HSIN YUNG CHIEN CO., LTD.

INDIVIDUAL FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2024 AND 2023

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 24003599

To the Board of Directors and Shareholders of Hsin Yung Chien Co., Ltd.

Opinion

We have audited the accompanying individual balance sheets of Hsin Yung Chien Co., Ltd. (the "Company") as at December 31, 2024 and 2023, and the related individual statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying individual financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's 2024 individual financial statements. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters. Key audit matters for the Company's 2024 individual financial statements are stated as follows:

1. Timing of sales revenue recognition

Description

Refer to Note 4(24) for accounting policies on sales revenue and Note 6(16) for details of sales revenue. The Company is primarily engaged in manufacturing, processing, and sales of various types of rubber products. Sales revenues are recognised when the control of goods is transferred upon the goods arriving at the destination port in accordance with the contract terms. At the end of the month, manually check whether the transaction date is consistent with the actual arrival date, and the revenue is recognised. The process of revenue recognition involves numerous manual judgement and procedures, which may result in improper timing of sales revenue recognition, thus we consider the cut-off of sales revenue as a key audit matter.

How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included:

A. Obtained an understanding and assessed the process of sales transactions and internal controls, and then tested these controls to assess the effectiveness of sales revenue recognition timing determined by management.
B. Checked transaction documents to ensure that the sales transaction for a certain period before and after the balance sheet date is recorded in the proper time.

2. Assessment of allowance for inventory valuation losses

Description

Refer to Note 4(10) for accounting policy on inventory valuation, Note 5 for uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(4) for details of allowance for inventory valuation losses. As of December 31, 2024, the Company's inventories and allowance for inventory valuation losses amounted to $198,470 thousand and $18,453 thousand, respectively.

The Company is primarily engaged in manufacturing and sales of various types of rubber products. For inventory that is over a certain age and individually identified for impairment, the impairment is measured at the lower of cost and net realisable value, and provides allowance for inventory valuation losses based on individually identified reasonable net realisable value and usable condition of obsolete or slow-moving inventories. Considering that the Company's allowance for inventory valuation losses were material to its financial statements, and the determination of the net realisable value at balance sheet date involved judgements and estimates, we identified the allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included:

A. Assessed the reasonableness of provision policies on allowance for inventory valuation losses based on our understanding of the Company's operation and the characteristics of its industry.

B. Reviewed the Company's annual physical inventory count plan and participated in the annual inventory count event in order to assess the classification of obsolete inventory and effectiveness of obsolete inventory internal control.

C. Obtained valuation statement of net realisable value of inventory, assessed whether the estimation policy was consistently applied, tested the estimation basis of the net realisable value with relevant information, including verifying the sales and purchase prices with supporting evidence, and recalculated and evaluated the reasonableness of the inventory valuation.

D. Obtained the Company's inventory aging report and verified dates of movements with supporting documents. Ensured the proper categorisation of inventory aging report and recalculated inventory aging range to confirm that the report information was consistent with its policies.

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

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

E. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Wu, Sung-Yuan	Hung, Shu-Hua

For and on behalf of PricewaterhouseCoopers, Taiwan
February 26, 2025

The accompanying individual financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying individual financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

HSIN YUNG CHIEN CO.,LTD.
INDIVIDUAL BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2024 AMOUNT	%	December 31, 2023 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 713,641	19	$ 723,078	19
1136	Current financial assets at amortised cost, net	6(2) and 8	1,066,186	29	1,112,778	30
1150	Notes receivable, net	6(3)	15,889	-	8,896	-
1170	Accounts receivable, net	6(3)	204,469	5	198,496	5
1200	Other receivables		5,314	-	6,553	-
130X	Inventories	6(4)	180,017	5	196,750	5
1470	Other current assets	6(5)	21,616	1	21,662	1
11XX	**Current Assets**		2,207,132	59	2,268,213	60
	Non-current assets					
1600	Property, plant and equipment	6(6) and 8	1,404,671	38	1,324,291	35
1780	Intangible assets		939	-	1,654	-
1840	Deferred income tax assets	6(22)	18,486	-	20,819	-
1900	Other non-current assets	6(7)(11)	94,921	3	189,645	5
15XX	**Non-current assets**		1,519,017	41	1,536,409	40
1XXX	**Total assets**		$ 3,726,149	100	$ 3,804,622	100

(Continued)

HSIN YUNG CHIEN CO.,LTD.
INDIVIDUAL BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2024 AMOUNT	%	December 31, 2023 AMOUNT	%
	Current liabilities					
2130	Current contract liabilities	6(16)	$ 24,171	1	$ 17,055	1
2150	Notes payable		23,092	1	15,350	-
2160	Notes payable - related parties	7(2)	50,342	1	46,765	1
2170	Accounts payable		20,577	1	17,823	1
2180	Accounts payable - related parties	7(2)	19,528	-	16,486	-
2200	Other payables	6(8)	63,679	2	101,862	3
2230	Current income tax liabilities	6(22)	37,262	1	48,825	1
2250	Provisions for liabilities - current	6(9)	3,587	-	7,447	-
2320	Long-term liabilities, current portion	6(10)	66,254	2	76,786	2
2399	Other current liabilities, others	6(16)	3,481	-	1,148	-
21XX	**Current Liabilities**		311,973	9	349,547	9
	Non-current liabilities					
2540	Non-current borrowings	6(10)	277,650	7	335,595	9
2570	Deferred income tax liabilities	6(22)	31,250	1	30,787	1
2600	Other non-current liabilities		-	-	100	-
25XX	**Non-current liabilities**		308,900	8	366,482	10
2XXX	**Total Liabilities**		620,873	17	716,029	19
	Equity					
	Equity attributable to owners of parent					
	Share capital	6(13)				
3110	Share capital - common stock		779,918	21	779,918	20
	Capital surplus	6(14)				
3200	Capital surplus		261,493	7	254,929	7
	Retained earnings	6(15)				
3310	Legal reserve		743,233	20	696,315	18
3350	Unappropriated retained earnings		1,320,632	35	1,357,431	36
3XXX	**Total equity**		3,105,276	83	3,088,593	81
	Significant contingent liabilities and unrecognized contract commitments	9				
3X2X	**Total liabilities and equity**		$ 3,726,149	100	$ 3,804,622	100

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

HSIN YUNG CHIEN CO.,LTD.
INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

	Items	Notes	2024 AMOUNT	2024 %	2023 AMOUNT	2023 %
4000	Operating revenue	6(16)	$ 1,466,396	100	$ 1,558,156	100
5000	Operating costs	6(4)(20)(21) and 7(2)	(877,128)	(60)	(898,864)	(58)
5900	Net operating margin		589,268	40	659,292	42
	Operating expenses	6(20)(21)				
6100	Selling expenses		(84,762)	(6)	(69,097)	(5)
6200	General and administrative expenses		(46,660)	(3)	(46,329)	(3)
6300	Research and development expenses		(13,760)	(1)	(18,547)	(1)
6000	Total operating expenses		(145,182)	(10)	(133,973)	(9)
6900	Operating profit		444,086	30	525,319	33
	Non-operating income and expenses					
7100	Interest income	6(17)	26,873	2	24,643	2
7010	Other income	6(18)	15,015	1	27,087	2
7020	Other gains and losses	6(19)	13,537	1	7,940	-
7050	Finance costs		(2,675)	-	(1,668)	-
7000	Total non-operating income and expenses		52,750	4	58,002	4
7900	**Profit before income tax**		496,836	34	583,321	37
7950	Income tax expense	6(22)	(98,609)	(7)	(114,136)	(7)
8200	**Profit for the year**		$ 398,227	27	$ 469,185	30
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(11)(22)	$ 2,315	-	($ 3)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(463)	-	1	-
8300	**Total other comprehensive income (loss) for the year**		$ 1,852	-	($ 2)	-
8500	**Total comprehensive income for the year**		$ 400,079	27	$ 469,183	30
	Basic earnings per share	6(23)				
9750	Total basic earnings per share		$ 5.11		$ 6.02	
	Diluted earnings per share	6(23)				
9850	Total diluted earnings per share		$ 5.08		$ 5.99	

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

HSIN YUNG CHIEN CO.,LTD.
INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings		
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Total equity
Year ended December 31, 2023						
Balance at January 1, 2023		$ 779,918	$ 248,381	$ 656,668	$ 1,317,855	$ 3,002,822
Profit for the year		-	-	-	469,185	469,185
Other comprehensive loss for the year		-	-	-	(2)	(2)
Total comprehensive income		-	-	-	469,183	469,183
Appropriation and distribution of 2022 earnings:	6(15)					
Legal reserve appropriated		-	-	39,647	(39,647)	-
Cash dividends of ordinary share		-	-	-	(389,960)	(389,960)
Dividends not received by shareholders	6(14)	-	163	-	-	163
Share-based payments	6(12)(14)	-	6,385	-	-	6,385
Balance at December 31, 2023		$ 779,918	$ 254,929	$ 696,315	$ 1,357,431	$ 3,088,593
Year ended December 31, 2024						
Balance at January 1, 2024		$ 779,918	$ 254,929	$ 696,315	$ 1,357,431	$ 3,088,593
Profit for the year		-	-	-	398,227	398,227
Other comprehensive income for the year		-	-	-	1,852	1,852
Total comprehensive income		-	-	-	400,079	400,079
Appropriation and distribution of 2023 earnings:	6(15)					
Legal reserve appropriated		-	-	46,918	(46,918)	-
Cash dividends of ordinary share		-	-	-	(389,960)	(389,960)
Dividends not received by shareholders	6(14)	-	162	-	-	162
Share-based payments	6(12)(14)	-	6,402	-	-	6,402
Balance at December 31, 2024		$ 779,918	$ 261,493	$ 743,233	$ 1,320,632	$ 3,105,276

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

HSIN YUNG CHIEN CO.,LTD.
INDIVIDUAL STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2024	Year ended December 31 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 496,836	$ 583,321
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(20)	91,988	74,040
Amortization expense	6(20)	6,937	10,694
Loss on disposal of property and equipment	6(19)	447	76
Interest income	6(17)	(26,873)	(24,643)
Interest expense		2,675	1,668
Share-based payments	6(12)(14)	6,402	6,385
Unrealized foreign exchange (gain) loss		(2,979)	(13,091)
Provision for sales returns and discounts	6(9)	(3,860)	4,220
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(6,993)	(367)
Accounts receivable, net		(2,112)	(66,090)
Other receivables		1,239	(106)
Inventories		16,733	40,595
Other current assets		(147)	(1,522)
Changes in operating liabilities			
Contract liabilities		2,253	(5,093)
Notes payable		7,742	(14,566)
Notes payable - related parties		3,577	(8,081)
Accounts payable		3,023	(6,945)
Accounts payable - related parties		3,042	1,458
Other payables		985	(10,840)
Other current liabilities		2,333	147
Net defined benefit liability		(4,531)	(707)
Cash inflow generated from operations		598,717	570,553
Interest received	6(17)	26,873	24,643
Interest paid		(2,558)	(1,560)
Income taxes paid		(107,838)	(143,768)
Net cash flows from operating activities		515,194	449,868

(Continued)

HSIN YUNG CHIEN CO.,LTD.
INDIVIDUAL STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		($ 597,656)	($ 658,709)
Proceeds from repayments of financial assets at amortised cost		644,248	77,671
Acquisition of property and equipment	6(24)	(114,622)	(153,069)
Proceeds from disposal of property, plant and equipment		84	371
(Increase) decrease in refundable deposits	6(7)	(1,494)	3,321
Acquisition of intangible assets		(271)	(243)
Increase in other operating assets		210	(7,337)
Net cash flows used in investing activities		(69,501)	(737,995)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term debt	6(24)	27,000	261,000
Repayments of long-term borrowings	6(24)	(95,477)	(48,619)
Decrease in guarantee deposits received	6(24)	(100)	-
Cash dividends paid	6(15)(24)	(389,960)	(389,960)
Dividends not received by shareholders	6(14)	162	163
Net cash flows used in financing activities		(458,375)	(177,416)
Effect of exchange rate changes on cash and cash equivalents		3,245	3,352
Net decrease in cash and cash equivalents		(9,437)	(462,191)
Cash and cash equivalents at beginning of year		723,078	1,185,269
Cash and cash equivalents at end of year		$ 713,641	$ 723,078

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

HSIN YUNG CHIEN CO.,LTD.
NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Hsin Yung Chien Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in August 1969. The Company was formerly named as HSIN YUNG CHIEN CO., LTD. and changed its name to HSIN YUNG CHIEN CO., LTD. in 2003. The Company is primarily engaged in manufacturing, processing and sales of rubber conveyor belt, rubber sheet, oil resistant, acid resistant, heat resistant packer elements and other rubber products. The Company’s stocks have been approved and listed on the Taipei Exchange since September 28, 2006 and transferred to list in the Taiwan Stock Exchange starting from December 29, 2010 after approval.

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

These financial statements were authorised for issuance by the Board of Directors on February 26, 2025.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

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

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

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

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

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

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

4. Summary of Material Accounting Policies

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

(1) Compliance statement

The financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the

"IFRSs").

(2) Basis of preparation

A. Except for the following items, the financial statements have been prepared under the historical cost convention:

Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

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

Foreign currency transactions and balances

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss.

D. All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

(4) Classification of current and non-current items

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

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(7) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

C. The Company's operating pattern of accounts receivable that are expected to be factored is for the purpose of selling, and the accounts receivable are subsequently measured at fair value, with any changes in fair value recognised in profit or loss.

(8) Impairment of financial assets

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

(9) Derecognition of financial assets

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

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

(11) Property, plant and equipment

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

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the direct method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	5~51 years
Machinery and equipment	1~18 year(s)
Transportation equipment	5 years
Office equipment	2~12 years
Other equipment	1~15 year(s)

(12) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 8 years.

(13) Impairment of non-financial assets

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

(14) Borrowings

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

(15) Accounts and notes payable

A. Notes payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(16) Derecognition of financial liabilities

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

(17) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(18) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date.

(19) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

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

(20) Employee share-based payment

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

(21) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. If the deferred tax arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is determined using tax rates (and laws) that have been enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) Share capital

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

(23) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(24) Revenue recognition

Sales of goods:

A. The Company manufactures and sells conveyor belt related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

B. The Company's obligation to provide a refund for sales of faulty products is recognised as a provision.

C. Sales contracts contain the terms for advance sales receipts. The contract liabilities are recognised as revenue when control of the products has transferred to the customer.

(25) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Company's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Assumptions and Key Sources of Estimation Uncertainty

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

Critical accounting estimates and assumptions

Evaluation of inventories

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

As of December 31, 2024, the carrying amount of inventories was $180,017 thousand.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand and revolving funds	$ 669	$ 636
Checking accounts	5,889	22,495
Demand deposits	184,167	205,237
Time deposits	522,916	494,710
	$ 713,641	$ 723,078

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company’s time deposits that did not meet short-term cash commitments were classified as financial assets at amortised cost. Relevant information is provided in Note 6(2).

(2) Financial assets at amortised cost

Items	December 31, 2024	December 31, 2023
Current items:		
Time deposits maturing in excess of three months	$ 1,066,186	$ 1,112,520
Restricted time deposits	-	258
	$ 1,066,186	$ 1,112,778

A. As at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was $1,066,186 thousand and $1,112,778 thousand, respectively.

B. Details of the Company’s financial assets at amortised cost pledged to others as collateral are provided in Note 8.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company’s investments in certificates of deposit are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable	$ 15,889	$ 8,896
Accounts receivable	$ 208,044	$ 202,071
Less: Allowance for bad debts	(3,575)	(3,575)
	$ 204,469	$ 198,496

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2024		December 31, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 204,902	$ 15,889	$ 196,362	$ 8,896
Up to 30 days	2,448	-	4,727	-
31 to 90 days	694	-	415	-
91 to 180 days	-	-	567	-
Over 180 days	-	-	-	-
	$ 208,044	$ 15,889	$ 202,071	$ 8,896

The above ageing analysis was based on past due date.

B. As of December 31, 2024 and 2023, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2023, the balance of accounts receivable and notes receivable from contracts with customers amounted to $150,568 thousand and $8,529 thousand, respectively.

C. As of December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was $15,889 thousand and $8,896 thousand ; $204,469 thousand and $198,496 thousand, respectively.

D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Inventories

	December 31, 2024		
	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	$ 70,844	($ 6,723)	$ 64,121
Work in progress	17,627	(2,780)	14,847
Finished goods	109,204	(8,471)	100,733
Merchandises	795	(479)	316
	$ 198,470	($ 18,453)	$ 180,017

	December 31, 2023		
	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	$ 65,506	($ 5,133)	$ 60,373
Work in progress	18,066	(2,943)	15,123
Finished goods	127,258	(8,128)	119,130
Merchandises	2,603	(479)	2,124
	$ 213,433	($ 16,683)	$ 196,750

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2024	2023
Cost of goods sold	$ 866,740	$ 889,611
Loss on slow-moving inventories and valuation loss	1,770	722
Underapplied overhead	8,618	8,531
	$ 877,128	$ 898,864

(5) Other current assets

	December 31, 2024	December 31, 2023
Prepayments	$ 21,166	$ 21,141
Others	450	521
	$ 21,616	$ 21,662

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(6) Property, plant and equipment

	Year ended December 31, 2024				
	Balance at beginning of year	Addition	Decrease	Transfers during the year	Balance at end of year
Cost					
Land	$ 347,857	$ 1,219	$ -	$ -	$ 349,076
Land improvements	2,519	-	-	-	2,519
Buildings and structures	805,910	4,192	-	-	810,102
Machinery and equipment	1,252,286	8,101	(5,116)	72,918	1,328,189
Transportation equipment	3,933	-	(485)	-	3,448
Office equipment	15,534	-	-	-	15,534
Other equipment	115,812	8,769	(235)	47,815	172,161
Unfinished construction/equipment under acceptance	52,506	150,618	-	(120,733)	82,391
Total	2,596,357	$ 172,899	($ 5,836)	$ -	2,763,420
Accumulated depreciation					
Land improvements	($ 2,518)	$ -	$ -	$ -	($ 2,518)
Buildings and structures	(173,838)	(26,820)	-	-	(200,658)
Machinery and equipment	(990,664)	(55,482)	4,637	-	(1,041,509)
Transportation equipment	(2,681)	(335)	460	-	(2,556)
Office equipment	(11,954)	(1,080)	-	-	(13,034)
Other equipment	(90,411)	(8,271)	208	-	(98,474)
	(1,272,066)	($ 91,988)	$ 5,305	$ -	(1,358,749)
	$ 1,324,291				$ 1,404,671

	Year ended December 31, 2023				
	Balance at beginning of year	Addition	Decrease	Transfers during the year	Balance at end of year
Cost					
Land	$ 347,857	$ -	$ -	$ -	$ 347,857
Land improvements	2,519	-	-	-	2,519
Buildings and structures	412,675	393,870	(635)	-	805,910
Machinery and equipment	1,229,706	6,992	(812)	16,400	1,252,286
Transportation equipment	4,439	398	(904)	-	3,933
Office equipment	14,660	874	-	-	15,534
Other equipment	121,396	1,962	(7,778)	232	115,812
Unfinished construction/equipment under acceptance	340,396	(271,258)	-	(16,632)	52,506
Total	2,473,648	$ 132,838	($ 10,129)	$ -	2,596,357
Accumulated depreciation					
Land improvements	($ 2,354)	($ 164)	$ -	$ -	($ 2,518)
Buildings and structures	(158,444)	(16,009)	615	-	(173,838)
Machinery and equipment	(941,670)	(49,784)	790	-	(990,664)
Transportation equipment	(3,260)	(275)	854	-	(2,681)
Office equipment	(10,964)	(990)	-	-	(11,954)
Other equipment	(91,016)	(6,818)	7,423	-	(90,411)
	(1,207,708)	($ 74,040)	$ 9,682	$ -	(1,272,066)
	$ 1,265,940				$ 1,324,291

Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(7) Other non-current assets

	December 31, 2024	December 31, 2023
Prepayments for business facilities and construction	$ 81,363	$ 178,993
Guarantee deposits paid	7,716	6,222
Others	5,842	4,430
	$ 94,921	$ 189,645

(8) Other payables

	December 31, 2024	December 31, 2023
Wages and salaries payable	$ 32,937	$ 33,413
Other accrued expenses	14,459	12,937
Payable on machinery and equipment	2,858	42,211
Freight payable	5,633	4,245
Accrued compensation due to directors	7,792	9,056
	$ 63,679	$ 101,862

(9) Current provisions

	Year ended December 31	
	2024	2023
Balance at beginning of year	$ 7,447	$ 3,227
Additional provisions	-	4,220
Provision reversal	(3,860)	-
Balance at end of year	$ 3,587	$ 7,447

The Company's provision is mainly related to the quality of rubber products sold. Provision is estimated based on historical data of rubber products.

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(10) Long-term borrowings

Type of borrowings	Borrowing period	Collateral	December 31, 2024
Long-term bank borrowings			
Secured borrowings	Borrowing period is from August 5, 2022 to April 15, 2025; interest payable monthly; principal is repayable monthly from May 15, 2023.	Machinery and equipment	$ 3,429
Secured borrowings	Borrowing period is from August 5, 2022 to July 15, 2029; interest payable monthly; principal is repayable monthly from August 15, 2025.	Plant	67,000
Secured borrowings	Borrowing period is from August 3, 2023 to April 15, 2025; interest payable monthly; principal is repayable monthly from August 15, 2023.	Machinery and equipment	22,167
Secured borrowings	Borrowing period is from August 3, 2023 to July 15, 2029; interest payable monthly; principal is repayable monthly from August 15, 2025.	Plant	243,000
Secured borrowings	Borrowing period is from April 1, 2024 to April 15, 2025; interest payable monthly; principal is repayable monthly from April 15, 2024.	Machinery and equipment	8,308
			343,904
Less: Current portion			(66,254)
			$ 277,650

Type of borrowings	Borrowing period	Collateral	December 31, 2023
Long-term bank borrowings			
Secured borrowings	Borrowing period is from August 5, 2022 to April 15, 2025; interest payable monthly; principal is repayable monthly from May 15, 2023.	Machinery and equipment	$ 88,667
Secured borrowings	Borrowing period is from August 5, 2022 to July 15, 2029; interest payable monthly; principal is repayable monthly from August 15, 2025.	Plant	67,000
Secured borrowings	Borrowing period is from August 3, 2023 to April 15, 2025; interest payable monthly; principal is repayable monthly from August 15, 2023.	Machinery and equipment	13,714
Secured borrowings	Borrowing period is from August 3, 2023 to July 15, 2029; interest payable monthly; principal is repayable monthly from August 15, 2025.	Plant	243,000
			412,381
Less: Current portion			(76,786)
			$ 335,595

Details of the Company's assets pledged as collateral for the purpose of long-term borrowings are provided in Note 8.

(11) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March. In addition, 4% is allocated to the retirement fund for the appointed manager.

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

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	$ 14,832	$ 15,301
Fair value of plan assets	(20,568)	(17,995)
Net defined benefit asset	($ 5,736)	($ 2,694)

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

	2024		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	$ 15,301	($ 17,995)	($ 2,694)
Interest expense (income)	184	(216)	(32)
	15,485	(18,211)	(2,726)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)			
Change in demographic assumptions	-	-	-
Change in financial assumptions	-	-	-
Experience adjustments	(653)	(1,662)	(2,315)
	(653)	(1,662)	(2,315)
Pension fund contribution	-	(695)	(695)
At December 31	$ 14,832	($ 20,568)	($ 5,736)

	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	$ 16,821	($ 18,811)	($ 1,990)
Interest expense (income)	202	(226)	(24)
	17,023	(19,037)	(2,014)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)			
Change in demographic assumptions	-	-	-
Change in financial assumptions	-	-	-
Experience adjustments	93	(90)	3
	93	(90)	3
Pension fund contribution	-	(683)	(683)
Pension payment	(1,815)	1,815	-
At December 31	$ 15,301	($ 17,995)	($ 2,694)

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

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

	Year ended December 31	
	2024	2023
Discount rate	1.60%	1.20%
Future salary increases	2.00%	2.00%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2024				
Effect on present value of defined benefit obligation	($ 188)	$ 193	$ 155	($ 152)

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 225)	$ 231	$ 191	($ 186)

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2025 amount to $789 thousand.

(g) As of December 31, 2024, the weighted average duration of the retirement plan is 6 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ 3,973
1-2 year(s)	2,592
3-5 years	3,266
Over 5 years	3,117
	$ 12,948

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2024 and 2023, were $2,089 thousand and $2,060 thousand, respectively.

(12) Share-based payment

A. For the years ended December 31, 2024 and 2023, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousand)	Contract period	Vesting conditions
Employee stock options	2020.11.24	2,000	10 years	Note

Note: The lifetime of the issued employee stock options is 10 years. After 6 years from the date that employee stock options were granted, employees can exercise the options in accordance with the regulation.

B. Details of the share-based payment arrangements are as follows:

	2024		2023	
	No. of options (shares in thousand)	Weighted-average exercise price (in dollars)	No. of options (shares in thousand)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	2,000	$ -	2,000	$ -
Options granted	-	-	-	-
Options outstanding at December 31	2,000		2,000	
Options exercisable at December 31	-		-	

C. The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Employee stock	2020.11.24	82.6	82.6	20.1737% (Note)	8 years	-	0.2375%	19.1635

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

D. For the years ended December 31, 2024 and 2023, the compensation costs were $6,402 thousand and $6,385 thousand, respectively.

(13) Share capital

As of December 31, 2024, the Company's authorised capital was $1,000,000 thousand, consisting of 100,000 thousand shares of ordinary stock, and the paid-in capital was $779,918 thousand with a par value of $10 (in dollars) per share. There was no change in the reporting period. All proceeds from shares issued have been collected.

(14) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	December 31, 2024	December 31, 2023
Share premium	$ 225,374	$ 225,374
Treasury share transactions	8,236	8,236
Employee stock options	26,204	19,802
Donated assets received	1,679	1,517
	$ 261,493	$ 254,929

(15) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.

B. As the Company is in the growth stage, and taking into consideration of shareholders' interest, the Company's financial structure and long-term development, total amount of bonus distributed to shareholders shall be over 20% of accumulated unappropriated earnings. The ratio of cash dividends shall be at least 10% of the total amount of bonus distributed to shareholders.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The appropriations of 2023 and 2022 earnings as approved by the shareholders during their meeting on May 15, 2024 and June 27, 2023, respectively, are as follows:

	Year ended December 31			
	2023		2022	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 46,918		$ 39,647	
Cash dividends	389,960	5.0	389,960	5.0
	$ 436,878		$ 429,607	

F. The appropriation of 2024 earnings as approved by the Board of Directors during their meeting on February 26, 2025 are as follows:

	Year ended December 31, 2024	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 40,008	
Cash dividends	389,960	5.0
	$ 429,968	

As of February 26, 2025, the appropriation of 2024 earnings has not yet been reported to the shareholders.

G. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(21).

(16) Operating revenue

	Year ended December 31	
	2024	2023
Revenue from contracts with customers	$ 1,466,396	$ 1,558,156

A. Disaggregation of revenue from contracts with customers

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

	Year ended December 31, 2024				
Revenue from external customer contracts	Northern America region	Europe region	Asia region	Other regions	Total
Rubber products	$ 728,380	$ 351,811	$ 317,307	$ 33,182	$ 1,430,680
Other products	$ -	$ -	$ 35,716	$ -	$ 35,716
Timing of revenue recognition					
At a point in time	$ 728,380	$ 351,811	$ 353,023	$ 33,182	$ 1,466,396

	Year ended December 31, 2023				
Revenue from external customer contracts	Northern America region	Europe region	Asia region	Other regions	Total
Rubber products	$ 751,237	$ 361,966	$ 387,453	$ 31,805	$ 1,532,461
Other products	$ -	$ -	$ 25,695	$ -	$ 25,695
Timing of revenue recognition					
At a point in time	$ 751,237	$ 361,966	$ 413,148	$ 31,805	$ 1,558,156

B. Contract liability and refund liability (shown as other current liabilities)

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

	December 31, 2024	December 31, 2023	January 1, 2023
Contract liabilities:			
Contract liabilities - advance sales receipts	$ 24,171	$ 17,055	$ 47,104
Refund liability (that is cash discounts on sales discounts and allowances, shown as ‘other current liabilities’)	$ 3,402	$ 1,027	$ 905

	Year ended December 31	
	2024	2023
Revenue recognised that was included in the contract liability balance at the beginning of the year	$ 9,826	$ 42,788

(17) Interest income

	Year ended December 31	
	2024	2023
Interest income from bank deposits	$ 26,873	24,610
Interest income from financial assets at fair value through profit or loss	-	33
	$ 26,873	$ 24,643

(18) Other income

	Year ended December 31	
	2024	2023
Dividend income	$ 170	$ -
Other income, others	14,845	27,087
	$ 15,015	$ 27,087

(19) Other gains and losses

	Year ended December 31	
	2024	2023
Net gain or loss on financial assets at fair value through profit	$ 7	$ -
Losses on disposal of property, plant and equipment	(447)	(76)
Foreign exchange gains	13,977	8,016
	$ 13,537	$ 7,940

(20) Expenses by nature

	Year ended December 31	
	2024	2023
Employee benefit expense	$ 100,134	$ 92,646
Depreciation charges on property, plant and equipment	91,988	74,040
Amortisation expense	6,937	10,694
Operating cost and operating expenses	$ 199,059	$ 177,380

(21) Employee benefit expense

	December 31, 2024		
	Cost	Expenses	Total
Wages and salaries	$ 48,113	$ 24,022	$ 72,135
Employee stock options	3,393	3,009	6,402
Labour and health insurance fees	5,025	1,814	6,839
Pension costs	1,206	851	2,057
Directors' remuneration	-	8,914	8,914
Other personnel expenses	3,145	642	3,787
	$ 60,882	$ 39,252	$ 100,134

	December 31, 2023		
	Cost	Expenses	Total
Wages and salaries	$ 43,765	$ 21,005	$ 64,770
Employee stock options	3,384	3,001	6,385
Labour and health insurance fees	4,582	1,823	6,405
Pension costs	1,217	819	2,036
Directors' remuneration	-	10,026	10,026
Other personnel expenses	2,339	685	3,024
	$ 55,287	$ 37,359	$ 92,646

A. In accordance with the Articles of Incorporation of the Company, the profit before deducting tax and employees' compensation and directors' remuneration shall be used to offset operating losses. The remainder, if any, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 3% for directors' remuneration.

B. The accrued amounts of employees' compensation and directors' and supervisors' remuneration are as follows:

	Year ended December 31	
	2024	2023
Employees' compensation	$ 15,584	$ 12,074
Directors' and supervisors' remuneration	7,792	9,056
	$ 23,376	$ 21,130

The above-mentioned amounts were recognised in salary expenses.

For the years ended December 31, 2024 and 2023, the employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on distributable profit of current year as of the end of reporting period, and the estimated and accrued ratios are as follows:

	Year ended December 31	
	2024	2023
Employees' compensation ratio	3.00%	2.00%
Directors' and supervisors' remuneration ratio	1.50%	1.50%

C. Employees' compensation and directors' and supervisors' remuneration of 2023 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2023 financial statements, and the employees' compensation will be distributed in the form of cash.

D. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

E. As of December 31, 2024 and 2023, the Company had 112 and 111 employees, both including 7 non-employee directors.

F. Average employee benefit expense in current and previous year was $869 thousand and $794 thousand, respectively.

G. Average employees salaries in current and previous year was $748 thousand and $684 thousand, respectively.

H. Adjustments of average employees salaries was 9%.

I. The Company's remuneration policy is as follows:

(a) The directors', supervisors' and managers' remuneration are distributed in accordance with the Articles of Incorporation of the Company.

(b) The correlation between the policy, procedures for paying managers' remuneration, operational performance and future risk is as follows: The manager's personal salary and remuneration is determined in accordance with the Company's relevant regulations, and the remuneration committee regularly evaluates the reasonableness of the salary and remuneration. Salary contains the monthly salary, employees' bonuses which are calculated and distributed every month according to the Company's budget achievement and employees' compensation which shall be distributed at least 2% of the current year's earnings in accordance with the annual performance assessment policy.

(c) Directors' emoluments include remuneration and transportation allowance.

(d) Managers' and employees' emoluments include salaries, bonuses, employee compensation, employee stock option certification, etc.

(22) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2024	2023
Current tax:		
Current tax on profits for the year	$ 97,074	$ 114,480
Prior year income tax underestimation (overestimation)	(798)	(645)
Total current tax	96,276	113,835
Deferred tax:		
Origination and reversal of temporary differences	2,333	301
Income tax expense	$ 98,609	$ 114,136

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

	Year ended December 31	
	2024	2023
Present value of defined benefit obligations	$ 463	($ 1)

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2024	2023
Tax calculated based on profit before tax and statutory tax rate	$ 99,367	$ 116,664
Expenses disallowed by tax regulation	40	6
Prior year income tax overestimation	(798)	(645)
Effect from investment tax credits	-	(1,889)
Income tax expense	$ 98,609	$ 114,136

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

	Year ended December 31, 2024			
	Balance at beginning of year	Recognised in profit or loss	Recognised in other comprehensive income	Balance at end of year
Temporary differences:				
—Deferred tax assets:				
Unrealised sales revenue	$ 12,111	($ 2,383)	$ -	$ 9,728
The amount of pension not actually appropriated	3,237	(145)	-	3,092
Allowance for inventory valuation and obsolete and slow-moving inventories	3,335	354	-	3,689
Allowance for sales returns and discounts	1,490	(772)	-	718
Unrealised exchange loss	211	596	-	807
Others	435	17	-	452
	$ 20,819	($ 2,333)	$ -	$ 18,486
—Deferred tax liabilities:				
Land value increment tax	(28,202)	-	-	(28,202)
Remeasurement of defined benefit obligations	(2,585)	-	(463)	(3,048)
	($ 30,787)	$ -	($ 463)	($ 31,250)
		($ 2,333)	($ 463)	

	Year ended December 31, 2023			
	Balance at beginning of year	Recognised in profit or loss	Recognised in other comprehensive income	Balance at end of year
Temporary differences:				
－Deferred tax assets:				
Unrealised sales revenue	$ 15,003	($ 2,892)	$ -	$ 12,111
The amount of pension not actually appropriated	3,367	(130)	-	3,237
Allowance for inventory valuation and obsolete and slow-moving inventories	3,191	144	-	3,335
Allowance for sales returns and discounts	646	844	-	1,490
Unrealised exchange loss	-	211	-	211
Unrealised losses on valuation of financial assets	905	(905)	-	-
Others	415	20	-	435
	$ 23,527	($ 2,708)	$ -	$ 20,819
－Deferred tax liabilities:				
Land value increment tax	(28,202)	-	-	(28,202)
Unrealised exchange gain	(2,407)	2,407	-	-
Remeasurement of defined benefit obligations	(2,586)	-	1	(2,585)
	($ 33,195)	$ 2,407	$ 1	($ 30,787)
		($ 301)	$ 1	

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

(23) Earnings per share

	Year ended December 31, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit for the year	$ 398,227	77,992	$ 5.11
Diluted earnings per share			
Profit for the year	$ 398,227	77,992	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	255	
Employees' compensation	-	182	
Profit plus assumed conversion of all dilutive potential ordinary shares	$ 398,227	78,429	$ 5.08

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit for the year	$ 469,185	77,992	$ 6.02
Diluted earnings per share			
Profit for the year	$ 469,185	77,992	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	227	
Employees' compensation	-	136	
Profit plus assumed conversion of all dilutive potential ordinary shares	$ 469,185	78,355	$ 5.99

The diluted earnings per share computation shall assume that distribution will be in the form of stocks in the calculation of the weighted-average number of common shares outstanding during the current year, taking into account the dilutive effects of employees' compensation on potential common share.

(24) Supplemental cash flow information

A. Investing activities with partial cash payments for property, plant and equipment:

	Year ended December 31	
	2024	2023
Purchase of property, plant and equipment	$ 172,899	$ 132,838
Add: Opening balance of payable on equipment	42,211	7,601
Less: Ending balance of payable on equipment	(2,858)	(42,211)
Add: Ending balance of prepayment for equipment and construction	81,363	178,993
Less: Opening balance of prepayment for equipment and construction	(178,993)	(124,152)
Cash paid during the year	$ 114,622	$ 153,069

B. Changes in liabilities from financing activities

	2024			
	Long-term borrowings	Guarantee deposits received	Cash dividends paid	Liabilities from financing activities-gross
At January 1	$ 412,381	$ 100	$ 389,960	$ 802,441
Changes in cash flow from financing activities	(68,477)	(100)	(389,960)	(458,537)
At December 31	$ 343,904	$ -	$ -	$ 343,904

	2023			
	Long-term borrowings	Guarantee deposits received	Cash dividends paid	Liabilities from financing activities-gross
At January 1	$ 200,000	$ 100	$ 389,960	$ 590,060
Changes in cash flow from financing activities	212,381	-	(389,960)	(177,579)
At December 31	$ 412,381	$ 100	$ -	$ 412,481

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
CLEP ENTERPRISE CO., LTD.	The chairman of the entity is the second-degree relative of the chairman of the Company (other related party)

(2) Significant related party transactions

A. Purchases

	Year ended December 31	
	2024	2023
Raw materials purchased:		
CLEP ENTERPRISE CO., LTD.	$ 180,800	$ 187,454

The above price of purchase transactions is based on the market price in mutual agreement. The payment terms were approximately the same as those with general suppliers. The payment to the general suppliers is 60 to 95 days after monthly billings, L/C or T/T based on the different transaction terms.

B. Payables to related parties:

	December 31, 2024	December 31, 2023
Notes payable:		
CLEP ENTERPRISE CO., LTD.	$ 50,342	$ 46,765
Accounts payable:		
CLEP ENTERPRISE CO., LTD.	$ 19,528	$ 16,486

The payables to related parties arose mainly from purchase transactions.

(3) Key management compensation

	Year ended December 31	
	2024	2023
Short-term employee benefits	$ 12,056	$ 13,266
Post-employment benefits	32	32
	$ 12,088	$ 13,298

8. Pledged Assets

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

Pledged asset	Book value December 31, 2024	Book value December 31, 2023	Purpose
Property, plant and equipment	$ 790,988	$ 420,871	Long-term and short-term borrowings
Registered non-negotiable certificates of deposit (Shown as financial assets at amortised cost)	-	258	Guarantees for construction
	$ 790,988	$ 421,129	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2024		December 31, 2023	
Property, plant and equipment	$	32,681	$	98,998

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2024		December 31, 2023	
Financial assets				
Financial assets at fair value through profit or loss				
Cash and cash equivalents	$	713,641	$	723,078
Current financial assets at amortised cost		1,066,186		1,112,778
Notes receivable		15,889		8,896
Accounts receivable		204,469		198,496
Other receivables		5,314		6,553
Guarantee deposits paid		7,716		6,222
	$	2,013,215	$	2,056,023

	December 31, 2024		December 31, 2023	
Financial liabilities				
Financial liabilities at amortised cost				
Notes payable (including related parties)	$	73,434	$	62,115
Accounts payable (including related parties)		40,105		34,309
Other payables		63,679		101,862
Long-term borrowings		343,904		412,381
Guarantee deposits received		-		100
	$	521,122	$	610,767

B. Financial risk management policies

(a) The Company's daily sales expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units and chairman's office, and implements in accordance with the Company's internal management regulation and internal control system. The process and results of the implementation shall comply with the regulations of the law.

The Board of Directors of the Company supervises the management's compliance with financial risk policies and procedures, and reviews the appropriateness of the Company's financial risk framework. Internal auditors assist the board of directors of the Company in its supervisory role by conducting regular and exception reviews and reporting the results to the Board of Directors.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

i The Company sells internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD, GBP, JPY, AUD and EUR. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii Management has set up a policy to require the Company to manage its foreign exchange risk against its functional currency. Exchange rate risk is measured through a forecast of highly probable USD expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of sales revenue.

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

(Foreign currency: functional currency)	December 31, 2024					
				Sensitivity analysis		
	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary items						
JPY:NTD	$ 732,588	0.21	$153,843	1%	$ 1,538	-
USD:NTD	3,103	32.74	101,592	1%	1,016	-
EUR:NTD	5,566	33.94	188,910	1%	1,889	-
AUD:NTD	276	20.29	5,600	1%	56	-
GBP:NTD	757	40.99	31,029	1%	310	-
Financial liabilities						
Monetary items						
USD:NTD	$ 369	32.74	$ 12,081	1%	$ 121	-

(Foreign currency: functional currency)	December 31, 2023					
				Sensitivity analysis		
	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary items						
JPY:NTD	$ 531,689	0.22	$116,972	1%	$ 1,170	-
USD:NTD	7,222	30.66	221,427	1%	2,214	-
EUR:NTD	3,295	33.78	111,305	1%	1,113	-
AUD:NTD	236	20.88	4,928	1%	49	-
GBP:NTD	664	38.95	25,863	1%	259	-
Financial liabilities						
Monetary items						
USD:NTD	$ 271	30.66	$ 8,309	1%	$ 83	-

iv The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2024 and 2023 amounted to gain of $13,977 thousand and gain of $8,016 thousand, respectively.

Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 2024, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.

(b) Credit risk

i Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.

ii The Company manages their credit risk taking into consideration the entire company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii The Company is in line with credit risk management procedure to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. If the contract payments were highly unrecoverable, there has been a significant increase in credit risk on that instrument since initial recognition, and the specific identification was adopted.

iv The Company classifies customer's accounts receivable in accordance with credit rating of customer. The Company applies the modified approach using a provision matrix to estimate the expected credit loss.

v The Company first evaluates and recognises impairment losses for individual receivables that have objective evidence that they cannot be collected. For the rest of receivables, the loss rate is established based on historical and timely information for a specific period, and future forward-looking considerations are made to assess the loss allowance for receivables. As of December 31, 2024 and 2023, the accumulated amount of loss allowance for the above-mentioned individual provision for receivables were both recognised amounting to $0 thousand. The rest of receivables were assessed using expected loss approach, the accumulated loss allowance were both recognised amounting to $3,575 thousand.

vi Movements in relation to the Company applying the modified approach to provide loss allowance for receivables are as follows:

	2024	2023
	Accounts receivable	Accounts receivable
At January 1	$ 3,575	$ 3,575
Reversal of impairment loss	-	-
At December 31	$ 3,575	$ 3,575

(c) Liquidity risk

i Cash flow forecasting is performed in the operating segments of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.

ii The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

December 31, 2024

	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years	Total
Notes payable	$ 23,092	$ -	$ -	$ -	$ 23,092
Notes payable to related parties	50,342	-	-	-	50,342
Accounts payable	20,577	-	-	-	20,577
Accounts payable to related parties	19,528	-	-	-	19,528
Other payables	55,887	7,792	-	-	63,679
Guarantee deposits received	-	-	-	-	-
Long-term borrowings	25,923	42,164	274,142	-	342,229

Non-derivative financial liabilities

December 31, 2023

	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years	Total
Notes payable	$ 15,350	$ -	$ -	$ -	$ 15,350
Notes payable to related parties	46,765	-	-	-	46,765
Accounts payable	17,823	-	-	-	17,823
Accounts payable to related parties	16,486	-	-	-	16,486
Other payables	92,806	9,056	-	-	101,862
Guarantee deposits received	-	-	-	100	100
Long-term borrowings	19,792	59,205	333,905	-	412,902

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to statement 1.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

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

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): None.

(3) Information on investments in Mainland China

A. Basic information: None.

B. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: None.

(4) Major shareholders information

Major shareholders information: Please refer to statement 2.

14. Segment Information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions. Business organisation is divided into rubber products and other segments based on the products. There is no material change in the basis for formation of entities and division of segments in the Company or in the measurement basis for segment information during this period.

(2) Measurement of segment information

The chief operating decision-maker evaluates the performance of the operating segments based on income (loss) before tax.

(3) Information about segment profit or loss, assets and liabilities

A. The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

Year ended December 31, 2024	Rubber products	Other products	Total
Revenue from external customers	$ 1,430,680	$ 35,716	$ 1,466,396
Segment income (loss) before tax	$ 475,187	($ 31,101)	$ 444,086

Year ended December 31, 2023	Rubber products	Other products	Total
Revenue from external customers	$ 1,532,461	$ 25,695	$ 1,558,156
Segment income (loss) before tax	$ 543,520	($ 18,201)	$ 525,319

B. The Company's reportable operating segments are the result of the organisation divided by products.

C. The Company generates revenue primarily by manufacturing and selling rubber products.

D. The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4. Segment (profit) loss refers to the profit or loss of each segment, excluding allocated interest income, other income, other expenditures, profit or loss from outside investments, currency exchange gains (losses) and gains (losses) on disposal of property, plant and equipment. The income (loss) before tax is used as a basis for the Company in assessing the performance of the operating segments.

(4) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A. The total revenue for the years ended December 31, 2024 and 2023 is the same as the total revenue of continuing operating segments, and there is no reconciling items.

	Year ended December 31	
	2024	2023
Revenue of reportable operating segments	$ 1,466,396	$ 1,558,156

B. A reconciliation item of reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2024 and 2023 is provided as follows:

	Year ended December 31	
	2024	2023
Reportable segments (loss) / income before tax	$ 444,086	$ 525,319
Interest income	26,873	24,643
Other income	15,015	27,087
Other expenditures	(2,675)	(1,668)
Non-industry investment profit or loss	7	-
Currency exchange gains	13,977	8,016
Losses on disposal of property, plant and equipment	(447)	(76)
Total profit from the continuing operations in the current year	$ 496,836	$ 583,321

(5) Information on products

The Company's business segment mainly engaged in manufacturing, processing and sales of rubber conveyor belt, rubber sheet, oil resistant, acid resistant, heat resistant packer elements and other rubber products. Since the operating revenue, operating profit and identifiable assets used by the segment account for more than 90% of the total operating revenue, total operating profit and total assets, it belongs to one single industry.

(6) Geographical information

Revenue is calculated based on geographic location of customers. Non-current assets are classified based on geographic location of assets and included property, plant and equipment, intangible asset and other non-current asset, but exclude financial instruments, guarantee deposits paid and deferred tax assets. Geographical information for the years ended December 31, 2024 and 2023 is as follows:

	Year ended December 31			
	2024		2023	
	Revenue	Non-current assets	Revenue	Non-current assets
Northern America	$ 728,380	$ -	$ 751,237	$ -
Asia	353,023	1,492,815	413,148	1,509,368
Europe	351,811	-	361,966	-
Other location	33,182	-	31,805	-
	$ 1,466,396	$ 1,492,815	$ 1,558,156	$ 1,509,368

(7) Major customer information

Major customer information of the Company for the years ended December 31, 2024 and 2023 is as follows:

	Year ended December 31			
	2024		2023	
	Revenue	Segment	Revenue	Segment
A	$ 300,816	Rubber product	$ 285,154	Rubber product
B	161,162	Rubber product	144,444	Rubber product
C	130,302	Rubber product	145,052	Rubber product
D	114,729	Rubber product	223,787	Rubber product
	$ 707,009		$ 798,437	

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Hsin Yung Chien Co., Ltd.

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

Year ended December 31, 2024

Statement 1

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote (Note 2)
HSIN YUNG CHIEN CO., LTD.	CLEP ENTERPRISE CO., LTD.	Other related parties	Purchases	$ 180,800	29.83%	60 to 95 days after monthly billings	Note 3	Note 3	$ 69,870	61.54%	

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the‘Unit price’and‘Credit term’columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Please refer to Note 7(2) for purchase transaction information with Hsin Yung Chien Co., Ltd.

Hsin Yung Chien Co., Ltd.

Major shareholders information

31-Dec-24

Statement 2

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
YOU ZHEN CO., LTD	8,475,675	10.86%
CHI KAUN INVESTMENT CO., LTD	8,392,907	10.76%
JI WANG CHENG CO., LTD	6,950,513	8.91%
JI UO INVESTMENT CO., LTD	5,723,349	7.33%
QUAN ZHANG CO., LTD	5,035,239	6.45%

HSIN YUNG CHIEN CO.,LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Table 1

Item	Description	Amount
Cash on hand		$ 669
Cash in banks:		-
Checking accounts		5,889
Demand deposits		48,337
Time deposits		358,000
Foreign currency time deposit - AUD	(AUD 800 thousand at exchange rate 20.29)	1,623
Foreign currency time deposit - JPY	(JPY 200,000 thousand at exchange rate 0.208)	41,580
Foreign currency time deposit - USD	(USD 500 thousand at exchange rate 32.735)	16,368
Foreign currency time deposit - EUR	(EUR 2,500 thousand at exchange rate 33.94)	84,850
Foreign currency time deposit - GBP	(GBP 500 thousand at exchange rate 40.99)	20,495
Foreign currency deposits - USD	(USD 1,399 thousand at exchange rate 32.735)	45,809
Foreign currency deposits - EUR	(EUR 85 thousand at exchange rate 33.94)	2,892
Foreign currency deposits - GBP	(GBP 54 thousand at exchange rate 40.99)	2,207
Foreign currency deposits - AUD	(AUD 113 thousand at exchange rate 20.29)	2,290
Foreign currency deposits - JPY	(JPY 397,349 thousand at exchange rate 0.208)	82,609
Foreign currency deposits - CNY	(CNY 5 thousand at exchange rate 4.453)	23
		$ 713,641

HSIN YUNG CHIEN CO.,LTD.
STATEMENT OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST-CURRENT
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Table 2

Name	Description	Shares	Face Value	Total Amount	Interest Rate	Carrying Amount	Accumulated Impairment	Note

The relevant information about ‘financial assets measured at amortized cost - current’ is provided in Note 6(2).

HSIN YUNG CHIEN CO.,LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Table 3

Item	Description	Amount		Note
		Cost	Market Value	
Raw materials and supplies		$ 70,844	$ 73,723	Replacement cost
Work in progress		17,627	36,689	Net realisable value
Finished goods		109,204	196,412	Net realisable value
Merchandise		795	795	Net realisable value
		198,470	$ 307,619	
Less: Allowance for loss on slow-moving inventories and valuation loss		(18,453)		
		$ 180,017		

HSIN YUNG CHIEN CO.,LTD.
STATEMENT OF CHANGES IN COST OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Table 4

Item	Beginning Balance	Addition	Decrease	Ending Balance	Collateral	Note

The relevant information about 'property, plant and equipment' is provided in Note 6(6).

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HSIN YUNG CHIEN CO.,LTD.
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Table 5

Item	Beginning Balance	Addition	Decrease	Ending Balance	Collateral	Note

The relevant information about ‘property, plant and equipment’ is provided in Note 6(6).

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HSIN YUNG CHIEN CO.,LTD.
STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Table 6

Creditor	Description	Amount	Contract Period	Interest Rate	Collateral	Note

The relevant information about ‘long-term borrowings’ is provided in Note 6(10).

HSIN YUNG CHIEN CO.,LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Table 7

Item	Volume	Unit	Amount	Note
Rubber product	9,531	Thousand kilograms	$ 1,445,884	
Others product	34	Thousand kilograms	35,738	
			1,481,622	
Less: Sales returns			(23)	
Sales discounts and allowances			(15,203)	
			$ 1,466,396	

HSIN YUNG CHIEN CO.,LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Table 8

Item	Amount	Note
Cost of goods sold from manufacturing		
Beginning raw materials and supplies	$ 65,506	
Add: Raw materials purchased	585,092	
Less: Ending raw materials and supplies	(70,844)	
Transferred to related expenses	(4,444)	
Raw materials sold	(7,171)	
Raw materials used for the year	568,139	
Add: Direct labour	43,832	
Manufacturing expense	220,435	
Less: Unamortised manufacturing expenses	(8,618)	
Manufacturing cost	823,788	
Add: Beginning work in progress	18,066	
Less: Ending work in progress	(17,627)	
Transferred to related expenses	(19)	
Cost of finished goods	824,208	
Add: Beginning finished goods	127,258	
Less: Ending finished goods	(109,204)	
Transferred to related expenses	(1,612)	
Cost of goods manufactured and sold	840,650	
Cost of goods sold from purchase		
Beginning merchandises	2,603	
Add: Net purchase for the year	20,970	
Less: Ending merchandise inventory	(795)	
Cost of purchasing and selling	22,778	
Cost of sales	863,428	
Cost of raw materials sold	7,172	
Add: Unamortised manufacturing expenses	8,618	
Gain on reversal of decline in market value	1,770	
Less:Others	(3,860)	
Operating costs	$ 877,128	

HSIN YUNG CHIEN CO.,LTD.
STATEMENT OF MANUFACTURING EXPENSES
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Table 9

Item	Description	Amount	Note
Depreciation expense		$ 87,237	
Electricity bill		33,890	
Fuel expense		15,359	
Other expenses		83,949	Balance of each client has not exceeded 5% of total account
		$ 220,435	

HSIN YUNG CHIEN CO.,LTD.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Table 10

Item	Description	Amount	Note
Export expense		$ 66,061	
Wages and salaries		6,788	
Insurance expense		$ 4,052	
Other expenses		7,861	Balance of each client has not exceeded 5% of total account
		$ 84,762	

HSIN YUNG CHIEN CO.,LTD.
STATEMENT OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Table 11

Item	Description	Amount	Note
Wages and salaries		$ 16,187	
Directors' and supervisors' remuneration		7,792	
Service expense		3,787	
Depreciation expense		4,017	
Other expenses		14,877	Balance of each client has not exceeded 5% of total account
		$ 46,660	

HSIN YUNG CHIEN CO.,LTD.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Table 12

Item	Description	Amount	Note
Service expense		$ 4,345	
Wages and salaries		4,908	
Test expense		1,452	
Mold expense		1,171	
Other expenses		1,884	Balance of each client has not exceeded 5% of total account
		$ 13,760	

HSIN YUNG CHIEN CO.,LTD.
STATEMENT OF NET AMOUNT OF OTHER REVENUES AND GAINS AND EXPENSES AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Table 13

Item	Description	Amount	Note

The relevant information about ‘other gains and losses’ is provided in Note 6(19).

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HSIN YUNG CHIEN CO.,LTD.
STATEMENT OF FINANCIAL COST
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Table 14

Item	Description	Amount	Note
Interest expense		$ 2,675	

HSIN YUNG CHIEN CO.,LTD.

SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTISATION EXPENSES BY FUNCTION

FOR THE YEAR ENDED DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars)

Table 15

Year ended December 31, 2024			Year ended December 31, 2023		
Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total

The relevant information about ‘summary statement of current period employee benefits, depreciation, depletion and amortisation expenses by function’ is provided in Note 6(20)、(21).

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