Stock Code: 4555

TAIWAN CHELIC CO., LTD. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report

2024 and 2023

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

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Tel: (02)29041235

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Declaration of Consolidated Financial Statements of Affiliated Enterprises

Considering that the companies to be included into the consolidated financial statements of affiliated enterprises under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises " were the same as those to be included into the consolidated financial statements of the parent and subsidiaries for 2024 (from January 1, 2024 through December 31, 2024) under IFRS 10 and the related information to be disclosed in the consolidated financial statements of affiliated companies were already disclosed in said consolidated financial statements of the parent and subsidiaries, no consolidated financial statements of affiliated enterprises were prepared separately.

In witness thereof, the Declaration is hereby presented.

Company Name: TAIWAN CHELIC CO., LTD.

Person in charge: Ping Cheng Yu

March 4, 2025

Independent Auditors' Report

To TAIWAN CHELIC CO., LTD.:

Audit opinion

We have audited the consolidated balance sheet of TAIWAN CHELIC CO., LTD. and its subsidiaries (collectively referred to as the "Group" hereinafter) as of December 31, 2024 and 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flow for the period from January 1 through December 31, 2024 and 2023 and the notes to the consolidated financial statements (including the summary of significant accounting policies).

In our opinion, based on our audit, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31,2024 and 2023, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC interpretations, and SIC interpretations that were endorsed and enforced by the Financial Supervisory Commission (FSC).

Basis of Audit Opinion

We conducted our entrusted audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards. Our responsibilities under those standards are further described in the section titled "Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" in our report. We were independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and fulfilled all other responsibilities thereunder. Based on our audits, 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 refer to, based on our professional judgment, the most important matters for auditing the Group's consolidated financial statements for 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon. As such, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2024 are stated as follows:

Key Audit Matters

The Group has a wider customer base and is mainly engaged in production and sale of "pneumatic components". Considering marketplace competition and the obligation to fulfill shareholders' and external investors' expectations, the management should be facing the pressure to achieve the operating revenue targets. Given so, we believe that the authenticity of sales revenue from the Group's customers who constitute a relatively high proportion of sales and whose individual change in sales is greater than the average change in sales will materially impact the financial statements, so we identify sales revenue from the said customers as the key audit matter. For the accounting policy for the recognition of relevant revenue, please refer to Note 4 (11) of the Consolidated Financial Statements; for operating revenue, please refer to Note 21 of the Consolidated Financial Statements.

Our audit procedures include the following:

1. Understand and test the effectiveness of the design and implementation of the internal control system intended to control sales revenue of the above-mentioned customers.
2. Sample the details of sale to the above-mentioned customers, e.g., original order, external supporting documents, and payment collection, and check them for the authenticity of the sales transaction.

Other Matters

We have also audited the Parent Company Only Financial Statements of TAIWAN CHELIC CO., LTD. for the years 2024 and 2023, for which we have issued an independent auditor's report with an unmodified opinion for reference.

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

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

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

The Group's governance body (including the Audit Committee) was responsible for supervising the financial reporting procedures.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

We exercise professional judgment and maintain professional skepticism when carrying out the audit in accordance with the auditing standards. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are

required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements fairly represent the underlying transactions and events.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit; we remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence under The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and communicate to 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 Group's consolidated financial statements for the year 2024 and are therefore the key audit matters. We describe these matters in our 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.

Deloitte & Touche Taiwan

CPA: Chao-Mei Chen

Approval No. from the Securities and Futures Commission:
Tai-Tsai-Cheng VI #0920123784

CPA: Cheng-Chuan Yu

Approval No. from the Securities and Futures Commission:
Tai-Tsai-Cheng VI #0930128050

March 4, 2025

TAIWAN CHELIC CO., LTD. and Subsidiaries

Consolidated Balance Sheet

December 31, 2024 and 2023

Unit: NT$1,000

Code	Assets	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 827,224	19	$ 740,489	17
1150	Notes receivable, net (Notes 4, 8 and 21)	47,890	1	50,428	1
1160	Notes receivable due from related parties (Notes 4, 8, 21, and 28)	2,239	-	-	-
1170	Accounts receivable, net (Notes 4, 8 and 21)	308,134	7	274,021	6
1180	Accounts receivable due from related parties (Notes 4, 8, 21, and 28)	34,594	1	22,887	1
1200	Other receivables (Notes 4 and 8)	1,299	-	2,204	-
1210	Other receivables due from related parties (Notes 4, 8, and 28)	-	-	9,866	-
1220	Current tax assets (Notes 4 and 23)	9,624	-	-	-
130X	Inventories (Notes 4, and 9)	844,405	19	925,832	21
1479	Other-current assets (Note 14 and 28)	66,120	2	55,076	1
11XX	Total current assets	2,141,529	49	2,080,803	47
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	38,658	1	21,933	1
1600	Property, plant, and equipment, net (Notes 11, 28 and 29)	2,008,499	46	2,068,024	47
1755	Right-of-use assets (Notes 4, 12, and 29)	147,997	3	151,442	3
1821	Intangible assets (Notes 4 and 13)	9,434	-	12,163	-
1840	Deferred tax assets (Notes 4 and 23)	41,866	1	63,446	2
1990	Other non-current assets (Note 14)	13,546	-	11,798	-
15XX	Total non-current assets	2,260,000	51	2,328,806	53
1XXX	Total Assets	$ 4,401,529	100	$ 4,409,609	100

Code	Liabilities and Equity	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	Current liabilities				
2100	Short-term borrowings (Note 15)	$ 269,560	6	$ 286,540	7
2130	Contract liabilities (Note 21)	12,129	-	8,466	-
2150	Notes payable (Note 17)	218	-	-	-
2170	Accounts payable (Note 17)	136,010	3	97,280	2
2180	Accounts payable to related parties (Note 28)	-	-	1,775	-
2219	Other payables (Note 18)	112,832	3	112,886	3
2220	Other payables to related parties (Note 28)	356	-	351	-
2230	Current tax liabilities (Notes 4 and 23)	3,263	-	6,146	-
2280	Lease liabilities - current (Notes 4 and 12)	6,490	-	5,503	-
2321	Bonds payable, current portion (Notes 4 and 16)	556,139	13	-	-
2322	Long-term borrowings, current portion (Notes 15 and 29)	59,831	1	33,593	1
2399	Other current liabilities (Note 18)	1,556	-	1,313	-
21XX	Total current liabilities	1,158,384	26	553,853	13
	Non-current liabilities				
2530	Bonds payable (Notes 4 and 16)	-	-	584,228	13
2540	Long-term borrowings (Notes 15 and 29)	309,476	7	369,243	8
2570	Deferred tax liabilities (Notes 4 and 23)	746	-	-	-
2580	Lease liabilities - non-current (Notes 4 and 12)	15,439	1	20,273	1
2670	Other non-current liabilities (Note 18)	584	-	565	-
25XX	Total non-current liabilities	326,245	8	974,309	22
2XXX	Total liabilities	1,484,629	34	1,528,162	35
	Equity attributable to owners of the Company (Note 20)				
	Share capital				
3110	Common stock	699,840	16	693,132	16
3200	Capital surplus	729,041	16	733,519	16
	Retained earnings				
3310	Legal reserve	314,038	7	314,038	7
3320	Special reserve	190,924	5	155,050	4
3350	Undistributed earnings	975,298	22	1,071,080	24
3300	Total retained earnings	1,480,260	34	1,540,168	35
3400	Other equity interest	(86,376)	(2)	(172,679)	(4)
31XX	Total equity attributable to owners of the Company	2,822,765	64	2,794,140	63
36XX	Non-controlling interests (Notes 10 and 20)	94,135	2	87,307	2
3XXX	Total equity	2,916,900	66	2,881,447	65
	Total Liabilities and Equity	$ 4,401,529	100	$ 4,409,609	100

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

Chairman: YU, PING-CHENG   Manager: YU, PING-CHENG   Accounting manager: SU, CHIH-AN

TAIWAN CHELIC CO., LTD. and Subsidiaries

Consolidated Statement of Comprehensive Income

January 1 through December 31, 2024 and 2023

Unit: NT$1000, except earnings (losses) per share, which is expressed in NT$1

Code		2024 Amount	2024 %	2023 Amount	2023 %
	Operating revenue (Notes 4, 21, and 28)				
4100	Sales revenue	$ 1,491,488	100	$ 1,377,230	100
	Operating expenses (Notes 9, 22 and 28)				
5110	Cost of sales	(1,102,797)	(74)	(1,004,354)	(73)
5900	Gross profit	388,691	26	372,876	27
	Operating expenses (Note 22)				
6100	Selling expenses	(162,101)	(11)	(139,362)	(10)
6200	Administration expenses	(152,634)	(10)	(145,772)	(11)
6300	Research and development expense	(109,247)	(7)	(111,348)	(8)
6450	Expected credit reversal gains (Note 8)	(5,781)	(1)	2,497	-
6000	Total operating expenses	(429,763)	(29)	(393,985)	(29)
6900	Operating Losses	(41,072)	(3)	(21,109)	(2)
	Non-operating income and expenses (Note 22)				
7100	Interest revenue	6,438	1	6,324	1
7010	Other income	14,383	1	12,435	1
7020	Other gains and losses	12,565	1	4,356	-
7050	Financial costs	(29,612)	(2)	(27,813)	(2)
7000	Total non-operating income and expenses	3,774	1	(4,698)	-
7900	Net losses before tax	(37,298)	(2)	(25,807)	(2)
7950	Income tax expense (Notes 4 and 23)	(13,445)	(1)	(7,866)	-
8200	Net losses in the current year	(50,743)	(3)	(33,673)	(2)

(Continued)

(Continued)

Code		2024 Amount	2024 %	2023 Amount	2023 %
	Other comprehensive income (Note 20 and 23)				
8310	Items not reclassified subsequently to profit or loss:				
8316	Unrealized valuation gain (loss) on equity instruments measured at fair value through other comprehensive income	$ 15,874	1	$ 1,903	-
	Items that might subsequently be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	91,103	6	(48,866)	(4)
8399	Income tax related to items that might be reclassified to profit or loss	(17,607)	(1)	9,444	1
8360		73,496	5	(39,422)	(3)
8300	Other comprehensive income in the current year (net after tax)	89,370	6	(37,519)	(3)
8500	Total comprehensive income in the current year	$ 38,627	3	($ 71,192)	(5)
8600	Net profit (losses) attributable to:				
8610	Owners of the Company	($ 59,908)	(4)	($ 34,955)	(2)
8620	Non-controlling interest	9,165	1	1,282	-
		($ 50,743)	(3)	($ 33,673)	(2)
	Total comprehensive income attributable to:				
8710	Owners of the Company	$ 26,395	2	($ 70,829)	(5)
8720	Non-controlling interest	12,232	1	(363)	-
8700		$ 38,627	3	($ 71,192)	(5)
	Losses per share (Note 24)				
	From continuing operations				
9710	Basic	($ 0.86)		($ 0.51)	

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

Chairman: YU, PING-CHENG Manager: YU, PING-CHENG Accounting manager: SU, CHIH-AN

TAIWAN CHELIC CO., LTD. and Subsidiaries

Consolidated Statement of Changes in Equity

January 1 through December 31, 2024 and 2023

Unit: NT$1,000

		Equity attributable to owners of the Company								
				Retained earnings			Other equity interest			
Code		Share capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Non-controlling interest	Total equity
A1	Balance as of January 1, 2023	$ 681,034	$ 686,826	$ 296,874	$ 182,154	$ 1,201,655	($ 2,196)	($ 134,609)	$ 92,892	$ 3,004,630
	Appropriation and distribution of earnings in 2022 (Note 20)									
B1	Legal reserve	-	-	17,164	-	(17,164)	-	-	-	-
B3	Special reserve	-	-	-	(27,104)	27,104	-	-	-	-
B5	Cash dividends for shareholders of the Company	-	-	-	-	(105,560)	-	-	-	(105,560)
O1	Cash dividends for shareholders of subsidiaries	-	-	-	-	-	-	-	(5,222)	(5,222)
I1	Conversion of convertible corporate bonds (Notes 16 and 20)	12,098	46,693	-	-	-	-	-	-	58,791
D1	Net profit (losses) for 2023	-	-	-	-	(34,955)	-	-	1,282	(33,673)
D3	Other comprehensive income after tax in 2023 (Note 20)	-	-	-	-	-	1,903	(37,777)	(1,645)	(37,519)
D5	Total comprehensive income for 2023	-	-	-	-	(34,955)	1,903	(37,777)	(363)	(71,192)
Z1	Balance as of December 31, 2023	693,132	733,519	314,038	155,050	1,071,080	(293)	(172,386)	87,307	2,881,447
	Appropriation and distribution of earnings in 2023 (Note 20)									
B3	Special reserve	-	-	-	35,874	(35,874)	-	-	-	-
O1	Cash dividends for shareholders of subsidiaries	-	-	-	-	-	-	-	(5,452)	(5,452)
O1	Increase in non-controlling interests (Notes 20)	-	-	-	-	-	-	-	48	48
T1	Cash dividends distributed from capital surplus	-	(34,830)	-	-	-	-	-	-	(34,830)
I1	Conversion of convertible corporate bonds (Notes 16 and 20)	6,708	30,352	-	-	-	-	-	-	37,060
D1	Net profit (losses) for 2024	-	-	-	-	(59,908)	-	-	9,165	(50,743)
D3	Other comprehensive income after tax in 2024 (Note 20)	-	-	-	-	-	15,874	70,429	3,067	89,370
D5	Total comprehensive income for 2024	-	-	-	-	(59,908)	15,874	70,429	12,232	38,627
Z1	Balance as of December 31, 2024	$ 699,840	$ 729,041	$ 314,038	$ 190,924	$ 975,298	$ 15,581	($ 101,957)	$ 94,135	$ 2,916,900

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

Chairman: YU, PING-CHENG　　Manager: YU, PING-CHENG　　Accounting manager: SU, CHIH-AN

TAIWAN CHELIC CO., LTD. and Subsidiaries

Consolidated Statement of Cash Flow

January 1 through December 31, 2024 and 2023

Unit: NT$1,000

Code		2024	2023
	Cash Flows from Operating Activities		
A10000	Net losses before tax	($ 37,298)	($ 25,807)
A20010	Income and Expenses		
A20100	Depreciation	167,826	170,967
A20200	Amortization	3,608	3,777
A20300	Expected credit loss (reversal gain)	5,781	(2,497)
A20900	Financial costs	29,612	27,813
A21200	Interest revenue	(6,438)	(6,324)
A21300	Dividend revenue	(722)	-
A22500	Gain on disposal of property, plant, and equipment	(6,207)	(5,088)
A23700	Loss on inventory devaluation	2,286	36,012
A24100	Net profit on foreign currency exchange	(4,204)	(1,648)
A29900	Lease modification gains	-	(2)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	3,998	29,310
A31140	Notes receivable due from related parties	(2,227)	2,618
A31150	Accounts receivable	(30,926)	26,707
A31160	Accounts receivable due from related parties	(10,980)	104,610
A31180	Other receivables	1,023	183
A31200	Inventory	86,294	68,399
A31230	Prepayments	(10,228)	(1,349)
A31240	Other current assets	924	2,551
A32125	Contract liabilities	3,405	(1,346)
A32130	Notes payable	218	-
A32150	Accounts payable	36,012	(9,253)
A32160	Accounts payable to related parties	(1,827)	(3,318)
A32180	Other payables	3,351	(17,492)
A32190	Other payables to related parties	(7)	(83)
A32230	Other current liabilities	243	(212)
A33000	Cash inflow from operations	233,517	398,528
A33100	Interest received	6,415	6,356
A33300	Interest paid	(19,330)	(16,955)
A33500	Income taxes paid	(6,419)	(12,767)
AAAA	Net cash inflow from operating activities	214,183	375,162

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(Continued)

Code		2024	2023
	Cash Flow from Investing Activities		
B00040	Decrease in financial assets measured at amortized cost	$ -	$ 49,136
B02700	Acquisition of property, plant, and equipment	(69,737)	(101,436)
B02800	Proceeds from disposal of property, plant, and equipment	33,062	506
B03700	Increase in guarantee deposit paid	(331)	(836)
B04500	Acquisition of intangible assets	(701)	(434)
B06800	Decrease in other non-current assets	1,246	1,147
B07100	Increase (Decrease) in prepayments for equipment	(7,144)	4,765
B07600	Dividends received	722	-
BBBB	Net cash outflow from investing activities	(42,883)	(47,152)
	Cash Flow from Financing Activities		
C00100	Increase (Decrease) in short-term borrowings	(20,000)	205,940
C01300	Repayment of corporate bonds	-	(480,000)
C01600	Increase in long-term borrowing	-	350,000
C01700	Repayment of long-term borrowings	(33,529)	(78,439)
C04020	Repayment of principal of lease liabilities	(7,954)	(7,128)
C04500	Cash dividends distributed	(34,830)	(105,560)
C05800	Increase in non-controlling interests	48	-
C09900	Payment of cash dividends to non-controlling interests	(5,452)	(5,222)
CCCC	Net cash outflow from financing activities	(101,717)	(120,409)
DDDD	Effects of exchange rate changes on cash and cash equivalents	17,152	(16,691)
EEEE	Increase in cash and cash equivalents	86,735	190,910
E00100	Cash and cash equivalents - beginning of year	740,489	549,579
E00200	Cash and cash equivalents - end of year	$ 827,224	$ 740,489

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

Chairman: YU, PING-CHENG Manager: YU, PING-CHENG Accounting manager: SU, CHIH-AN

TAIWAN CHELIC CO., LTD. and Subsidiaries
Notes to the Consolidated Financial Statements
January 1 through December 31, 2024 and 2023
(In NT$ thousands, unless otherwise stated)

I. Company History

(I) TAIWAN CHELIC CO., LTD. (the "Company" hereinafter - and the "Group" for the Company and all entities controlled by the Company -) was duly incorporated on November 19, 1986 under the approval of the Ministry of Economic Affairs, with a registered capital of NT$2,000 thousand. The registered capital amounted to NT$699,840 thousand at present after instances of capital increase over the past years. The Company is mainly engaged in the design, production, and trading of pneumatic and hydraulic equipment for a variety of machinery, and the parts thereof, and electronic parts.

(II) The Company's stock has been listed and traded on the Taiwan Stock Exchange since October 27, 2015.

(III) The consolidated financial statements are stated in the functional currency of the parent company, which is New Taiwan Dollars.

II. Date and Procedures of Approval of the Financial Statements

The Consolidated Financial Statements were approved by the Board of Directors on March 4, 2025.

III. Application of New Standards, Amendments, and Interpretations

(I) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) (collectively "IFRS" (International Financial Reporting Standards) hereinafter) endorsed and put into effect by the Financial Supervisory Commission ("FSC" hereinafter)

Application of the amended IFRS endorsed and promulgated by the FSC will not cause significant changes to the Group's accounting policy.

(II) Application of the FSC-endorsed IFRS in 2025

New, Revised, or Amended Standards and Interpretations	Effective date published by the IASB
Amendments to IAS 21 - "Lack of Exchangeability"	January 1, 2025 (Note)

Note: Applicable to the annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendment, comparative periods shall not be restated. Instead, the cumulative effect of the change shall be recognized in retained earnings or the foreign currency translation reserve (as applicable), and in the affected assets and liabilities, as of the date of initial application.

(III) IFRS Accounting Standards Issued by the IASB but Not Yet Endorsed and Effective by the FSC

New, Revised, or Amended Standards and Interpretations	Effective date published by the IASB (Note)
"Annual Improvements to IFRS Standards – Volume 11"	January 1, 2026
Revised IFRS 9 and IFRS 7: "Revised the Classification and Measurement of Financial Instruments"	January 1, 2026
Revised IFRS 9 and IFRS 7: 'Contracts Involving Naturally Dependent Power	January 1, 2026
Revised IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IFRS 17 - "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
IFRS 18: "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19: "Subsidiaries with No Public Accountability: Disclosure"	January 1, 2027

Note: Unless otherwise specified, the above-mentioned new/ amended/ revised standards or interpretation shall become effective in the annual reporting periods beginning on or after each effective date.

IFRS 18: "Presentation and Disclosure in Financial Statements"

IFRS 18 will replace IAS 1 "Presentation of Financial Statements." The main changes in this standard include:

- The income statement should classify income and expense items into operating, investing, financing, income tax, and discontinued operations categories.
- The income statement should present operating profit, pre-tax profit before financing, as well as subtotals and totals for profit and loss.

- Provide guidance to strengthen the aggregation and segmentation requirements: Consolidated entities should identify assets, liabilities, equity, income, expenses, and cash flows arising from individual transactions or other matters, and classify and aggregate them based on common characteristics, ensuring that each line item presented in the primary financial statements has at least one similar characteristic. Items with dissimilar characteristics should be further segmented in the primary financial statements and notes. Consolidated entities should label such items as "Other" only when a more informative classification cannot be determined.
- Enhance disclosure of performance measures defined by management: When consolidated entities engage in public communication outside of the financial statements, or when communicating management's perspective on a particular aspect of the overall financial performance to financial statement users, they should disclose in a single note to the financial statements the performance measures defined by management. This should include a description of the measure, how it is calculated, its reconciliation with subtotals or totals defined by IFRS standards, and the impact of related adjustments on income tax and non-controlling interests.

As of the date the consolidated financial report is approved for issuance, the consolidated entity continues to assess the additional impacts of amendments to various standards and interpretations on its financial position and performance, with such impacts to be disclosed once the evaluation is complete.

IV. Summary of Significant Accounting Policies

(I) Compliance statement

The Consolidated Financial Statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS standards approved and promulgated by the FSC.

(II) Basis of preparation

The Consolidated Financial Statements have been prepared on the historical cost basis, except for financial instruments measured at fair value.

Fair value measurement inputs are classified into Level 1, 2, and 3 inputs based on the degree to which an input is observable and the significance of the input:

1. Level 1 inputs: The quoted price in an active market for identical assets or liabilities that is accessible on the measurement date (before adjustment).
2. Level 2 inputs: Other than quoted prices included in Level 1, the inputs that are observable for assets or liabilities directly (i.e. the price) or indirectly (i.e. inferred from the price).
3. Level 3 inputs: The inputs that are not observable for assets or liabilities.

(III) Criteria for classification of assets and liabilities as current or non-current

Current assets include:

1. Assets that are held mainly for trading purposes;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (excluding those that are restricted from being used for exchange or settlement of liabilities within 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities that are held mainly for trading purposes;
2. Liabilities due for settlement within 12 months after the balance sheet date (even if long-term refinancing or payment arrangement agreements have been completed after the balance sheet date but before the approval of the financial statements) shall be classified as current liabilities, and
3. liabilities for which the entity does not have a substantive right to defer settlement for at least 12 months after the balance sheet date shall also be classified as current liabilities.

Otherwise, they are classified as non-current.

(IV) Consolidated basis

The Consolidated Financial Statements are financial statements that cover the Company and its subsidiaries. The consolidated statement of comprehensive income has included the operating profit and loss of the acquired or disposed subsidiaries in the current period from the date of acquisition or to the date of disposal. The financial statements of the subsidiaries are adjusted to align their accounting policies with those of Group. All the transactions, account balances, profits, and expenses/losses between entities are eliminated during preparation of the Consolidated Financial Statements. The total comprehensive income of the subsidiaries is attributable to the owners of the Company and non-controlling interests, even if this will result in non-controlling interests featuring a deficit.

When the Group's change in the ownership interest in a subsidiary does not result in the loss of control, such change is accounted for as an equity transaction. The carrying amounts of the Group and non-controlling interests are adjusted to reflect changes in their relative interests in subsidiaries. The difference between the adjusted amount of the non-controlling interest and the fair value of the consideration paid or received is directly recognized as equity and attributable to the owners of the Company.

For details of subsidiaries, shareholding percentage in them, and their business activities, refer to Tables 6 and 7 in Note 10.

(V) Foreign currency

When preparing the their financial statements, each entity converted the transactions denominated in currencies other than their functional currency (i.e., foreign currencies) into their functional currency by applying the exchange rate prevailing on the transaction date.

Monetary items in foreign currencies are converted at the closing exchange rate on each balance sheet date. Exchange differences arising from the settlement or translation of monetary items are recognized in profit or loss for the period, except for the following items:

Non-monetary items in foreign currencies measured at fair value are translated at the exchange rate prevailing on the date the fair value was determined. The exchange differences resulting therefrom are recognized in profit or loss of the period, or in other comprehensive income when changes in fair value of such items were designated to be recognized in other comprehensive income.

Foreign-currency Non-monetary items measured at historical cost are translated at the exchange rate on the date of transaction and are not retranslated.

During preparation of the Consolidated Financial Statements, the assets and liabilities of foreign operations (including the subsidiaries of which the countries they operate or the currencies they use are different from those of the parent company) are translated into TWD at the exchange rate prevailing on each balance sheet date. The income and expense items are converted at the average exchange rate of the period, and the exchange differences resulting therefrom are recognized in other comprehensive income. The amount is then separately attributed to owners of the Company and non-controlling interest.

(VI) Inventory

Inventories include raw supplies, finished goods, work in progress, and products. Inventories are measured at the lower of cost and net realizable value. Cost and net realizable values are compared on an item by item basis, except inventories of the same category. Net realizable value refers to the estimated selling price in a normal situation less the estimated cost needed to complete the work and the estimated cost needed to complete the sale. The weighted average method is used to calculate the inventories cost.

(VII) Property, plant and equipment

Property, plant, and equipment are initially recognized at cost and subsequently at cost net of accumulated depreciation and accumulated impairment.

Property, plant, and equipment under construction is recognized at cost less accumulated impairment losses. Costs include professional services fees and borrowing costs eligible for capitalization. These assets are classified as an appropriate category under property, plant and equipment and start being depreciated when they are completed and reach the state of intended use.

Except for land, which is not depreciated, property, plant, and equipment are depreciated on a straight-line basis, with each significant component being depreciated separately. The Group reviews the estimated useful life, residual value, and method of depreciation at least once before the end of each year and prospectively recognizes the effect from changes in accounting estimate values.

When property, plant, and equipment is derecognized, the difference between the net disposal proceeds and the asset book value is recognized in profit or loss.

(VIII) Intangible assets

1. Acquired separately

Separately acquired intangible assets with a finite useful life are initially measured at cost and subsequently at the cost net of accumulated amortization and impairment losses. Amortization is carried out by the Group on a straight-line basis. The Group reviews the estimated useful life, residual value, and method of amortization at least once before the end of each year and prospectively recognizes the effects of changes in accounting estimate values.

2. Derecognition

When an intangible asset is derecognized, the difference between the net disposal proceeds and the asset's carrying amount is recognized in profit or loss for the current period.

(IX) Impairments of property, plant, and equipment, right-of-use assets, and intangible assets

The Group assesses whether there are any signs indicating that any property, plant, and equipment, right-of-use assets, or intangible assets might be impaired on each balance sheet date. If any such indication exists, then the asset's recoverable amount is estimated. When the recoverable amount of an individual asset cannot be estimated, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of the fair value less costs of sale and the value in use. When the recoverable amount of any individual assets or cash-generating units is less than their carrying amount, the carrying amount of the individual assets or cash-generating units is adjusted down to the recoverable amount, and the resulting impairment loss is recognized in profit or loss.

When the impairment loss is reversed subsequently, the carrying amount of the asset or cash-generating unit is adjusted up to the revised recoverable amount. However, the increased carrying amount shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized in prior years. The reversal of the impairment loss is recognized in profit or loss.

(X) Financial instruments

Financial assets and financial liabilities are initially recognized in the consolidated balance sheet when the Group becomes a party to the financial instrument contract.

Financial assets or financial liabilities other than those measured at fair value through profit or loss are initially recognized at the fair value plus the transaction costs that can be directly attributable to acquisition or issuance of such financial assets or liabilities. Any transaction cost directly attributable to the acquisition or issuance of the financial assets or financial liabilities measured at fair value through profit or loss is immediately recognized in profit or loss.

1. Financial asset

The arm's length transactions of financial assets are recognized and derecognized using the transaction date accounting method.

(1) Type of measurement

The Group's financial assets include financial assets measured at amortized cost and investment in equity instrument measured at fair value through other comprehensive income.

A. Financial assets at amortized cost

When the Group's invested financial assets meet both of the following two conditions, they are classified as financial assets measured at amortized cost:

a. The financial assets are held within a business model whose objective is collecting contractual cash flows; and

b. The contractual terms give rise on specified date to cash flow that are solely payments of principal and interest on the principal amount outstanding.

After the initial recognition, the financial assets measured at amortized cost (including cash and cash equivalents, notes receivable and accounts receivable [including those due from related parties], other receivables [excluding tax refund receivable], and guarantee deposits paid) are measured at the amortized cost equal to the total book value determined under the effective interest method less any impairment losses, and any foreign exchange net gain or loss is recognized in profit or loss.

Interest revenue is calculated as the effective interest rate times the total carrying amount of financial assets, except under the following two circumstances:

a. For purchased or originated credit-impaired financial assets, the interest revenue is calculated as the credit-adjusted effective interest rate times the amortized cost of the financial assets.

b. For financial assets that are not purchased or originated credit-impaired financial assets but somehow become impaired subsequently, the interest revenue is calculated as the effective interest rate times the amortized cost of the financial assets during the reporting period following the period in which credit impairment takes place.

Cash equivalents include acceptances and commercial papers that are highly liquid, readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value, and that mature within three months after the acquisition date; cash equivalents are used to meet short-term cash commitments.

B. Investment in equity instruments measured at fair value through other comprehensive income

At initial recognition, the Group may make an irrevocable election to measure the investment in equity instruments that are held not for trading, that are not recognized by the acquirer in a business merger, and that have no consideration, at fair value through other comprehensive income.

Investment in equity instruments measured at fair value through other comprehensive income is measured at fair value. Subsequent changes in the fair value are recognized in other comprehensive income and accumulated in Other equity interest. When investment is disposed of, the cumulative gain or loss is directly transferred to retained earnings and not reclassified as profit or loss.

The dividends derived investment in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss when the Group's right to receive dividends is determined, except under the circumstance that such dividends apparently represent a partial return of the investment cost.

(2) Impairment of financial assets

The Group assesses impairment losses on the financial assets (including accounts receivable) measured at amortized cost, based on the expected credit losses on each balance sheet date.

Loss allowance for accounts receivable is recognized based on the lifetime expected credit losses (ECL). The Group first assess whether the credit risk on other financial assets has significantly increased after the initial recognition. When the increase is not significant, the loss allowance for the financial assets is recognized at the 12-month ECL;

when the increase is significant, the loss allowance is recognized at the lifetime ECL.

ECL is the weighted average credit losses with the probability of default ('PD') as the weight. 12-month ECL represents the expected credit losses on financial instruments from any potential default within 12 months after the reporting date. Lifetime ECL represents the expected credit losses on financial instruments from any potential default during the expected lifetime.

For the purpose of internal credit risk management, the contract of any financial assets is deemed to be breached when any of the following circumstance occurs, without consideration of the collateral held:

A. Any internal or external information indicates that a debtor is impossible to pay off the debts.

B. Any contractual payment is more than 180 days overdue, unless any reasonable and supportable information demonstrates that a more lagging default criterion is more appropriate.

The impairment loss on all financial assets is deducted from the book value of the financial assets through their allowance account.

(3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers substantially all of the risks and rewards of ownership of the financial asset to other entities.

For derecognition of a financial assets measured at amortized cost in its entirety, the differences between the carrying amount and the received considerations are recognized in profit or loss. For derecognition of the entire investments in equity instruments measured at fair value through other comprehensive income, the cumulative gain or loss is directly transferred to retained earnings and not reclassified as profit or loss.

2. Equity instruments

Debt and equity instruments issued by the Group are classified as financial liabilities or equity according to the substance of the contract agreement and the definition of financial liabilities and equity instruments.

Equity instruments issued by the Group are recognized at the amount of consideration received, less the direct cost of issuance.

When a reacquired equity instrument is originally owned by the Company, the re-acquisition is recognized as a deduction to equity. Purchase, sale, issuance, or cancellation of the equity instruments owned by the Company are not recognized in profit or loss.

3. Financial liability

(1) Subsequent measurement

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

(2) Derecognition of financial liabilities

On derecognizing a financial liability, the difference between its carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4. Convertible corporate bonds

The components of the compound financial instrument (convertible corporate bonds) issued by the parent company are classified into financial liabilities and equity upon initial recognition of such bonds according to the substance of the contract agreement and the definition of financial liabilities and equity instruments.

The liability component is initially measured at the fair value derived from the market interest rate of other similar nonconvertible instruments, and at amortized cost derived using the effective interest method before the maturity date or the date on which the rights to conversion are exercised. The liability component that is an non-equity-based embedded derivative is measured at fair value.

The conversion rights classified as equity is the residual value of the fair value of the compound instrument as a whole less the separately determined fair value of the liability component; such conversion rights net of income tax effects are recognized in equity and not remeasured thereafter. When the conversion rights are exercised, the amount of relevant liability component and equity will be transferred to share capital and capital surplus -- additional paid-in capital, respectively. If the conversion rights attached to the convertible corporate bonds are exercised on the maturity date, the amount recognized in equity will be transferred to capital surplus -- additional paid-in capital.

Transaction costs related to the issuance of convertible corporate bonds are allocated separately to the liability component (i.e., included in the carrying amount of liabilities) and the equity component (i.e., included in equity) of the instrument in proportion to the apportioned total price.

5. Derivatives

The derivative instrument entered into by the Group is the option whose underlying assets are the Company's convertible corporate bonds.

Derivatives are initially recognized at fair value upon execution of contracts, and then re-measured at fair value on the balance sheet date; any gains or losses resulting therefrom are directly recognized in profit or loss. However, the time point at which derivatives designated to be an effective hedging instrument is recognized in profit or loss depends on the nature of hedging relationship. A derivative with a positive value is recognized as a financial asset, and a derivative with a negative value is recognized as a financial liability.

If the derivative is embedded in the host contract of an asset within the scope of IFRS 9 "Financial Instruments", the classification of the financial asset is determined by the contract as a whole. A derivative is considered an independent derivative instrument on conditions that the derivative is embedded in an instrument other than the host contract of an asset within the scope of IFRS 9 (e.g., embedded in the host contract of a financial liability), that the embedded derivative instrument meet the definition of a derivative instrument, that the instrument's risk and characteristics do not closely correlated with those of the host contract, and that such hybrid contract is not measured at fair value through profit or loss.

(XI) Revenue recognition

After identifying the performance obligations under a contract with customers, the Group allocates the transaction price to each performance obligation and recognizes the allocated amount as revenue when a performance obligation is fulfilled.

<u>Product sales revenue</u>

Product sales revenue is derived mainly from sale of pneumatic equipment. Since the time point at which products are shipped or delivered to a location designated by a customer is the time point at which the customer has the right to the pricing and use of the products and bears the risk of obsolescence of the product, the Group recognizes revenue and accounts receivable at such a time point. Advance receipts are recognized as contract liabilities before goods are shipped.

Providing materials for processing does not result in transfer of major risks and rewards incidental to the ownership of goods and is therefore not accounted for as sales.

(XII) Lease

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

1. The Group as lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. Otherwise a lease is classified as an operating lease.

2. The Group as lessee

Lease payments from the leases of low-value underlying assets and short-term leases which are qualified for a recognition exemption are recognized as expenses on a straight-line basis over the lease term. On the other hand, a right-of-use asset and a lease liability are recognized for all other leases on the lease commencement date.

The right-of-use assets are initially measured at cost (including the initial recognized amount of lease liabilities), and subsequently measured at the cost net of accumulated depreciation and accumulated impairment losses, adjusted for remeasurements of lease liabilities.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term.

Lease liabilities are initially measured at the present value of lease payment (including fixed payments). If the interest rate implicit in a lease can be readily determined, the lease payments are discounted at the interest rate.

When such interest rate cannot be readily determined, the lessee's incremental borrowing rate of interest is used.

Subsequently, the lease liabilities are measured at amortized cost under the effective interest method, and the interest expenses are amortized over the lease term. When future lease payments change as a result of a change in the lease term, the Group re-measures the lease liabilities and adjusts the right-of-use assets accordingly. However, the residual remeasurements are recognized in profit or loss when the book value of right-of-use assets is reduced to zero. Lease liabilities are separately presented in the consolidated balance sheet.

(XIII) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset are an integral part of the cost of the asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete.

Investment income earned from temporary investment using specific borrowings before the capital expenditure on the qualifying asset is made is deducted from the borrowing cost eligible for capitalization.

Except for those stated above, all other borrowing costs are recognized in profit or loss in the period in which they occur.

(XIV) Government grants

A government grant is recognized only when there is reasonable assurance that (a) the Group will comply with any conditions attached to the grant and (b) the grant will be received.

A grant receivable as compensation for expenses or losses already incurred or for immediate financial support, with no future related costs, is recognized as income in the period in which it is receivable.

(XV) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at non-discounted amount expected to be paid in exchange for the services to be provided by the employees.

2. Post-retirement benefits

The pension contributed under the Defined Contribution Pension Plan is recognized in expenses during the period when employees provide services.

(XVI) Income tax[es]

Tax expenses are the total of current income tax and deferred income tax.

1. Current income tax

The Group determines the income (loss) for the current period in accordance with the laws and regulations prevailing in each taxation jurisdiction and, based on this, calculates the income tax payable (recoverable).

The additional income tax on undistributed earnings that is calculated according to the Income Tax Act of the Republic of China is recognized as income tax expenses in the year when the related resolution is made at the shareholders' meeting.

The adjustments to the income tax payable in the previous year are recognized in current income tax.

2. Deferred tax

Deferred income tax is calculated based on the temporary difference between the carrying amount of assets and liabilities and the tax basis for calculation of taxable income.

Deferred tax liabilities are generally recognized based on all taxable temporary differences; a deferred tax assets is recognized when it is probable that taxable profit will be available against which the deductible temporary differences can be used.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, 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 are only recognized to the extent that it is probable that there will be sufficient taxable profits against which the temporary differences benefits can be used and they are expected to be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed on the balance sheet date 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 deferred tax asset to be recovered. The deferred tax assets which were not recognized is also reviewed on the balance sheet date and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of 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 liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted on the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets and liabilities on the balance sheet date.

3. Current and deferred tax for the year

Current and deferred tax 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 tax are also recognized in other comprehensive income or directly in equity, respectively.

V. Significant Accounting Judgments, Assumptions, and Major Sources of Estimation Uncertainty

For adoption of the accounting policies, the management, based on historical experience and other relevant factors, must make judgments, estimates, and assumptions related to the information that cannot be readily acquired from other sources. The actual results may differ from those estimates.

The Group takes into account the inflation and interest rate fluctuation on the market when making significant accounting estimates for cash flows, growth rate, discount rate, and profitability. The management will continue to review the estimates and basic assumptions.

VI. Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand and working capital	$ 930	$ 760
Checking deposits and demand deposits at banks	769,749	656,303
Cash equivalents (i.e., those whose original maturity date is within 3 months)		
Bank acceptances	6,042	3,496
Commercial paper	50,502	79,930
Bank time deposits	1	-
	$ 827,224	$ 740,489

The interest rate ranges for bank current deposits, commercial papers, and bank time deposits as of the balance sheet date are as follows:

	December 31, 2024	December 31, 2023
Bank demand deposit	0.001%~1.850%	0.001%~1.450%
Commercial paper	1.170%	1.000%
Bank time deposits	1.050%	-

VII. Financial Assets at Fair Value through Other Comprehensive Income

	December 31, 2024	December 31, 2023
Non-current		
Investment in domestic equity instruments		
Shares not traded on an exchange or OTC	$ -	$ -
Investment in foreign equity instruments		
Shares not traded on an exchange or OTC	38,658	21,933
	$ 38,658	$ 21,933

The Group invested in the common shares of the aforementioned companies according to its medium-term and long-term strategies, and expected to gain profits through long-term investment. Since the Group's management deemed that the recognition of short-term changes in the investment's fair value in profit or loss was not consistent with the said long-term investment plan, they opted to have the investment to be measured at fair value through other comprehensive income.

VIII. Notes receivable, accounts receivable, and other receivables

	December 31, 2024	December 31, 2023
Notes receivable		
Measured at amortized cost		
Total carrying amount	$ 47,890	$ 50,428
Less: Loss allowance	-	-
	$ 47,890	$ 50,428
Notes receivable due from related parties	$ 2,239	$ -
Accounts receivable		
Measured at amortized cost		
Total carrying amount	$ 323,761	$ 283,505
Less: Loss allowance	(15,627)	(9,484)
	$ 308,134	$ 274,021
Accounts receivable due from related parties	$ 34,594	$ 22,887
Uncollectible receivables		
Uncollectible receivables	$ 250	$ 250
Less: Loss allowance	(250)	(250)
	$ -	$ -
Other receivables		
interest receivable	$ 36	$ 13
Others	1,263	2,191
	$ 1,299	$ 2,204
Other receivables due from related parties	$ -	$ 9,866

(I) Notes receivable/Notes receivable due from related parties

The aging analysis of the Group's notes receivable and the allowance loss provided using the provision matrix are as follows:

	December 31, 2024	December 31, 2023
	Not overdue	Not overdue
ECL rate	0%	0%
Total carrying amount	$ 50,129	$ 50,428
Loss allowance (lifetime ECL)	-	-
Amortized cost	$ 50,129	$ 50,428

(II) Accounts receivable / Accounts receivable due from related parties

The Group's average credit period for commodity sales is 30 to 180 days; no interest will accrue on receivables. The Group assesses the major customers by leveraging other accessible financial data and past transaction records. The Group continuously monitors its credit risk exposure and the credit rating of the counterparty, and apportions the total transaction amount among those customers with a qualified credit rating. The Group also reviews and approves the credit limit assigned to a counterparty every year to manage credit risk exposure.

The Group provides loss allowance for accounts receivable based on the lifetime ECL. Lifetime ECL is computed using the provision matrix, which takes into account a customer's historical default record and current financial position, industry and economic conditions, GDP forecast, and industry outlook. Since the Group's historical credit loss experience indicates no significant loss patterns among the various customer groups, the provision matrix is not customer-specific but rather features an ECL rate devised based on the number of days receivables past due.

When there is any evidence showing that the trading counterparty is facing serious financial difficulties and the Group cannot estimate a reasonable recoverable amount, the Group directly writes off related receivables, but will continue recourse activities. Any recovered amount through the recourse activities is recognized in profit or loss.

The allowance provided for the Group's accounts receivable based on the provision matrix is as follows:

December 31, 2024

	Not overdue	1~30 days past due	31~60 days past due	61~90 days past due	91~120 days past due	121~150 days past due	151~180 days past due	More than 180 days past due	Total
ECL rate	0.08%~0.18%	0.29%~4.68%	0.62%~7.42%	2.49%~14.69%	8.76%~18.86%	11.50%~23.20%	12.50%~22.72%	100%	
Total carrying amount	$ 304,511	$ 10,187	$ 14,302	$ 6,383	$ 3,967	$ 2,818	$ 3,633	$ 12,554	$ 358,355
Loss allowance (lifetime ECL)	(275)	(143)	(360)	(196)	(665)	(631)	(803)	(12,554)	(15,627)
Amortized cost	$ 304,236	$ 10,044	$ 13,942	$ 6,187	$ 3,302	$ 2,187	$ 2,830	$ -	$ 342,728

December 31, 2023

	Not overdue	1~30 days past due	31~60 days past due	61~90 days past due	91~120 days past due	121~150 days past due	151~180 days past due	More than 180 days past due	Total
ECL rate	0.02%~0.16%	0.05%~0.99%	0.11%~3.40%	0.14%~9.84%	2.50%~11.89%	5.44%~16.14%	8.82%~26.19%	100%	
Total carrying amount	$ 251,784	$ 29,203	$ 11,316	$ 3,297	$ 818	$ 1,261	$ -	$ 8,713	$ 306,392
Loss allowance (lifetime ECL)	(97)	(86)	(110)	(180)	(96)	(202)	-	(8,713)	(9,484)
Amortized cost	$ 251,687	$ 29,117	$ 11,206	$ 3,117	$ 722	$ 1,059	$ -	$ -	$ 296,908

Changes in the allowance for losses on accounts receivable/notes receivable are as follows:

2024

	Notes receivable	Accounts receivable	Total
Balance as of January 1, 2024	$ -	$ 9,484	$ 9,484
Plus: Provision of impairment loss in the current year	-	5,781	5,781
Differences from translation of foreign currencies	-	362	362
Balance as of December 31, 2024	$ -	$ 15,627	$ 15,627

2023

	Notes receivable	Accounts receivable	Total
Balance as of January 1, 2023	$ -	$ 12,170	$ 12,170
Less: Reversal of impairment loss in the current year	-	(2,502)	(2,502)
Differences from translation of foreign currencies	-	(184)	(184)
Balance as of December 31, 2023	$ -	$ 9,484	$ 9,484

(III) Uncollectible receivables

Changes in allowance for uncollectible receivables are as follows:

	2024	2023
Opening balance	$ 250	$ 245
Plus: Provision of impairment loss in the current year	-	5
Ending balance	$ 250	$ 250

(IV) Other receivables / Other receivables due from related parties

According to its policy, the Group only trades with reputable counterparties and requires provision of collateral where necessary to reduce the risk of financial loss due to default. Credit rating is based on the record of transactions with the party being rated. The Group continuously monitors its credit risk exposure and the credit rating of the counterparty.

The Group measures the 12-month expected credit loss or lifetime expected credit loss for investment in debt instrument by looking at the financial position of debtors. As of December 31, 2024 and 2023, the rate of allowance for other receivables was 0%.

IX. Inventory

	December 31, 2024	December 31, 2023
Raw materials	$ 80,968	$ 87,049
Finished goods	95,377	129,663
Work in process	539,374	571,830
Commodity	128,686	137,290
	$ 844,405	$ 925,832

The type of operating costs related to inventories is as follows:

	2024	2023
Cost of inventories sold	$ 1,068,402	$ 968,342
Unallocated manufacturing overhead	32,109	-
Loss on inventory devaluation	2,286	36,012
	$ 1,102,797	$ 1,004,354

X. Subsidiary

(I) Subsidiaries included in the Consolidated Financial Statements

Entities in the Consolidated Financial Statements are as follows:

			Shareholding ratio		
Name of investor	Name of subsidiary	Business nature	December 31, 2024	December 31, 2023	Description
The Company	FULL ASSET GROUP L.L.C.	Holding company	100%	100%	The main business risk is exchange rate risk
	FULLTEK GROUP L.L.C.	Holding company	100%	100%	The main business risk is exchange rate risk
	Smart Technology Investment Co., Ltd.	Holding company	100%	100%	The main business risk is exchange rate risk
	CHELIC (BVI) Corp.	Holding company	100%	100%	The main business risk is exchange rate risk
	CHELIC TECHNOLOGY (THAILAND) CO., LTD.	Manufacture and sale of pneumatic equipment	99.8%	-	The main business risks are exchange rate risk and market risk.
FULL ASSET GROUP L.L.C.	SHANGHAI CHELIC PNEUMATIC CORP.	Manufacture and sale of pneumatic equipment	98%	98%	The main business risks are political risk, exchange rate risk, and market risk
FULLTEK GROUP L.L.C.	GENTEK AUTOMATION (SHANGHAI) CORP	Manufacture of pneumatic equipment	100%	100%	The main business risks are political risk, exchange rate risk, and market risk
CHELIC (BVI) Corp.	CHELIC TECHNOLOGY (ZHEJIANG) CO. LTD	Manufacture of pneumatic equipment	100%	100%	The main business risks are political risk, exchange rate risk, and market risk
GENTEK AUTOMATION (SHANGHAI) CORP	SHANGHAI CHELIC PNEUMATIC CORP.	Manufacture and sale of pneumatic equipment	2%	2%	The main business risks are political risk, exchange rate risk, and market risk
SHANGHAI CHELIC PNEUMATIC CORP.	SHANGHAI SHINNING ELECTRONICS CO., LTD.	Real estate lease	64.44%	64.44%	The main business risks are political risk, exchange rate risk, and market risk
Smart Technology Investment Co., Ltd.	SHANGHAI SHINNING ELECTRONICS CO., LTD.	Real estate lease	35.56%	35.56%	The main business risks are political risk, exchange rate risk, and

					market risk
SHANGHAI CHELIC PNEUMATIC CORP.	SHENZHEN CHELIC PNEUMATIC CORP.	Sale of pneumatic equipment	100%	100%	The main business risks are political risk, exchange rate risk, and market risk
CHELIC TECHNOLOGY (ZHEJIANG) CO. LTD	ZHEJIANG BANGYE AUTOMATION TECHNOLOGY CO.,LTD.	Manufacture of auto parts and pneumatic components	80%	80%	The main business risks are political risk, exchange rate risk, and market risk

CHELIC TECHNOLOGY (THAILAND) CO., LTD. completed its registration in September 2024. As of December 31, 2024, the consolidated entity has invested a total of NTD24,142 thousand.

(II) Information on Subsidiaries with Material Non-Controlling Interests

		Percentage of shareholding and voting rights held by non-controlling interests	
Name of subsidiary	Main business premises	December 31, 2024	December 31, 2023
Zhejiang Bangye	China	20%	20%

Please refer to Table 7 for information on the major business premises and registration country.

	Profits attributable to non-controlling interests		Non-controlling interest	
Name of subsidiary	2024	2023	December 31, 2024	December 31, 2023
Zhejiang Bangye	$ 9,167	$ 1,282	$ 94,089	$ 87,307

The following summary of financial information of Zhejiang Bangye is compiled based on the amount before the elimination of inter-company transactions:

	December 31, 2024	December 31, 2023
Current assets	$ 372,887	$ 327,009
Non-current assets	230,560	221,301
Current liabilities	(131,013)	(109,642)
Equity	$ 472,434	$ 438,668
Equity attributable to:		
Owners of parent company	$ 377,947	$ 350,934
Non-controlling interest	94,487	87,734
	$ 472,434	$ 438,668

	2024	2023
Operating revenue	$ 588,313	$ 412,267
Net profit of the current period	$ 45,617	$ 4,831
Other comprehensive income	15,335	(8,225)
Total comprehensive income	$ 60,952	($ 3,394)
Net profit attributable to:		

Owners of parent company	$ 36,494	$ 3,865
Non-controlling interest	9,123	966
	$ 45,617	$ 4,831
Total comprehensive income attributable to:		
Owners of parent company	$ 48,762	($ 2,715)
Non-controlling interest	12,190	(679)
	$ 60,952	($ 3,394)
Cash flow		
Operating activities	$ 46,063	$ 24,560
Investing activities	(38,216)	(32,542)
Financing activities	(27,258)	17,848
Net cash inflow (outflow)	($ 19,411)	$ 9,866

XI. Property, plant and equipment

	Self-owned land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Real property under construction	Total
Costs								
Balance as of January 1, 2024	$ 274,665	$ 1,717,514	$ 882,384	$ 16,713	$ 47,274	$ 392,754	$ 14,343	$ 3,345,647
Addition	-	4,690	39,596	1,276	3,224	14,959	-	63,745
Disposal	-	(19,873)	(4,557)	(1,250)	(1,392)	(4,012)	-	(31,084)
Reclassification (Note)	-	14,844	2,902	-	-	1,761	(14,844)	4,663
Net exchange differences	-	40,872	27,414	558	888	2,925	501	73,158
Balance as of December 31, 2024	$ 274,665	$ 1,758,047	$ 947,739	$ 17,297	$ 49,994	$ 408,387	$ -	$ 3,456,129
Accumulated depreciation								
Balance as of January 1, 2024	$ -	$ 432,877	$ 479,911	$ 13,720	$ 39,671	$ 311,444	$ -	$ 1,277,623
Depreciation	-	61,921	64,518	477	2,244	28,096	-	157,256
Disposal	-	(4,136)	(3,854)	(1,125)	(1,261)	(4,008)	-	(14,384)
Net exchange differences	-	10,293	14,365	457	639	1,381	-	27,135
Balance as of December 31, 2024	$ -	$ 500,955	$ 554,940	$ 13,529	$ 41,293	$ 336,913	$ -	$ 1,447,630
Net amount on December 31, 2024	$ 274,665	$ 1,257,092	$ 392,799	$ 3,768	$ 8,701	$ 71,474	$ -	$ 2,008,499
Costs								
Balance as of January 1, 2023	$ 274,665	$ 1,680,458	$ 820,490	$ 17,583	$ 48,281	$ 374,726	$ 53,553	$ 3,269,756
Addition	-	6,238	52,777	726	1,885	23,741	15,337	100,704
Disposal	-	(1,514)	(16,221)	(1,291)	(2,418)	(6,716)	-	(28,160)
Reclassification (Note)	-	53,331	39,120	-	-	2,374	(53,331)	41,494
Net exchange differences	-	(20,999)	(13,782)	(305)	(474)	(1,371)	(1,216)	(38,147)
Balance as of December 31, 2023	$ 274,665	$ 1,717,514	$ 882,384	$ 16,713	$ 47,274	$ 392,754	$ 14,343	$ 3,345,647
Accumulated depreciation								
Balance as of January 1, 2023	$ -	$ 379,166	$ 434,054	$ 14,471	$ 39,928	$ 285,651	$ -	$ 1,153,270
Depreciation	-	59,724	67,637	659	2,330	30,662	-	161,012
Disposal	-	(752)	(14,358)	(1,162)	(2,248)	(4,199)	-	(22,719)
Net exchange differences	-	(5,261)	(7,422)	(248)	(339)	(670)	-	(13,940)
Balance as of December 31, 2023	$ -	$ 432,877	$ 479,911	$ 13,720	$ 39,671	$ 311,444	$ -	$ 1,277,623
Net amount on December 31, 2023	$ 274,665	$ 1,284,637	$ 402,473	$ 2,993	$ 7,603	$ 81,310	$ 14,343	$ 2,068,024

Note: Reclassification from "other non-current assets - prepayment for business facilities" to each category of property, plant, and equipment.

Property, plant, and equipment is depreciated on a straight-line basis over their useful life as follows:

Buildings	
Plant and main structures	20~55 years
Others	5~50 years
Machinery and equipment	5~12 years
Transportation equipment	5 years
Office equipment	2~10 years
Other equipment	2~15 years

For information about interest capitalization in 2023, please refer to Note 22.

For the amount of property, plant, and equipment mortgaged by the consolidated entity as collateral against borrowings, please refer to Note 29.

XII. Lease agreement

(I) Right-of-use assets

	Land	Buildings	Total
Costs			
Balance as of January 1, 2024	$ 143,105	$ 44,769	$ 187,874
Addition	-	2,072	2,072
Disposal	-	(17,146)	(17,146)
Net exchange differences	4,807	1,481	6,288
Balance as of December 31, 2024	$ 147,912	$ 31,176	$ 179,088
Accumulated depreciation			
Balance as of January 1, 2024	$ 17,226	$ 19,206	$ 36,432
Depreciation	3,545	7,025	10,570
Disposal	-	(17,146)	(17,146)
Net exchange differences	620	615	1,235
Balance as of December 31, 2024	$ 21,391	$ 9,700	$ 31,091
Net amount on December 31, 2024	$ 126,521	$ 21,476	$ 147,997
Costs			
Balance as of January 1, 2023	$ 145,640	$ 17,296	$ 162,936
Addition	-	28,560	28,560
Disposal	-	(325)	(325)
Net exchange differences	(2,535)	(762)	(3,297)
Balance as of December 31, 2023	$ 143,105	$ 44,769	$ 187,874
Accumulated depreciation			

Balance as of January 1, 2023	$ 14,038	$ 13,175	$ 27,213
Depreciation	3,501	6,454	9,955
Disposal	-	(81)	(81)
Net exchange differences	(313)	(342)	(655)
Balance as of December 31, 2023	$ 17,226	$ 19,206	$ 36,432
Net amount on December 31, 2023	$ 125,879	$ 25,563	$ 151,442

For the amount of right-of-use assets pledged by the consolidated entity as collateral against borrowings, please refer to Note 29.

(II) Lease liabilities

	December 31, 2024	December 31, 2023
Carrying amount of lease liabilities		
Current	$ 6,490	$ 5,503
Non-current	$ 15,439	$ 20,273

The discount rates for land and building lease liabilities are both 3.24%～4.75%.

(III) Important lease contracts wherein the Group is a lessee, and important terms thereof

The Group leased certain buildings as plants and offices for a term of 1 to 3 years. At the end of the lease period, the Group does not have the option to buy the leased buildings.

The land use right of the Group is depreciated over 28 to 49 years.

(IV) Other lease information

	2024	2023
Short-term lease expense	$ 2,592	$ 2,543
Total cash (outflows) from leases	($ 10,546)	($ 9,671)

For office leases which qualify as a short-term lease, the Group elected to apply the recognition exemption to them and thus did not recognize right-of-use assets and lease liabilities for them.

XIII. Intangible assets

	Computer software	Technology license	Total
Costs			
Balance as of January 1, 2024	$ 44,232	$ 614	$ 44,846
Acquired separately	201	500	701
Net exchange differences	370	-	370
Balance as of December 31, 2024	$ 44,803	$ 1,114	$ 45,917
Cumulative amortization			
Balance as of January 1, 2024	$ 32,069	$ 614	$ 32,683
Amortization	3,379	229	3,608
Net exchange differences	192	-	192
Balance as of December 31, 2024	$ 35,640	$ 843	$ 36,483
Net amount on December 31, 2024	$ 9,163	$ 271	$ 9,434
Costs			
Balance as of January 1, 2023	$ 43,995	$ 614	$ 44,609
Acquired separately	434	-	434
Net exchange differences	(197)	-	(197)
Balance as of December 31, 2023	$ 44,232	$ 614	$ 44,846
Cumulative amortization			
Balance as of January 1, 2023	$ 28,389	$ 614	$ 29,003
Amortization	3,777	-	3,777
Net exchange differences	(97)	-	(97)
Balance as of December 31, 2023	$ 32,069	$ 614	$ 32,683
Net amount on December 31, 2023	$ 12,163	$ -	$ 12,163

Amortization is provided on a straight line basis over the following useful lives:

Computer software	3~10 years
Technology license	1.5~2 years

XIV. Other assets

	December 31, 2024	December 31, 2023
Current		
Prepayments	$ 33,230	$ 22,636
Excess business tax paid	19,600	20,711
Business tax paid	13,090	11,529
Temporary debits	200	200
	$ 66,120	$ 55,076
Non-current		
Prepayments for business facilities	$ 8,315	$ 5,834
Guarantee deposits paid	2,628	2,294
Others	2,603	3,670
	$ 13,546	$ 11,798

XV. Loans

(I) Short-term borrowings

	December 31, 2024	December 31, 2023
Unsecured loans		
－Credit facilities	$ 269,560	$ 286,540

The interest rates on short term bank loans as of December 31, 2024 and 2023 were 1.85%-3.90% and 1.70%～ 3.90%, respectively.

(II) Long-term borrowings

	December 31, 2024	December 31, 2023
Secured loans (Note 29)		
Bank loan	$ 369,307	$ 402,836
Less: Those due within one year	(59,831)	(33,593)
Long-term borrowings	$ 309,476	$ 369,243

The Group's borrowings include:

		Major terms	December 31, 2024	December 31, 2023
Chang Hwa Bank				
	Mortgage loan for bank	Mortgage loan, with a duration between 2023.05.02-2030.05.02. An interest rate of 2.025%; interest paid monthly; principal repaid in 60 installments starting from 2025.05.02.	$ 230,000	$ 230,000
Bank of Taiwan				
	Mortgage loan for bank	Mortgage loan, with a duration between 2023.05.02-2028.05.02. An interest rate of 2.0455%; interest paid monthly; principal to be repaid in 60 installments starting from 2023.05.02	83,272	106,583
	Mortgage loan for bank	Mortgage loan, with a duration between 2015.05.02-2030.05.02. An interest rate of 1.9607%; interest paid monthly; principal repaid in 144 installments starting from 2018.02.02.	56,035	66,253

Bank loan balance	$ 369,307	$ 402,836

XVI. Bonds payable

	December 31, 2024	December 31, 2023
Domestic secured convertible corporate bonds	$ 556,139	$ 584,228
Less: Those due within one year	(556,139)	-
	$ -	$ 584,228

(I) The parent company issued the second tranche of domestic secured convertible corporate bonds on April 28, 2020, with a total issue size of NT$600,000 thousand denominated in NT$100 thousands with a coupon of 0% for a term of three years; the major issuance terms are as follows:

1. Issuance period: 2020/4/28~2023/4/28
2. Important Redemption Terms:
   (1) If during the period between the day following 3 months after the issue date of the convertible corporate bonds and the day 40 days before the maturity date the closing price of the Company's common shares have been higher than the conversion price at the moment by 30% or more for 30 business days in a row, the Company may redeem its outstanding convertible corporate bonds at the bonds' face value with cash.
   (2) If during the period between the day following 3 months after the issue date of the convertible corporate bonds and the day 40 days before the maturity date the balance of such convertible bonds outstanding was lower than the original issue size by 10% or more, the Company may redeem such outstanding convertible corporate bonds at the bonds' face value with cash.
3. Conversion method:
   (1) Such convertible corporate bonds may be converted into the Company's common shares during the period between the day following three months after the issue date and the maturity date (i.e., between July 28, 2020 and April 28, 2023), except in the period during which conversion is suspended.
   (2) Conversion price and its adjustment: The price for conversion into common shares upon issuance was NT$52.7 per share; subsequent

conversion price is adjusted according to the issuance terms; as of December 31, 2023, the conversion price was NT$48.6.

4. Regarding the collateral for the Company's corporate bonds, please refer to note 29.
5. These convertible corporate bonds comprise a liability component and an equity component. The equity component is expressed under equity as capital surplus - convertible corporate bonds share subscription rights. The effective interest rate of the liability component upon initial recognition was about 0.8677%; the option is measured at fair value through profit and loss.

In April 2023, the parent company redeemed the matured outstanding convertible corporate bonds at face value with cash of NT$480,000 thousand, and transferred the equity component to "capital surplus - expired stock options" in the amount of NT$26,266 thousand.

As of April 28, 2023, bondholders have converted these convertible corporate bonds amounting to NT$120,000 thousand at face value into 2,433 thousand common shares of the Company.

In 2023, the Company already registered the change of corporate bonds in the amount of NT$58,800 thousand and transferred NT$12,098 thousand to share capital. In addition, due to exercise of the conversion rights attached to the corporate bonds, the "Capital surplus - convertible corporate bonds share subscription rights" decreased by NT$3,217 thousand; discount on corporate bond payable decreased by NT$9 thousand; and net conversion amount exceeded the face value of converted common shares, resulting in a transfer of NT$49,910 thousand to "Capital surplus - additional paid-in capital from conversion of corporate bonds".

Issue proceeds (less transaction costs of NT$5,370 thousand)	$ 615,630
Equity component	(32,831)
Financial assets at fair value through profit or loss	715
Deferred tax assets	1,074
Liability component at issue date	584,588
Liability component as of January 1, 2023	537,629
Interest calculated at an effective rate of 0.8677%	1,162
Conversion of corporate bonds into common shares	(58,791)
Repayment upon maturity on April 28, 2023	(480,000)
Liability component as of December 31, 2023	$ -

(II) The parent company issued the third tranche of domestic secured convertible corporate bonds on September 5, 2022, with a total issue size of NT$600,000 thousand denominated in NT$100 thousands with a coupon of 0% for a term of three years; the major issuance terms are as follows:

1. Issuance period: September 5, 2022~September 5, 2025
2. Important Redemption Terms:
   (1) If during the period between the day following 3 months after the issue date of the convertible corporate bonds and the day 40 days before the maturity date the closing price of the parent company's common shares have been higher than the conversion price at the moment by 30% or more for 30 business days in a row, the parent company may redeem its outstanding convertible corporate bonds at the bonds' face value with cash.
   (2) If during the period between the day following 3 months after the issue date of the convertible corporate bonds and the day 40 days before the maturity date the balance of such convertible bonds outstanding was lower than the original issue size by 10% or more, the parent company may redeem such outstanding convertible corporate bonds at the bonds' face value with cash.
3. Conversion method:
   (1) Such convertible corporate bonds may be converted into the parent company's common shares during the period between the day following three months after the issue date and the maturity date (i.e., between December 6, 2022 and September 5, 2025), except in the period during which conversion is suspended.
   (2) Conversion price and its adjustment: The price for conversion into common shares upon issuance was NT$60.0 per share; subsequent conversion price is adjusted according to the issuance terms; as of December 31, 2024, the conversion price was NT$56.
4. Regarding the collateral for the Company's corporate bonds, please refer to note 29.
5. These convertible corporate bonds comprise a liability component and an equity component. The equity component is expressed under equity as capital

surplus - convertible corporate bonds share subscription rights. The liability component bore an effective interest rate of 1.5994% upon initial recognition.

In 2024, the Company exercised the conversion rights of corporate bonds with a face value of NT$37,900 thousand, transferring NT$6,708 thousand to share capital. Additionally, due to the exercise of the conversion rights, the "Capital surplus - convertible corporate bonds share subscription rights" decreased by NT$3,091 thousand; the discount on bonds payable decreased by NT$840 thousand; and the net conversion amount exceeding the face value of the converted common shares was transferred to "Capital surplus - additional paid-in capital from conversion of corporate bonds" in the amount of NT$33,443 thousand.

Issue proceeds (less transaction costs of NT$5,307 thousand)	$ 619,879
Equity component	(49,031)
Deferred tax assets	1,061
Liability component at issue date	571,909
Interest calculated at an effective rate of 1.5994%	3,055
Liability component as of January 1, 2023	574,964
Interest calculated at an effective rate of 1.5994%	9,264
Liability component as of January 1, 2024	584,228
Interest calculated at an effective rate of 1.5994%	8,971
Conversion of corporate bonds into common shares	(37,060)
Liability component as of December 31, 2024	$ 556,139

XVII. Notes payable and accounts payable

	December 31, 2024	December 31, 2023
Notes payable		
Arising from operations	$ 218	$ -
Accounts payable		
Arising from operations	$ 136,010	$ 97,280

XVIII. Other liabilities

	December 31, 2024	December 31, 2023
Current		
Other payables		
Salary and bonus payable	$ 54,426	$ 44,854
Processing expense payable	7,606	7,992
Payable on machinery and equipment	4,035	10,027
Social security insurance premium payable	3,977	3,961
Business tax payable	2,779	586
Services expense payable	1,978	2,222
Insurance expense payable	1,944	1,974
Pension payable	1,421	1,394
Remuneration payable to employees and directors	-	5,995
Others	34,666	33,881
	$ 112,832	$ 112,886
Other current liabilities		
Receipts under custody	$ 1,042	$ 1,011
Others	514	302
	$ 1,556	$ 1,313
Non-current		
Other liabilities		
Guarantee deposits received	$ 584	$ 565

XIX. Post-employment benefit plan

Defined contribution plan

The pension system that is specified in the "Labor Pension Act" and adopted by the Company of the Group is a defined contribution pension plan managed by the government. A pension equal to 6% of employee's monthly wage is contributed to the personal labor pension account with the Bureau of Labor Insurance.

Employees of the Group's subsidiaries in China are members of the retirement benefit plans managed by each regional government. Each of these subsidiaries is required to contribute a specified percentage of salary to the retirement benefit plan. The Group's obligation under such a government-run retirement benefit plan is limited to contributing a certain monetary amount.

XX. Equity

(I) Share capital

Common stock

	December 31, 2024	December 31, 2023
Authorized number of shares (in thousands)	100,000	100,000
Registered share capital	$ 1,000,000	$ 1,000,000
Number of issued and fully paid shares (in thousands)	69,984	69,313
Issued share capital	$ 699,840	$ 693,132

Each issued common share has a par value of NTD10 and is entitled to one vote and dividends.

(II) Capital surplus

	December 31, 2024	December 31, 2023
May be used to cover losses, distribute cash, or replenish capital (Note)		
Additional paid-in capital	$ 500,222	$ 535,052
Corporate bond conversion premium	135,327	101,884
Additional paid-in capital (transferred from employee share subscription rights)	570	570
Only available for making up for losses		
Convertible corporate bonds expired stock options (Note 16)	46,982	46,982
May not be use for any purpose		
Convertible corporate bond share subscription rights (Note 16)	45,940	49,031
	$ 729,041	$ 733,519

Note: These capital surplus may be used to make up for losses, to distribute cash dividends, or to be transferred into the capital if the Company is not in the red. However, the amount of the transfer into the capital shall be limited to a certain percentage of the paid-in capital in every year.

(III) Retained earnings and dividend policy

According to the dividend policy prescribed in the parent company's Articles of Incorporation, in the event of surplus earnings after closing of annual accounts, due taxes shall be paid in accordance with the law, and losses incurred in previous years shall be compensated for. Upon completion of the preceding actions, 10% of the remainder surplus shall be allocated as legal reserve. The remainder may be set aside as special reserve, or the previous recognized special reserves may be reversed, in accordance with laws and regulations. If there is any remainder surplus, the Board of Directors shall draft a surplus distribution proposal regarding the remainder of the surplus as well as accumulated undistributed surplus. If the surplus is to be distributed in shares, a resolution by the shareholders' meeting is required. If the surplus is to be distributed in cash, a special resolution by the Board of Directors and a report at the shareholders' meeting are required. For the policy governing distribution of employee and director compensation that is prescribed in the parent company's Articles of Incorporation, please refer to Note 22 (7) Compensation to employees and directors.

In addition, according to the dividend policy specified in the parent company's Articles of Incorporation, dividends to be distributed shall be preferentially in shares, and may be in cash. In principle, cash dividends so distributed shall be no less than 10% of total dividends distributed; however, such percentage may be modified by a proposal from the Board of Directors and a resolution from the shareholders' meeting depending on the parent company's operational status at present.

Legal reserve shall be provided until reaching the Company's paid-in capital. Legal reserve may be used to make up for losses. Where the Company is not in deficit, the part of the legal reserve that exceeds 25% of total paid-in capital may be appropriated as capital or distributed in cash.

The loss offset and earnings distribution proposals of the parent company for 2023 and 2022 are as follows:

	2023	2022
Legal reserve	$ -	$ 17,164
Provided (reversed) special reserve	$ 35,874	($ 27,104)
Cash dividend	$ -	$ 105,560
Cash dividends per share (NT$)	$ -	$ 1.55

The cash dividend distribution was approved at the Board of Directors meeting on March 15, 2023. The distribution of other earnings items for the year 2022 was approved at the Annual Shareholders' Meeting on June 21, 2023. The allocation of profit and loss for the year 2023 was approved at the Annual Shareholders' Meeting on May 30, 2024. In addition, the parent company's shareholders meeting on May 30, 2024, resolved to distribute cash from the capital surplus of NT$34,830 thousand, which was derived from the issuance of common stock at a premium over par value. A cash dividend of NT$0.5 per share will be distributed. If there is a change in the number of outstanding shares, the chairman is authorized to adjust the cash dividend rate based on the actual number of outstanding shares as of the record date for the capital surplus distribution.

The loss offset for 2024 drafted at the parent company's Board of Directors meeting dated March 4, 2025 is as follows:

	2024
Reversal of special reserve	($ 86,303)

The parent company Board of Directors approved to distribute cash from the special reserve on March 4, 2025, with an amount of NT$34,992 thousand at NT$0.5 per share.

The loss offset proposal for 2024 is expected to be voted upon at the shareholder's meeting on May 29, 2025.

(IV) Special reserve

The parent company has established and reversed special surplus reserves in accordance with the Financial Supervisory Commission's letter No. 1090150022 and the "Questions and Answers on the Application of Special Surplus Reserves After Adopting IFRS." The details of the special surplus reserves for the parent company for the years 2024 and 2023 are as follows:

	2024	2023
Provision upon adoption of IFRS for the first time	$ 18,245	$ 18,245
Provision as deductions to other equity interest	172,679	136,805
	$ 190,924	$ 155,050

(V) Other equity interest

1. Exchange differences on translation of foreign financial statements

	2024	2023
Balance - beginning of year	($ 172,386)	($ 134,609)
Increase in the year		
Difference arising from translation of financial statements of foreign operations	88,036	(47,221)
Related income tax	(17,607)	9,444
Balance - end of year	($ 101,957)	($ 172,386)

2. Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income

	2024	2023
Balance - beginning of year	($ 293)	($ 2,196)
Increase in the year		
Unrealized gains and losses		
Equity instruments	15,874	1,903
Balance - end of year	$ 15,581	($ 293)

(VI) Non-controlling interest

	2024	2023
Balance - beginning of year	$ 87,307	$ 92,892
Increase in non-controlling interests from the acquisition of subsidiaries	48	-
Share attributable to non-controlling interests		
Net profits in the current year	9,165	1,282
Difference arising from translation of financial statements of foreign operations	3,067	(1,645)
Cash dividends for non-controlling interests	(5,452)	(5,222)
Balance - end of year	$ 94,135	$ 87,307

XXI. Income

	2024	2023
Revenue from contracts with customers		
Pneumatic components	$ 1,103,989	$ 1,154,361
Others	387,499	222,869
	$ 1,491,488	$ 1,377,230

(I) Contract balance

	December 31, 2024	December 31, 2023	January 1, 2023
Notes receivable and accounts receivable (Note 8)	$ 356,024	$ 324,449	$ 383,206
Notes receivable due from related parties and accounts receivable due from related parties (Note 28)	$ 36,833	$ 22,887	$ 130,764
Contract liabilities			
Product sales	$ 12,129	$ 8,466	$ 9,945

Changes in contract liabilities mainly come from the difference between the points in time when the Company fulfills obligations and when customers make payments.

The amount that comes from the contract liabilities at the beginning of the year and the amount that comes from the revenue recognized in the year in which performance obligations were fulfilled are as follows:

	2024	2023
Product sales	$ 8,466	$ 9,945

(II) Breakdown of revenue from contracts with customers

The Group is engaged in a single industry; please refer to Note 34.

XXII. Profit from continuing operations

(I) Interest revenue

	2024	2023
Cash in banks	$ 6,438	$ 6,324

(II) Other income

	2024	2023
Government grants	$ 5,756	$ 3,970
Others	8,627	8,465
	$ 14,383	$ 12,435

(III) Other gains and losses

	2024	2023
Foreign currency exchange gains (losses)	$ 6,664	($ 425)
Gain on disposal of property, plant, and equipment	6,207	5,088
Lease modification gains	-	2
Others	(306)	(309)
	$ 12,565	$ 4,356

(IV) Financial costs

	2024	2023
Interest on bank loan	$ 19,911	$ 16,669
Interest on convertible corporate bonds	8,971	10,426
Interest on lease liabilities	730	718
	$ 29,612	$ 27,813

Information on capitalized interest is as follows:

	2024	2023
Amount of capitalization of interest	$ -	$ 516
Capitalized interest rate	-	4.75%

(V) Depreciation and amortization

	2024	2023
Property, plant and equipment	$ 157,256	$ 161,012
Right-of-use assets	10,570	9,955
Intangible assets	3,608	3,777
	$ 171,434	$ 174,744
Summary of depreciation expenses by function		
Operating costs	$ 121,886	$ 126,691
Operating expenses	45,940	44,276
	$ 167,826	$ 170,967
Summary of amortization by function		
Operating expenses		

Selling expenses	$ 46	$ 61
Administration expenses	1,810	2,180
Research and development expenses	1,752	1,536
	$ 3,608	$ 3,777

(VI) Employee benefit expenses

	2024	2023
Short-term employee benefits	$ 385,747	$ 358,331
Post-retirement benefits		
Defined contribution plan	31,116	30,899
Total employee benefits expenses	$ 416,863	$ 389,230
Summary by function		
Operating costs	$ 226,371	$ 195,664
Operating expenses	190,492	193,566
	$ 416,863	$ 389,230

(VII) Compensation to employees and directors

The parent company takes the pre-tax profits inclusive of employee compensation and director compensation and allocate no greater than 5% of such profits as director compensation and 0.5%～5% of such profits as employee compensation. As the years 2024 and 2023 resulted in pre-tax net losses, no estimation of employee compensation and director remuneration has been made.

Any amount that changes after the approval and publication date of the annual consolidated financial statements is accounted for as changes in accounting estimates, and will be adjusted and recognized in the following year.

The employee compensation and director compensation distributed for 2023 and 2022 did not differ from the amount recognized in the consolidated financial statements for 2023 and 2022.

The information about compensation to employees and directors determined by the parent company's Board of Directors may be viewed at TWSE's Market Observation Post System (MOPS).

(VIII) Gains or losses on foreign currency exchange

	2024	2023
Total gains on foreign currency exchange	$ 11,612	$ 8,560
Total losses on foreign currency exchange	(4,948)	(8,985)
Net profit (loss)	$ 6,664	($ 425)

XXIII. Income tax attributable to continuing operations

(I) Income tax recognized in profit or loss

Major components of income tax expenses:

	2024	2023
Current income tax		
Tax incurred in the year	$ 40,977	$ 26,625
Additional levy on undistributed earnings	-	3,801
Adjustments for the previous year	(10,980)	(12,063)
Tax payment deducted from current period's repatriated overseas earnings	(15,137)	(8,946)
Investment deductions applied during the period	(6,134)	-
	8,726	9,417
Deferred tax		
Tax incurred in the year	4,719	(1,551)
Income tax expenses recognized in profit or loss	$ 13,445	$ 7,866

Reconciliation of accounting income and income tax expenses is as follows:

	2024	2023
Net losses before tax	($ 37,298)	($ 25,807)
Income tax expense calculated based on the statutory tax rate for the pre-tax net loss	($ 7,460)	($ 5,161)
Expense and loss not deductible from tax (not included in taxable income)	446	734
Repatriation tax for subsidiary earnings	15,137	8,946
Additional levy on undistributed earnings	-	3,801
Unrecognized loss carryforwards and deductible temporary difference	40,903	25,643
Effects of different tax rates in other tax jurisdictions where subsidiaries operate	(3,330)	(5,088)
Adjustments of current income tax expenses of previous years in the current year	(10,980)	(12,063)
Tax payment deducted from current period's repatriated overseas earnings	(15,137)	(8,946)
Investment deductions applied during the period	(6,134)	-
Income tax expenses recognized in profit or loss	$ 13,445	$ 7,866

The applicable tax rate in Taiwan is 20%.

The tax rate applicable to subsidiaries in China is 25%. However, qualifying as high-tech enterprise through an official assessment, the tax rate applicable to SHANGHAI CHELIC PNEUMATIC and ZHEJIANG BANGYE AUTOMATION TECHNOLOGY CO.,LTD. is 15%; the tax amount generated in other tax jurisdictions is calculated using the applicable tax rate in each relevant tax jurisdiction.

(II) Income tax recognized in other comprehensive income

	2024	2023
Deferred tax		
Tax incurred in the year		
Translation of financial statements of foreign operations	($ 17,607)	$ 9,444

(III) Current income tax assets and liabilities

	December 31, 2024	December 31, 2023
Current income tax receivable		
Refundable tax amounts	$ 9,624	$ -
Current tax liabilities		
Income tax payable	$ 3,263	$ 6,146

(IV) Deferred tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2024

	Balance - beginning of year	Recognized in P/L	Recognized in other comprehensive income	Balance - end of year
Deferred tax assets				
Temporary difference				
Loss on inventory devaluation	$ 14,655	($ 2,813)	$ -	$ 11,842
Unrealized foreign exchange loss	251	(251)	-	-
Unrealized gross profit on sales to subsidiaries	4,856	(555)	-	4,301
Exchange difference on translation of foreign financial statements	43,095	-	(17,607)	25,488
Issuance cost of convertible corporate bonds	589	(354)	-	235
	$ 63,446	($ 3,973)	($ 17,607)	$ 41,866
Deferred tax liabilities				
Temporary difference				
Unrealized foreign exchange gains	$ -	$ 746	$ -	$ 746

2023

Deferred tax assets	Balance - beginning of year	Recognized in P/L	Recognized in other comprehensive income	Balance - end of year
Temporary difference				
Loss on inventory devaluation	$ 8,853	$ 5,802	$ -	$ 14,655
Unrealized foreign exchange loss	-	251	-	251
Unrealized gross profit on sales to subsidiaries	9,149	(4,293)	-	4,856
Exchange difference on translation of foreign financial statements	33,651	-	9,444	43,095
Issuance cost of convertible corporate bonds	1,032	(443)	-	589
	$ 52,685	$ 1,317	$ 9,444	$ 63,446

Deferred tax liabilities	Balance - beginning of year	Recognized in P/L	Recognized in other comprehensive income	Balance - end of year
Temporary difference				
Unrealized foreign exchange gains	$ 234	($ 234)	$ -	$ -

(V) Amount of loss carryforwards of deferred tax assets unrecognized in the consolidated balance sheet

	December 31, 2024	December 31, 2023
Loss carryforwards		
Matured in 2025	$ 10,923	$ 10,554
Matured in 2026	15,930	15,393
Matured in 2027	1,055	1,020
Matured in 2028	48,546	46,909
Matured in 2029	72,793	-
	$149,247	$ 73,876

(VI) Total temporary differences which are related to investments and for which no deferred tax liability is recognized

As of December 31, 2024 and 2023, total temporary differences which are related to investments and for which no deferred tax liability is recognized amounted to NT$1,100,215 thousand and NT$1,280,380 thousand, respectively.

(VII) Authorization of income tax

The profit-seeking enterprise income tax returns filed by the parent company have been approved by the tax competent authority through 2022; the amount approved did not deviate significantly from the amount filed.

The rest overseas subsidiaries are not subject to any material, pending litigation cases associated with tax.

XXIV. Losses per share

Unit: NT$1 per share

	2024	2023
Basic losses earnings per share	($ 0.86)	($ 0.51)

The net loss for the year and the weighted average number of common shares used for calculating basic loss per share are as follows:

Net losses in the current year

	2024	2023
Net losses in the current year	($ 59,908)	($ 34,955)

Number of shares

Unit: in thousands of shares

	2024	2023
Weighted average number of common shares used for calculating basic loss per share	69,747	68,862

When having an option to distribute shareholder compensation in shares or in cash, the Group assumes that employee compensation is entirely settled in shares and counts the resulting potential common shares towards the weighted average number of outstanding shares when such potential common shares are deemed dilutive, so as to calculate the diluted earnings per share. The Group continues to consider the potential dilutive effect of such common shares when calculating diluted earnings per share, even before the number of shares to be distributed as employee compensation is determined by the Board of Directors in the following year. As the Group incurred net losses after tax in 2024 and 2023, which have an anti-dilutive effect, diluted earnings per share were not calculated.

XXV. Cash flow information

(I) Non-cash transactions

The consolidated entity carried out the following investing activities other than cash transactions in 2024 and 2023:

	2024	2023
Partial cash payment for acquisition of property, plant, and equipment		
Acquisition of property, plant, and equipment	$ 63,745	$ 100,704
capitalization of interest	-	(516)
Net change in payable on machinery and equipment	5,992	1,248
Cash payments	$ 69,737	$ 101,436

	2024	2023
Cash obtained from disposal of property, plant and equipment		
Proceeds from disposal of property, plant, and equipment	$ 22,907	$ 10,529
Other receivables due from net change of related parties	10,155	(10,023)
Cash received	$ 33,062	$ 506

(II) Changes in liabilities arising from financing activities

2024

	Balance - beginning of year	Cash flow	Non-cash changes: Asset component	Equity component	Other gains and losses	Amortization of interest expense	Effects of exchange rate	Year-end balanc date
Short-term borrowings	$ 286,540	($ 20,000)	$ -	$ -	$ -	$ -	$ 3,020	$ 269,560
Bonds payable (including the current portion)	584,228	-	-	(37,060)	-	8,971	-	556,139
Long-term borrowings (including the current portion)	402,836	(33,529)	-	-	-	-	-	369,307
Lease liabilities	25,776	(7,954)	2,072	-	-	730	1,305	21,929
	$ 1,299,380	($ 61,483)	$ 2,072	($ 37,060)	$ -	$ 9,701	$ 4,325	$ 1,216,935

2023

	Balance - beginning of year	Cash flow	Non-cash changes					Year-end balanc date
			Asset component	Equity component	Other gains and losses	Amortization of interest expense	Effects of exchange rate	
Short-term borrowings	$ 82,040	$ 205,940	$ -	$ -	$ -	$ -	($ 1,440)	$ 286,540
Bonds payable (including the current portion)	1,112,593	(480,000)	-	(58,791)	-	10,426	-	584,228
Long-term borrowings (including the current portion)	131,425	271,561	-	-	-	-	(150)	402,836
Lease liabilities	4,300	(7,128)	28,560	-	(2)	718	(672)	25,776
	$ 1,330,358	($ 9,627)	$ 28,560	($ 58,791)	($ 2)	$ 11,144	($ 2,262)	$ 1,299,380

XXVI. Capital risk management

The Group conducts capital management to ensure the Group can continue as a going concern while maximizing shareholders' return by optimizing the liability and equity balances. The Group's overall strategy has remained the same as in recent years.

The Group's capital structure is composed of the net debt attributable to owners of the Group (i.e., borrowings less cash) and equity (i.e., share capital, capital surplus, retained earnings, and other equity interest items).

The Group is not subject to other external capital requirements.

The key management of the Group reviews its capital structure periodically for the cost and risks of each capital category. The Group heeds the advice of its key management and strikes a balance in its capital structure via paying dividends, issuing new shares, and taking out loans from financial institutions.

XXVII. Financial instruments

(I) Fair value information－financial instruments not measured at fair value

December 31, 2024

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liability					
Financial liabilities at amortized cost					
- Convertible corporate bonds	$ 556,139	$ 556,538	$ -	$ -	$ 556,538

December 31, 2023

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liability					
Financial liabilities at amortized cost					
- Convertible corporate bonds	$ 584,228	$ 586,080	$ -	$ -	$ 586,080

The Group's management believes it true that the carrying amount of financial assets and financial liabilities recognized under the consolidated financial statements, except convertible corporate bonds, approximate their fair value.

(II) Fair value information－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 Fair Value through Other Comprehensive Income				
Investment in equity instruments				
－ Domestic shares not traded on an exchange or OTC	$ -	$ -	$ -	$ -
－ Foreign shares not traded on an exchange or OTC	-	-	38,658	38,658
	$ -	$ -	$ 38,658	$ 38,658

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value through Other Comprehensive Income				
Investment in equity instruments				
－ Domestic shares not traded on an exchange or OTC	$ -	$ -	$ -	$ -
－ Foreign shares not traded on an exchange or OTC	-	-	21,933	21,933
	$ -	$ -	$ 21,933	$ 21,933

2. Reconciliation of the financial instruments measured at Level 3 fair value

2024

Financial asset	Financial Assets at Fair Value through Other Comprehensive Income Equity instruments
Balance - beginning of year	$ 21,933
Recognized in other comprehensive income (unrealized valuation gains and losses on financial assets measured at fair value through other comprehensive income)	15,874
Effects of exchange rate	851
Balance - end of year	$ 38,658

2023

Financial asset	Financial Assets at Fair Value through Other Comprehensive Income Equity instruments
Balance - beginning of year	$ 20,433
Recognized in other comprehensive income (unrealized valuation gains and losses on financial assets measured at fair value through other comprehensive income)	1,903
Effects of exchange rate	(403)
Balance - end of year	$ 21,933

3. Level 3 fair value valuation techniques and inputs

Financial instrument category	Valuation techniques and inputs
Convertible corporate bond option	Binary tree convertible bond evaluation model: The model simultaneously considers the duration of corporate bonds, the price and fluctuation of price of shares underlying the convertible corporate bonds, conversion price, risk-free interest rate, risk discount rate, and liquidity risk of convertible bonds.
Domestic and foreign shares not traded on an exchange or OTC	The fair value is inferred from the net worth indicated on investees' latest financial statements and by using the marketing approach, and is determined by referring to the valuation of comparable companies of the same type and by inferring from investees' operations.

(III) Type of financial instruments

	December 31, 2024	December 31, 2023
Financial asset		
Measured at amortized cost (Note 1)	$ 1,224,008	$ 1,102,189
Financial assets at fair value through other comprehensive income - investment in equity instruments	38,658	21,933
Financial liability		
Measured at amortized cost (Note 2)	1,380,459	1,428,283

Note 1: The balance includes financial assets measured at amortized cost, such as cash and cash equivalents, notes receivable (including those from related parties), accounts receivable (including those from related parties), other receivables (including those from related parties but excluding tax refund receivables), and guarantee deposits paid.

Note 2: The balance includes financial liabilities measured at amortized cost, such as short-term borrowings, notes payable, accounts payable (including related parties), bonds payable (including the current portion), other payables (including related parties but excluding wages and salaries payable, bonuses, pensions payable, labor and health insurance payable, business tax payable, social security contributions payable, employee compensation payable, and director compensation payable), long-term borrowings (including the current portion), and guarantee deposits received.

(IV) Financial risk management purpose and policy

The Group's major financial instruments include cash and cash equivalents, notes receivable, receivables, financial assets measured at amortized cost, short-term borrowings, payables, bonds payable, lease liabilities, and long-term borrowings. The said financial instruments are inherent to financial risks related to operations, market risk (including exchange rate risk, interest rate risk, and other price risks), credit risk, and liquidity risk.

1. Market risks

The financial risks inherent in the Group's operations are mainly foreign currency exchange rate change risk (see (1) below) and interest rate change risk (see (2) below).

(1) Foreign exchange risks

The Group is engaged in sale and purchase denominated in foreign currency, thus exposing itself to the exchange rate fluctuation risk. The Group manages its exchange rate risk exposure by hedging such risk using its net position in foreign reserves, to an extent permitted by its policy.

For the carrying amount of monetary assets and monetary liabilities denominated in non-functional currency of the Group on the balance sheet date (including monetary items denominated in non-functional currency that have been eliminated in the consolidated financial statements), please refer to Note 32.

<u>Sensitivity Analysis</u>

The Group is mainly impacted by any changes in the USD and CNY exchange rates.

The following table is an analysis of the Group's sensitivity to an increase/decrease of 1% in TWD (i.e., functional currency) against each relevant foreign currency. 1% is the level of sensitivity that is adopted by the Group when reporting to its key management on exchange rate risks, and denotes the management's estimate of a reasonable range within which foreign exchange rate may vary. The sensitivity analysis includes only the foreign currency monetary items outstanding, which are converted at the end of year by using an exchange rate that could be adjusted by 1%. The scope of sensitivity analysis includes cash and cash equivalents, accounts receivable, accounts payable, short-term borrowings, and the Group's receivables due from its overseas operations. The positive number in the table below means the increase in pre-tax profits or equity if TWD depreciates by 1% against each relevant foreign currency. Conversely, if TWD appreciates by 1% against each relevant foreign currency, the effects on the pre-tax profits or equity will be a negative number of the same amount.

	Effects of USD		Effects of CNY	
	2024	2023	2024	2023
Profit or loss	$ 324 (i)	$ 311 (i)	$ 2,081 (ii)	$ 580 (ii)

(i) Mainly comes from the Group's USD-denominated cash and cash equivalents, receivables, payables, and borrowings that are still in outstanding at the balance sheet date and not covered by any cash flow hedge.

(ii) Mainly comes from the Group's CNY-denominated cash and cash equivalents, receivables, and payables that are still in outstanding at the balance sheet date and not covered by any cash flow hedge.

The Group's sensitivity to USD exchange rate increased in this year mainly due to the increase in net assets denominated in USD; the Group's sensitivity to CNY exchange rate increased in this year mainly due to the increase in net assets denominated in CNY.

(2) Interest rate risk

The carrying amount of the financial assets and liabilities of the Group that were exposed to the interest rate risk on the balance sheet date is as follows:

	December 31, 2024	December 31, 2023
With fair value interest rate risk		
- Financial asset	$ 56,545	$ 83,426
- Financial liability	767,628	746,544
With cash flow interest rate risk		
- Financial asset	763,197	645,525
- Financial liability	449,307	552,836

Sensitivity Analysis

The following sensitivity analysis is based on the interest risk exposure of non-derivatives on the balance sheet date. Floating-rate liabilities are analyzed based on the assumption that the liability amount outstanding on the balance sheet date remains outstanding throughout the reporting period. 1% is the level of sensitivity that is adopted by the Group when reporting to its key management on interest rate risks, and denotes the management's estimate of a reasonable range within which interest rate may vary.

If the interest rate increases/decreases by 1%, holding all other variables constant, the Group's net loss before tax in 2024 and 2023 will increase/decrease by NT$3,139 thousand and NT$927 thousand, respectively, mainly due to the interest rate risk arising from the Group's floating-rate bank deposits and bank borrowings.

The increase in interest rate sensitivity in the current period is due to the increase in net assets with floating interest rates.

(3) Other price risk

The Group is exposed to equity price risk due to its investment in equity securities. The equity investment is not held for trading but for strategic investment purpose, and the Company is not aggressively trading these investments.

Sensitivity Analysis

The following sensitivity analysis is based on the equity price risk exposure on the balance sheet date.

If the equity price increases/decreases by 5%, other comprehensive income before tax in 2024 and 2023 will increase/decrease by NT$1,933 thousand and NT$1,097 thousand, respectively, due to the change in the fair value of financial assets measured at fair value through other comprehensive income.

The increased sensitivity of the consolidated entity's equity securities investments is primarily due to the increase in the fair value of the equity securities held.

2. Credit risk

The credit risk means the risk of causing financial loss to the Group because the trading counterparty defaults on contractual obligations. As of the balance sheet date, the Group's maximum credit risk exposure to the financial loss caused by a trading counterparty's defaulting on his/her performance obligations mainly lies in the carrying amount of the financial assets recognized on the consolidated balance sheet.

According to its policy, the Group only trades with reputable counterparties and requires provision of collateral where necessary to reduce the risk of financial loss due to default. The Group ranks the creditworthiness of major customers by referring to credit rating reports provided by independent rating agencies, other publicly available financial information, transaction records between the Group and such customers. The Group continuously monitors its credit risk exposure and the credit rating of transaction counterparties, and controls the credit risk by having authorized officers review and approve the credit limit assigned to counterparties.

The Group continuously assesses the financial position of customers from which accounts receivable are due. In addition, the Group reviews the recoverable amount of receivables item by item on the balance sheet date to ensure that proper impair loss has been provided for noncollectable receivables.

Since the Group's customer base is extensive and unrelated, the concentration of credit risk should not be high.

3. liquidity risk

The Group manages and maintains sufficient cash and cash equivalents to support its business operations and reduce the effect of the fluctuating cash flow. The management of the Group monitors the use of bank financing facilities and ensures compliance with the terms of the loan contract.

Bank loans are one of the Group's important sources of liquidity reserves. For the bank credit facility that the Group has not used as of December 31, 2024 and 2023, refer to relevant descriptions in (2) Credit facilities.

(1) Liquidity and interest rate risks of non-derivative financial liabilities in tabular format

The table of maturity analysis of the Group's outstanding contracts of non-derivative financial liabilities is compiled based on undiscounted cash flows (including principal and estimated interest) arising from the financial liabilities on the earliest possible date on which the Group will be demanded to repay. Therefore, the banks loans that the Group is able to repay on demand are those listed in the earliest period in the following table, without considering the possibility that banks will immediately call the loans. The table of maturity analysis of other non-derivative financial assets is based on repayment date specified in contracts.

December 31, 2024

	Pay-on-demand or due within one month	1~3 months	3 months~1 year	1~5 years	More than 5 years
Non-derivative financial liabilities					
No interest-bearing debt	$ 84,691	$ 85,946	$ 14,232	$ 584	$ -
Short-term borrowings	228,090	22,390	22,390	-	-
Long-term borrowings (including the current portion)	3,420	6,840	67,879	288,898	22,072
Bonds payable (including the current portion)	-	-	562,100	-	-
Lease liabilities	616	1,197	5,495	16,396	-
	$ 316,817	$ 116,373	$ 672,096	$ 305,878	$ 22,072

December 31, 2023

	Pay-on-demand or due within one month	1~3 months	3 months~1 year	1~5 years	More than 5 years
Non-derivative financial liabilities					
No interest-bearing debt	$ 79,927	$ 58,771	$ 15,416	$ 565	$ -
Short-term borrowings	288,758	-	-	-	-
Long-term borrowings (including the current portion)	3,410	6,821	42,062	294,895	81,626
Bonds payable (including the current portion)	-	-	-	600,000	-
Lease liabilities	524	1,177	4,907	22,042	-
	$ 372,619	$ 66,769	$ 62,385	$ 917,502	$ 81,626

The amount of floating-rate instruments classified as non-derivative financial liabilities will change due to the difference between the floating rate and the interest rate estimated on the balance sheet date.

(2) Credit limit of financing facilities

	December 31, 2024	December 31, 2023
Credit limit of secured bank financing facilities		
- Amount used	$ 369,307	$ 402,836
- Unused amount	-	-
	$ 369,307	$ 402,836
Credit limit of unsecured bank financing facilities		
- Amount used	$ 269,560	$ 286,540
- Unused amount	744,780	709,810
	$ 1,014,340	$ 996,350

The group issued the second and third tranche of domestic convertible corporate bonds on April 28, 2020 and September 5, 2022 respectively with an issue size of NT$600,000 thousand each guaranteed by banks.

XXVIII. Related Party Transaction

All the transactions between the Company and subsidiaries (i.e., a related party of the Company), account balances, income and expenses are eliminated during consolidation and thus not disclosed in this note. The transactions between the Group and other related parties are as follows:

(I) Name and relationship of related party

Name of related party	Relationship with the Group
AIR AUTOMATIC CORPORATION (AIR AUTOMATIC CORPORATION)	Substantive related party
Shanghai Bangye Pneumatic Hydraulic Parts Co., Ltd.(Shanghai Bangye)	Substantive related party

(II) Operating revenue

Recorded items	Related party category	2024	2023
Sales revenue	Substantive related party		
	Shanghai Bangye	$ 122,943	$ 128,077
	AIR AUTOMATIC CORPORATION	19,193	15,732
		$ 142,136	$ 143,809

Standardized products sold to related parties are priced at the costs plus a markup. Products of special specifications sold to related parties are priced based on negotiation. The payment collection method is T/T 120 days. Products sold to general non-related parties are priced based on negotiation; proceeds will be collected on a net 30～180 end of the month (EOM) basis.

(III) Purchase

Related party category	2024	2023
Substantive related party		
Shanghai Bangye	$ 13,983	$ 10,515
AIR AUTOMATIC CORPORATION	79	28
	$ 14,062	$ 10,543

Purchase is priced at costs plus a markup; the payment term is net 90 end of month (EOM). Products sold to general non-related parties are priced based on negotiation; proceeds will be collected on a net 45～90 end of the month (EOM) basis.

(IV) Receivables due from related parties (excluding loans to related parties)

Recorded items	Related party category	December 31, 2024	December 31, 2023
Notes receivable due from related parties	Substantive related party		
	Shanghai Bangye	$ 2,239	$ -
Accounts receivable due from related parties	Substantive related party		
	Shanghai Bangye	$ 27,942	$ 19,659
	AIR AUTOMATIC CORPORATION	6,652	3,228
		$ 34,594	$ 22,887
Other receivables due from related parties	Substantive related party		
	Shanghai Bangye	$ -	$ 9,866

No security was requested for the outstanding receivables due from related parties. No allowance was provided for the amount receivable from related parties in 2024 and 2023.

(V) Payables due to related parties

Recorded items	Related party category	December 31, 2024	December 31, 2023
Accounts payable to related parties	Substantive related party		
	Shanghai Bangye	$ -	$ 1,775
Other payables to related parties	Substantive related party		
	Shanghai Bangye	$ 356	$ 351

The outstanding balance of the payables due to related parties was not secured against collateral.

(VI) Prepaid expenses (listed under other current assets)

Related party category	December 31, 2024	December 31, 2023
Substantive related party/Shanghai Bangye	$ 3,901	$ -

(VII) Disposal of property, plant and equipment

Name and type of related party	Net disposal proceeds		Disposal (losses) profit	
	2024	2023	2024	2023
Substantive related party/Shanghai Bangye	$ -	$ 10,385	$ -	$ 6,875

(VIII) Transactions with other related parties

	2024	2023
Processing expense - Substantial related party －Shanghai Bangye	$ 4,100	$ 1,068

(IX) Remuneration for key management

	2024	2023
Short-term employee benefits	$ 18,247	$ 19,507
Post-retirement benefits	489	449
	$ 18,736	$ 19,956

The remuneration to directors and other key management was decided by the Remuneration Committee according to personal performance and market trends.

XXIX. Pledged and Mortgaged Assets

The following assets have been provided as collateral against financing borrowings and corporate bonds payable:

	December 31, 2024	December 31, 2023
Property, plant and equipment		
Self-owned land	$ 262,264	$ 262,264
Buildings	618,621	615,631
	880,885	877,895
Right-of-use assets - land use rights	85,360	84,363
	$ 966,245	$ 962,258

XXX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

Aside from those stated in the notes, as of the balance sheet date, the Group has the following major obligations:

The unrecognized contractual commitments of the Group are as follows:

	December 31, 2024	December 31, 2023
Acquisition of property, plant, and equipment－Property under construction	$ -	$ 7,197

XXXI. Significant Subsequent Events：

The parent company, on March 4, 2025, resolved in the board meeting to issue the fourth tranche of domestic secured convertible corporate bonds, with a total issue size of up to NT$500,000 thousand, denominated in NT$100 thousand per bond, with a coupon rate of 0%. The issuance price is tentatively set between 100% and 103.5% of the face value, and the bond term is three years. The major issuance terms are as follows:

XXXII. Information on foreign currency assets and liabilities with significant influence

The following information is summarized and stated based on the foreign currencies other than the functional currency of the each entity. The disclosed exchange rate represents the exchange rate of such foreign currency against the functional currency. The Group's foreign currency assets and liabilities with significant influence are as follows:

December 31, 2024

	Foreign currency	Foreign exchange rate	Carrying amount
Financial asset			
Monetary items			
USD	$ 987	32.7850 (USD: TWD)	$ 32,379
USD	475	7.3213 (USD: CNY)	15,551
CNY	49,503	4.4780 (CNY: TWD)	221,675
JPY	367	0.2099 (JPY: TWD)	77
Financial liability			
Monetary items			
CNY	3,021	4.4780 (CNY: TWD)	13,526

December 31, 2023

Financial asset	Foreign currency	Foreign exchange rate	Carrying amount
Monetary items			
USD	$ 1,013	30.705 (USD: TWD)	$ 31,119
USD	116	7.0961 (USD: CNY)	3,547
CNY	15,799	4.3270 (CNY: TWD)	68,365
JPY	824	0.2172 (JPY: TWD)	179
Financial liability			
Monetary items			
CNY	2,389	4.3270 (CNY: TWD)	10,339

Realized and unrealized exchange gains (losses) on foreign currency items with significant influence are as follows:

	2024		2023	
Foreign currency	Foreign exchange rate	Net exchange gains (losses)	Foreign exchange rate	Net exchange gains (losses)
USD	32.112 (USD: TWD)	$ 1,867	31.155 (USD: TWD)	($ 736)
USD	7.210 (USD: CNY)	1,015	7.087 (USD: CNY)	324
CNY	4.454 (CNY: TWD)	3,503	4.396 (CNY: TWD)	18
		$ 6,385		($ 394)

XXXIII. Supplementary Disclosures

(I) Information on Major transactions and (2) Information on Investees

1. Loans to Others. (Table 1)
2. Making Endorsements/Guarantees for Others. (None)
3. Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Affiliated Companies, and the Control Portion in a Joint Venture). (Table 2)
4. Aggregate Purchases or Sales of the Same Securities Reaching NT$300 Million or 20 Percent of Paid-in Capital or More. (None)
5. Acquisition of Real Estate Reaching NT$300 Million or 20 Percent of Paid-in Capital or More. (None)
6. Disposal of Real Estate Reaching NT$300 Million or 20 Percent of Paid-in Capital or More. (None)
7. Purchase or Sale of Goods from or to Related Parties Reaching NT$100 Million or 20% of Paid-in Capital or More. (Table 3)
8. Accounts Receivable from Related Parties Reaching NT$100 Million or 20 Percent of Paid-in Capital or More. (Table 4)

9. Engagement in Derivatives Trading. (None)

10. Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them. (Table 5)

11. Information on Investees. (Table 6)

(III) Information on Investments in Mainland China:

1. Information on the Investee Company, Showing the Name, Principal Business Activities, Paid-in Capital, Method of Investment, Inward and Outward Remittance of Funds, Shareholding Ratio, Profit or Loss for the Period and Recognized Investment Gain or Loss, Carrying Amount of the Investment at the End of the Period, Repatriated Investment Gains, and Limit on the Amount of Investment in the Mainland Area. (Table 7)

2. Any of the Following Significant Transactions with Investee Companies in the Mainland Area, Either Directly or Indirectly through a Third Area, and Their Prices, Payment Terms, and Unrealized Gains or Losses: (Tables 7)

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

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

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

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

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

(6) 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 receiving of services.

(IV) If a subsidiary holds shares in the parent company, the name of the subsidiary, the number of shares held, the amount and the reason shall be listed separately: None.

(V) Disclosure of information related to affiliated companies:

1. Matters in relation to affiliated company as whole that must be disclosed in the Consolidated Financial Statements of Affiliated Enterprises:

Note number	Item	Description
1	The names of subordinate companies, a description of their relationship with the controlling company, the nature of their business, and the controlling company's shareholding or capital contribution ratio in each.	Note 10, Tables 6 and Table 7
2	Increases, decreases, or changes in the subordinate companies included in the current consolidated financial statements of the affiliates.	Note 10
3	The names and shareholding or capital contribution ratios of subordinate companies not listed in the current consolidated financial statements for affiliates and the reasons they are not included in the consolidated statements.	None
4	The adjustment method and treatment adopted if the opening and closing dates of the subordinate company's accounting year are different from those of the controlling company.	None
5	An explanation of any differences in accounting policies between the subordinate companies and the controlling company. The method and substance of adjustments adopted in the event of any non-conformity with the Generally Accepted Accounting Principles of the Republic of China.	None
6	Special operational risks of overseas subordinate companies, such as exchange rate fluctuations.	Note 10
7	Statutory or contractual restrictions on distribution of earnings by the various affiliates.	Note
8	Amortization methods and period for consolidated borrowings (loans).	None
9	Other matters of significance or explanations that would contribute to the fair presentation of the consolidated financial statements of the affiliate.	None

2． Matters required to be disclosed by each individual affiliated enterprises:

Note number	Item	Description
1	Transactions that have been eliminated between the controlling company and subordinate companies or between subordinate companies.	Table 5
2	Information regarding financing, endorsements, and guarantees.	None
3	Information regarding trading in derivative products.	None
4	Significant contingent matters.	None
5	Significant Subsequent Events.	None
6	Names of bills and securities held, and their quantities, cost, market value (or net par value if a bill or security does not have a market value), shareholding or capital contribution ratio, description of any pledges, and the highest amount of shareholding or capital contribution during the period.	Tables 2, 6, and 7
7	Other matters of significance or explanations that would contribute to the fair presentation of the consolidated financial statements of the affiliate.	None

Note: As required by the Articles of Incorporation, SHANGHAI CHELIC PNEUMATIC CORP., GENTEK AUTOMATION (SHANGHAI) CORP, SHANGHAI SHINNING ELECTRONICS CO., LTD., SHENZHEN CHELIC PNEUMATIC CORP., CHELIC TECHNOLOGY (ZHEJIANG) CO. LTD, and ZHEJIANG BANGYE AUTOMATION TECHNOLOGY CO.,LTD. take the post-tax profits and provide reserve funds, corporate development fund, and employee incentive and welfare funds. Reserve funds provided shall not be less than 10% of post-tax profits, and may be ceased to be provided if the total reserve funds reach 50% of registered capital. The percentage of provision of corporate development funds is determined by the Board of Directors based on the company's benefits.

(VI) Information on Major Shareholders: The Names, Number of Shares Held, and Shareholding Percentages of Shareholders Who Hold 5 Percent or More of the Company's Equity. (Table 8)

XXXIV. Segment Information

The chief operating decision maker regards the sales units of pneumatic components in each region as individual operating departments.However, when preparing the financial statements, the Group did not apply the requirement on disclosure of information on operating departments because the Group regarded all operating departments as a single operation, given the following considerations:

1. The nature of the product is similar;
2. The product pricing strategy and sales model are similar.

(I) Revenue from main products and services

The analysis of revenue from the main products and services of the continuing operations of the Group is as follows:

	2024	2023
Pneumatic components	$ 1,103,990	$ 1,154,361
Other products	387,498	222,869
	$ 1,491,488	$ 1,377,230

(II) Geographic information

The Group operate mainly in two regions: Taiwan and China.

Below is a summary of the Group's continuing operations' revenue from external customers by business location and their non-current assets by location of assets:

	Revenue from external customers		Non-current assets	
	2024	2023	113 years December 31	112 years December 31
Taiwan	$ 139,459	$ 140,182	$ 660,918	$ 685,022
China	1,352,029	1,237,048	1,515,972	1,558,405
Thailand	-	-	2,586	-
	$1,491,488	$1,377,230	$2,179,476	$2,243,427

Non-current assets exclude financial assets at fair value through other comprehensive income and deferred tax assets.

(III) Information on major customers

For the years 2024 and 2023, there was no single customer whose revenue accounted for more than 10% of the operating revenue in the consolidated statement of comprehensive income.

TAIWAN CHELIC CO., LTD. and Subsidiaries

Loans to Others

January 1, 2024 through December 31, 2024

Table 1

Unit: Thousands of TWD and foreign currencies

Note number (Note 1)	Lending company	Borrowing company	Transaction item	Whether a related party or not	The highest balance in this period (Note 2)	Ending balance (Note 2)	Drawdown (Note 6)	Interest rate range%	Nature of loaning of funds (Note 3)	Business transaction amount	Reasons for the need of short-term financing	Appropriated allowance for bad debt	Collateral		Cap on the amount of loans to a single party	Cap on the total amount of loans
													Name	Value		
0	TAIWAN CHELIC CO., LTD.	CHELIC TECHNOLOGY (THAILAND) CO., LTD.	Other receivables due from related parties	Yes	$ 20,000	$ 20,000	$ -	-	-	$ -	Working capital	$ -	None	-	$ 282,277 (Note 5)	$ 1,129,106 (Note 5)
1	SHANGHAI CHELIC PNEUMATIC CORP.	CHELIC TECHNOLOGY (ZHEJIANG) CO. LTD	Other receivables due from related parties	Yes	134,340 RMB 30,000	134,340 RMB 30,000	$ 134,340 RMB 30,000	2.5%	2	-	Working capital	-	None	-	556,581 (Note 4)	556,581 (Note 4)
1	SHANGHAI CHELIC PNEUMATIC CORP.	ZHEJIANG BANGYE AUTOMATION TECHNOLOGY CO.,LTD.	Other receivables due from related parties	Yes	67,170 RMB 15,000	44,780 RMB 10,000	8,060 RMB 1,800	3.9%	2	-	Working capital	-	None	-	139,145 (Note 5)	556,581 (Note 5)

Note 1: 0 for issuers.

Investees are numbered starting from "1".

Note 2: The highest amount in the period and the ending balance are the amounts approved by the Board of Directors.

Note 3: "1" for business counterparties.

"2" for a necessary need for short-term financing.

Note 4: The term of any necessary short-term loaning of funds between the Company and a foreign company whose 100% voting rights are held directly or indirectly by the Company shall be no longer than one year. Loaning of funds to an individual entity shall be no greater than 40% of the lending company's net worth indicated in its latest financial statements audited or reviewed by CPAs; loaning of funds shall be no greater than 40% of the lending company's net worth indicated in its latest financial statements audited or reviewed by CPAs.

Note 5: When the Company engages in loaning of funds with entities other than a foreign company whose 100% voting rights are held directly or indirectly by the Company, the amount of loaning of funds to a single entity shall not exceed 10% of the lending company’s net worth indicated in its latest financial statements audited or review ed by CPAs, and the total amount of loaning of funds to all entities shall not exceed 40% of the lending company’s net worth indicated in its latest financial statements audited or reviewed by CPAs.

Note 6: Eliminated during the preparation of these Consolidated Financial Statements.

TAIWAN CHELIC CO., LTD. and Subsidiaries

Marketable Securities Held at the End of Period

December 31, 2024

Table 2

(In thousands of shares and thousands of TWD)

Investor	Type and name of marketable securities	Relationship with the securities issuer	Account	Ending				Remark
				Number of shares	Carrying amount	Shareholding percentage	Fair value	
TAIWAN CHELIC CO., LTD.	AIR AUTOMATIC CORPORATION	Directors of the Company are directors of the company	Financial assets at fair value through other comprehensive income - non-current	216	$ -	18%	$ -	Note 1
SHANGHAI CHELIC PNEUMATIC CORP.	Shanghai Bangye Pneumatic & Hydraulic Components Co., Ltd.	Substantive related party	〃	-	38,658	18%	38,658	Note 1

Note 1: If there is no market price for unlisted (over-the-counter) shares for reference, the market price for such shares is estimated using fair value valuation techniques.

Note 2: Please refer to Table 6 and Table 7 for information about investees.

TAIWAN CHELIC CO., LTD. and Subsidiaries

Purchase or Sale of Goods from or to Related Parties Reaching NT$100 Million or 20% of Paid-in Capital or More.

January 1, 2024 through December 31, 2024

Table 3

Unit: NT$1,000

Purchase from (sale to)	Transaction counterparty	Relationship	Transaction details				Occurrence of transaction terms other than those for an arm's length transaction and reasons therefor		Notes/Accounts receivable (payable)		Remark
			Purchase (sales)	Amount	Ratio to total purchase (sales)	Credit period	Unit price	Credit period	Balance	Ratio to total notes and accounts receivable (payable)	
TAIWAN CHELIC CO., LTD.	SHANGHAI CHELIC PNEUMATIC CORP.	Sub-subsidiary	Sale	($ 153,459)	(35%)	T/T 120 days	Note 1	Note 2	$ 33,714	31%	Note 3
CHELIC TECHNOLOGY (ZHEJIANG) CO. LTD	SHENZHEN CHELIC PNEUMATIC CORP.	Affiliated company	Sale	(133,304)	(91%)	T/T 120 days	Note 1	Note 2	38,766	93%	Note 3
SHANGHAI CHELIC PNEUMATIC CORP.	CHELIC TECHNOLOGY (ZHEJIANG) CO. LTD	Affiliated company	Sale	(129,684)	(21%)	T/T 120 days	Note 1	Note 2	48,001	25%	Note 3
ZHEJIANG BANGYE AUTOMATION TECHNOLOGY CO.,LTD.	Shanghai Bangye Pneumatic & Hydraulic Components Co., Ltd.	Substantive related party	Sale	(122,943)	(21%)	T/T 120 days	Note 1	Note 2	30,181	21%	
SHANGHAI CHELIC PNEUMATIC CORP.	TAIWAN CHELIC CO., LTD.	Ultimate parent company	Purchase	153,459	45%	T/T 120 days	Note 1	Note 2	(33,714)	(34%)	Note 3
SHENZHEN CHELIC PNEUMATIC CORP.	CHELIC TECHNOLOGY (ZHEJIANG) CO. LTD	Affiliated company	Purchase	133,304	55%	T/T 120 days	Note 1	Note 2	(38,766)	(61%)	Note 3
CHELIC TECHNOLOGY (ZHEJIANG) CO. LTD	SHANGHAI CHELIC PNEUMATIC CORP.	Affiliated company	Purchase	129,684	98%	T/T 120 days	Note 1	Note 2	(48,001)	(94%)	Note 3

Note 1: Transactions of standardized products among affiliated enterprises are priced at the costs plus a markup. Transactions of products of special specifications among affiliated enterprises are priced based on negotiation. The price for transactions with non-related parties is based on negotiation.

Note 2: Proceeds from sale to general non-related party are collected on a net 30～180 end of month (EOM) basis; Proceeds for purchase from general non-related party are paid on a net 45～90 end of month (EOM) basis.

Note 3: Eliminated during the preparation of these Consolidated Financial Statements.

TAIWAN CHELIC CO., LTD. and Subsidiaries

Accounts receivable from related parties reaching NT$100 million or 20 percent of paid-in capital or more

December 31, 2024

Table 4

Unit: NT$1,000

Companies from which the accounts receivable are due	Transaction counterparty	Relationship	Balance of receivables due from related parties	Turnover	Receivables due from related parties past due		Receivables due from related parties retrieved after the reporting period	Appropriated allowance for bad debt
					Amount	Actions taken		
SHANGHAI CHELIC PNEUMATIC CORP.	CHELIC TECHNOLOGY (ZHEJIANG) CO. LTD	Subsidiary to subsidiary	$ 134,340 (Includes interest receivable)	Note 1	$ -	-	$ -	$ -

Note 1: As receivables from loans provided, it is not applicable for calculating turnover days.

Note 2: Eliminated during the preparation of these Consolidated Financial Statements.

TAIWAN CHELIC CO., LTD. and Subsidiaries

The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them:

January 1, 2024 through December 31, 2024

Table 5

Unit: NT$1,000

Note number	Name of the transaction party	Transaction counterparty	Relationship with transaction party	Transaction status			
				Account	Amount (Note 1)	Transaction terms	Ratio to total consolidated revenue or total assets (%) (Note 2)
0	TAIWAN CHELIC CO., LTD.	SHANGHAI CHELIC PNEUMATIC CORP.	Parent company to subsidiary	Sales revenue	$ 153,459	Payments are collected within 120 days after sales; the remaining terms are not significantly different from those for general sales.	10%
				Accounts receivable	33,714		1%
		SHENZHEN CHELIC PNEUMATIC CORP.	Parent company to subsidiary	Sales revenue	85,350	Payments are collected within 120 days after sales; the remaining terms are not significantly different from those for general sales.	6%
				Accounts receivable	20,722		-
		CHELIC TECHNOLOGY (THAILAND) CO., LTD.	Parent company to subsidiary	Sales revenue	6	Payments are collected within 120 days after sales; the remaining terms are not significantly different from those for general sales.	-
				Accounts receivable	6		-
1	SHANGHAI CHELIC PNEUMATIC CORP.	SHENZHEN CHELIC PNEUMATIC CORP.	Subsidiary to subsidiary	Sales revenue	555	Payments are collected within 120 days after sales; the remaining terms are not significantly different from those for general sales.	-
				Accounts receivable	4		-
		TAIWAN CHELIC CO., LTD.	Subsidiary to parent	Sales revenue	56,425	Payments collected on the net 90 end of month (EOM) basis; other terms are the same as those for general sales.	4%
				Accounts receivable	13,527		-
		CHELIC TECHNOLOGY (ZHEJIANG) CO. LTD	Subsidiary to subsidiary	Sales revenue	129,684	Payments are collected within 120 days after sales; the remaining terms are not significantly different from those for general sales.	9%
				Accounts receivable	48,001		1%
				Other receivables	134,340	This is funds loaned; the repayment terms are agreed upon by both parties.	3%
		ZHEJIANG BANGYE AUTOMATION TECHNOLOGY CO.,LTD.	Subsidiary to subsidiary	Sales revenue	724	Payments collected on the net 90 end of month (EOM) basis; other terms are the same as	-

						those for general sales.	
				Other receivables	8,060	This is funds loaned; the repayment terms are agreed upon by both parties.	-
		CHELIC TECHNOLOGY (THAILAND) CO., LTD.	Subsidiary to subsidiary	Sales revenue	27	Payments collected on the net 120 end of month (EOM) basis; other terms are the same as those for general sales.	-
				Accounts receivable	27		-
2	SHANGHAI SHINNING ELECTRONICS CO., LTD.	SHANGHAI CHELIC PNEUMATIC CORP.	Subsidiary to subsidiary	Rent income	12,928	Collection of 3 months of rent at one time.	1%
		GENTEK AUTOMATION (SHANGHAI) CORP	Subsidiary to subsidiary	Rent income	102	Collection of 3 months of rent at one time.	-
3	ZHEJIANG BANGYE AUTOMATION TECHNOLOGY CO.,LTD.	SHANGHAI CHELIC PNEUMATIC CORP.	Subsidiary to subsidiary	Sales revenue	$ 26,939	Payments collected on the net 90 end of month (EOM) basis; other terms are the same as those for general sales.	2%
				Accounts receivable	9,434		-
		CHELIC TECHNOLOGY (ZHEJIANG) CO. LTD	Subsidiary to subsidiary	Sales revenue	2,311	Payments collected on the net 60 end of month (EOM) basis; other terms are the same as those for general sales.	-
				Accounts receivable	1,295		-
4	CHELIC TECHNOLOGY (ZHEJIANG) CO. LTD	SHENZHEN CHELIC PNEUMATIC CORP.	Subsidiary to subsidiary	Sales revenue	133,304	Payments are collected within 120 days after sales; the remaining terms are not significantly different from those for general sales.	9%
				Accounts receivable	38,766		1%
		ZHEJIANG BANGYE AUTOMATION TECHNOLOGY CO.,LTD.	Subsidiary to subsidiary	Rent income	25,780	Collection of 1 months of rent at one time.	2%
				Sales revenue	3,568	Payments collected on the net 30 end of month (EOM) basis; other terms are the same as those for general sales.	-
				Accounts receivable	552		-
				Other receivables	2,827	The transaction prices and credit terms are agreed upon by both parties.	-
		SHANGHAI CHELIC PNEUMATIC CORP.	Subsidiary to subsidiary	Sales revenue	6,687	Payments collected on the net 90 end of month (EOM) basis; other terms are the same as those for general sales.	-
				Accounts receivable	2,155		-
				Other income - Others	531	Based on agreement of both parties	-

Business relationship between parent company and subsidiaries:

TAIWAN CHELIC CO., LTD., SHANGHAI CHELIC PNEUMATIC, and ZHEJIANG BANGYE AUTOMATION TECHNOLOGY CO.,LTD. are mainly engaged in manufacture and sale of pneumatic components; GENTEK AUTOMATION (SHANGHAI) CORP and CHELIC TECHNOLOGY (ZHEJIANG) CO. LTD are mainly engaged in manufacture of pneumatic components.

SHANGHAI CHELIC PNEUMATIC is mainly engaged in sale of pneumatic components. SHANGHAI SHINNING ELECTRONICS CO., LTD. is mainly engaged in leasing of real property. In addition, FULL ASSET Group L.L.C., FULLTEK Group L.L.C., Smart Technology Investment Co., Ltd., and CHELIC (BVI) Corp. are holding companies mainly engaged in indirect investment.

Note 1: This attached table only discloses one-way transaction information, and the above-mentioned transactions have been eliminated during the preparation of these Consolidated Financial Statements.

Note 2: The term "Ratio to consolidated total revenue or total assets" means the balance of the transaction at the end of period as a percentage of consolidated total assets if the transaction falls under an account on the balance sheet, or the amount accumulated in the period as a percentage of consolidated total operating revenue if the transaction falls under an account on the profit or loss.

TAIWAN CHELIC CO., LTD. and Subsidiaries

Information on investee name, location, ...

January 1, 2024 through December 31, 2024

Table 6

(In thousands of shares and thousand of TWD)

Name of investor	Investee	Region	Main business line	Original investment amount		Ending			Profit and loss of the investee for the current period	Recognition of investment gains or losses in the current period	Remark
				End of this period	End of last year	Number of shares	Percentage %	Carrying amount			
TAIWAN CHELIC CO., LTD.	FULL ASSET GROUP L.L.C.	USA	Holding company	USD 11,635	USD 11,635	-	100	$ 1,350,446	($ 53,888)	($ 52,262)	Note 1, Note 2, Note 3, and Note 4
	FULLTEK GROUP L.L.C.	USA	Holding company	USD 5,000	USD 5,000	-	100	26,990	(1,825)	(1,825)	Note 2, Note 3, and Note 4
	Smart Technology Investment Co., Ltd.	British Virgin Islands	Holding company	USD 4,218	USD 4,218	50	100	150,873	4,156	4,156	Note 2, Note 3, and Note 4
	CHELIC（BVI）Corp.	British Virgin Islands	Holding company	RMB 179,500	RMB 179,500	27	100	946,135	7,254	7,254	Note 2, Note 3, and Note 4
	CHELIC TECHNOLOGY (THAILAND) CO., LTD.	Thailand	Manufacture and sale of pneumatic equipment	24,142	-	2,495	99.8	22,729	(1,221)	(1,219)	Note 2, Note 3, and Note 5

Note 1: It denotes the investment loss of NT$53,888 thousand plus the realized gross profit of NT$2,322 thousand from upstream transactions at the beginning of the period, less the unrealized gross profit of NT$696 thousand from upstream transactions at the end of the period.

Note 2: It was calculated based on financial statements in the same period that were audited by CPAs.

Note 3: Eliminated during the preparation of these Consolidated Financial Statements.

Note 4: For information on investees in mainland China, please refer to Table 7.

Note 5: CHELIC TECHNOLOGY (THAILAND) CO., LTD. completed its registration in September 2024. As of December 31, 2024, the consolidated entity has invested a total of NTD24,142 thousand. Please refer to note 10.

TAIWAN CHELIC CO., LTD. and Subsidiaries

Information on Investments in Mainland China

January 1, 2024 through December 31, 2024

Table 7 Unit: Thousands of TWD / Thousands of foreign currencies

Information on the Investee Company in China, Showing the Name, Principal Business Activities, Paid-in Capital, Method of Investment, Inward and Outward Remittance of Funds, Shareholding Ratio, Investment Gain or Loss, Carrying Amount of the Investment, and Repatriated Investment Gains:

Investee in Mainland China	Main business line	Paid-in capital	Method of investment	Accumulated amount of investments from Taiwan at the beginning of current year	Inward or outward investment amount in the period		Accumulated amount of investments from Taiwan at the end of current year	Profit and loss of the investee for the current period	The Company's direct or indirect shareholding	Recognition of investment gains or losses in the current period	Investment book value at the end of the year	Investment gains remitted back as of the end of the period
					Outward	Inward						
SHANGHAI CHELIC PNEUMATIC CORP. (Note 4)	Manufacture and sale of pneumatic equipment	$ 375,600	Note 2(2)(1)	$ 360,437	$ -	$ -	$ 360,437	($ 39,754) (RMB -8,925)	100	($ 39,754) (RMB -8,925) Note 1(2)(2)	$ 1,391,453 (RMB 310,731)	$ 216,869 (RMB 48,565)
GENTEK AUTOMATION (SHANGHAI) CORP (Note 4)	Manufacture of pneumatic equipment	151,375	Note 2(2)(2)	151,375	-	-	151,375	(1,825) (RMB -410)	100	(1,825) (RMB -410) Note 1(2)(2)	26,868 (RMB 6,000)	
SHANGHAI SHINNING ELECTRONICS CO., LTD. (Note 4)	Real estate lease	164,999	Note 2(2)(3)	127,700	-	-	127,700	11,687 (RMB 2,624)	100	11,687 (RMB 2,624) Note 1(2)(2)	206,921 (RMB 46,208)	
SHENZHEN CHELIC PNEUMATIC CORP. (Note 4)	Sale of pneumatic equipment	99,900 (Note 3)	Note 2(3)(1)	-	-	-	-	1,464 (RMB 329)	100	1,464 (RMB 329) Note 1(2)(2)	104,001 (RMB 23,225)	
CHELIC TECHNOLOGY (ZHEJIANG) CO. LTD (Note 4)	Manufacture of pneumatic equipment	807,715	Note 2(2)(4)	807,715	-	-	807,715	7,254 (RMB 1,629)	100	7,254 (RMB 1,629) Note 1(2)(2)	945,539 (RMB 211,152)	
ZHEJIANG BANGYE AUTOMATION TECHNOLOGY CO.,LTD. (Note 4)	Manufacture of auto parts and pneumatic components	271,504 (Note 3)	Note 2(3)(2)	-	-	-	-	45,617 (RMB 10,242)	80	36,671 (RMB 8,234) Note 1(2)(2) and Note 5	376,357 (RMB 84,006)	

Note 1: Where the column of investment gains recognized in the current period is involves,

(I) an entity still under preparation and did not yield any profit of loss shall be indicated.

(II) The basis for recognition of investment gains comprise the following three types, which shall be specified:

(1) Financial statements audited by an international accounting firm that has a cooperative relationship with the accounting firm of the Republic of China.

(2) Financial statements audited by CPAs of the parent company in Taiwan.

(III) Others

Note 2: Investment methods comprise the following three types; please indicate the type:

(I) Investment made directly in mainland China.

(II) Investment in China made through a third region (please indicate the investor in the third region).

(1) Investment in GENTEK AUTOMATION (SHANGHAI) CORP in mainland China indirectly through companies in a third region (FULL ASSET Group L.L.C. and FULLTEK Group L.L.C.).

(2) Investment in the mainland indirectly through a company in a third regional (FULLTEK Group LLC).

(3) Investment in SHANGHAI CHELIC PNEUMATIC CORP. through investment in GENTEK AUTOMATION (SHANGHAI) CORP in mainland China indirectly through companies in a third region (FULL ASSET Group L.L.C. and FULLTEK Group L.L.C.)

(4) Investment in the mainland indirectly through a company in a third regional (CHELIC（BVI）Corp.)

(III) Other means.

(1) Investment made indirectly through SHANGHAI CHELIC PNEUMATIC CORP.

(2) Investment made indirectly through CHELIC TECHNOLOGY (ZHEJIANG) CO. LTD

Note 3: The capital of SHENZHEN CHELIC PNEUMATIC CORP. was contributed by means of indirect investment, i.e., investment made through SHANGHAI CHELIC PNEUMATIC CORP.; 80% of the capital of ZHEJIANG BANGYE AUTOMATION TECHNOLOGY CO.,LTD. was contributed through indirect investment, i.e., investment made through CHELIC TECHNOLOGY (ZHEJIANG) CO. LTD

Note 4: Eliminated during the preparation of these Consolidated Financial Statements.

Note 5: The figure denotes recognition of 80% investment gains of NT$36,494 thousand less unrealized gross profit from side-stream transactions of NT$177 thousand.

Note 6: Does not deduct the remitted investment gains of NT$216,869 thousand.

Limit on investment in mainland China:

Unit: NT$1,000

Accumulated investment amount remitted from Taiwan to China at the end of period	Investment amount approved by the MOEAIC	Upper limit on investment in mainland China imposed by the MOEAIC
$ 1,447,227(USD 48,488) (Note 6)	$ 1,320,713(USD 44,591)	$ 1,750,140

Any Significant Transaction with Investee Companies in the Mainland Area, Either Directly or Indirectly through a Third Area

1. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period:

2. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period:

Unit: NT$1,000

Name of related party	Relationship between the Company and the related party	Transaction type	Amount	Ratio to total purchase (sales) (%)	Transaction terms			Notes/Accounts receivable (payable)		Unrealized gains
					Price	Payment terms	Comparison with general transactions	Balance	Percentage (%)	
SHANGHAI CHELIC PNEUMATIC CORP.	Sub-subsidiary	Sale	$ 153,459	(35%)	Item by item price negotiation for transactions involving products of special specifications.	T/T 120 days	Proceeds collected on a net 30～180 end of month (EOM) basis for general non-related parties	$ 33,714	31%	$ 17,344
〃	〃	Purchase	56,425	40%	Cost-plus pricing	T/T 90 days	Proceeds paid on a net 45～90 end of month (EOM) basis for general non-related parties	(13,527)	(23%)	-
SHENZHEN CHELIC PNEUMATIC CORP.	Sub-subsidiary	Sale	85,350	(20%)	Cost-plus pricing	T/T 120 days	Proceeds collected on a net 30～180 end of month (EOM) basis for general non-related parties	20,722	19%	4,141

3. The amount of property transactions and the amount of the resultant gains or losses: None.

4. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

5. The highest balance, the end of period balance, the interest rate range, and total interest of the current period with respect to financing of funds: None.

6. 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 receiving of services: None.

TAIWAN CHELIC CO., LTD.

Information on Major Shareholders

December 31, 2024

Table 8 Unit: share

Name of major shareholder	Number of shares	
	The number of shares held	Shareholding percentage
CHENG HSIUNG INVESTMENT CO., LTD.	10,508,000	15.01%
YU, PING-CHENG	6,609,500	9.44%
SHANG BO INVESTMENT CO., LTD.	6,392,000	9.13%
SHANG CHIA INVESTMENT CO., LTD.	6,130,000	8.75%
FU-ERH INVESTMENT CO., LTD.	5,320,400	7.60%
CHEN, YU-FENG	5,199,750	7.42%

Note 1: The information on major shareholders in this table is taken from TDCC's information on shareholders who held 5% or more of the Company's total preferred shares plus the common shares (including treasury shares) whose scripless registration and delivery were already registered with TDCC, on the last business day of the current quarter. The share capital indicated in the Company's Financial Statements might differ from the number of shares whose scripless registration and delivery were already registered with TDCC because the preparation basis might be different.

Note 2: If the above-mentioned information is about shares put in trust by shareholders, the information shall be disclosed by each individual account opened by the trustee under the trustors' name. The securities and exchange laws require shareholders to disclose insiders holding 10% or more stake. Such shareholding shall include the number of shares held by the insider in person plus the number of shares put under trust and may be utilized at such insider's discretion. For declaration of insiders' shareholding, see the Market Observation Post System.