

**HONEY HOPE HONESTY ENTERPRISE CO.,
LTD.**

PARENT COMPANY ONLY FINANCIAL

STATEMENTS AND INDEPENDENT AUDITORS’

REPORT

DECEMBER 31, 2024 AND 2023

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

HONEY HOPE HONESTY ENTERPRISE CO., LTD.
DECEMBER 31, 2024 AND 2023 PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS' REPORT
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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR24000605

To the Board of Directors and Shareholders of Honey Hope Honesty Enterprise Co., Ltd.

Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2024 and 2023, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in

accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Assessment of allowance for bad debts from accounts receivable

Description

Refer to Note 4(7) for the accounting policies related to accounts receivable, Note 5(2) for the accounting estimates and assumption uncertainty of assessment of allowance for bad debts from accounts receivable, Note 6(3) for the details of accounts receivable and Note 12(2) for the disclosure of information relating to credit risk.

The Company manages the collections of accounts receivable and overdue accounts from customers and bears relevant credit risk. The management assesses the credit quality of customers periodically to adjust the credit policy on customers timely. In addition, the

impairment assessment of accounts receivable applies the modified approach to estimate the expected credit loss based on IFRS 9. The management calculates the expected loss rate according to various factors which might affect the customers' payment ability such as the past due period on the balance sheet date and in the past, the financial position and the economic position as well as using the forecastability.

Given that the amounts of the Company's accounts receivable are significant to the parent company only financial statements and the determination of the loss provision ratio involves the management's judgement, we consider the estimates of loss allowance for accounts receivable a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding of the credit status of the Company's customers and assessed the policies and procedures on the provision of loss allowance for accounts receivable.
2. Assessed the loss allowance for the amounts of accounts receivable whose impairment were individually assessed.
3. Conducted test for the ageing of accounts receivable and examined supporting documents related to the overdue of accounts receivable to ascertain the classifications of ageing periods.
4. Acquired and reviewed the historical default possibility and past due circumstances of the accounts in the past years provided by the management and considered the forecastability to assess the provision amount of loss allowance.

Cut-off of sales revenue

Description

Refer to Note 4(25) for the accounting policies on revenue recognition and Note 6(14) for the details of revenue.

The Company has two primary types of sales. Specifically, sales of goods directly shipped and sales of goods from distribution warehouses. For sales of goods from distribution warehouses, revenue is recognised when goods are picked up at the distribution warehouses by customers (i.e. the transfer of risk and rewards) based on the report of customers' actual pick up and other related information provided by the warehouse custodians. Given that the process of revenue recognition from distribution warehouse sales usually contains many manual adjustments, we consider the timing of revenue recognition from distribution warehouse sales as a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding of the procedures of regular reconciliation between the Company, customer and warehouse custodians, acquired related forms to verify whether they comply with the procedures and checked the report of pick up to ascertain the accuracy of adjusting timing of revenue recognition.
2. Performed cut-off tests for sales transactions from shipping warehouse during a certain period before and after balance sheet date, including checking the supporting documents.
3. Sent confirmation letters or observed physical inventory count for certain critical inventories of the distribution warehouses and checked the records of inventories. In addition, inspected the reason for the discrepancies between the replied confirmations

and accounting records, if any, and tested the reconciling items made by the Company to ascertain the significant discrepancies have been adjusted and recorded appropriately.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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

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

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

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

independence, and where applicable, related safeguards.

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

Yeh, Tsui-Miao

Tu, Chan-Yuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 6, 2025

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

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

HONEY HOPE HONESTY ENTERPRISE CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2024		December 31, 2023			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	584,637	14	\$	239,291	6
1110	Financial assets at fair value through profit or loss - current	6(2)		248,717	6		38,511	1
1136	Current financial assets at amortised cost	6(1)		35,000	1		384,568	10
1150	Notes receivable, net	6(3)		75	-		656	-
1170	Accounts receivable, net	6(3) and 8		1,119,116	27		830,044	22
1180	Accounts receivable - related parties	6(3) and 7(2)		139,304	3		252,845	7
1200	Other receivables			24,834	1		18,925	1
1220	Current tax assets	6(21)		13,196	-		15,706	-
130X	Inventories	6(4) and 8		561,899	14		600,012	16
1410	Prepayments			14,598	-		51,202	1
11XX	Current Assets			2,741,376	66		2,431,760	64
Non-current assets								
1510	Non-current financial assets at fair value through profit or loss	6(2)		26,243	1		23,200	1
1550	Investments accounted for using equity method	6(5)		888,131	21		845,583	22
1600	Property, plant and equipment	6(6)		107,760	3		111,747	3
1755	Right-of-use assets	6(7)		2,506	-		7,367	-
1780	Intangible assets			4,743	-		3,493	-
1840	Deferred income tax assets	6(21)		16,866	-		21,071	-
1920	Guarantee deposits paid	7(2) and 8		383,671	9		378,824	10
1990	Other non-current assets, others			13	-		259	-
15XX	Non-current assets			1,429,933	34		1,391,544	36
1XXX	Total assets		\$	4,171,309	100	\$	3,823,304	100

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HONEY HOPE HONESTY ENTERPRISE CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2024		December 31, 2023			
			Notes	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(8)	\$	116,975	3	\$	-	-
2130	Current contract liabilities	6(14)		6,228	-		42,514	1
2150	Notes payable			1,694	-		4,019	-
2170	Accounts payable			1,067,899	26		221,831	6
2180	Accounts payable - related parties	7(2)		571	-		785,702	21
2200	Other payables			64,028	1		50,177	1
2280	Current lease liabilities			2,566	-		4,884	-
2300	Other current liabilities			34,148	1		15,384	-
21XX	Current Liabilities			1,294,109	31		1,124,511	29
Non-current liabilities								
2570	Deferred income tax liabilities	6(21)		165,400	4		161,136	4
2580	Non-current lease liabilities			-	-		2,566	-
2600	Other non-current liabilities	6(9)		13,003	-		15,113	1
25XX	Non-current liabilities			178,403	4		178,815	5
2XXX	Total Liabilities			1,472,512	35		1,303,326	34
Equity								
	Share capital	6(11)						
3110	Share capital - common stock			799,072	19		799,072	21
	Capital surplus	6(12)						
3200	Capital surplus			316,897	8		303,910	8
	Retained earnings	6(13)						
3310	Legal reserve			369,966	9		369,966	10
3320	Special reserve			58,131	1		45,043	1
3350	Unappropriated retained earnings			1,177,102	28		1,082,888	28
	Other equity interest							
3400	Other equity interest		(22,371)	-	(58,131)	(1)
3500	Treasury shares	6(11)		-	-	(22,770)	(1)
3XXX	Total equity			2,698,797	65		2,519,978	66
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		\$	4,171,309	100	\$	3,823,304	100

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

HONEY HOPE HONESTY ENTERPRISE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for earnings (losses) per share amounts)

			Year ended December 31			
Items	Notes		2024		2023	
			AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(14) and 7(2)		\$ 4,631,198	100	\$ 4,829,529	100
5000 Operating costs	6(4) and 7(2)		(4,457,534)	(96)	(4,707,574)	(98)
5900 Net operating margin			173,664	4	121,955	2
5910 Unrealized profit from sales	6(5)		(1,539)	-	(1,305)	-
5920 Realized profit from sales	6(5)		1,305	-	4,652	-
5950 Net operating margin			173,430	4	125,302	2
Operating expenses	6(19)					
6100 Selling expenses			(118,695)	(3)	(110,617)	(2)
6200 General and administrative expenses			(63,894)	(1)	(50,657)	(1)
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)		(5,270)	-	(2,153)	-
6000 Total operating expenses			(187,859)	(4)	(163,427)	(3)
6900 Operating loss			(14,429)	-	(38,125)	(1)
Non-operating income and expenses						
7100 Interest income	6(15) and 7(2)		16,024	-	15,049	-
7010 Other income	6(16)		15,730	-	20,685	-
7020 Other gains and losses	6(17)		111,325	3	(8,347)	-
7050 Finance costs	6(18)		(343)	-	(789)	-
7070 Share of profit (loss) of associates and joint ventures accounted for using equity method, net	6(5)		7,022	-	(9,593)	-
7000 Total non-operating income and expenses			149,758	3	17,005	-
7900 Profit (loss) before income tax			135,329	3	(21,120)	(1)
7950 Income tax (expense) benefit	6(21)		(13,952)	(1)	2,060	-
8200 Profit (loss) for the year			\$ 121,377	2	\$ 19,060	(1)
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311 Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(9)		\$ 2,190	-	\$ 205	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)		(439)	-	(41)	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss			1,751	-	164	-
Components of other comprehensive income that will be reclassified to profit or loss						
8361 Financial statements translation differences of foreign operations			35,760	1	(13,088)	-
8360 Components of other comprehensive (loss) income that will be reclassified to profit or loss			35,760	1	(13,088)	-
8300 Other comprehensive (loss) income for the year			\$ 37,511	1	\$ 12,924	-
8500 Total comprehensive (loss) income for the year			\$ 158,888	3	\$ 31,984	(1)
Basic earnings (losses) per share						
9750 Total basic earnings (losses) per share	6(22)		\$ 1.53		\$ 0.24	
Diluted earnings (losses) per share						
9850 Total diluted earnings (losses) per share	6(22)		\$ 1.52		\$ 0.24	

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

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

				Retained Earnings		Other Equity			
		Share capital -				Financial			
	Notes	common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	statements translation differences of foreign operations	Treasury shares	Total equity
<u>Year ended December 31, 2023</u>									
Balance, January 1, 2023		\$ 799,072	\$ 303,910	\$ 354,738	\$ 72,041	\$ 1,175,476	(\$ 45,043)	(\$ 22,770)	\$ 2,637,424
Loss for the year		-	-	-	-	(19,060)	-	-	(19,060)
Other comprehensive income (loss) for the year		-	-	-	-	164	(13,088)	-	(12,924)
Total comprehensive loss		-	-	-	-	(18,896)	(13,088)	-	(31,984)
Appropriation of 2022 earnings	6(13)								
Legal reserve		-	-	15,228	-	(15,228)	-	-	-
Special reserve		-	-	-	(26,998)	26,998	-	-	-
Cash dividends		-	-	-	-	(85,462)	-	-	(85,462)
Balance at December 31, 2023		\$ 799,072	\$ 303,910	\$ 369,966	\$ 45,043	\$ 1,082,888	(\$ 58,131)	(\$ 22,770)	\$ 2,519,978
<u>Year ended December 31, 2024</u>									
Balance, January 1, 2024		\$ 799,072	\$ 303,910	\$ 369,966	\$ 45,043	\$ 1,082,888	(\$ 58,131)	(\$ 22,770)	\$ 2,519,978
Profit for the year		-	-	-	-	121,377	-	-	121,377
Other comprehensive income		-	-	-	-	1,751	35,760	-	37,511
Total comprehensive income		-	-	-	-	123,128	35,760	-	158,888
Appropriation of 2023 earnings	6(13)								
Special reserve		-	-	-	13,088	(13,088)	-	-	-
Cash dividends		-	-	-	-	(15,826)	-	-	(15,826)
Treasury stock transfer for employee compensation	6(10)	-	13,057	-	-	-	-	-	13,057
Treasury stock transfer for employees	6(11)	-	(70)	-	-	-	-	22,770	22,700
Balance at December 31, 2024		\$ 799,072	\$ 316,897	\$ 369,966	\$ 58,131	\$ 1,177,102	(\$ 22,371)	\$ -	\$ 2,698,797

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

HONEY HOPE HONESTY ENTERPRISE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		\$ 135,329	(\$ 21,120)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including depreciation on right-of-use assets)	6(19)	10,390	8,370
Amortisation expense of intangible assets and other non-current assets	6(19)	5,354	5,103
Expected credit impairment loss	12(2)	5,270	2,153
Net loss (gain) on financial assets at fair value through profit or loss	6(17)	(67,802)	15,845
Compensation cost for the transfer of treasury shares to employees	6(10)	13,057	-
Interest expense	6(18)	343	789
Interest income	6(15)	(16,024)	(15,049)
Dividend income	6(16)	(11,908)	(19,876)
Share of profit (loss) of subsidiaries accounted for using equity method	6(5)	(7,022)	9,593
Unrealized profit from sales	6(5)	1,539	1,305
Realized profit from sales	6(5)	(1,305)	(4,652)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(141,963)	(17,994)
Notes receivable, net		581	167
Accounts receivable, net		(294,342)	(423,831)
Accounts receivable-related parties		113,541	823,850
Other receivables		(6,086)	(4,649)
Inventories		38,113	591,782
Prepayments		36,604	1,741
Changes in operating liabilities			
Current contract liabilities		(36,286)	(641)
Notes payable		(2,325)	(814)
Accounts payable		846,068	136,861
Accounts payable-related parties		(785,131)	(608,529)
Other payables		14,021	(12,764)
Other current liabilities		18,764	4,980
Other non-current liabilities		80	82
Cash (outflow) inflow generated from operations		(131,140)	472,368
Interest received		16,201	14,834
Dividend received		11,908	19,876
Interest paid		(304)	(789)
Income tax paid		(3,412)	(58,152)
Net cash flows (used in) from operating activities		(106,747)	448,137

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HONEY HOPE HONESTY ENTERPRISE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in current financial assets at amortised cost		(\$ 195,630)	(\$ 1,791,902)
Decrease in current financial assets at amortised cost		545,198	1,517,334
Increase in financial assets at fair value through other comprehensive income-non current		(3,484)	(23,200)
Acquisition of property, plant and equipment	6(23)	(2,054)	(5,747)
Increase in guarantee deposits paid		(5,247)	(100,000)
Decrease in guarantee deposits paid		400	-
Acquisition of intangible assets	6(23)	(6,055)	(4,528)
Increase in other non-current assets-other		-	(40)
Net cash flows from (used in) investing activities		333,128	(408,083)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings	6(24)	149,505	536,258
Repayments for short-term borrowings	6(24)	(32,530)	(536,258)
Repayments of principal portion of lease liabilities	6(24)	(4,884)	(3,036)
Payments of cash dividends	6(24)	(15,826)	(85,462)
Subscription price of treasury shares transferred to employees	6(11)	22,700	-
Net cash flows from (used in) financing activities		118,965	(88,498)
Net increase (decrease) in cash and cash equivalents		345,346	(48,444)
Cash and cash equivalents at beginning of year		239,291	287,735
Cash and cash equivalents at end of year		<u>\$ 584,637</u>	<u>\$ 239,291</u>

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

HONEY HOPE HONESTY ENTERPRISE CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. History and Organisation

Honey Hope Honesty Enterprise Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on May 20, 1989. The Company is primarily engaged in general import and export (excluding futures), trading of electronic parts, agency for the distribution, quotation and bidding of domestic and foreign manufacturers’ products. The Company’s stocks have been listed on the Taipei Exchange starting from October 2003.

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

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

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

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

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

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

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

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

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

IFRS 18, 'Presentation and disclosure in financial statements'

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

4. Summary of Material Accounting Policies

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
 - (a) Financial assets at fair value through profit or loss.
 - (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

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

A. Foreign currency transactions and balances

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

liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

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

B. Translation of foreign operations

The operating results and financial position of all the company entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

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

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

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

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

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at

amortised cost or fair value through other comprehensive income.

- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the gain or loss in profit or loss when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(6) Financial assets at amortised cost

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

(7) Accounts and notes receivable

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

(8) Impairment of financial assets

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

impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

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

(10) Leasing arrangements (lessor) – lease receivables / operating lease

Lease income from an operating lease net of any incentives given to the lessee is recognised in profit or loss on a straight-line basis over the lease term.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the comparison of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(12) Investments accounted for using the equity method / subsidiaries

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall be equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall be equal to equity attributable to owners of the parent in the consolidated financial statements.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the

construction period are capitalised.

- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	10 ~ 50 years
Transportation equipment	10 ~ 15 years
Office equipment	3 ~ 5 years

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.
The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.
The right-of-use asset is measured subsequently using the cost model and is depreciated from the

commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(15) Intangible assets

Intangible assets, mainly computer software, are stated at cost and amortised on a straight-line basis over their estimated useful lives of 1 to 10 year(s).

(16) Impairment of non-financial assets

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

(17) Borrowings

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

(18) Notes and accounts payable

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

(19) Derecognition of financial liabilities

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

(20) Employee benefits

A. Short-term employee benefits

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

expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

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

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

(21) Employee share-based payment

- A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.
- B. For the cash-settled share-based payment arrangements, the employee services received and the liability incurred are measured at fair value of the liability to pay for those services, and are

recognised as compensation cost and liability over the vesting period. The fair value of the liability shall be remeasured at each balance sheet date until settled at the settlement date, with any changes in fair value recognised in profit or loss.

(22) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(23) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their carrying amount and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(24) Dividends

The cash dividends distributed from earnings were recorded as liabilities in the Company's financial statements in which they are resolved by the Board of Directors at their special meeting in accordance with the Articles of Incorporation of the Company. In addition, stock dividends are recorded as stock dividends to be distributed in the period in which they are resolved by the Company's shareholders and are reclassified to ordinary shares on the effective date of new shares issuance.

(25) Revenue recognition

- A. The Company sells electronic components and other related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- B. The goods are often sold with sales discounts and allowances based on aggregate sales. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances. Accumulated experience is used to estimate and provide for the sales discounts and allowances, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period.
- C. The sales are made with a major credit term of 90 to 120 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- D. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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

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

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

Revenue recognition on a net/gross basis

The Company determines whether the nature of its performance obligation is to provide the specified goods itself or to arrange for the other party to provide those goods based on the transaction model and its economic substance. The Company is a principal if it controls a promised good or service before it transfers the good to a customer. The Company recognises revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods transferred. The Company is an agent if its performance obligation is to arrange for the provision of goods by another party. The Company recognises revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods.

Indicators that the Company controls the good before it is provided to a customer include the following:

- A. The Company is primarily responsible for the provision of goods or services;
- B. The Company assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.
- C. The Company has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

A. Bad debts assessment of accounts receivable

The Company manages the collections of accounts receivable and overdue accounts from customers and bears relevant credit risk. The management assesses the credit quality and collection of customers periodically to adjust the credit policy on customers timely. In addition, the impairment assessment of accounts receivable applies the modified approach to estimate the expected credit loss based on IFRS 9. The management calculates the expected loss rate according to various factors which might affect the customers' payment ability such as the past due period on the balance sheet date and in the past, the financial position and the economic position as well as using the forecastability.

As of December 31, 2024, the carrying amount of accounts receivable is provided in Note 6(3).

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine

the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be changes to the evaluation.

As of December 31, 2024, the carrying amount of inventories is provided in Note 6(4).

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand and revolving funds	\$ 157	\$ 130
Checking accounts	3,089	554
Demand deposits	581,391	238,607
	<u>\$ 584,637</u>	<u>\$ 239,291</u>

- A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Company has no cash and cash equivalents pledged to others.
- C. The Company had classified the time deposits with maturity over three months and within one year amounting to \$35,000 and \$384,568 to current financial assets at amortised cost on December 31, 2024 and 2023, respectively. The interest income from time deposits recognised for the years ended December 31, 2024 and 2023 was provided in Note 6(15), respectively. The Company has no current financial assets at amortised cost pledged to others.

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Domestic beneficiary certificates and listed stocks	\$ 217,830	\$ 40,947
Valuation adjustment	30,887	(2,436)
	<u>\$ 248,717</u>	<u>\$ 38,511</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Convertible bonds	\$ 26,982	\$ 23,200
Valuation adjustment	(739)	-
	<u>\$ 26,243</u>	<u>\$ 23,200</u>

- A. The Company recognised net (loss) profit on financial assets mandatorily measured at fair value

through profit or loss held for the years ended December 31, 2024 and 2023 are provided in Note 6(17).

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

C. Information relating to fair value is provided in Note 12(3).

(3) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable	\$ 75	\$ 656
Accounts receivable	1,127,616	\$ 833,274
Accounts receivable due from related parties	139,304	252,845
Subtotal	1,266,920	1,086,119
Less: Allowance for uncollectible accounts	(8,500)	(3,230)
	<u>\$ 1,258,420</u>	<u>\$ 1,082,889</u>

A. The Company has no notes receivable that were past due. Information relating to ageing analysis and credit risk of notes and accounts receivable is provided in Note 12(2).

B. As of December 31, 2024 and 2023, notes and accounts receivable were all from contracts with customers. Also, as of January 1, 2023, the balance of notes and accounts receivable from contracts with customers amounted to \$1,486,627.

C. Details of the Company's accounts receivable pledged to others as collateral to replace the drawing of guarantee deposits for purchases are provided in Note 8.

D. The Company did not hold any collateral for the abovementioned notes and accounts receivable.

(4) Inventories

December 31, 2024			
	Cost	Allowance for valuation loss	Book value
Merchandise inventory	\$ 590,895	(\$ 28,996)	\$ 561,899
December 31, 2023			
	Cost	Allowance for valuation loss	Book value
Merchandise inventory	\$ 651,906	(\$ 51,894)	\$ 600,012

A. Details of the abovementioned inventories pledged to others as collateral to replace the payment of guarantee deposits for purchases are provided in Note 8.

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

	Years ended December 31	
	2024	2023
Cost of goods sold	\$ 4,459,908	\$ 4,684,920
Loss on decline in market value	(22,898)	11,304
Loss on inventory obsolescence (net of claim income)	20,524	11,343
Loss on inventory	-	7
	<u>\$ 4,457,534</u>	<u>\$ 4,707,574</u>

Gain on reversal of allowance for inventory valuation losses arose from the inventories sold in the period which were previously provided with allowance.

(5) Investments accounted for using the equity method

	2024	2023
At January 1	\$ 845,583	\$ 864,917
Unrealised profit from sales	(1,539)	(1,305)
Realised profit from sales	1,305	4,652
Share of profit (loss) of subsidiaries accounted for using the equity method	7,022	(9,593)
Changes in other equity items	35,760	(13,088)
At December 31	<u>\$ 888,131</u>	<u>\$ 845,583</u>

Subsidiaries:	December 31, 2024	December 31, 2023
Outrange Star Limited	\$ 729,608	\$ 688,311
Multileader Co., Limited	158,523	157,272
	<u>\$ 888,131</u>	<u>\$ 845,583</u>

Details of the Company's subsidiaries are provided in Note 4(3) of the Company's 2024 consolidated financial statements.

(6) Property, plant and equipment

2024					
	Land	Buildings and structures	Transportation equipment	Office equipment	Total
	Owner- occupied	Owner- occupied	Owner- occupied	Owner- occupied	
At January 1					
Cost	\$ 66,463	\$ 68,942	\$ 2,472	\$ 15,991	\$ 153,868
Accumulated depreciation	-	(33,632)	(1,393)	(7,096)	(42,121)
	<u>\$ 66,463</u>	<u>\$ 35,310</u>	<u>\$ 1,079</u>	<u>\$ 8,895</u>	<u>\$ 111,747</u>
Opening net book amount as at January 1	\$ 66,463	\$ 35,310	\$ 1,079	\$ 8,895	\$ 111,747
Additions	-	-	-	1,542	1,542
Cost of assets disposed	-	-	-	(2,518)	(2,518)
Depreciation of assets disposed	-	-	-	2,518	2,518
Depreciation charge	-	(1,672)	(88)	(3,769)	(5,529)
Closing net book amount as at December 31	<u>\$ 66,463</u>	<u>\$ 33,638</u>	<u>\$ 991</u>	<u>\$ 6,668</u>	<u>\$ 107,760</u>
At December 31					
Cost	\$ 66,463	\$ 68,942	\$ 2,472	\$ 15,015	\$ 152,892
Accumulated depreciation	-	(35,304)	(1,481)	(8,347)	(45,132)
	<u>\$ 66,463</u>	<u>\$ 33,638</u>	<u>\$ 991</u>	<u>\$ 6,668</u>	<u>\$ 107,760</u>
2023					
	Land	Buildings and structures	Transportation equipment	Office equipment	Total
	Owner- occupied	Owner- occupied	Owner- occupied	Owner- occupied	
At January 1					
Cost	\$ 66,463	\$ 68,942	\$ 2,472	\$ 11,021	\$ 148,898
Accumulated depreciation	-	(31,813)	(1,214)	(5,126)	(38,153)
	<u>\$ 66,463</u>	<u>\$ 37,129</u>	<u>\$ 1,258</u>	<u>\$ 5,895</u>	<u>\$ 110,745</u>
Opening net book amount as at January 1	\$ 66,463	\$ 37,129	\$ 1,258	\$ 5,895	\$ 110,745
Additions	-	-	-	6,259	6,259
Cost of assets disposed	-	-	-	(1,289)	(1,289)
Depreciation of assets disposed	-	-	-	1,289	1,289
Depreciation charge	-	(1,819)	(179)	(3,259)	(5,257)
Closing net book amount as at December 31	<u>\$ 66,463</u>	<u>\$ 35,310</u>	<u>\$ 1,079</u>	<u>\$ 8,895</u>	<u>\$ 111,747</u>
At December 31					
Cost	\$ 66,463	\$ 68,942	\$ 2,472	\$ 15,991	\$ 153,868
Accumulated depreciation	-	(33,632)	(1,393)	(7,096)	(42,121)
	<u>\$ 66,463</u>	<u>\$ 35,310</u>	<u>\$ 1,079</u>	<u>\$ 8,895</u>	<u>\$ 111,747</u>

A. The significant components of buildings and structures mainly include office buildings and decorations, which are depreciated over their estimated useful lives of 35~50 and 10 years, respectively.

B. The Company has no capitalised interest as well as no pledged property, plant and equipment.

(7) Leasing arrangements - lessee

- A. The Company leases various assets including buildings and parking spaces. Rental contracts are from 2021 to 2025. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be subleased, lend or sold, buildings may not be used by others in any different form and leasehold may not be transferred to others.
- B. The carrying amount of right-of-use assets arising from the buildings leased by the Company and the depreciation charge are as follows:

	2024	2023
At January 1	\$ 7,367	\$ 758
Additions	-	9,722
Depreciation charge	(4,861)	(3,113)
At December 31	<u>\$ 2,506</u>	<u>\$ 7,367</u>

- C. The information on profit or loss accounts relating to lease contracts is as follows:

	Years ended December 31	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 187	\$ 211
Expense on short-term lease contracts	495	496
	<u>\$ 682</u>	<u>\$ 707</u>

- D. For the years ended December 31, 2024 and 2023, except for the cash outflow for expenses relating to leases described in Note 6(7)C. above, the cash outflow arising from repayments of principal of lease liabilities is provided in Note 6(24).

(8) Short-term borrowing

Type of borrowings	December 31, 2024	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 116,975</u>	0.5% ~ 5.4123%	None

As of December 31, 2023: None.

Details of the Company's interest expense recognised in profit or loss are provided in Note 6(18).

(9) Pensions

A. Defined benefit pension plan

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are

based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

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

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	\$ 29,496	\$ 30,014
Fair value of plan assets	(16,493)	(14,901)
Net defined benefit liability		
(shown as other non-current liabilities)	<u>\$ 13,003</u>	<u>\$ 15,113</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2024</u>			
At January 1	\$ 30,014	(\$ 14,901)	\$ 15,113
Current service cost	-	-	-
Interest expense (income)	360	(179)	181
	<u>30,374</u>	<u>(15,080)</u>	<u>15,294</u>
Remeasurements:			
Return on plan assets	-	(1,312)	(1,312)
(excluding amounts included in interest income or expense)			
Change in demographic assumptions	-	-	-
Change in financial assumptions	(403)	-	(403)
Experience adjustments	(475)	-	(475)
	<u>(878)</u>	<u>(1,312)</u>	<u>(2,190)</u>
Pension fund contribution	-	(101)	(101)
Paid pension	-	-	-
At December 31	<u>\$ 29,496</u>	<u>(\$ 16,493)</u>	<u>\$ 13,003</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2023</u>			
At January 1	\$ 29,789	(\$ 14,553)	\$ 15,236
Current service cost	-	-	-
Interest expense (income)	358	(175)	183
	<u>30,147</u>	<u>(14,728)</u>	<u>15,419</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(72)	(72)
Change in demographic assumptions	-	-	-
Change in financial assumptions	-	-	-
Experience adjustments	(133)	-	(133)
	<u>(133)</u>	<u>(72)</u>	<u>(205)</u>
Pension fund contribution	-	(101)	(101)
Paid pension	-	-	-
At December 31	<u>\$ 30,014</u>	<u>(\$ 14,901)</u>	<u>\$ 15,113</u>

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

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

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

Assumptions regarding future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
December 31, 2024	0.25%	0.25%	0.25%	0.25%
Effect on present value of defined benefit obligation	(\$ 328)	\$ 335	\$ 257	(\$ 253)
	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
December 31, 2023	0.25%	0.25%	0.25%	0.25%
Effect on present value of defined benefit obligation	(\$ 387)	\$ 397	\$ 315	(\$ 310)

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

Except for discount rates and future salary increases, the methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2025 amount to \$101.

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

	Amount
Within 1 year	\$ 5,466
1-2 year(s)	6,198
2-5 years	11,513
Over 5 years	4,581
	<u>\$ 27,758</u>

B. Defined contribution pension plan

Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2024 and 2023 were \$3,200 and \$3,289, respectively.

(10) Share-based payment

A. The Company’s share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Treasury shares transferred to employees	24.08.27	500,000	None	Vested immediately
Treasury shares transferred to employees	24.11.07	304,000	None	Vested immediately

(a) On August 27, 2024, the Board of Directors resolved to reissue 500,000 shares of treasury stock to employees at NT\$29.34 (in dollars) per share. The actual number of shares transferred amounted to 472,000 shares and the remaining shares were expired.

(b) On November 7, 2024, the Board of Directors resolved to reissue 304,000 shares of treasury stock to employees at NT\$29.34 (in dollars) per share. The actual number of shares transferred amounted to 304,000 shares.

B. The information of the measurement of fair value of stock options granted is as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Stock price</u>	<u>Exercise price</u>	<u>Fair value per unit</u>
Treasury shares transferred to employees	24.08.27	47.3	29.34	17.96
Treasury shares transferred to employees	24.11.07	42.75	29.34	13.41

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

	<u>Years ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Treasury shares transferred to employees	\$ <u>13,057</u>	\$ <u>-</u>

(11) Share capital

A. As of December 31, 2024, the Company’s authorised capital was \$1,200,000 (including \$70,000 reserved for employee stock options), consisting of 120,000 thousand shares of ordinary stock, and the paid-in capital was \$799,072 with a par value of NT\$10 (in dollars) per share. All proceeds from shares issued have been collected. In addition, movements in the number of the Company’s ordinary shares outstanding are as follows:

	(Unit: share in thousands)	
	2024	2023
<u>Share capital</u>		
At January 1 (that is, ending balance at December 31)	79,907	79,907
<u>Treasury stocks</u>		
At January 1	(776)	(776)
Treasury shares transferred to employees	776	-
At December 31	-	(776)
Ending outstanding shares	<u>79,907</u>	<u>79,131</u>

B. Treasury stocks

- (a) Reason for share reacquisition and movements in the number of the Company's treasury stocks are as follows:

As of December 31, 2024: None.

		December 31, 2023	
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount
The Company	To be reissued to employees	<u>776</u>	<u>\$ 2,270</u>

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury stock should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury stocks should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury stocks should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury stocks to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.
- (e) On August 27, 2024, the Company reissued 472,000 shares of treasury stock to employees at NT\$29.34 (in dollars) per share, and the amount was \$13,806 after deducting the securities transactions tax. On November 7, 2024, the Company reissued 304,000 shares of treasury stock to employees at NT\$29.34 (in dollars) per share, and the amount was \$8,894 after deducting the securities transactions tax. The related information is provided in Note 6(10).

(12) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to

issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient. In addition, there were no movements in the Company's capital surplus for the years ended December 31, 2024 and 2023.

	2024				
	Share premium	Treasury share transactions	Options	Options expired	Total
At January 1	\$ 282,828	\$ -	\$ -	\$ 21,082	\$ 303,910
Compensation costs of treasury shares transferred to employees	-	-	13,057	-	13,057
Treasury shares transferred to employees	-	12,485	(13,057)	502	(70)
At December 31	<u>\$ 282,828</u>	<u>\$ 12,485</u>	<u>\$ -</u>	<u>\$ 21,584</u>	<u>\$ 316,897</u>
	2023				
	Share premium	Treasury share transactions	Options	Options expired	Total
At January 1(at December 31)	<u>\$ 282,828</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,082</u>	<u>\$ 303,910</u>

(13) Retained earnings / events after the balance sheet date

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the authorised capital. In addition, after setting aside or reversing special reserve according to Article 41 of the Securities and Exchange Act, the remainder along with the beginning unappropriated earnings comprise the accumulated distributable earnings which shall be proposed by the Board of Directors as dividends and submitted to the shareholders for resolution.

The Company will consider its business environment and growth stage, respond to future capital needs and long-term financial plans and fulfil shareholders' needs for cash inflow to distribute dividends based on the distributable earnings. Cash dividends shall account for at least 10% of the total dividends distributed. The abovementioned ratio of cash dividends may be adjusted as resolved by the shareholders depending on the Company's profitability, capital position and operational needs.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose.

The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. Special reserve

- (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. The balance of special reserve transferred because of the initial application of IFRSs was \$13,611 on January 1, 2013.

D. The Company's appropriation of earnings are as follows:

- (a) The appropriation of 2023 and 2022 earnings as resolved by the shareholders at their meetings on June 12, 2024 and June 12, 2023 are as follows:

	2023		2022	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ -		\$ 15,228	
Special reserve	13,088		(26,998)	
Cash dividends	15,826	0.20	85,462	1.08
	<u>\$ 28,914</u>		<u>\$ 73,692</u>	

- (b) The appropriation of 2024 earnings as proposed by the Board of Directors on March 6, 2025 is as follows:

	2024	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 12,138	
Special reserve	(35,760)	
Cash dividends	63,926	0.80
	<u>\$ 40,304</u>	

(14) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time in the following major geographical regions:

		Asia	
<u>Year ended December 31, 2024</u>	<u>Taiwan</u>	<u>and others</u>	<u>Total</u>
Revenue from contracts customers	\$ 686,018	\$ 3,945,180	\$ 4,631,198
<u>Year ended December 31, 2023</u>	<u>Taiwan</u>	<u>and others</u>	<u>Total</u>
Revenue from contracts customers	\$ 387,835	\$ 4,441,694	\$ 4,829,529

B. Contract liabilities

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Contract liabilities -			
sales of goods	\$ 6,228	\$ 42,514	\$ 43,155

(b) The Company had recognised revenue-related contract liabilities amounting to \$3,314 and \$935 for the years ended December 31, 2024 and 2023, respectively, of which contract liabilities amounting to \$39,200 were derecognised and decreased for the year ended December 31, 2024.

(15) Interest income

	<u>Years ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Interest income from bank deposits	\$ 7,491	\$ 4,833
Interest income from financial assets		
at amortised cost	2,046	5,079
Others	6,487	5,137
	<u>\$ 16,024</u>	<u>\$ 15,049</u>

(16) Other income

	<u>Years ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Rent income	\$ 137	\$ 137
Dividend income	11,908	19,876
Others	3,685	672
	<u>\$ 15,730</u>	<u>\$ 20,685</u>

(17) Other gains and losses

	Years ended December 31	
	2024	2023
Net losses on financial assets at fair value through profit or loss	\$ 67,802	(\$ 15,845)
Net foreign exchange gains	43,670	7,498
Others	(147)	-
	<u>\$ 111,325</u>	<u>(\$ 8,347)</u>

(18) Finance costs

	Years ended December 31	
	2024	2023
Interest expense on bank borrowings	\$ 156	\$ 578
Interest expense on lease liabilities	187	211
	<u>\$ 343</u>	<u>\$ 789</u>

(19) Expenses by nature

	Years ended December 31	
	2024	2023
Employee benefit expense	\$ 116,303	\$ 90,219
Depreciation charges on property, plant and equipment	\$ 5,529	\$ 5,257
Depreciation charges on right-of-use assets	\$ 4,861	\$ 3,113
Amortisation charges on intangible assets	\$ 5,108	\$ 4,710
Amortisation charges on other non- current assets	\$ 246	\$ 393

(20) Employee benefit expenses

	Years ended December 31	
	2024	2023
Wages and salaries	\$ 99,304	\$ 74,068
Labour and health insurance fees	7,136	7,384
Pension costs	3,381	3,472
Directors' remuneration	2,710	1,372
Others (Note)	3,772	3,923
	<u>\$ 116,303</u>	<u>\$ 90,219</u>

Note: Including various expenses such as meal expense, employee benefits and training expense.

- A. In accordance with the Articles of Incorporation of the Company, a ratio of pre-tax profit of the current year before deducting employees' compensation and director's remuneration, after reserving an amount to cover losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 5%~15% for employees' compensation and shall not be higher than 2% for directors' remuneration.
- B. For the years ended December 31, 2024 and 2023, employees' compensation was accrued at \$14,204 and \$0, respectively; while directors' remuneration was accrued at \$2,710 and \$0, respectively. The aforementioned amounts were recognised in salary expenses.
- The employees' compensation and directors' remuneration were estimated and accrued based on 9.33% and 1.78% of distributable profit of current year for the year ended December 31, 2024. The employees' compensation and directors' remuneration resolved by the Board of Directors were \$14,204 and \$2,710, respectively.
- There were no employees' compensation and directors' remuneration for 2023 as resolved at the meeting of Board of Directors on March 8, 2024.
- C. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Income tax

A. Income tax expense (benefit)

(a) Components of income tax expense (benefit) :

	Years ended December 31	
	2024	2023
Current tax:		
Current tax liabilities (assets)	\$ (13,196)	(\$ 15,706)
Receivable (payable) on prior year income tax (unpaid) uncollected	15,915	(209)
Prior year income tax under (over) estimation	-	12
Withholding and provisional tax	3,203	21,780
Tax on undistributed surplus earnings	-	(2,672)
Total current tax	<u>5,922</u>	<u>3,205</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>8,030</u>	(<u>7,937</u>)
Others:		
Tax on undistributed surplus earnings	-	<u>2,672</u>
Income tax expense (benefit)	<u>\$ 13,952</u>	<u>(\$ 2,060)</u>

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

	Years ended December 31	
	2024	2023
Remeasurement of defined benefit obligations	\$ 439	\$ 41

(c) The Company had no income tax charged/(credited) to equity during the years ended December 31, 2024 and 2023.

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31	
	2024	2023
Tax calculated based on profit before tax and statutory tax rate	\$ 27,066	(\$ 4,224)
Tax exemption of income from domestic marketable securities transactions	(6,984)	-
Tax exemption of domestic dividend income	(2,382)	(78)
Tax exempt income by tax regulation	(6,664)	(442)
Tax on undistributed earnings	-	2,672
Prior year income tax (over) underestimation	-	12
Effect from Alternative Minimum Tax	2,916	-
Income tax (benefit) expense	\$ 13,952	(\$ 2,060)

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

	2024			
	January 1	Recognised in (loss) profit	Recognised in other comprehensive (loss) income	December 31
Deferred tax assets:				
-Temporary differences				
Unrealised inventory valuation loss	\$ 10,379	(\$ 4,583)	\$ -	\$ 5,796
Unrealised profit from sales	261	47	-	308
Unrealised sales discounts and allowances	2,952	3,740	-	6,692
Unrealised exchange loss	3,302	(3,302)	-	-
Uncontributed pension funds	3,023	16	(439)	2,600
Unused compensated absences	762	100	-	862
Others	392	216	-	608
	<u>21,071</u>	<u>(3,766)</u>	<u>(439)</u>	<u>16,866</u>
Deferred tax liabilities:				
-Temporary differences				
Unrealised exchange profit	-	(2,860)	-	(2,860)
Gain on investments accounted for using the equity method	(161,136)	(1,404)	-	(162,540)
	<u>(161,136)</u>	<u>(4,264)</u>	<u>-</u>	<u>(165,400)</u>
	<u>(\$ 140,065)</u>	<u>(\$ 8,030)</u>	<u>(\$ 439)</u>	<u>(\$ 148,534)</u>

2023				
	January 1	Recognised in (loss) profit	Recognised in other comprehensive (loss) income	December 31
Deferred tax assets:				
-Temporary differences				
Unrealised inventory valuation loss	\$ 8,118	\$ 2,261	\$ -	\$ 10,379
Unrealised profit from sales	930	(669)	-	261
Unrealised sales discounts and allowances	1,766	1,186	-	2,952
Unrealised exchange loss	-	3,302	-	3,302
Uncontributed pension funds	3,048	16	(41)	3,023
Unused compensated absences	753	9	-	762
Loss on financial assets at fair value through profit or loss	107	(107)	-	-
Others	2,960	(2,568)	-	392
	<u>17,682</u>	<u>3,430</u>	<u>(41)</u>	<u>21,071</u>
Deferred tax liabilities:				
-Temporary differences				
Unrealised exchange profit	(2,588)	2,588	-	-
Gain on investments accounted for using the equity method	(163,055)	1,919	-	(161,136)
	<u>(165,643)</u>	<u>4,507</u>	<u>-</u>	<u>(161,136)</u>
	<u>(\$ 147,961)</u>	<u>\$ 7,937</u>	<u>(\$ 41)</u>	<u>(\$ 140,065)</u>

D. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(22) Earnings (loss) per share

Year ended December 31, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
<u>Basic earnings per share</u>			
Income attributable to ordinary shareholders	<u>\$ 121,377</u>	<u>79,339</u>	<u>1.53</u>
<u>Diluted earnings per share</u>			
Income attributable to ordinary shareholders	\$ 121,377	79,339	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	434	
Income plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 121,377</u>	<u>79,773</u>	<u>1.52</u>

Year ended December 31, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders	(\$ 19,060)	79,131	(0.24)
<u>Diluted loss per share</u>			
Loss attributable to ordinary shareholders	(\$ 19,060)	79,131	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	-	
Loss plus assumed conversion of all dilutive potential ordinary shares	(\$ 19,060)	79,131	(0.24)

(23) Supplemental cash flow information

Investing activities with partial cash payments:

	Year ended December 31, 2024	Year ended December 31, 2023
Purchase of property, plant and equipment	\$ 1,542	\$ 6,259
Add: Opening balance of payable on equipment	512	-
Less: Ending balance of payable on equipment	-	(512)
Cash paid during the year	<u>\$ 2,054</u>	<u>\$ 5,747</u>

	Year ended December 31, 2024	Year ended December 31, 2023
Purchase of intangible assets	\$ 6,358	\$ 5,480
Add: Opening balance of payable on equipment	952	-
Less: Ending balance of payable on equipment	(1,255)	(952)
Cash paid during the year	<u>\$ 6,055</u>	<u>\$ 4,528</u>

(24) Changes in liabilities from financing activities

	Short-term borrowings	Dividends payable (shown as other payables)	Lease liabilities (current/non-current)
At January 1, 2024	\$ -	\$ -	\$ 7,450
Repayments of borrowings	(32,530)	-	-
Proceeds from borrowings	149,505	-	-
Dividends declared	-	15,826	-
Dividends distributed	-	(15,826)	-
Repayments of principal portion of lease liabilities	-	-	(4,884)
Additional lease liabilities	-	-	-
At December 31, 2024	<u>\$ 116,975</u>	<u>\$ -</u>	<u>\$ 2,566</u>

	Short-term borrowings	Dividends payable (shown as other payables)	Lease liabilities (current/non-current)
At January 1, 2023	\$ -	\$ -	\$ 764
Repayments of borrowings	(536,258)	-	-
Proceeds from borrowings	536,258	-	-
Dividends declared	-	85,462	-
Dividends distributed	-	(85,462)	-
Repayments of principal portion of lease liabilities	-	-	(3,036)
Additional lease liabilities	-	-	9,722
At December 31, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,450</u>

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
EDOM Technology Co., Ltd (EDOM Technology)	Shareholder that holds more than 10% of the Company's shares (The entity became a related party starting from July 22, 2024.)
Taiwan Taiyo Yuden Co., Ltd (Taiwan Taiyo Yuden)	Shareholder that holds more than 10% of the Company's shares (The entity was no longer a related party starting from July 22, 2024.)
Taiyo Yuden Co., Ltd	Parent company of the shareholder that holds more than 10% of the Company's shares (The entity was no longer a related party starting from July 22, 2024.)
Multileader Co., Ltd	Wholly-owned subsidiary accounted for using the equity method
OUTRANGE STAR LIMITED (OUTRANGE)	Wholly-owned subsidiary accounted for using the equity method
Honey Hope Honesty International Trading (Shanghai) Co.,Ltd (Honey Hope Honesty Shanghai)	Wholly-owned second-tier subsidiary accounted for using the equity method
All directors, independent directors, general manager and vice general manager	Key management personnel and those charged with governance of the Company

Note: Taiwan Taiyo Yuden was originally the major shareholder of the Company. However, on July 22, 2024, the entity sold all of its shares of the Company to EDOM Technology Co., Ltd. As a result, Taiwan Taiyo Yuden, Taiyo Yuden Co., Ltd. and Hong Kong Taiyo Yuden are no longer related parties starting from that date. Therefore, the related party transactions only disclosed the related transaction amounts for the period from January 1, 2024 to July 22, 2024.

(2) Significant related party transactions

A. Operating revenue

	<u>Years ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Sales of goods:		
Subsidiary - Multileader Co., Ltd	\$ 324,532	\$ 222,620
Second-tier subsidiary - Honey Hope Honesty Shanghai	1,542,237	2,544,816
	<u>\$ 1,866,769</u>	<u>\$ 2,767,436</u>

The collection terms of the transactions of the Company's sales to the abovementioned related parties are 30~90 days after monthly billings. The pricing for sales to related parties is conducted under normal sales conditions, that would be available to general suppliers.

B. Purchases

	Years ended December 31	
	2024	2023
Purchases of goods:		
Subsidiary - Multileader Co., Ltd	\$ -	\$ 200
Taiwan Taiyo Yuden	1,690,567	2,949,532
EDOM Technology	16,899	-
	<u>\$ 1,707,466</u>	<u>\$ 2,949,732</u>

The Company mainly acts as an agent of and sells products produced by Taiwan Taiyo Yuden. The purchase prices of the Company to the aforementioned related parties are determined based on mutual agreements. The payment terms are 30~90 days after monthly billings that would be available to general suppliers. Refer to Note 8 for details of the assets pledged to related parties for the purpose of providing guarantee for purchases and repayment of accounts payable.

C. Accounts receivable

	Years ended December 31	
	2024	2023
Subsidiary - Multileader Co., Ltd	\$ 24,506	\$ 19,535
Second-tier subsidiary - Honey Hope Honesty Shanghai	114,798	233,310
	<u>\$ 139,304</u>	<u>\$ 252,845</u>

D. Accounts payable

	December 31, 2024	December 31, 2023
Taiwan Taiyo Yuden (Note)	\$ -	\$ 785,702
EDOM Technology	571	-
	<u>\$ 571</u>	<u>\$ 785,702</u>

Note: Since July 22, 2024, the entity was no longer a related party. Consequently, the ending balance of accounts payable (related parties) was reclassified to accounts payable (general).

E. Other non-current assets - guarantee deposits paid

The Company had paid guarantee deposits of \$382,700 and \$377,454 to Taiwan Taiyo Yuden as guarantee for purchases and repayment of accounts payable on December 31, 2024 and 2023, respectively. Refer to Note 8 for details. The interest income arising from the aforementioned transactions with related parties was \$3,695 and \$4,835 for the years ended December 31, 2024 and 2023, respectively. There were no other receivables - interest receivable on December 31, 2024 and 2023.

Note: Since July 22, 2024, the entity was no longer a related party. Consequently, the amount did not belong to guarantee deposits of the related party.

(3) Key management compensation

	Years ended December 31	
	2024	2023
Short-term employee benefits	\$ 24,218	\$ 17,592
Post-employment benefits	601	520
	<u>\$ 24,819</u>	<u>\$ 18,112</u>

8. Pledged Assets

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

Pledged asset	Book value		Purpose
	December 31, 2024	December 31, 2023	
Other non-current assets			Guarantee for purchases
guarantee deposits paid	<u>\$ 382,700</u>	<u>\$ 377,454</u>	from Taiwan Taiyo Yuden

Except for the abovementioned pledged assets as guarantee for purchases, the Company entered into a relevant contract with the main supplier, Taiwan Taiyo Yuden Co., Ltd (Taiwan Taiyo Yuden). The main content of the contract is as follows:

- (1) In order to fulfill the guarantee deposit requirements in the agency contract that it entered into with the main supplier, Taiwan Taiyo Yuden, the Company entered into the 'Contract of Transferring Aggregate Claims (Accounts Receivable) as Guarantee' and 'Contract of Transferring Aggregations (Inventories) as Guarantee' with Taiwan Taiyo Yuden on January 15, 2009 to replace the payment of guarantee deposits for purchases.
- (2) The abovementioned contracts can prevent the Company from paying actual cash so as to achieve the purpose of reducing cost of capital and maintaining the flexibility of capital procurement.
- (3) The subsidiary of the Company, Honey Hope Honesty International Trading (Shanghai) Co.,Ltd (Honey Hope Honesty Shanghai), also entered into the 'Contract of Transferring Aggregate Claims (Accounts Receivable) as Guarantee' and 'Contract of Transferring Aggregations (Inventories) as Guarantee' with Taiwan Taiyo Yuden to assist the Company in fulfilling the abovementioned contracts.
- (4) In order to safeguard the interests of the Company, the contracts stipulated that limit on the total transfer amount of the aggregate claims (accounts receivable) and aggregations (inventories) from the Company and Taiwan Taiyo Yuden is the Company's accounts payable to Taiwan Taiyo Yuden.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Significant Contingent Liabilities

None.

(2) Significant Unrecognised Contract Commitments

- A. The Company's letters of guarantee issued by the bank for the fast customs clearance of imported goods amounted to \$2,000 on December 31, 2024 and 2023.
- B. As of December 31, 2024 and 2023, the Company has a promissory note issued for the bank borrowings in the amounts of \$400,000 and \$0, respectively.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Refer to Note 6(13) for details of the appropriation of 2024 earnings as resolved by the Board of Directors on March 6, 2025.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust to the optimal capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total capital. Total liabilities refer to total liabilities as shown in the parent company only balance sheet. Total capital is calculated as 'equity' as shown in the parent company only balance sheet plus total liabilities.

During the year ended December 31, 2024, the Company's strategy was unchanged from 2023. For the Company's debt-to-capital ratio, please refer to the parent company only balance sheet.

(2) Financial instruments

A. Financial instruments by category

The information of the Company's financial assets (including cash and cash equivalents, financial assets at fair value through profit or loss (current and non-current), current financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables, guarantee deposits paid and financial liabilities (including short-term borrowings, notes payable, accounts payable (including related parties), other payables, lease liabilities (current and non-current)) are provided in parent company only balance sheet and Note 6.

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Foreign exchange risk

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

	December 31, 2024		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	51,486	32.7900	\$ 1,688,226
<u>Non-monetary items</u>			
CAD:NTD	1,150	22.8200	\$ 26,243
<u>Investments accounted for using the equity method</u>			
USD:NTD	22,251	32.7900	\$ 729,608
HKD:NTD	37,547	4.2220	158,523
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	35,058	32.7900	\$ 1,149,552

	December 31, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	53,935	30.7100	\$ 1,656,344
JPY:NTD	950	0.2172	206
<u>Non-monetary items</u>			
CAD:NTD	1,000	23.2000	\$ 23,200
<u>Investments accounted for using the equity method</u>			
USD:NTD	22,413	30.7100	\$ 688,311
HKD:NTD	40,029	3.9290	157,272
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	32,692	30.7100	\$ 1,003,971

- (iv) The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2024 and 2023 are provided in Note 6(17).

- (v) Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2024				
Sensitivity analysis				
	Degree of variation	Effect on (loss) profit	Effect on other comprehensive (loss) income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 16,882	\$	-
<u>Non-monetary items</u>				
CAD:NTD	1%	\$ 262	\$	-
<u>Investments accounted for using the equity method</u>				
USD:NTD	1%	\$ 7,296	\$	-
HKD:NTD	1%	1,585		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$ 11,496)	\$	-
Year ended December 31, 2023				
Sensitivity analysis				
	Degree of variation	Effect on (loss) profit	Effect on other comprehensive (loss) income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 16,563	\$	-
JPY:NTD	1%	2		-
<u>Non-monetary items</u>				
CAD:NTD	1%	\$ 232	\$	-
<u>Investments accounted for using the equity method</u>				
USD:NTD	1%	\$ 6,883	\$	-
HKD:NTD	1%	1,573		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$ 10,040)	\$	-

- ii. Price risk
 - (i) The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
 - (ii) The Company's investments in financial instruments comprise domestic and foreign listed shares, beneficiary certificates and foreign unlisted convertible bond. The prices of financial instruments would change due to the change of the future value of investee companies. If the prices of these financial instruments had increased/decreased by 1% with all other variables held constant, profit before tax for the years ended December 31, 2024 and 2023 would have increased/decreased by \$2,750 and \$617, respectively, as a result of gains/losses on financial instruments classified as at fair value through profit or loss.
- iii. Cash flow and fair value interest rate risk
 - (i) The Company's short-term borrowings are at fixed rate. Borrowings with fixed rates expose the Company to fair value interest rate risk.
 - (ii) On December 31, 2024 and 2023, if the borrowing interest rate had increased by 1% with all other variables held constant, profit before tax for the years ended December 31, 2024 and 2023 would have decreased and increase by \$1,170 and \$0, respectively.
- (b) Credit risk
 - i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost and at fair value through profit or loss.
 - ii. The Company manages their credit risk taking into consideration the entire company's concern. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The utilisation of credit limits is regularly monitored.
 - iii. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

- iv. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. The Group applies the modified approach using a provision matrix based on the customer types to estimate the expected credit loss.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vii. The Company used the forecastability to adjust historical and timely information to assess the default possibility of notes and accounts receivable. The provision matrix is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	Over 90 days past due	Total
<u>December 31, 2024</u>					
Expected loss rate	0.71%	1.41%	2.12%~37.2%	100.00%	
Notes payable and accounts receivable, gross	\$ 1,226,120	\$ 36,894	\$ 3,946	\$ 35	\$ 1,266,995
Loss allowance	\$ 7,716	\$ 520	\$ 229	\$ 35	\$ 8,500
	Not past due	Up to 30 days past due	31~90 days past due	Over 90 days past due	Total
<u>December 31, 2023</u>					
Expected loss rate	0.14%	4.29%	72.97%~100.00%	100.00%	
Notes payable and accounts receivable, gross	\$ 1,061,089	\$ 24,644	\$ 1,042	\$ -	\$ 1,086,775
Loss allowance	\$ 1,131	\$ 1,057	\$ 1,042	\$ -	\$ 3,230

The above ageing analysis was based on past due date.

- viii. Movements in relation to the Company applying the modified approach to provide loss allowance for notes and accounts receivable are as follows:

	2024	2023
At January 1	\$ 3,230	\$ 1,077
Expected credit (gain) loss	5,270	2,153
At December 31	\$ 8,500	\$ 3,230

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.
- ii. Treasury of each operating entity invests surplus cash held by the operating entity over and above balance required for working capital management in marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. As at December 31, 2024 and 2023, the Company held marketable securities of \$248,717 and \$38,511, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. The Company has the following undrawn borrowing facilities:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Floating rate:		
Expiring within one year	<u>\$ 953,417</u>	<u>\$ 1,053,479</u>

- iv. The Company had no derivative financial liabilities. In addition, except for those listed in the table below, non-derivative financial liabilities grouped based on the remaining period at the balance sheet date to the contractual maturity date were all expiring within a year and approximate to the amounts shown in the balance sheets. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>December 31, 2024</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
Lease liability(Current/Non-current)	\$ 2,587	\$ -	\$ 2,587

<u>December 31, 2023</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
Lease liability(Current/Non-current)	\$ 5,070	\$ 2,587	\$ 7,657

(3) Fair value information

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

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

value of the Company's investment in listed stocks is included in Level 1.

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in convertible bonds of foreign non-public companies is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of the Company's financial instruments not measured at fair value, including cash and cash equivalents, current financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable (including related parties), other payables and current lease liabilities (current/non-current), are approximate to their fair values.

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

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2024	Level 1	Level 2	Level 3	Total
Assets - recurring fair value measurements:				
Financial assets at fair value through profit or loss				
Equity instruments	\$ 248,717	\$ -	\$ -	\$ 248,717
Private equity fund investment	-	-	26,243	26,243
	<u>\$ 248,717</u>	<u>\$ -</u>	<u>\$ 26,243</u>	<u>\$ 274,960</u>
December 31, 2023	Level 1	Level 2	Level 3	Total
Assets - recurring fair value measurements:				
Financial assets at fair value through profit or loss				
Equity instruments	\$ 38,511	\$ -	\$ -	\$ 38,511
Private equity fund investment	-	-	23,200	23,200
	<u>\$ 38,511</u>	<u>\$ -</u>	<u>\$ 23,200</u>	<u>\$ 61,711</u>

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

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

	Listed shares
Market quoted price	Closing price

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors

of the Company's financial and non-financial instruments.

- iii. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

D. For the years ended December 31, 2024 and 2023, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3:

	2024	2023
At January 1	\$ 23,200	\$ 18,659
Purchased in the year	3,484	23,200
Recognized as a loss on financial assets (liabilities) (measured at fair value through profit or loss)	(441)	(18,052)
Sold in the year	-	(607)
At December 31	<u>\$ 26,243</u>	<u>\$ 23,200</u>

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

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

	Fair value at December 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Hybrid instrument:					
Private equity fund investment	<u>\$ 26,243</u>	Binary Tree Model	Price-to-Sales Ratio/Discount Rate	2.2%/10.53%	The higher the multiple, the higher the fair value. The higher the discount rate, the lower the fair value.
	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Hybrid instrument:					
Private equity fund investment	<u>\$ 23,200</u>	Binary Tree Model	Price-to-Sales Ratio/Discount Rate	3.5%/6.4%	The higher the multiple, the higher the fair value

H. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. There was no significant effect of profit or loss for the years ended December 31, 2024 and 2023 from financial assets categorised within Level 3 if the inputs used to valuation

models have increased or decreased by 0.1%.

13. Supplementary Disclosures

(1) Significant transactions information

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

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to Note 13(1)J.

(4) Major shareholders information

Major shareholders information: Please refer to table 7.

HONEY HOPE HONESTY ENTERPRISE CO., LTD.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2024

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of December 31, 2024				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Honey Hope Honesty Enterprise Co., Ltd.	Domestic listed common stock - Yageo Corporation	None	Current financial assets at fair value through profit or loss	332,164	\$ 179,701	-	\$ 179,701	-
Honey Hope Honesty Enterprise Co., Ltd.	Domestic listed common stock - Cathay Financial Holding Co., Ltd.	None	Current financial assets at fair value through profit or loss	400,647	27,364	-	27,364	-
Honey Hope Honesty Enterprise Co., Ltd.	Domestic beneficiary certificates - Cathay MSCI Taiwan Leaders 50 Select ETF	None	Current financial assets at fair value through profit or loss	300,000	6,537	-	6,537	-
Honey Hope Honesty Enterprise Co., Ltd.	Domestic beneficiary certificates - Taishin Taiwan AI High Dividend and Momentum ETF	None	Current financial assets at fair value through profit or loss	2,000,000	19,520	-	19,520	
Honey Hope Honesty Enterprise Co., Ltd.	Domestic listed common stock - WPG HOLDINGS LIMITED	None	Current financial assets at fair value through profit or loss	228,000	15,595	-	15,595	
				Total	\$ 248,717		\$ 248,717	
Honey Hope Honesty Enterprise Co., Ltd.	Convertible corporate bonds of foreign unlisted convertible bonds - FTEX Inc.	None	Non-current financial assets at fair value through profit or loss	-	\$ 26,243	-	\$ 26,243	

HONEY HOPE HONESTY ENTERPRISE CO., LTD.

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

Year ended December 31, 2024

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)			Footnote
			Purchases (sales)	Amount	Percentage of purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of notes/accounts receivable (payable)	
Honey Hope Honesty Enterprise Co., Ltd.	Honey Hope Honesty International Trading(Shanghai) Co.,Ltd	Second-tier subsidiary	(Sales)	(\$ 1,524,237)	(33)	90 days after monthly billings	Note 1	Note 1	\$ 114,798	9	
Honey Hope Honesty Enterprise Co., Ltd.	Multileader Co., Ltd	Subsidiaries	(Sales)	(324,532)	(7)	30 days after monthly billings	Note 1	Note 1	24,506	2	
Honey Hope Honesty Enterprise Co., Ltd.	Taiwan Taiyo Yuden Co., Ltd	Shareholder that holds more than 10% of the Company's shares	Purchases	1,690,567	38	90 days after monthly billings	Note 2	Note 2	-	-	
Honey Hope Honesty International Trading(Shanghai) Co.,Ltd	Honey Hope Honesty Enterprise Co., Ltd.	Parent company	Purchases	1,542,237	88	90 days after monthly billings	Note 1	Note 1	(114,798)	(82)	
Honey Hope Honesty International Trading(Shanghai) Co.,Ltd	Multileader Co., Ltd	Fellow subsidiary	Purchases	193,354	11	90 days after monthly billings	Note 1	Note 1	(63,277)	(18)	
Multileader Co., Ltd	Honey Hope Honesty Enterprise Co., Ltd.	Parent company	Purchases	324,532	98	30 days after monthly billings	Note 1	Note 1	(24,506)	(100)	
Multileader Co., Ltd	Honey Hope Honesty International Trading(Shanghai) Co.,Ltd	Fellow subsidiary	(Sales)	(193,354)	(56)	90 days after monthly billings	Note 1	Note 1	63,277	49	

Note 1: The collection terms of the transactions of the Group's sales to related parties are 30~90 days after monthly billings. The prices of sales to related parties are determined based on normal sales condition that would be available to third parties.

Note 2: The purchase prices to related parties are determined based on mutual agreements. The payment terms are 60~90 days after monthly billings that would be available to general suppliers.

Note 3: Taiwan Taiyo Yuden was no longer a related party starting from July 22, 2024. Therefore, the related party transactions only disclosed the related transaction amounts for the period from January 1, 2024 to July 22, 2024.

HONEY HOPE HONESTY ENTERPRISE CO., LTD.

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2024

Table 3

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2024	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Honey Hope Honesty Enterprise Co., Ltd.	Honey Hope Honesty International Trading(Shanghai) Co.,Ltd	Second-tier subsidiary	\$ 114,798	8.86	\$ -	-	\$ 114,798	\$ -

HONEY HOPE HONESTY ENTERPRISE CO., LTD.
Significant inter-company transactions during the reporting periods
Year ended December 31, 2024

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
					Amount	Transaction terms		
0	Honey Hope Honesty Enterprise Co., Ltd.	Honey Hope Honesty International Trading(Shanghai) Co.,Ltd	(1)	Operating income	\$ 1,524,237	(Note 4)		33
0	Honey Hope Honesty Enterprise Co., Ltd.	Honey Hope Honesty International Trading(Shanghai) Co.,Ltd	(1)	Notes and accounts receivable	114,798	(Note 5)		3
0	Honey Hope Honesty Enterprise Co., Ltd.	Multileader Co., Ltd	(1)	Operating income	324,532	(Note 4)		7
0	Honey Hope Honesty Enterprise Co., Ltd.	Multileader Co., Ltd	(1)	Notes and accounts receivable	24,506	(Note 5)		1
1	Honey Hope Honesty International Trading(Shanghai) Co.,Ltd	Multileader Co., Ltd	(3)	Operating cost	193,354	(Note 4)		4
1	Honey Hope Honesty International Trading(Shanghai) Co.,Ltd	Multileader Co., Ltd	(3)	Notes and accounts payable	63,277	(Note 5)		2

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

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (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 consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The prices of sales to related parties are determined based on normal sales condition that would be available to third parties.

Note 5: The collection terms are 30~90 days after monthly billings for the transactions of the Company's sales to related parties and 90~120 days after monthly billings for major customers.

Note 6: No disclosure will be made if the transaction amount is less than NT\$10 million.

HONEY HOPE HONESTY ENTERPRISE CO., LTD.

Information on investees

Year ended December 31, 2024

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2024			Net (loss) profit of the investee for the year ended December 31, 2024	Investment (loss) income recognised by the Company for the year ended December 31, 2024	Footnote
				Balance as at December 31, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value			
Honey Hope Honesty Enterprise Co., Ltd.	OUTRANGE STAR LIMITED	British Virgin IS.	Investment of various businesses	\$ 11,477	\$ 10,749	350,000	100	\$ 729,608	\$ 17,100	\$ 17,100	Note 1
Honey Hope Honesty Enterprise Co., Ltd.	Multileader Co., Ltd	Hong Kong	Trading of electronic parts	54,042	50,291	12,800,000	100	158,523	(10,078)	(10,078)	Note 2

Note 1: Balance of the initial investment amount as at January 1,2024 and December 31, 2024 is expressed in US:NT=1:30.71 and US:NT=1:32.79. The original currency is US\$350 thousand.

Note 2: Balance of the initial investment amount as at January 1,2024 and December 31, 2024 is expressed in HK:NT=1:3.9380 and HK:NT=1:4.2220. The original currency is HK\$12,800 thousand.

HONEY HOPE HONESTY ENTERPRISE CO., LTD.

Information on investments in Mainland China

Year ended December 31, 2024

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Net (loss) income of investee as of December 31, 2024	Ownership held by the Company (direct or indirect)	Investment (loss) income recognised by the Company for the year ended December 31, 2024 (Note 2)	Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Honey Hope Honesty International Trading(Shanghai) Co.,Ltd	Trading of electronic parts	\$ 6,558	(2)	\$ 6,558	\$ -	\$ -	\$ 6,558	\$ 17,155	100	\$ 17,155	\$ 726,771	\$ -	Note 4

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

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others.

Note 2: Investment income (loss) recognised by the Company for the year ended December 31, 2024 was recognised according to the audited financial statements of the investee for the corresponding period.

Note 3: Expressed in US:NT=1:32.79. The original currency is US\$200 thousand.

Note 4: On March 28, 2003, the Board of Directors resolved the Company to incorporate Honey Hope Honesty International Trading(Shanghai) Co.,Ltd in Mainland China through OUTRANGE STAR LIMITED.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 5)
Honey Hope Honesty Enterprise Co., Ltd.	\$ 6,558	\$ 6,558	\$ 1,619,278

Note 5: Ceiling is 60% of net assets according to the regulations.

HONEY HOPE HONESTY ENTERPRISE CO., LTD.

Major shareholders information

December 31, 2024

Table 7

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
EDOM Technology Co., LTD.	11,048,398	13.82%
Yuanqiang Investment Co., Ltd.	6,961,489	8.71%
LIN HSUN-MIN	5,657,139	7.07%
CHEN LU-HSI	4,044,877	5.06%

Note: (1) The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) in dematerialised form which were held by the shareholders above 5% on the operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference of calculation basis.

(2) If the aforementioned data contains shares which were kept in the trust by the shareholders, the data was disclosed as a separate account of the client which was set by the trustee. As for the shareholder who equity as an insider whose shareholding ratio was greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio included the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information on reported share equity of insiders, please refer to the Market Observation Post System.

HONEY HOPE HONESTY ENTERPRISE CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

STATEMENT 1

Item	Description	Amount
Cash:		
Cash on hand and revolving funds		\$ 157
Bank deposits:		
Checking accounts		3,089
Demand deposits		
- RMB	CNY 1,389 (in dollars), exchange rate 4.478	6
- USD	USD 5,220,475 (in dollars), exchange rate 32.79	171,180
- JPY	JPY 549,391 (in dollars), exchange rate 0.2099	115
- CAD	CAD 2,762 (in dollars), exchange rate 22.82	63
- NTD		410,027
		<u>\$ 584,637</u>

HONEY HOPE HONESTY ENTERPRISE CO., LTD.
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 2

Name of Financial Instrument	Description	Shares	Face Value	Total	Cost	Fair Value		Note
				Amount		Unit Price	Amount	
Yageo Corporation	Stock	332,164	\$ 10	\$ 3,322	\$ 154,928	541.00	\$ 179,701	
Cathay Financial Holding Co., Ltd.	Stock	400,647	10	4,006	20,428	68.30	27,364	
WPG Holdings Limited	Stock	228,000	10	2,280	15,985	68.40	15,595	
Cathay MSCI Taiwan Leaders 50 Select ETF	Beneficiary Certificates	300,000	10	3,000	6,579	21.79	6,537	
Taishin Taiwan AI High Dividend and Momentum ETF	Beneficiary Certificates	2,000,000	10	20,000	19,910	9.76	19,520	
				<u>\$ 32,608</u>	<u>\$ 217,830</u>		<u>\$ 248,717</u>	

HONEY HOPE HONESTY ENTERPRISE CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

STATEMENT 3

Company name	Description	Amount	Note
General clients -			
Company O		\$ 156,718	
Company P		119,561	
Company H		92,473	
Company J		72,196	
Company Q		69,741	
Company I		69,687	
Company B		58,659	
			Balance of each
			client has not
			exceeded 5% of
Others		488,581	total account
		1,127,616	
Less: Allowance for uncollectible accounts		(8,500)	
		1,119,116	
Related parties:			
Multileader Co., Ltd		24,506	
Honey Hope Honest International		114,798	
Trading(Shanghai) Co.,Ltd			
		139,304	
		\$ 1,258,420	

HONEY HOPE HONESTY ENTERPRISE CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

STATEMENT 4

Item	Amount		Note
	Cost	Net Realizable Value	
Merchandise inventory	\$ 590,895	\$ 602,570	The determination of net realisable value is the estimated selling price less the estimates cost of completion and the estimated costs necessary to make the sale
Less: Allowance for valuation loss	(28,996)		
	<u>\$ 561,899</u>		

HONEY HOPE HONESTY ENTERPRISE CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

STATEMENT 5

Name	Opening Balance		Addition		Investment (Loss) Income	Other Adjustments (Note)	Accumulated Translation Adjustment	Decrease		Ending Balance			Net Assets Value		
	Shares	Amount	Shares	Amount				Shares	Amount	Shares	Percentage of Ownership	Amount	Unit Price (in dollars)	Total Amount	Collateral
OUTRANGE STAR LIMITED	350,000	\$ 707,841	-	\$ -	\$ 17,100	\$ -	\$ -	-	\$ -	350,000	100%	\$ 724,941	2,084.59	\$ 729,609	None
Add (less): Accumulated translation adjustment		(19,530)		-	-	-	24,197		-			4,667			
		<u>688,311</u>		-	<u>17,100</u>	-	<u>24,197</u>		-			<u>729,608</u>			
Multileader Co., Ltd	12,800,000	164,175	-	-	(10,078)	(234)	-	-	-	12,800,000	100%	153,863	12.38	158,523	None
Add (less): Accumulated translation adjustment		(6,903)		-	-	-	11,563		-			4,660			
		<u>157,272</u>		-	<u>(10,078)</u>	<u>(234)</u>	<u>11,563</u>		-			<u>158,523</u>			
		<u>\$ 845,583</u>		<u>\$ -</u>	<u>\$ 7,022</u>	<u>(\$ 234)</u>	<u>\$ 35,760</u>		<u>\$ -</u>			<u>\$ 888,131</u>			

Note: Referring to movement of unrealised gain or loss for the year.

HONEY HOPE HONESTY ENTERPRISE CO., LTD.
STATEMENT OF REFUNDABLE DEPOSITS
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

STATEMENT 6

Item	Description	Amount	Note
Taiwan Taiyo Yuden	As the purchase guarantee of Taiwan Taiyo Yuden	\$ 382,700	
Others	As deposits for rent and parking space	971	Balance of each client has not exceeded 5% of total account
		<u>\$ 383,671</u>	

HONEY HOPE HONESTY ENTERPRISE CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

STATEMENT 7

Company name	Description	Amount	Note
General clients -			
Company G		\$ 802,249	
Company I		141,031	
Company C		101,835	
			Balance of each client has not exceeded 5% of total account
Others		22,784	
		1,067,899	
Related parties:			
Taiwan Taiyo Yuden		571	
		\$ 1,068,470	

HONEY HOPE HONESTY ENTERPRISE CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

STATEMENT 8

<u>Item</u>	<u>Volume</u>	<u>Amount</u>	<u>Note</u>
Net sales of electronic components	27,0490,181 thousand pieces	<u>\$ 4,631,198</u>	

HONEY HOPE HONESTY ENTERPRISE CO., LTD.

STATEMENT OF OPERATING COSTS

FOR THE YEAR ENDED DECEMBER 31, 2024

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

STATEMENT 9

Item	Amount	Note
Beginning inventories	\$ 651,906	
Add: Net purchase for the year	4,394,616	
Less: Ending merchandise inventory	(590,895)	
Transferred to operating expenses	(1,553)	
Disposal for the year	(20,539)	
Cost of goods sold	4,433,535	
Other operating costs	26,373	
Reversal of loss on decline in market value	(22,898)	
Loss on disposal	20,539	
Gain on physical inventory	(15)	
Operating costs	<u>\$ 4,457,534</u>	

HONEY HOPE HONESTY ENTERPRISE CO., LTD.
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

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

STATEMENT 10

Item	Selling expenses	Administrative expenses	Expected credit loss	Total	Note
Wages and salaries	\$ 46,112	\$ 32,669	\$ -	\$ 78,781	
Export (customs) expense	27,490	-	-	27,490	
Insurance expense	3,950	4,281	-	8,231	
Entertainment expense	8,921	21	-	8,942	
Service expense	940	6,558	-	7,498	
Depreciations	2,175	3,354	-	5,529	
Amortisations	2,581	2,527	-	5,108	
Expected credit loss	-	-	5,270	5,270	
Other expenses	26,526	14,484	-	41,010	Balance of each expense has not exceeded 5% of total account
	<u>\$ 118,695</u>	<u>\$ 63,894</u>	<u>\$ 5,270</u>	<u>\$ 187,859</u>	

HONEY HOPE HONESTY ENTERPRISE CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 11

Function Nature	Year ended December 31, 2024			Year ended December 31, 2023		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	\$ 20,523	\$ 78,781	\$ 99,304	\$ 15,587	\$ 58,481	\$ 74,068
Labour and health insurance fees	-	7,136	7,136	-	7,384	7,384
Pension costs	-	3,381	3,381	-	3,472	3,472
Directors' remuneration	-	2,710	2,710	-	1,372	1,372
Other personnel expenses	-	3,772	3,772	-	3,923	3,923
Total	20,523	95,780	116,303	15,587	74,632	90,219
Depreciation Expense	4,861	5,529	10,390	3,113	5,257	8,370
Amortisation Expense	246	5,108	5,354	393	4,710	5,103

Note:

- As at December 31, 2024 and 2023, the Company had an average of 100 and 104 employees, respectively, which included 5 and 4 non-employee directors
- A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information:
 - Average employee benefit expense in current year was \$1,196 ((Total employee benefit expense in current year–Total directors’ remuneration in current year)/(Number of employees in current year–Number of non-employee directors in current year)).
Average employee benefit expense in previous year was \$888 ((Total employee benefit expense in previous year–Total directors’ remuneration in previous year)/(Number of employees in previous year–Number of non-employee directors in previous year)).

HONEY HOPE HONESTY ENTERPRISE CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 11

- (2) Average employee salaries in current year were \$1,045 (Total wages and salaries in current year/(Number of employees in current year–Number of non-employee directors in current year)).
Average employee salaries in previous year were \$741 (Total wages and salaries in previous year/(Number of employees in previous year–Number of non-employee directors in previous year)).
- (3) Adjustments of average employee salaries were 41.03% ((Average employee wages and salaries in current year–Average employee wages and salaries in previous year)/Average employee salaries in previous year).
- (4) There was no supervisors' remuneration as the Company had set up independent directors and an audit committee.
- (5) The Company's remuneration policy is as follows:
- A. Directors (including independent directors): The remuneration shall be distributed according to Article 20 of the Company Act and the Regulations for Distribution of Directors' Remuneration and referring to the evaluation results of various indicators and submitted to the Board of Directors for resolution after being reviewed by the remuneration committee.
- B. General manager and vice general manager: The remuneration includes salaries, bonuses and employees' compensation, shall be distributed according to the remuneration committee charter, regulations governing works, year-end bonus distribution and annual salary adjustment plan for managers and performance bonus distribution plan and referring to the general pay levels of position in the same industry, job responsibility of position in the Company and the Company's overall performance and submitted to the Board of Directors for resolution after being reviewed by the remuneration committee.

HONEY HOPE HONESTY ENTERPRISE CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 11

C. Employees: The compensation shall be determined according to the personal ability, contribution to the Company, performance, market value of position and considering the Company's future operational risk, has positive correlations to operational performance and shall be distributed according to the Company's Articles of Incorporation if the Company has profit in the current year. The compensation includes basic fixed salaries, bonuses and benefits.

The basic fixed salaries shall be paid according to the general pay levels of position in the same industry while the bonuses shall be paid by aligning the achievement of goals of employees and departments with the Company's operational performance.