KYE Systems Corp.

Parent Company Only Financial Statements for the Years Ended December 31, 2024 and 2023 and Independent Auditors' Report

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
KYE Systems Corp.

Opinion

We have audited the accompanying parent company only financial statements of KYE Systems Corp. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2024 and 2023, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information.

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 of 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 the 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 parent company only financial statements for the year ended December 31, 2024. 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, and we do not provide a separate opinion on these matters.

Key audit matters of the Company’s financial statements for the year ended December 31, 2024 are stated as follows:

Authenticity of Operating Revenue

For the year ended December 31, 2024, the Company’s operating revenue increased as compared to the year ended December 31, 2023. In 2024, several newly included top ten customers of the Group contributed significantly to the increase in operating revenue, both in terms of amount and proportion. Due to the materiality of these changes, the authenticity of operating revenue from these customers was identified as a key audit matter. Please refer to Notes 4 and 17 to the consolidated financial statements for details of the accounting policies related to revenue recognition.

The audit procedures performed in response to this key audit matter included the following:

1. Obtained an understanding of the Company’s revenue recognition policies, procedures, and related internal controls, and evaluated the design and operating effectiveness of key controls over the occurrence of revenue transactions.

2. Analyzed the reasons for the changes in operating revenue from the aforementioned customers and assessed whether any significant sales returns or discounts occurred subsequent to the reporting period.

3. Selected samples of sales transactions from the aforementioned customers, verified the corresponding supporting shipping documents and assessed the subsequent collection of receivables.

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 KYE Systems Corp. 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 KYE Systems Corp.'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 KYE Systems Corp.'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 KYE Systems Corp. 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 and appropriate audit evidence regarding the financial information of 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 KYE Systems Corp. only financial statements for the year ended December 31, 2024, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Mei-Hui Wu and Han-Ni Fang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2025

Notice to Readers

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

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

KYE SYSTEMS CORP.

PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	2024		2023	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 542,258	17	$ 456,356	15
Notes and accounts receivables (Notes 4, 8 and 17)	77,745	2	52,944	2
Other receivables (Note 4)	388	-	295	-
Other receivables from related parties (Notes 4, 14 and 23)	400,967	13	470,529	15
Inventories (Notes 4 and 9)	14,123	-	25,602	1
Prepayments	814	-	800	-
Other current assets	32,614	1	32,662	1
Total current assets	1,068,909	33	1,039,188	34
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	44,459	1	40,340	1
Investments accounted for using the equity method (Notes 4 and 10)	1,600,343	50	1,509,259	49
Property, plant and equipment (Notes 4, 11 and 24)	408,445	13	412,379	13
Right-of-use assets (Notes 4 and 12)	237	-	329	-
Deferred tax assets (Notes 4 and 19)	78,813	3	81,149	3
Net defined benefit assets - non-current (Notes 4 and 15)	842	-	-	-
Other non-current assets (Note 4)	10,801	-	12,745	-
Total non-current assets	2,143,940	67	2,056,201	66
TOTAL	$ 3,212,849	100	$ 3,095,389	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Note 17)	$ 4,047	-	$ 3,817	-
Notes and accounts payables (Notes 13 and 23)	-	-	38	-
Other payables (Notes 14 and 23)	32,723	1	33,860	1
Current tax liabilities (Notes 4 and 19)	27,692	1	10,190	-
Lease liabilities - current (Notes 4 and 12)	93	-	92	-
Other current liabilities (Note 23)	26,146	1	44,225	2
Total current liabilities	90,701	3	92,222	3
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 19)	23,872	1	15,291	1
Lease liabilities - non-current (Notes 4 and 12)	150	-	243	-
Net defined benefit liabilities - non-current (Notes 4 and 15)	-	-	2,069	-
Other non-current liabilities (Note 4)	854	-	758	-
Total non-current liabilities	24,876	1	18,361	1
Total liabilities	115,577	4	110,583	4
EQUITY (Notes 4 and 16)				
Share capital				
Ordinary shares	2,215,285	69	2,215,285	71
Capital reserves	227,448	7	227,216	7
Retained earnings				
Legal reserves	458,944	14	451,653	15
Special reserves	623,883	20	639,147	21
Unappropriated earnings (Note 10)	161,496	5	75,387	2
Total retained earnings	1,244,323	39	1,166,187	38
Other equity (Note 10)	(589,784)	(19)	(623,882)	(20)
Total equity	3,097,272	96	2,984,806	96
TOTAL	$ 3,212,849	100	$ 3,095,389	100

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

KYE SYSTEMS CORP.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 17 and 23)	$ 583,115	100	$ 518,931	100
OPERATING COST (Notes 4, 9, 18 and 23)	365,265	63	369,934	71
GROSS PROFIT	217,850	37	148,997	29
OPERATING EXPENSES (Notes 8, 15 and 18)				
Selling and marketing expenses	37,046	6	32,018	6
General and administrative expenses	101,902	18	94,716	18
Research and development expenses	2,214	-	1,377	1
Expected credit loss (gain)	(74)	-	228	-
Total operating expenses	141,088	24	128,339	25
PROFIT FROM OPERATIONS	76,762	13	20,658	4
NON-OPERATING INCOME AND EXPENSES				
Share of profits of subsidiaries and associates (Notes 4 and 10)	71,958	12	47,440	9
Other gains and losses (Notes 18, 23 and 25)	16,871	3	13,992	3
Interest income	8,821	2	6,351	1
Interest expense	(116)	-	(41)	-
Total non-operating income and expenses	97,534	17	67,742	13
PROFIT BEFORE INCOME TAX	174,296	30	88,400	17
INCOME TAX EXPENSE (Notes 4 and 19)	31,649	5	16,199	3
NET PROFIT FOR THE YEAR	142,647	25	72,201	14
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 15)	2,429	-	776	-
Unrealized gain on investment in equity instruments at fair value through other comprehensive income	4,119	1	12,813	2

(Continued)

KYE SYSTEMS CORP.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	**%**	**Amount**	**%**
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method (Note 10)	$ (7,592)	(1)	$ 4,655	1
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 19)	2,724	-	(791)	-
	1,680	-	17,453	3
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of foreign operations	43,357	7	(1,596)	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 19)	(8,991)	(1)	116	-
	34,366	6	(1,480)	-
Other comprehensive income for the year, net of income tax	36,046	6	15,973	3
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 178,693	31	$ 88,174	17
EARNINGS PER SHARE (Note 20)				
Basic	$ 0.64		$ 0.33	
Diluted	$ 0.64		$ 0.33	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

KYE SYSTEMS CORP.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity		
	Share Capital	Capital Reserves	Legal Reserves	Special Reserves	Unappropriated Earnings	Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Profit (Loss) on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Total
BALANCE AT JANUARY 1, 2023	$ 2,215,285	$ 270,903	$ 448,031	$ 609,031	$ 36,216	$ (8,938)	$ (630,209)	$ 2,940,319
Appropriation of 2022 earnings								
Legal reserves	-	-	3,622	-	(3,622)	-	-	-
Special reserves	-	-	-	30,116	(30,116)	-	-	-
Changes in associates accounted for using the equity method	-	619	-	-	-	-	-	619
Cash dividends distributed from capital surplus	-	(44,306)	-	-	-	-	-	(44,306)
Net profit for the year ended December 31, 2023	-	-	-	-	72,201	-	-	72,201
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	622	(1,480)	16,831	15,973
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	72,823	(1,480)	16,831	88,174
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	86	-	(86)	-
BALANCE AT DECEMBER 31, 2023	2,215,285	227,216	451,653	639,147	75,387	(10,418)	(613,464)	2,984,806
Appropriation of 2023 earnings								
Legal reserve	-	-	7,291	-	(7,291)	-	-	-
Reversal of special reserve	-	-	-	(15,264)	15,264	-	-	-
Cash dividends	-	-	-	-	(66,459)	-	-	(66,459)
Changes in associates accounted for using the equity method	-	232	-	-	-	-	-	232
Net profit for the year ended December 31, 2024	-	-	-	-	142,647	-	-	142,647
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	1,943	34,366	(263)	36,046
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	144,590	34,366	(263)	178,693
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	5	-	(5)	-
BALANCE AT DECEMBER 31, 2024	$ 2,215,285	$ 227,448	$ 458,944	$ 623,883	$ 161,496	$ 23,948	$ (613,732)	$ 3,097,272

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

KYE SYSTEMS CORP.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	$ 174,296	$ 88,400
Adjustments for:		
Share of loss of subsidiaries and associates	(71,958)	(47,440)
Reversal of write-down of inventory	(18,000)	(12,200)
Interest income	(8,821)	(6,351)
Profit on reversal of losses from preparation of materials	(8,300)	(12,600)
Depreciation expense	5,958	5,277
Dividend income	(5,931)	(3,043)
Amortization expense	2,600	3,692
Unrealized (gain) loss on foreign currency exchange, net	(1,515)	88
Interest expense	116	41
Expected credit (reversal) loss recognized on accounts receivables	(74)	228
Changes in operating assets and liabilities		
Notes and accounts receivable	(23,050)	4,731
Other receivables from related parties	69,562	5,464
Inventories	29,479	71,020
Prepayments	(14)	350
Other current assets	48	196
Contract liabilities	176	(9,507)
Notes and accounts payable	(38)	(3,522)
Other payables	3,873	1,903
Other current liabilities	(9,904)	10,180
Net defined benefit liabilities	(446)	(2,399)
Cash generated from operations	138,057	94,508
Interest received	8,728	6,099
Dividends received	5,931	3,043
Income tax (paid) refunded	(9,497)	12,246
Net cash generated from operating activities	143,219	115,896
CASH FLOW FROM INVESTING ACTIVITIES		
Dividends received from subsidiaries and associates	11,877	5,578
Acquisition of property, plant and equipment	(1,932)	(2,928)
Increase in other non-current assets	(656)	(923)
Net cash generated from investing activities	9,289	1,727
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid to owners of the Company	(66,459)	(44,306)
Interest paid	(115)	(41)
Repayment of the principal portion of lease liabilities	(92)	(90)
Increase in deposits received	60	-
Net cash used in financing activities	(66,606)	(44,437)

(Continued)

KYE SYSTEMS CORP.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	2024	2023
NET INCREASE IN CASH AND CASH EQUIVALENTS	$ 85,902	$ 73,186
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	456,356	383,170
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 542,258	$ 456,356

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

KYE Systems Corporation (the “Company”) was incorporated in November 1983. The Company was formerly known as KYE Enterprise Co., Ltd., and was renamed as KYE Systems Corp. in November 1988 and becoming a public company in 1991. The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since November 3, 1997.

The Company is mainly engaged in the manufacturing, processing and trading of computer peripheral products such as computer mice, keyboards, video image products such as network and security cameras, and consumer electronic products such as headphone speakers and game console peripherals.

The parent company only financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company’s board of directors on March 10, 2025.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

   The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New, Amended and Revised Standards and Interpretations	Effective Date Announced by International Accounting Standards Board (IASB)
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 2)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Company shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

As of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of above amended standards and interpretations will not have a material impact on the Company's financial position and financial performance.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of derecognition of financial liabilities	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 IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments 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

Note: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will supersede IAS 1 "Presentation of Financial Statements". The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.

- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as "other" only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing other impacts of the above amended standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis, except for financial instruments which are measured at fair value and net defined benefit assets and liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Company does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

e. Inventories

Inventories consist of finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the standard cost plus or less the difference allocated. The price of inventories is calculated based on the standard cost in the ordinary course of business and is adjusted on the accounting date to make it approximate to the cost calculated using the weighted-average cost method.

f. Investments accounted for using the equity method

The Company uses the equity method to account for its investments in subsidiaries and associates.

1) Investments in subsidiaries

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary, the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

2) Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associates. The Company also recognizes the changes in the Company's share of the equity of associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equal or exceeds its interest in that associate, the Company discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. The impairment loss recognized is also part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the parent company only financial statements only to the extent of interests in the associate that are not related to the Company.

g. Property, plant and equipment

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

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term is shorter than the useful life, such part is accounted for in depreciation over the lease term. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation. Otherwise, they are allocated to the smallest group of cash-generating units to which allocation on a reasonable and consistent basis can be made.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

i. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at amortized cost and equity instruments at FVTOCI.

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, other receivables and deposits received, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 1 year from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company identifies a financial asset as being in default when internal or external information suggests that the debtor is unlikely to fulfill its obligations to creditors, irrespective of any collateral held by the Company.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instruments.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

j. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of computer equipment. Sales of computer equipment are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Revenue from the rendering of services is income arising from the rendering of services under a contract and is recognized based on the degree of completion of the contract.

k. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Under finance lease, the lease payments comprise fixed payments. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Company's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term caused a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

l. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost including current service cost, and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

m. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable is based on taxable profit for the year determined according to the applicable tax laws of each tax jurisdiction.

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

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Based on the assessment of the Company's management, the accounting policies, estimates, and assumptions adopted by the Company have not been subject to material accounting judgements, estimates and assumptions uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2024	2023
Cash on hand	$ 1,237	$ 1,220
Demand deposits	95,374	124,949
Cash equivalents		
Time deposits	73,600	144,680
Repurchase agreements collateralized by commercial papers	372,047	185,507
	$ 542,258	$ 456,356

The market rate intervals of time deposits and repurchase agreements collateralized by commercial papers at the end of the year were as follows:

	December 31	
	2024	2023
Time deposits	1.29%	1.09%-5.63%
Repurchase agreements collateralized by commercial papers	1.49%-1.50%	1.32%-1.35%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2024	2023
Non-current		
Investments in equity instruments at FVTOCI		
Domestic unlisted ordinary shares	$ 28,631	$ 25,432
Domestic unlisted preference shares	9,100	9,100
Domestic listed ordinary shares	6,728	5,808
	$ 44,459	$ 40,340

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these equity instruments investment as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

8. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLES

	December 31	
	2024	2023
Notes and accounts receivable		
At amortized cost		
Gross carrying amount	$ 78,185	$ 53,458
Less: Allowance for impairment loss	(440)	(514)
	$ 77,745	$ 52,944

The average credit period of sales of goods is 60 days, and no interest is charged on unpaid accounts receivable.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits and credit approvals to ensure that appropriate follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes and trade receivables based on the Company's provision matrix:

December 31, 2024

	Account Age of No More than 60 Days	Account Age of 61-90 Days	Account Age of 91-120 Days	Account Age of More than 120 Days	Total
Expected credit loss rate	0%-1%	1%-5%	5%-10%	100%	
Gross carrying amount	$ 71,841	$ 6,330	$ -	$ 14	$ 78,185
Loss allowance (Lifetime ECLs)	(236)	(190)	-	(14)	(440)
Amortized cost	$ 71,605	$ 6,140	$ -	$ -	$ 77,745

December 31, 2023

	Account Age of No More than 60 Days	Account Age of 61-90 Days	Account Age of 91-120 Days	Account Age of More than 120 Days	Total
Expected credit loss rate	0%-1%	1%-5%	5%-10%	100%	
Gross carrying amount	$ 42,391	$ 11,012	$ 30	$ 25	$ 53,458
Loss allowance (Lifetime ECLs)	(156)	(330)	(3)	(25)	(514)
Amortized cost	$ 42,235	$ 10,682	$ 27	$ -	$ 52,944

	For the Year Ended December 31	
	2024	2023
Balance at January 1	$ 514	$ 286
Add: Net remeasurement of loss allowance	-	228
Less: Net remeasurement of loss allowance	(74)	-
Balance at December 31	$ 440	$ 514

9. INVENTORIES

	December 31	
	2024	2023
Finished goods	$ 14,123	$ 25,602

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2024	2023
Cost of inventories sold	$ 391,565	$ 394,734
Reversal of write-downs of inventory	(18,000)	(12,200)
Profit on reversal of losses from preparation of materials	(8,300)	(12,600)
	$ 365,265	$ 369,934

Inventory write-downs were reversed as a result of inventories destocking.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2024	2023
Investments in subsidiaries	$ 1,270,135	$ 1,174,383
Investments in associates	330,208	334,876
	$ 1,600,343	$ 1,509,259

a. Investments in subsidiaries

	December 31			
	2024		2023	
Name of Subsidiary	Amount	Shareholding (%)	Amount	Shareholding (%)
Genius Holding Co., Ltd.	$ 448,350	100.00	$ 355,690	100.00
Chung-Chiang Investment Co., Ltd.	207,572	100.00	207,222	100.00
Hung-Cheng Investment Co., Ltd.	59,871	100.00	52,413	100.00
KYE International Corporation	891	100.00	2,203	100.00
KYE Systems (Hong Kong) Corporation Limited	4,621	100.00	9,482	100.00
Digilife Technologies Co., Ltd.	548,830	94.61	547,373	94.61
	$ 1,270,135		$ 1,174,383	

The Company’s subsidiary Hung-Cheng Investment Co., Ltd. adjusted its investment position in 2023, and sold financial assets measured at fair value through other comprehensive gains and losses at fair value of $1,199 thousand. Related other equity - unrealized profit on financial assets measured at fair value through other comprehensive gains for $86 thousand was transferred to retained earnings.

b. Investments in associates

	December 31	
	2024	2023
Materiality associates		
Timing Pharmaceutical Co., Ltd. (Timing Pharmaceutical Company)	$ 236,775	$ 230,682
Coretek Opto Corporation (Coretek Opto)	89,322	98,820
	326,097	329,502
Associates that are not individually material	4,111	5,374
	$ 330,208	$ 334,876

1) Material associates

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	2024	2023
Timing Pharmaceutical Company	22.64%	22.64%
Coretek Opto	30.40%	30.40%

Refer to Table 4 “Information on Investees” for the nature of activities, principal place of business and country of incorporation of the associate.

The summarized financial information below represents amounts shown in the associates’ financial statements prepared in accordance with IFRS Accounting Standards adjusted by the Company for equity accounting purposes.

Timing Pharmaceutical Company

	December 31	
	2024	2023
Current assets	$ 1,239,542	$ 1,273,016
Non-current assets	1,643,568	1,589,068
Current liabilities	(1,033,869)	(1,120,836)
Non-current liabilities	(474,715)	(390,077)
Equity	1,374,526	1,351,171
Non-controlling interests	(328,792)	(332,346)
	$ 1,045,734	$ 1,018,825
Proportion of the Company’s ownership	22.64%	22.64%
Equity attributable to the Company	$ 236,775	$ 230,682
Carrying amount	$ 236,775	$ 230,682

	For the Year Ended December 31	
	2024	2023
Operating revenue	$ 1,255,006	$ 1,346,273
Net profit for the year	$ 53,575	$ 51,627
Other comprehensive income (loss)	8,108	(3,659)
Total comprehensive income for the year	$ 61,683	$ 47,968
Dividends received from Timing Pharmaceutical Company	$ 7,778	$ 3,889

Coretek Opto

	December 31	
	2024	2023
Current assets	$ 212,087	$ 256,269
Non-current assets	155,393	186,450
Current liabilities	(76,416)	(115,040)
Non-current liabilities	(2,364)	(7,729)
Equity	$ 288,700	$ 319,950
Proportion of the Company's ownership	30.40%	30.40%
Equity attributable to the Company	$ 87,752	$ 97,251
Carrying amount	$ 89,322	$ 98,820

	For the Year Ended December 31	
	2024	2023
Operating revenue	$ 199,060	$ 265,238
Net loss for the year	$ (28,459)	$ (28,738)
Other comprehensive loss	(1,214)	(1,305)
Total comprehensive loss for the year	$ (29,673)	$ (30,043)
Dividends received from Coretek Opto	$ -	$ -

2) Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2024	2023
The Company's share of:		
Profit (loss)	$ (1,442)	$ 544
Other comprehensive income (loss)	-	-
Total comprehensive income (loss) for the year	$ (1,442)	$ 544

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Structures	Machine/ Equipment	Miscellaneous Equipment	Total
Cost					
Balance on January 1, 2024	$ 339,557	$ 171,905	$ 1,572	$ 35,381	$ 548,415
Additions	-	-	-	1,932	1,932
Disposals	-	-	-	(737)	(737)
Balance on December 31, 2024	$ 339,557	$ 171,905	$ 1,572	$ 36,576	$ 549,610
Accumulated depreciation and impairment					
Balance on January 1, 2024	$ 11,046	$ 93,526	$ 1,572	$ 29,892	$ 136,036
Disposals	-	-	-	(737)	(737)
Depreciation expenses	-	3,231	-	2,635	5,866
Balance on December 31, 2024	$ 11,046	$ 96,757	$ 1,572	$ 31,790	$ 141,165
Net amount on December 31, 2024	$ 328,511	$ 75,148	$ -	$ 4,786	$ 408,445
Cost					
Balance on January 1, 2023	$ 339,557	$ 171,905	$ 6,943	$ 32,501	$ 550,906
Additions	-	-	-	2,928	2,928
Disposals	-	-	(5,371)	(48)	(5,419)
Balance on December 31, 2023	$ 339,557	$ 171,905	$ 1,572	$ 35,381	$ 548,415
Accumulated depreciation and impairment					
Balance on January 1, 2023	$ 11,046	$ 90,295	$ 6,943	$ 27,986	$ 136,270
Disposals	-	-	(5,371)	(48)	(5,419)
Depreciation expenses	-	3,231	-	1,954	5,185
Balance on December 31, 2023	$ 11,046	$ 93,526	$ 1,572	$ 29,892	$ 136,036
Net amount on December 31, 2023	$ 328,511	$ 78,379	$ -	$ 5,489	$ 412,379

The property, plant and equipment of Company is accounted for in depreciation on a straight-line basis over the following useful lives:

Premises and buildings	50 to 55 years
Machine/equipment	3 years
Miscellaneous equipment	2 to 15 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 24.

12. LEASE AGREEMENTS

a. Right-of-use assets

	December 31	
	2024	2023
Carrying amount		
Office equipment	$ 237	$ 329

	For the Year Ended December 31	
	2024	2023
Depreciation charge for right-of-use assets		
Office equipment	$ 92	$ 92

b. Lease liabilities

	December 31	
	2024	2023
Carrying amount		
Current	$ 93	$ 92
Non-current	$ 150	$ 243

Range of discount rates for lease liabilities was as follows:

	December 31	
	2024	2023
Office equipment	1.5%	1.5%

c. Material leasing activities and terms

The Company leases certain office equipment with lease terms of 2021 to 2027. These arrangements does not contain renewal or purchase options at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2024	2023
Expenses relating to short-term leases	$ 2,495	$ -
Total cash outflow for leases	$ 2,587	$ 90

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

All lease commitments (the Company as a lessee) with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2024	2023
Lease commitments	$ 499	$ -

13. ACCOUNTS PAYABLES

No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

14. OTHER RECEIVABLES - RELATED PARTIES AND OTHER PAYABLES

The advances the Company has provided primarily for purchase of materials from Dongguan Kunying Computer Products Co., Ltd., a subsidiary of KYE Inc., through KYE Trade (HK) Co., Ltd. are accounted for separately in other receivables - related parties and other payables.

15. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

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

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

	December 31	
	2024	2023
Present value of defined benefit obligations	$ 19,458	$ 19,763
Fair value of plan assets	(20,300)	(17,694)
Deficit (surplus)	(842)	2,069
Net defined benefit liabilities (assets)	$ (842)	$ 2,069

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

	Present Value of Defined Benefit Obligations	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance on January 1, 2023	$ 30,975	$ (25,692)	$ 5,283
Current service cost	-	-	-
Net interest expense (income)	465	(389)	76
Recognized in profit or loss	465	(389)	76

(Continued)

	Present Value of Defined Benefit Obligations	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Remeasurement			
Return on plan assets (excluding any amount included in net interest)	$ -	$ (106)	$ (106)
Actuarial loss - changes in financial assumptions	278	-	278
Actuarial gain - experience adjustments	(948)	-	(948)
Recognized in other comprehensive income	(670)	(106)	(776)
Contributions from the employer	-	(2,514)	(2,514)
Benefits paid	(11,007)	11,007	-
Balance on December 31, 2023	19,763	(17,694)	2,069
Current service cost	-	-	-
Net interest expense (income)	272	(247)	25
Recognized in profit or loss	272	(247)	25
Remeasurement			
Return on plan assets (excluding any amount included in net interest)	-	(1,852)	(1,852)
Actuarial gain - changes in financial assumptions	(266)	-	(266)
Actuarial gain - experience adjustments	(311)	-	(311)
Recognized in other comprehensive income	(577)	(1,852)	(2,429)
Contributions from the employer	-	(507)	(507)
Balance on December 31, 2024	$ 19,458	$ (20,300)	$ (842)

(Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2024	2023
Selling and marketing expenses	$ 8	$ 21
General and administrative expenses	16	53
Research and development expenses	1	2
	$ 25	$ 76

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

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2024	**2023**
Discount rate	1.500%	1.375%
Expected rate of salary increase	2.250%	2.250%

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

	December 31	
	2024	**2023**
Discount rate		
0.25% increase	$ (517)	$ (551)
0.25% decrease	$ 536	$ 572
Expected rate of salary increase		
0.25% increase	$ 523	$ 556
0.25% decrease	$ (506)	$ (539)

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

	December 31	
	2024	**2023**
Expected contributions to the plan for the next year	$ 518	$ 518
Average maturity period of the defined benefit obligation	10.8 years	11.3 years

16. EQUITY

a. Share capital

	December 31	
	2024	**2023**
Shares authorized (in thousands of shares)	390,000	390,000
Capital authorized	$ 3,900,000	$ 3,900,000
Shares issued and fully paid (in thousands of shares)	221,528	221,528
Capital issued and fully paid	$ 2,215,285	$ 2,215,285

Fully paid ordinary shares, which have a par value of NT$10, carry one vote per share and the right to dividends.

The share capital retained from the authorized share capital for the issuance of employees' stock warrants is 25,000 thousand shares.

b. Capital surplus

	December 31	
	2024	2023
Issuance of ordinary shares in excess of face value	$ 41,221	$ 41,221
Treasury share transactions	156,114	156,114
Long-term investments	30,113	29,881
	$ 227,448	$ 227,216

The capital surplus from shares issued in excess of par (including ordinary shares issued in excess of face value, share capital in excess of par from share issued due to mergers, and trading of treasury stocks, etc.) and donations received may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, limited to a certain percentage of the Company's capital surplus and once a year.

The effect of equity transaction recognized in capital surplus is attributable to changes in the Company's equity when the Company has not actually acquired or disposed of an equity interest in a subsidiary, or the adjustment of capital surplus of subsidiaries recognized by the Company under the equity method, which can only be used to offset a loss.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve, and then any remaining profit together with any undistributed retained earnings dividends to shareholders. Dividends to shareholders are paid in the form of stock dividends or cash dividends, of which cash dividends shall not be less than 10% of the total amount of the dividends to shareholders, and the remaining shares shall be paid in the form of stock dividends. However, cash dividends of less than $0.1 per share shall not be paid and shall be paid in the form of stock dividends instead.

For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 18(d).

The shareholders of the Company held their regular meeting on June 21, 2019, and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). The appropriation of the Company's earnings and loss carryforwards may be made after the end of each quarter.

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

The appropriations of earnings for 2023 and 2022, which were approved in the shareholders' meetings on June 21, 2024 and June 21, 2023, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2023	**2022**
Legal reserve	$ 7,291	$ 3,622
Appropriate (reversal) of special reserve	$ (15,264)	$ 30,116
Cash dividends	$ 66,459	$ -
Cash dividends per share (NT$)	$ 0.3	$ -

The Company also resolved to distribute cash dividends to the shareholders in accordance with Article 241 of the Company Act in the shareholders' meeting on June 21, 2023 to issue cash dividends of $44,306 thousand from the capital surplus.

The appropriation of earnings for 2024, which were proposed by the Company's board of directors on March 10, 2025, were as follows:

	For the Year Ended December 31, 2024
Legal reserve	$ 14,459
Reversal of special reserve	$ (84,468)
Cash dividends	$ 132,917
Cash dividends per share (NT$)	$ 0.6

The appropriation of earnings for 2024 will be resolved by the shareholders meeting to be held on June 9, 2025.

d. Other equity items

1) Exchange differences on translation of financial statements of foreign operations

	For the Year Ended December 31	
	2024	**2023**
Balance at January 1	$ (10,418)	$ (8,938)
Recognized for the year		
Exchange differences on translation of financial statements of foreign operations	32,345	(548)
Share from associates accounted for using the equity method	2,021	(932)
Other comprehensive income recognized for the year	34,366	(1,480)
Balance at December 31	$ 23,948	$ (10,418)

2) Unrealized profit (loss) on financial assets measured at FVTOCI

	For the Year Ended December 31	
	2024	2023
Balance at January 1	$ (613,464)	$ (630,209)
Recognized for the year		
Unrealized profit or loss - equity instruments	4,119	12,813
Share from subsidiaries and associates accounted for using the equity method	(4,382)	4,018
Other comprehensive income recognized for the year	(263)	16,831
Cumulative unrealized gain or loss of equity instruments transferred to retained earnings due to disposal	(5)	(86)
Balance at December 31	$ (613,732)	$ (613,464)

17. REVENUE

	For the Year Ended December 31	
	2024	2023
Revenue from contracts with customers		
Revenue from the sale of goods	$ 583,115	$ 518,931

a. Contract information

The goods are sold at the fair value of the consideration received or receivable. The Company eliminates the estimated customer returns, discounts and other similar discounts from the amount of goods sold to determine the revenue from sale of good.

b. Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Total notes and accounts receivables (Note 8)	$ 78,185	$ 53,458	$ 58,812
Total contract liabilities - current	$ 4,047	$ 3,817	$ 13,546

c. Disaggregation of revenue

	For the Year Ended December 31	
	2024	2023
Mice	$ 234,554	$ 226,012
Keyboards	224,033	194,465
Speakers	89,994	67,717
Others	34,534	30,737
	$ 583,115	$ 518,931

18. NET PROFIT

a. Other gains and losses

	For the Year Ended December 31	
	2024	2023
Net foreign currency exchange gains	$ 10,709	$ 737
Dividend revenue	5,931	3,043
Other income and expenses	231	10,212
	$ 16,871	$ 13,992

b. Depreciation and amortization

	For the Year Ended December 31	
	2024	2023
Property, plant and equipment	$ 5,866	$ 5,185
Right-of-use assets	92	92
Other non-current assets	2,600	3,692
	$ 8,558	$ 8,969
An analysis of depreciation by function		
Operating expense	$ 5,958	$ 5,277
An analysis of amortization by function		
Operating expense	$ 2,600	$ 3,692

c. Employee benefits expense

	For the Year Ended December 31	
	2024	2023
Post-employment benefits		
Defined contribution plan	$ 2,624	$ 2,478
Defined benefit plans (Note 15)	25	76
	2,649	2,554
Termination benefits	12	-
Other employee benefits	80,912	74,997
Total employee benefit expenses	$ 83,573	$ 77,551
An analysis of employee benefits expense by function		
Operating expenses	$ 83,573	$ 77,551

d. Compensation of employees and remuneration of directors

The Company accrues compensation of employees at rates within 1% to 15% and remuneration of directors at rates of no higher than 1%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2024 and 2023, which were approved by the Company's board of directors on March 10, 2025 and March 12, 2024, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2024	**2023**
Compensation of employees	2%	2%
Remuneration of directors	1%	1%

Amount

	For the Year Ended December 31	
	2024	**2023**
Compensation of employees	$ 3,594	$ 1,823
Remuneration of directors	$ 1,796	$ 911

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2023 and 2022.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors for 2024 and 2023 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

19. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2024	**2023**
Current tax		
In respect of the current year	$ 22,696	$ 10,828
Income tax on unappropriated earnings	625	19
Adjusted for prior year	3,678	693
	26,999	11,540
Deferred tax		
In respect of the current year	4,650	4,659
Income tax expense recognized in profit or loss	$ 31,649	$ 16,199

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

	For the Year Ended December 31	
	2024	2023
Profit before tax	$ 174,296	$ 88,400
Income tax expense calculated at the statutory rate	$ 34,859	$ 17,680
Unrecognized deductible temporary differences	(10,271)	(7,744)
Nondeductible expenses in determining taxable income and tax exempt income	2,758	5,551
Adjustments for prior years' tax expense	3,678	693
Income tax levied on undistributed earnings	625	19
Income tax expense recognized in profit or loss	$ 31,649	$ 16,199

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2024	2023
Deferred tax		
In respect of the current year		
Fair value changes of financial assets at FVTOCI	$ 3,210	$ (636)
Translation of foreign operations	(8,991)	116
Remeasurement of defined benefit plans	(486)	(155)
Income tax recognized in other comprehensive income	$ (6,267)	$ (675)

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Inventories	$ 8,580	$ (3,600)	$ -	$ 4,980
Defined benefit obligations	3,999	72	-	4,071
Other non-current assets	6,574	-	-	6,574
Investments accounted for using the equity method	16,234	575	-	16,809
FVTOCI financial assets	30,410	-	3,210	33,620
Deferred loss on purchase contracts	5,280	(1,660)	-	3,620

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Exchange differences on translation of financial statements of foreign operations	$ 9,068	$ -	$ (87)	$ 8,981
Others	1,004	(846)	-	158
	$ 81,149	$ (5,459)	$ 3,123	$ 78,813
Deferred tax liabilities				
Temporary differences				
Exchange differences on translation of financial statements of foreign operations	$ 1,457	$ -	$ 8,904	$ 10,361
Defined benefit obligations	3,585	-	486	4,071
Investments accounted for using the equity method	10,245	(999)	-	9,246
Others	4	190	-	194
	$ 15,291	$ (809)	$ 9,390	$ 23,872

(Concluded)

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Inventories	$ 11,020	$ (2,440)	$ -	$ 8,580
Defined benefit obligations	4,486	(487)	-	3,999
Other non-current assets	6,574	-	-	6,574
Investments accounted for using the equity method	16,075	159	-	16,234
FVTOCI financial assets	31,046	-	(636)	30,410
Deferred loss on purchase contracts	7,800	(2,520)	-	5,280
Exchange differences on translation of financial statements of foreign operations	9,047	-	21	9,068
Others	432	572	-	1,004
	$ 86,480	$ (4,716)	$ (615)	$ 81,149

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax liabilities				
Temporary differences				
Exchange differences on translation of financial statements of foreign operations	$ 1,552	$ -	$ (95)	$ 1,457
Defined benefit obligations	3,430	-	155	3,585
Investments accounted for using the equity method	10,245	-	-	10,245
Others	61	(57)	-	4
	$ 15,288	$ (57)	$ 60	$ 15,291

(Concluded)

d. Income tax assessments

The income tax returns through 2022 have been assessed by the tax authorities.

20. EARNINGS PER SHARE

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

Net profit for the year

	For the Year Ended December 31	
	2024	2023
Net profit for the year	$ 142,647	$ 72,201
Effect of potentially dilutive ordinary shares		
Compensation of employees	-	-
Earnings used in the computation of diluted earnings per share	$ 142,647	$ 72,201

Number of shares

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	For the Year Ended December 31	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	221,528	221,528
Effect of potentially dilutive ordinary shares		
Compensation of employees	94	144
Weighted average number of ordinary shares used in the computation of diluted earnings per share	221,622	221,672

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

21. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

Key management personnel of the Company review the capital structure on an annual basis. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

22. FINANCIAL INSTRUMENTS

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

Since the carrying amount of the Company's financial instruments not measured at fair value, including cash and cash equivalents, notes and accounts receivable, other receivables, deposits paid, notes and accounts payable, other payables and deposits received, is a reasonable approximation of fair value, its fair value is not disclosed.

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

1) Fair value hierarchy

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	$ -	$ -	$ 6,728	$ 6,728
Domestic unlisted shares	-	-	37,731	37,731
	$ -	$ -	$ 44,459	$ 44,459

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	$ -	$ -	$ 5,808	$ 5,808
Domestic unlisted shares	-	-	34,532	34,532
	$ -	$ -	$ 40,340	$ 40,340

There were no transfers between Levels 1 and 2 in the current and prior years.

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

For the year ended December 31, 2024

	Financial Assets at FVTOCI
Balance at January 1, 2024	$ 40,340
Recognized in other comprehensive income	4,119
Balance at December 31, 2024	$ 44,459

For the year ended December 31, 2023

	Financial Assets at FVTOCI
Balance at January 1, 2023	$ 27,527
Recognized in other comprehensive income	12,813
Balance at December 31, 2023	$ 40,340

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

For the domestic unlisted stocks held by the Company and measured at fair value, such fair value is determined by referring to the observable market price or to the comparable company. The fair value of the privately offered stocks of a domestic listed company is determined with an estimate using the option pricing model based on the observable market price of the target.

c. Categories of financial instruments

	December 31	
	2024	**2023**
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	$ 1,021,924	$ 980,199
Financial assets at FVTOCI		
Equity instruments	44,459	40,340
<u>Financial liabilities</u>		
Amortized cost (Note 2)	32,783	33,898

Note 1: The balance includes financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable and trade receivables, other receivables, other receivables - related parties and deposits paid.

Note 2: The balance includes financial liabilities at amortized cost, which comprise notes payables and trade payables, other payables and deposits received.

d. Financial risk management objectives and policies

The Company major financial instruments include equity investments, trade receivables, trade payables, borrowings and lease liabilities. The Company corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The corporate treasury function reports quarterly to the Board of Directors of the Company.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below). The Company entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company have foreign currency denominated sales and purchases, which expose the Company to foreign currency risk. All of the Company's sales is denominated in currencies other than the functional currency of the entity in the Group making the sale, whilst incoming shipments are priced in functional currency. Exchange rate exposures are managed within approved policy parameters utilizing currency option management risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 25.

Sensitivity analysis

The Company is mainly exposed to the Currency USD.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates a decrease in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	For the Year Ended December 31	
	2024	**2023**
Profit or loss (Note)	$ 804	$ 1,452

Note: The result was mainly attributable to the exposure on outstanding receivables in Currency USD that were not hedged at the end of the year.

The management considers that the sensitivity analysis cannot represent the inherent exchange rate risk. Since sales are seasonal, the foreign currency risk exposure on the balance sheet date cannot reflect the mid-year risk exposure.

b) Interest rate risk

The Company is exposed to interest rate risk because underwriting bank deposits at floating interest rates.

The carrying amounts of the Company's financial assets with exposure to interest rates at the end of the year were as follows:

	December 31	
	2024	**2023**
Fair value interest rate risk		
Financial assets	$ 445,647	$ 330,187
Cash flow interest rate risk		
Financial assets	95,374	124,949

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate assets, the analysis was prepared assuming the amount of each asset and liability outstanding at the end of the year was outstanding for the whole year.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2024 and 2023 would have increased/decreased by $275 thousand and $390 thousand, respectively, which was mainly a result of variable-rate deposit.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes. The Company manages this exposure by maintaining a portfolio of investments with different risks. The Company's equity price risk is mainly concentrated in equity instruments operating in electronic industry sector quoted in the Taiwan Stock Exchange. In addition, the Company has appointed a special team to monitor the price risk.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2024 and 2023 would have increased/decreased by $445 thousand and $403 thousand, respectively, as a result of the changes in fair value of financial assets at FVOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation, primarily originating from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company credit risk was significantly reduced.

Since the counterparty of current funds is a financial institution with a good credit rating, the Company do not expect any material credit risk.

Accounts are receivable from a lot of customers in different industries and geographical areas. The Company have continued to assess the financial conditions of the customers from whom accounts are receivable and will, if necessary, purchase credit guarantee insurance contracts.

As of December 31, 2024 and 2023, the balance of accounts receivable from the top 10 customers of the Company accounted for 56% and 86% of their accounts receivable, respectively. The credit concentration risk of other account receivables are not material.

3) Liquidity risk

The Company engage in management of liquidity risk for the purpose of maintaining the cash and cash equivalents necessary for operations, high-liquidity securities and adequate banking financing facilities to ensure they have sufficient financial flexibility.

Liquidity and interest rate risks table

The following table describes in detail the analysis of maturity of the remaining contracts of non-derivative financial liabilities within the repayment period agreed by the Company. The table is compiled based on the earliest date when the Company are likely to be required to make repayment and the undiscounted cash flow of financial liabilities (including principal and estimated interest).

December 31, 2024

	Less than 1 Year	1 to 2 Years	2 to 5 Years	More than 5 Years
Non-derivative financial liabilities				
Non-interest-bearing liabilities	$ 32,783	$ -	$ -	$ -
Lease liability	96	96	56	-
	$ 32,879	$ 96	$ 56	$ -

December 31, 2023

	Less than 1 Year	1 to 2 Years	2 to 5 Years	More than 5 Years
Non-derivative financial liabilities				
Non-interest-bearing liabilities	$ 33,898	$ -	$ -	$ -
Lease liability	96	96	152	-
	$ 33,994	$ 96	$ 152	$ -

23. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows:

a. Related party name and category

Name of Related Party	Relationship
KYE Systems (Hong Kong) Corporation Limited	Subsidiary
KYE Trade (HK) Co., Ltd. (KYE Trade)	Subsidiary
KYE Inc.	Subsidiary
Dongguan Kunying Computer Products Co., Ltd. (Dongguan Kunying)	Subsidiary
Coretek Opto Corporation	Associate

b. Sales of goods

Related Party Category/Name	For the Year Ended December 31 2024	2023
Sales		
KYE Trade	$ -	$ 28,323
Purchase		
KYE Trade	$ 369,055	$ 318,939

As described in Note 14 of the financial statements, the Company conducts purchase transactions with KYE Trade where the Company purchases raw materials and processes them, together with the raw materials purchased by the Company's subsidiary in Mainland China, into finished goods, which are then resold to the Company. In the Company's purchase transactions with KYE Trade, the Company agree to bear the losses of the Company's subsidiary in China from preparation of materials. In 2024 and 2023, the Company recognized $8,300 thousand and $12,600 thousand as profits on reversal of losses from preparation of materials, respectively. As of December 31, 2024 and 2023, the Company recognized $18,100 thousand and $26,400 thousand as provisions for losses from preparation of materials, respectively, which were accounted for in cost of sales and other current liabilities.

The balance of other receivables to related parties on the balance sheet date is as follows:

Related Party Category/Name	December 31 2024	2023
Dongguan Kunying	$ 400,967	$ 470,529

The balance of payables to related parties on the balance sheet date is as follows:

Related Party Category/Name	December 31 2024	2023
Subsidiary	$ -	$ 31

The outstanding balance of payables to related parties is not secured and will be paid in cash. No guarantee has been requested for payments receivable from related parties.

The balance of other payables to related parties (including expenses payable) on the balance sheet date is as follows:

Related Party Category/Name	December 31 2024	December 31 2023
Subsidiary	$ 816	$ 4,870

c. Lease arrangements

Related Party Category/Name	For the Year Ended December 31 2024	For the Year Ended December 31 2023
Rent revenue		
Associate	$ 19	$ -

The Company leased the part of the offices to associate. The lease terms are similar to those of general non-related parties.

d. Remuneration of key management personnel

	For the Year Ended December 31 2024	For the Year Ended December 31 2023
Short-term employee benefits	$ 22,301	$ 20,616
Post-employment benefits	365	330
	$ 22,666	$ 20,946

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

24. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets have been pledged or mortgaged to banks as collateral for issuance of letters of credit and short-term loan limit guarantees:

	December 31 2024	December 31 2023
Property, net	$ 339,600	$ 340,944

25. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 2,454	32.785	$ 80,439
RMB	5,202	4.478	23,294
Investments accounted for using the equity method			
USD	13,703	32.785	449,241
RMB	918	4.478	4,111
HKD	1,095	4.222	4,621

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 4,728	30.705	$ 145,171
RMB	15,285	4.327	66,140
Investments accounted for using the equity method			
USD	11,656	30.705	357,893
RMB	1,242	4.327	5,374
HKD	2,413	3.929	9,482
Financial liabilities			
Monetary items			
RMB	41,394	4.327	179,112

For the years ended December 31, 2024 and 2023, realized and unrealized foreign exchange gains were $10,709 thousand and $737 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies.

26. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

   1) Funds loaned to others: None.

2) Endorsements/guarantees to others: None.

3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Table 1.

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 2.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3.

9) Trading in derivative instruments: None.

b. Information on investees: Table 4.

c. Information on investments in mainland China:

1) Information on any investee company in mainland China, showing the name, principal business activities, item, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 5.

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 2, Table 3 and Table 5.

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 6)

KYE SYSTEMS CORP.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2024
(Amounts in Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024			
				Number of Shares/Units (Thousand Shares/Units)	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 1)
KYE Systems Corp.	Shares						
	Monterey International Corp.	None	Financial assets measured at fair value through other comprehensive income - non-current	1,973	$ 28,631	7.71	$ 28,631
	Ta Shee Resort Co., Ltd. (preferred shares)	None	Financial assets measured at fair value through other comprehensive income - non-current	-	9,100	-	9,100
	Unity Opto	None	Financial assets measured at fair value through other comprehensive income - current	1,913	- (Note 2)	-	- (Note 2)
	Aiptek (private placement)	None	Financial assets measured at fair value through other comprehensive income - non-current	472	6,728	1.70	6,728
	Unity Opto (private placement)	None	Financial assets measured at fair value through other comprehensive income - non-current	15,789	- (Note 2)	3.42	- (Note 2)

Note 1: The market price is determined as follows: The price of listed/OTC, privately offered stocks whose trading is restricted is estimated using a valuation method. The price of domestic non-listed/non-OTC stocks is calculated using a valuation method.

Note 2: Since Unity Opto has ceased trading since April 7, 2020, and there is no open market price and verifiable financial figures as the evaluation basis, the Company and its subsidiaries have assessed the fair value of equity as 0.

Note 3: The securities held at end of the period did not provided guarantees or pledged loans.

TABLE 2

KYE SYSTEMS CORP.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivables (Payables)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
KYE Systems Corp.	KYE Trade (HK) Co., Ltd.	Sub-subsidiary	Purchase (Note)	$ 369,055	100	Offset against the receivables from time to time	-	-	$ -	-	
KYE Trade (HK) Co., Ltd.	Dongguan Kunying Computer Products Co., Ltd.	The parent company is the same	Purchase	369,248	100	Offset against the receivables from time to time	-	-	-	-	

Note: The Company’s purchase transaction with KYE Trade is purchasing of raw materials by Dongguan Kunying and processed into finished products to sell back to the Company. The accounts payable arising from the Company’s purchase transactions shall be offset against the receivables and receivables arising from the group’s internal pricing, mutual advance payment of operating expenses and other items from time to time.

KYE SYSTEMS CORP.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2024
(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
KYE Systems Corp.	KYE Trade (HK) Co., Ltd.	Sub-subsidiary	$ 400,967	(Note)	(Note)	(Note)	(Note)	$ -
KYE Trade (HK) Co., Ltd.	Dongguan Kunying Computer Products Co., Ltd.	The parent company is the same	400,967	(Note)	(Note)	(Note)	(Note)	-

Note: In addition to the receivables of the Company's purchasing of raw materials, which are offset against the payables from time to time when the finished products are bought back, it also includes the receipt and payment of remittances from and remittances to Dongguan Kunying, and the sum of total amount of debits and credits to other receivables arising from the Company's internal pricing, mutual advance payment of operating expenses and other items.

KYE SYSTEMS CORP.

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2024	December 31, 2023	Number of Thousand Shares	%	Carrying Amount			
KYE Systems Corp.	Genius Holding Co., Ltd.	British Cayman Islands	Investment holdings	US$ 28,467	US$ 28,467	21,467	100.00	$ 448,350	US$ 2,007	$ 64,183	Subsidiary
	Chung-Chiang Investment Co., Ltd.	New Taipei City	Investment business	227,482	227,482	20,700	100.00	207,572	1,309	1,309	Subsidiary
	Hung-Cheng Investment Co., Ltd.	Taipei City	Investment business	85,000	85,000	9,578	100.00	59,871	1,938	1,938	Subsidiary
	KYE International Corporation	United States	Sales of computer peripherals and consumer electronics	US$ 2,610	US$ 2,610	235	100.00	891	US$ (45)	(1,432)	Subsidiary
	KYE Systems (Hong Kong) Corporation Limited	Hong Kong	Sales of computer peripherals and consumer electronics	HK$ 500	HK$ 500	500	100.00	4,621	-	-	Subsidiary
	Digilife Technologies Co., Ltd.	Taipei City	Digital video/audio products	652,962	652,962	51,563	94.61	548,830	4,994	4,725	Subsidiary
	Star Reach Limited	Samoan Islands	Investment holdings	US$ 417	US$ 417	-	25.00	4,111	RMB (1,295)	(1,442)	Investments accounted for using the equity method
	Timing Pharmaceutical Co., Ltd.	New Taipei City	Manufacturing of Chinese medicine	288,184	288,184	19,446	22.64	236,775	53,575	11,807	Investments accounted for using the equity method
	Coretek Opto Corporation	Hsinchu City	R&D, design, manufacturing and sales of optical fiber transceiver module	111,880	111,880	10,605	30.40	89,322	(28,459)	(9,130)	Investments accounted for using the equity method

KYE SYSTEMS CORP.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024
					Outward	Inward						
Dongguan Kunying Computer Products Co., Ltd.	R&D, manufacturing and sales of computer peripherals, consumer electronics and video image products	US$ 15,965	Indirect investment by KYE Inc. through Genius Holding Co., Ltd. with a 100% shareholding	US$ 15,965	$ -	$ -	US$ 15,965	$ 29,814	100	$ 29,814	US$ (8,519)	$ -
Dongguan Chiaying Electronics Co., Ltd.	Manufacturing and sales of computer accessories, appliances and molds	RMB 3,722	Indirect investment by Chia Ying Plastics (HK) Co., Limited through Star Reach Limited, with the former investing 25% of working capital	US$ 417	-	-	US$ 417	RMB (1,295)	25	1,442	4,111	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2024	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
US$35,431 (Note 2)	US$27,199 (Note 2)	$1,858,363 (Note 1)

Note 1: It is calculated at 60% of the net asset value.

Note 2: KYE originally made indirect investments in Shanghai Global Lighting Technologies Inc., Suzhou Global Lighting Technologies Inc, and Suzhou Opto Technologies Inc. through Global Lighting Technologies Inc. Since Global Lighting Technologies Inc. has been traded publicly at the Taiwan Stock Exchange since July 28, 2011, please refer to the financial statements published by the Company for this information.

Note 3: With respect to the profit/loss on investments recognized in the current year, the investee companies in Mainland China have been audited and certified by the same CPA firm in Taiwan as that engaged by the parent company.

TABLE 6

KYE SYSTEMS CORP.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2024

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Ching-Hsin Cho	11,959,488	5.39

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

KYE SYSTEMS CORP.

TABLE OF CONTENTS OF STATEMENTS OF MAJOR ACCOUNT TITLES

KYE SYSTEMS CORP.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Summary	Amount
Cash		
Cash on hand	Including US$26 thousand, EUR4 thousand, HK$27 thousand, RMB1 thousand and NT$139 thousand	$ 1,237
Bank deposits		
Foreign currency deposits	Including US$56 thousand, EUR57 thousand, HK$401 thousand and RMB5,201 thousand	28,789
Demand deposits		66,585
Cash equivalents		
Time deposits	Interest rates at 1.29%, expired on January to February 2025.	73,600
Repurchase of commercial papers	Interest rates at 1.49% to 1.50%	372,047
		$ 542,258

Note: USD, EUR, HKD and RMB are translated at the exchange rates of US$1=$32.785, EUR1=$34.140, HK$1=$4.222 and RMB1=$4.478, respectively.

KYE SYSTEMS CORP.

STATEMENT OF NOTES AND ACCOUNTS RECEIVABLES
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Name of Customer	Amount
Non-related party	
Company A	$ 14,357
Company B	9,108
Company C	8,407
Company D	5,238
Company E	5,024
Company F	4,963
Company G	4,931
Others (Note)	26,157
	78,185
Loss allowance	(440)
Net notes and accounts receivables	$ 77,745

Note: The balance of each customer did not exceed 5% of the balance of the account on the financial statements.

KYE SYSTEMS CORP.

STATEMENT OF INVENTORIES
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Amount	Market Price (Note 1)
Finished goods	$ 14,123	$ 18,991

Note: The market price is valuated at the net realizable value.

KYE SYSTEMS CORP.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FVTOCI - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

	Opening Balance		Increase in the Current Year		Decrease in the Current Year		Closing Balance		Provided as	
Name	Number of Shares	Carrying Value	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Carrying Value	Collateral or Pledged	Remarks
Monterey International Corp.	1,972,950	$ 25,432	-	$ 3,199	-	$ -	1,972,950	$ 28,631	None	Common shares (Note)
Ta Shee Resort Co., Ltd.	2	9,100	-	-	-	-	2	9,100	None	Preferred shares
Alitek International Inc.	472,156	5,808	-	920	-	-	472,156	6,728	None	Common shares (Note)
Unity Opto Technology Co., Ltd.	15,789,000	-	-	-	-	-	15,789,000	-	None	Common shares
		$ 40,340		$ 4,119		$ -		$ 44,459		

Note: Increase during the year is recognized gain on valuation.

KYE SYSTEMS CORP.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Except Unit Price)

	Opening Balance		Increase in the Current Year (Note 1)		Decrease in the Current Year (Note 2)		Closing Balance			Net market Price or Equity (Note 3)		Provided as Collateral or Pledged
Name	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Shareholding (%)	Number of Shares	Amount	Unit Price	Total Amount	
Genius Holding Co., Ltd.	21,467,377	$ 355,690	-	$ 108,708	-	$ 16,048	100.00	21,467,377	$ 448,350	20.90	$ 448,600	None
Chung-Chiang Investment Co., Ltd.	20,700,000	207,222	-	1,309	-	959	100.00	20,700,000	207,572	10.03	207,572	〃
Hung-Cheng Investment Co., Ltd.	9,578,103	52,413	-	10,597	-	3,139	100.00	9,578,103	59,871	6.25	59,871	〃
KYE International Corporation	235,000	2,203	-	121	-	1,433	100.00	235,000	891	3.79	891	〃
KYE Systems (Hong Kong) Corporation Limited	500,000	9,482	-	132	-	4,993	100.00	500,000	4,621	9.24	4,621	〃
Digilife Technologies Co., Ltd.	51,562,598	547,373	-	4,894	-	3,437	94.61	51,562,598	548,830	10.64	548,830	〃
Star Reach Limited	-	5,374	-	179	-	1,442	25.00	-	4,111	-	4,111	〃
Timing Pharmaceutical Co., Ltd.	19,445,600	230,682	-	13,877	-	7,784	22.64	19,445,600	236,775	12.18	236,775	〃
Coretek Opto Corporation	10,604,765	98,820	-	-	-	9,498	30.40	10,604,765	89,322	8.27	87,752	〃
		$ 1,509,259		$ 139,817		$ 48,733			$ 1,600,343		$ 1,599,023	

Note 1: It includes profit on investments accounted for using the equity method, adjustment to foreign currency translation, adjustment to unrealized gross sales margin, unrealized profit/loss on financial products and adjustment to capital reserves in the current year.

Note 2: It includes loss on investments accounted for using the equity method, adjustment to foreign currency translation, cash dividends and unrealized profit/loss on financial products in the current year.

KYE SYSTEMS CORP.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Opening Balance	Increase in the Current Period	Decrease in the Current Period	Closing Balance	Remarks
Office equipment	$ 550	$ -	$ -	$ 550	

STATEMENT 7

KYE SYSTEMS CORP.

STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Opening Balance	Increase in the Current Period	Decrease in the Current Period	Closing Balance	Remarks
Office equipment	$ 221	$ 92	$ -	$ 313	Note

Note: Depreciation is provided on a straight-line basis over the following useful lives: Office equipment 5 years.

STATEMENT 8

KYE SYSTEMS CORP.

STATEMENT OF OTHER NON-CURRENT ASSETS
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Amount	Remarks
Non-operating assets	$ 9,481	
Unamortized expenses - others	754	Amortized over 2 years
Deposits paid	566	
	$ 10,801	

STATEMENT 9

KYE SYSTEMS CORP.

STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Amount
Related party	
Others	$ 816
Non-related party	
Salaries and bonuses payable	18,946
Service fees payable	2,866
Market promotion fees payable	2,180
Others (Note)	7,915
	31,907
	$ 32,723

Note: The balance of each account did not exceed 5% of the balance of the account on the financial statements.

KYE SYSTEMS CORP.

STATEMENT OF OTHER CURRENT LIABILITIES
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Amount
Provision for losses on purchase guarantees	$ 18,100
Payments received on behalf of others	8,043
Sales tax payable	3
	$ 26,146

STATEMENT 11

KYE SYSTEMS CORP.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Summary	Lease Term	Discount Rate	Closing Balance	Remarks
Office equipment - current	Printing equipment	January - December 2025	1.5%	$ 93	
Office equipment - non-current	Printing equipment	January 2026 - July 2027	1.5%	150	
				$ 243	

KYE SYSTEMS CORP.

STATEMENT OF NET OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Volume (Piece)	Amount
Mice	2,183,484	$ 234,554
Keyboards	1,164,529	224,033
Speakers	425,479	89,994
Others	280,800	34,534
		$ 583,115

STATEMENT 13

KYE SYSTEMS CORP.

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw material consumption	
Starting raw materials	$ -
Add: Raw materials purchased	290
Less: Ending raw materials	-
Cost of sale of raw materials	(284)
Consumption in the current year	6
Transferred to other expenses	(6)
Add: Manufacturing overhead	7
Input cost in the current year	7
Add: Starting work in process	-
Work in process purchased in the current year	13
Finished goods is reworked and transferred to work in progress	1,333
Less: Ending work in process	-
Cost of sale of work in process	-
Transferred to other titles	(163)
Cost of finished goods	1,190
Add: Starting finished goods	25,602
Finished goods purchased in the current year	368,752
Less: Ending finished goods	(14,123)
Transferred to other titles	(16,440)
Cost of sale of finished goods	364,981
Cost of sale of raw materials	284
Cost of sale of works in process	-
Total operating costs	$ 365,265

KYE SYSTEMS CORP.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Expected Credit Loss Reversed	Total
Salary expense	$ 19,647	$ 41,890	$ 1,879	$ -	$ 63,416
Service expense	2,991	14,180	-	-	17,171
Others (Note)	14,408	45,832	335	-	60,575
Expected credit loss reversed	-	-	-	(74)	(74)
	$ 37,046	$ 101,902	$ 2,214	$ (74)	$ 141,088

Note: The balance of each account did not exceed 5% of the balance of the account on the financial statements.

KYE SYSTEMS CORP.

STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

	2024			2023		
	Classified as Operating Cost	Classified as Operating Expense	Total	Classified as Operating Cost	Classified as Operating Expense	Total
Employee benefit expenses						
Salary expense	$ -	$ 63,416	$ 63,416	$ -	$ 59,995	$ 59,995
Labor and national health insurance expenses	-	5,497	5,497	-	5,672	5,672
Pension expense	-	2,649	2,649	-	2,554	2,554
Remuneration for directors	-	5,996	5,996	-	5,111	5,111
Other employee benefit expenses	-	6,015	6,015	-	4,219	4,219
	$ -	$ 83,573	$ 83,573	$ -	$ 77,551	$ 77,551
Depreciation expense	$ -	$ 5,958	$ 5,958	$ -	$ 5,277	$ 5,277
Amortization expense	$ -	$ 2,600	$ 2,600	$ -	$ 3,692	$ 3,692

Notes:

1. The numbers of employees in the current and previous years are 64 and 62 respectively, and the numbers of non-employee directors both are 6.

2. a. The average employee benefit expense in the current year is $1,338 thousand (“Total employee benefit expense in the current year - total remuneration for directors”/”Number of employees in the current year - number of non-employee directors”).

   The average employee benefit expense in the previous year was $1,294 thousand (“Total employee benefit expense in the previous year - total remuneration for directors”/”Number of employees in the previous year - number of non-employee directors”).

   b. The average employee salary expense in the current year is $1,093 thousand (“Total salary expense in the current year”/”Number of employees in the current year - number of non-employee directors”).

   The average employee salary expense in the previous year was $1,071 thousand (“Total salary expense in the previous year”/”Number of employees in the previous year - number of non-employee directors”).

   c. The change in adjustment to the average employee salary expense is an increase by approximately 2% (“Average employee salary expense in the current year - average employee salary expense in the previous year”/”Average employee salary expense in the previous year”).

   d. The Company do not have any supervisor, and we have established an Audit Committee in accordance with the law to substitute for the powers of supervisors.

   e. In accordance with Article 25 of the Articles of Incorporation, with respect to the remuneration for the Company’s directors and independent directors, no more than 1% of the Company’s profit in the current year may be appropriated as the remuneration for directors in the current year. To provide reasonable remuneration, we may consider the overall operating results of the Company and the contribution of a director to the Company’s performance. Regarding the policy of the remuneration for the President and Vice President, the remuneration is paid in accordance with the company personnel regulations and based on the salary level for such positions in the market of the industry, the scope of powers and responsibilities of such positions in the company, and their contribution to the Company’s operational goals. The procedures for determination of remuneration not only takes into account the Company’s overall operating performance and future operational risks and trends of development in the industry, but also considers the rate of achievement of personal performance and personal contribution to the Company’s performance in order to provide reasonable remuneration. The relevant performance evaluations and the reasonableness of remuneration are reviewed and approved by the Remuneration Committee and the Board of Directors, and the remuneration system is also reviewed from time to time according to the actual status of operations and the applicable laws in order to ensure a balance between the Company’s sustainable management and risk control.