosed exchange rates refer to the exchange rates converted from these foreign currencies to the functional currencies. Assets and liabilities denominated in foreign currencies that have a significant effect are as follows:

	(In thousands of foreign currencies)		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>December 31, 2024</u>			
Monetary items of financial assets			
USD	\$ 13,110	32.785	\$ 429,812
EUR	1,233	34.14	42,095
JPY	548,203	0.2099	115,068
RMB	48,363	4.478	216,570
USD(Note 2)	1,418	7.3213	10,382
Monetary items of financial liabilities			
USD	596	32.785	19,540
EUR	225	34.14	7,682
USD(Note 2)	1,448	7.3213	10,601
<u>December 31, 2023</u>			
Monetary items of financial assets			
USD	\$ 32,023	30.705	\$ 983,266
EUR	2,292	33.98	77,882
JPY	439,774	0.2172	95,519
RMB	30,328	4.327	131,229
Monetary items of financial liabilities			
USD	1,729	30.705	53,089
EUR	768	33.98	26,097
JPY	116,820	0.2172	25,373

	Foreign currency	Exchange rate	Carrying amount
USD(Note 2)	972	7.0961	6,897

Note 1: Unless specified otherwise, the rest of the exchange rates are the amount converted from one unit of foreign currency to New Taiwan dollars.

Note 2: Indicates the amount converted from US dollar to RMB per unit.

For the year ended December 31, 2024 and 2023, net foreign currency exchange gains (losses) were 53,914 thousand and (\$30,179) thousand, respectively. Due to the various types of functional currencies, it is not able to disclose the exchange profits and losses according to the foreign currencies of each significant impact.

32. Separately disclosure items

- a. Information on significant transactions and b. information on investees;
 - 1) Financing provided to others: Table 1.
 - 2) Endorsements/ guarantees provided: Table 2.
 - 3) Marketable securities held: Table 3.
 - 4) Marketable securities acquired and disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
 - 9) Trading in derivative instruments: None.
 - 10) Others: Intercompany relationships and significant intercompany transactions: Table 5.
 - 11) Information on investees (excluding any investee company in Mainland China): Table 6.
- c. Information on investments in Mainland China
 - 1) Information on any investee company in Mainland China, showing the name, principal business activities, paid-in capital, method of investees, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in Mainland China area: Table 7.
 - 2) Any of the following significant transactions with companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 7.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of share owned, and percentage of ownership of each shareholder: Table 8.

33. Segment Information

Based on the chief operating decision maker's regular reviews of operating results for resource allocation and performance measurement, the Company's reportable segments are semiconductor. The basis of measurement of operating profit and loss and assets and liabilities is the same as that of preparing financial reports.

a. Segment revenue and operating results

The income and operating results of the continuing operation unit of the Company were analyzed below by reportable segment:

For the year ended December 31, 2024

	Semiconductor Department
Revenue from external customers	\$ 673,273
Revenue from inter-segments	<u>71,474</u>
Segment income	<u>\$ 744,747</u>
Internal write-off	(<u>71,474</u>)
Consolidated income	<u>\$ 673,273</u>
Segment income (loss)	(\$ 267,750)
Other gains or losses	(78,175)
Other income	25,407
Interest income	34,374
Financial costs	(5,406)
Expected credit reversal benefits	<u>355</u>
Net loss before tax for continuing operations	(<u>\$ 291,195</u>)

For the year ended December 31, 2023

	Semiconductor Department
Revenue from external customers	\$ 1,342,715
Revenue from inter-segments	<u>133,050</u>
Segment income	<u>\$ 1,475,765</u>
Internal write-off	(<u>133,050</u>)
Consolidated income	<u>\$ 1,342,715</u>
Segment income (loss)	(\$ 191,397)
Other gains or losses	105,602
Other income	18,695
Interest income	32,656
Financial costs	(10,416)
Expected credit impairment gains	(20)
Share of profit (loss) of associates and joint ventures accounted for using equity method	(<u>131</u>)
Net loss before tax for continuing operations	<u>\$ 45,011</u>

Segment profit represents the profit earned by each segment, excluding other revenue to be amortized, other gains or losses and financial costs. This measure is provided to the chief operating decision maker for the purpose of allocating resources to the segments and evaluating their performance.

b. Segment's total assets and liabilities

The Company serves as a reviewing entity for the overall operational results of the company, aiming to formulate decisions regarding resource allocation and evaluate the overall performance of the company. Therefore, it functions as a single operating segment.

c. Revenue from main products and services

Please refer to Note 19.

d. Location information

The information on continuing operation unit income from external customers of the Company by location of operation and non-current assets by area are as below:

	Revenue from external customers		Non-current assets	
	For the year ended December 31		December 31,	December 31,
	2024	2023	2024	2023
Taiwan	\$ 224,251	\$ 283,923	\$ 665,805	\$ 687,407
China	445,768	1,041,236	21,038	24,300
Others	3,254	17,556	-	-
	<u>\$ 673,273</u>	<u>\$ 1,342,715</u>	<u>\$ 686,843</u>	<u>\$ 711,707</u>

e. Major customer information

Sales income from a single customer which accounts for more than 10% of the Company's operating revenue for the year is as below:

	For the year ended December 31	
	2024	2023
Customer A	<u>\$ 62,921</u>	<u>\$ 165,702</u>

SPIROX CORPORATION AND SUBSIDIARIES
Financing Provided to Others
For the Year Ended December 31, 2024

Table 1

Unit: In thousands of NT dollars,
unless specified otherwise

No. (Note 1)	Financing company	Counterparty	Financial statement account (Note 2)	Related party (Note 9)	Maximum balance for the period (Note 3)	Balance at December 31, 2024 (Note 8)	Actual drawdown amounts	Interest rate	Nature of financing (Note 4)	Transaction amounts (Note 5)	Reasons for short-term financing (Note 6)	Allowance for impairment loss	Collateral		Financing limits for each borrowing company (Note 7)	Financing company's total financing amount limits (Note 7)
													Item	Value		
0	Spirox Corporation	Spirox International Limited	Other receivables	Y	\$ 56,322	\$ -	\$ -	6.5%	Short-term financing	\$ -	Operating capital	\$ -	—	\$ -	\$ 311,805	\$ 623,610
		Spirox Technology (Shanghai) Co., Ltd.	Other receivables	Y	130,560	-	-	3.70%	Short-term financing	-	Operating capital	-	—	-	311,805	623,610
		Jetek Technology Corp.	Other receivables	Y	5,000	-	-	3.00%	Short-term financing	-	Operating capital	-	—	-	346,134	346,134
		Spirox Technology (Shanghai) Co., Ltd.	Other receivables	Y	169,135	32,785	32,785	3.8%-5.90%	Short-term financing	-	Operating capital	-	—	-	346,134	346,134
		Beyond Engineering Corp.	Other receivables	Y	91,000	46,000	46,000	2.7%-3.10%	Short-term financing	-	Operating capital	-	—	-	346,134	346,134
2	Spirox Technology (Shanghai) Co., Ltd.	Shanghai Infinet Technology Co., Ltd.	Other receivables	Y	111,353	-	-	4.75%	Short-term financing	-	Operating capital	-	—	-	53,493	53,493

Note 1: The numbers filled in are as follows:
(1) The Company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Fill in the name of account in which the loans are recognised, such as receivables-related parties, current account with shareholders, prepayments, temporary payments, etc.

Note 3: The maximum balance of funds loaned to others in the current year.

Note 4: The nature of loans shall be filled in as a business transaction or a need for short-term financing.

Note 5: If the nature of loans is a business transaction, the transaction amount shall be filled in. The business transaction amount refers to the transaction amount between the creditor and the borrower in the most recent year.

Note 6: If the nature of loans is a need for short-term financing, the reason and purpose of the loan shall be specified, such as repayment of loans, purchase of equipment, business turnover, etc.

Note 7:(1) The total amount of loans shall not exceed 40% of the Company's net worth; the total amount of loans to companies or entities that have short-term financing needs shall not exceed 30% of the Company's net worth; individual loans amount shall not exceed 15% of the Company's net worth.
(2) The Company's subsidiary HIBON INVESTMENT CORPORATION (‘HIBON’) is limited to a total loan amount of no more than 40% of the HIBON's net worth to companies or entities that need short-term financing, and the amount of individual loans is no more than 40% of the HIBON's net worth.
(3) The Company's subsidiary Spirox Technology (Shanghai) Co., Ltd. (‘Spirox Shanghai’) is limited to a total loan amount of no more than 40% of the Spirox Shanghai's net worth to companies or entities that need short-term financing, and the amount of individual loans is no more than 40% of the Spirox Shanghai's net worth. Loans lending to subsidiaries , whether directly or indirectly holding 100% of the voting shares, or to the Company's parent company or subsidiaries directly or indirectly holding 100% of the voting shares, are not subject to the aforementioned amount limits. However, individual loan amounts are limited to not exceeding 50% of Weihua Electronics' net worth, and the total amount of loans is limited to not exceeding 70% of Weihua Electronics' net worth.

Note 8: The amounts of funds to be loaned to others which have been approved by the Board of Directors of a public company in accordance with Article 14, Item 1 of “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the Board of Directors of a public company has authorized the Chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the Board of Directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration that they could be loaned again thereafter.

SPIROX CORPORATION AND SUBSIDIARIES
Endorsements/Guarantees Provided
For the Year Ended December 31, 2024

Table 2

Unit: In thousands of NT dollars,
unless specified otherwise

No. (Note 1)	Name of endorser/ guarantor	Endorsee/Guarantee		Limit on endorsements/guarantees amount provided to each entity (Note 3)	Maximum amount endorsed/guaranteed during the period (Note 4)	Ending Balance of endorsements/ guarantees (Note 5)	Amount actually drawn (Note 6)	Amount of endorsements/ guarantees collateralized by Property	Ratio of accumulated endorsement/ guarantee to net equity per latest financial statements	Maximum endorsements/ Guarantees amount allowable (Note 3)	Guarantee provided by parent company (Note 7)	Guarantee provided by a subsidiary (Note 7)	Guarantee provided to subsidiaries in Mainland China (Note 7)
		Company name	Relationship (Note 2,8,9)										
0	Spirox Corporation	Spirox International Limited	2	\$ 1,039,351	\$ 394,020	\$ 262,280	\$ -	\$ -	12.62%	\$ 1,039,351	Y	N	N
		Spirox Technology (Shanghai) Co., Ltd.	2	1,039,351	569,235	262,280	-	-	12.62%	1,039,351	Y	N	Y
1	Spirox Cayman Corporation	Jetek Technology Corp.	2	1,039,351	160,000	80,000	-	-	3.85%	1,039,351	Y	N	N
		Spirox Corporation.	3	207,516	164,175	163,925	-	-	7.89%	207,516	N	Y	N

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 classified into the following seven categories; fill in the number of category each belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company directly or indirectly owns more than 50% voting shares of the endorsed/guaranteed company.

(3) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(4) The parent company directly or indirectly owns more than 90% voting shares of the companies that make endorsements/guarantees for each other.

(5) Due to joint venture, all capital contributing shareholders make endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(6) The parent company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purpose of undertaking a construction project.

(7) 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: Spirox Corporation's endorsement/guarantee limit for a single enterprise shall not exceed 50% of the net worth of Spirox Corporation's latest balance sheets. For subsidiaries that directly or indirectly hold 100% of the voting shares, the endorsement/guarantee amount shall not exceed 50% of the net worth of Spirox Corporation's latest balance sheets. Spirox Cayman Corporation's endorsement/guarantee limit for subsidiaries that directly or indirectly hold over 50% of the voting shares shall not exceed 50% of the net worth of Spirox Cayman Corporation's latest balance sheets, and that for a single enterprise shall not exceed 50% of the net worth of Spirox Cayman Corporation's latest balance sheets.

Note 4: The maximum balance of endorsements/guarantees for others in the current year.

Note 5: As of the end of the year, any of endorsement/guarantee contract signed by the Company with the bank or the amount of the bill was approved, the Company began to bear the endorsement or guarantee responsibility; other related endorsements/guarantees shall be included in the balance of endorsements and guarantees.

Note 6: The actual usage amount of the endorsed/guaranteed company within the scope of the endorsement/guarantee balance shall be filled in.

Note 7: 'Y' shall be filled in only for the endorsements/guarantees of the listed (OTC-listed) parent company to its subsidiaries, the subsidiaries to the listed (OTC-listed) parent company and the locations in the Mainland China.

Note 8: The endorsement guarantee balance from Spirox Corporation to Spirox International Limited has a situation where the board approved the renewal before the expiration of the old agreement, but the bank has not completed the renewal, resulting in a duplicate calculation of the limit. The impact amount is NTD126,600 thousand.

SPIROX CORPORATION AND SUBSIDIARIES
Marketable Securities Held
December 31, 2024

Table 3

Unit: In thousands of NT dollars,
unless specified otherwise

Holding company name	Type and name of marketable securities	Relationship with the holding company	Financial statement account	December 31, 2023				Note
				Number of shares	Carrying amount (Foreign currencies in Thousands)	Percentage of Ownership	Fair value (Foreign currencies in Thousands)	
Spirox Corporation	SILICON-BASED MOLECULAR SENSING TECHNOLOGY CO., LTD., stock	—	Non-current financial assets measured at fair value through other comprehensive income	7,750,000	\$ 28,598	15.41%	\$ 28,597	—
	National Petroleum Co., Ltd., stock	—	Non-current financial assets measured at fair value through other comprehensive income	308,000	19,435	0.10%	19,435	—
	ALES Tech INC.	—	Non-current financial assets measured at fair value through other comprehensive income	5,000,000	13,650	10.94%	13,650	—
	Bank of America Corp, Bond	—	Non-current financial assets measured at amortized cost	-	USD 992.80	-	USD 992.80	—
HIBON INVESTMENT CORPORATION	Spirox Corporation, stock	Parent company of HIBON INVESTMENT CORPORATION	Non-current financial assets measured at fair value through other comprehensive income	355,030	22,083	0.31%	22,083	—
	DIGITIMES INC., stock	—	Non-current financial assets measured at fair value through other comprehensive income	315,000	9,825	1.13%	9,825	—
Spirox Cayman Corporation	Xjet Ltd., stock	—	Non-current financial assets measured at fair value through other comprehensive income	11,381	USD 0.46	0.01% of common stock	USD 0.46	—
	PATH, stock	—	Non-current financial assets measured at fair value through profit or loss	870	USD 11.06	-	USD 11.06	—
	PTON, stock	—	Non-current financial assets measured at fair value through profit or loss	1,430	USD 12.44	-	USD 12.44	—
	SBI & PSMC JV FUND I LP	—	Non-current financial assets measured at fair value through profit or loss	-	USD 485.68	-	USD 485.68	—

SPIROX CORPORATION AND SUBSIDIARIES
Receivables from Related Parties Amounting to At Least NT\$100 Million or 20% of the Paid-in Capital
December 31, 2024

Table 4

Unit: In thousands of NT dollars,
unless specified
otherwise

Company name	Related Party	Relationship	Ending balance	Turnover rate (Note 1)	Overdue		Amount received in subsequent period (Note 2)	Allowance for impairment loss
					Amount	Actions taken		
Spirox International Limited	Spirox Technology (Shanghai) Co., Ltd.	Subsidiary	\$ 133,707	25.24%	\$ 94,355	—	\$ 21,401	\$ -

Note 1: Other accounts receivable - related parties are not included in the calculation of turnover rate.
Note 2: Mainly account receivable from loans provided.
Note 3: The amount received in subsequent period as of March 12, 2025.

SPIROX CORPORATION AND SUBSIDIARIES
Business Relationships and Significant Intercompany Transactions
For the Year Ended December 31, 2024

Table 5

Unit: In thousands of NT dollars

No. (Note 1)	Company name	Counter-party (Note 5)	Relationship(Note 2)	Transaction			
				Account title	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Spirox Corporation	Spirox Technology (Shanghai) Co., Ltd.	1	Accounts receivable	93,001	Monthly settlement	8.29%
			1	Sales revenue	7,243	Monthly settlement	5.83%
			1	Interest income	2,223	According to agreed time	0.11%
		Jetek Technology Corp.	1	Rent income	2,013	According to agreed time	0.10%
		BEYOND ENGINEERING CORP.	1	Rent income	2,761	According to agreed time	0.21%
		SCube Technologies Co., Ltd.	1	Selling expenses	3,940	According to agreed time	0.40%
1	Spirox International Limited	Spirox Technology (Shanghai) Co., Ltd.	3	Accounts receivable	133,707	Monthly settlement	4.74%
			3	Sales revenue	38,560	Monthly settlement	2.02%
			3	Accounts payable	13,651	According to agreed time	0.22%
			3	Services expense	20,781	According to agreed time	1.17%
3	Spirox Technology (Shanghai) Co., Ltd.	Shanghai Infinet Technology Co., Ltd.	3	Interest income	3,672	According to agreed time	0.31%
		HIBON VESTMENT CORPORATION	3	Other payables	32,946	According to agreed time	3.58%
			3	Interest expenses	4,335	According to agreed time	0.22%
4	HIBON INVESTMENT CORPORATION	BEYOND ENGINEERING CORP.	3	Other receivables	46,830	According to agreed time	1.25%
			3	Interest income	1,266	According to agreed time	0.14%

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 companies are numbered in order starting from '1'.

Note 2: The relationship with the trader can be marked in one of the following three categories: (If it is the same transaction between the parent company and the subsidiaries or among the subsidiaries, there is no need to disclose it repeatedly; for a transaction between subsidiaries, if one of them has disclosed it, the other subsidiary does not need to disclose it repeatedly.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to parent company only total assets for balance sheet accounts and base statement accounts.

Note 4: The important transactions in this form can be determined by the Company based on the principle of materiality.

SPIROX CORPORATION AND SUBSIDIARIES
Name, Location and Related Information of the Investees (excluding investees in Mainland China)
For the Year Ended December 31, 2024

Table 6

Unit: In thousands of NT dollars,
unless specified otherwise

Investor	Investee	Location	Major businesses and products	Investment amount		Balance at the end of the period			Net income (loss) of the investee	Recognized investment income (loss) (Note 1)	Note
				December 31, 2024	December 31, 2023	Shares (in thousands)	Percentage of ownership (%)	Carrying amount			
Spirox Corporation	HIBON INVESTMENT CORPORATION	Taiwan	General investment	\$ 133,707	\$ 133,707	53,000,000	100	\$ 842,651	(\$ 53,727)	(\$ 54,081)	
	Spirox Cayman Corporation	Cayman Islands	General investment	11,689	11,689	600,000	60	246,565	(220,711)	(220,711)	
	SOUTHPORT CORPORATION	Taiwan	Optical and precision equipment manufacturing and services	122,196	(108,196)	3,291,300	57.16	84,654	(46,776)	(27,785)	
	SCube Technologies Co., Ltd.	Taiwan	Semiconductor equipment testing and parts sales services	19,000	(10,000)	906,061	49.73	12,777	(4,060)	(1,432)	
HIBON INVESTMENT CORPORATION	Spirox Cayman Corporation	Cayman Islands	General investment	16,862	16,862	400,000	40	166,012	(220,711)	(Note 2)	
	Jetek Technology Corp.	Taiwan	Semiconductor test equipment sales and solution provision	64,357	64,357	3,000,000	100	49,769	1,255	(Note 2)	
SOUTHPORT CORPORATION	SCube Technologies Co., Ltd.	Taiwan	Semiconductor equipment testing and parts sales services	10,000	(10,000)	606,061	33.26	12,777	(4,060)	(Note 2)	
Spirox Cayman Corporation	Spirox International Limited	Hong Kong	International trade	USD 7,751	USD 7,751	60,147,500	100	120,434	10,103	(Note 2)	
	Bright Future Cayman Limited	Cayman Islands	General investment	USD -	USD 1,564	-	-	-	53	(Note 2)	
Hefei Spirox Tech Corporation	Excellent Future Limited	Cayman Islands	General investment	USD 2,000	USD 200	2,000,000	100	(22,606)	(5,965)	(Note 2)	
Excellent Future Limited	BEYOND ENGINEERING CORP.	Taiwan	Electronic material retailing	USD 1,871	USD 138	5,897,296	100	(26,820)	(43,009)	(Note 2)	

Note 1: The investment income (losses) recognized in the current period have been considered the impact of unrealized gains and losses from intercompany transactions.

Note 2: The income of the investee company has been included in its investment company, and will not be expressed separately here to avoid confusion.

SPIROX CORPORATION AND SUBSIDIARIES
Information on Investment in Mainland China
For the Year Ended December 31, 2024

Table 7

Unit: In thousands of NT dollars,
unless specified otherwise

Investee company	Main business and products	Total amount of paid-in capital (Foreign currencies in Thousands)	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2024 (Foreign currencies in Thousands)	Investment flows during the period		Accumulated outflow of investment from Taiwan to Mainland China as of December 31, 2024 (Foreign currencies in Thousands)	Net income (loss) of investee as of December 31, 2024	Ownership through direct or indirect investment	Investment income (loss) for the year ended December 31, 2024 (Note 2)	Carrying value as of December 31, 2024	Accumulated inward remittance of earnings as of December 31, 2024
					Outflow	Inflow						
Spirox Technology (Shanghai) Co., Ltd.	Development, design, production and sales of IC software	\$ 205,065	2 (Spirox Cayman Corporation)	\$ 205,065	\$ -	\$ -	\$ 205,065	(\$ 205,679)	100%	(\$ 205,679) (Note 2(2)B)	\$ 76,418	\$ -
Shanghai Infinet Technology Co., Ltd.	Computer parts, computer testing, electronic components	51,952	1	51,952	-	-	51,952	(29,099)	100%	(29,099) (Note 2(2)B)	(22,262)	-
Hefei Spirox Tech Corporation	Development, design, production and sales of IC software	4,648	3	-	-	-	-	(18,614)	100%	(18,614) (Note 2(2)B)	26,778	-

Accumulated investment in Mainland China as of December 31, 2024 (Foreign currencies in Thousands)	Investment amounts authorized by Investment Commission, MOEA (Foreign currencies in Thousands)	Upper limit on investment authorized by the Investment Commission, MOEA
\$ 334,321	\$ 603,175	\$ 1,247,221

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Direct investment in the Mainland China.
- (2) Indirect investment in Mainland China through companies registered in a third region (the investment companies in the third region shall be specified).
- (3) Others. (Invested by Shanghai Infinet Technology Co., Ltd. With its own funds)

Note 2: In the column of investment income or loss for the year ended December 31, 2024:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit or loss during this period.
- (2) Indicated the basis for investment profit or loss recognition in the number of one of the following four categories:
 - A. Financial statements are audited and attested by an international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B. Financial statements are audited and attested by R.O.C. parent company's CPA.
 - C. Financial statements are prepared by the internal and not audited by an accountant.
 - D. Financial statements are audited by an accountant

Note 3: New Taiwan Dollar is presented in this table

SPIROX CORPORATION
Information of Major Shareholders
December 31, 2024

Table 8

Name of major shareholders	Shares	
	Total Shares Owned	Ownership Percentage
Qin, Jia-qi	12,479,000	10.85%
Jun-yue Investment Co., Ltd.	11,701,000	10.17%
Xi-wei Investment Co., Ltd.	8,330,000	7.24%
Ji-pin Investment Co., Ltd.	7,766,000	6.75%
MPI CORPORATION	7,000,000	6.08%

Note 1: The major shareholders' information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialized form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialized form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were held in trust by the shareholders, the data disclosed is the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shares include the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. The information on the reported share equity of insider is provided in the "Market Observation Post System".