Z-COM, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023

The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

REPRESENTATION LETTER

The entities included in the consolidated financial statements as of December 31, 2024 and for the year then ended prepared under the International Financial Reporting Standards, No.10 are the same as the entities to be included in the combined financial statements of the Company, if any to be prepared, pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises (referred to as "Combined Financial Statements"). Also, the footnotes disclosed in the Consolidated Financial Statements have fully covered the required information in such Combined Financial Statements. Accordingly, the Company did not prepare any other set of Combined Financial Statements than the Consolidated Financial Statements.

Hereby declare,

Z-Com, Inc.
Chairman: FAN-AN Technology Limited Company
Representative: Xie Jinshan

March 5, 2025

安永聯合會計師事務所

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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Z-Com, Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Z-Com, Inc. (the "Company") and its subsidiaries (collectively, the "Group") as at December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including the summary of material accounting policies (together "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group and its subsidiaries as of December 31, 2024 and 2023, and their consolidated financial performance and cash flows for the years ended December 31, 2024 and 2023, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

Evaluation of inventories

The Group is engaged in the manufacturing and selling of products related to wireless data network systems. Its inventories were measured at the lower of cost and net realizable value. The Group's inventories were significant to the consolidated financial statements and the determination of net realizable value for the inventories involves subjective judgement. Therefore, the evaluation of inventories was identified as a key audit matter.

Our audit procedures including (but are not limited to) assessing the appropriateness of the management's accounting policy for inventory evaluation; evaluating and testing the effectiveness of relevant internal control; sampling and testing the entry timing in the inventory aging report and checking accuracy of inventory aging calculation; assessed the reasonableness of provision on inventory allowance through testing the determination of net realizable values; notice if any obsolete and damaged inventories while stock-taking.

Please refer to Notes 6(5) of the consolidated financial statements for the accounting policies on inventories, critical accounting estimation uncertainty and the details of inventories, respectively.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standard 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 consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit 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 internal control of the Company and its subsidiaries.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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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 2024 consolidated financial statements 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.

Other

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2024 and 2023.

Liu, Jung Chin
Chang, Cheng Tao

Ernst & Young, Taiwan
March 5, 2025

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young 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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Z-COM, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023	
ASSETS	Notes	Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	$234,637	31	$214,912	30
Financial assets measured at amortised cost, current	6(3) and 8	2,732	-	10,126	1
Notes receivable, net	6(4)	8,565	1	25,631	4
Accounts receivable, net	5 and 6(4)	114,144	15	37,348	5
Other receivables		219	-	153	-
Current tax assets		423	-	215	-
Inventories, net	5 and 6(5)	166,934	22	157,373	22
Prepayments and other current assets		29,395	4	38,995	5
Total Current Assets		557,049	73	484,753	67
NON-CURRENT ASSETS					
Financial assets at fair value through other comprehensive income, non-current	6(2)	702	-	733	-
Financial assets measured at amortised cost, non-current	6(3) and 8	11,302	1	11,302	2
Investments accounted for under the equity method	6(6)	-	-	9,326	1
Property, plant and equipment	6(7)	117,290	15	120,465	17
Right-of-use assets	6(9)	50,995	7	52,580	7
Investment property, net	6(8)	4,240	1	4,861	1
Intangible assets		548	-	477	-
Deferred tax assets	6(17)	25,210	3	35,091	5
Prepayment for equipment		-	-	2,763	-
Refundable deposits		243	-	841	-
Total Non-current Assets		210,530	27	238,439	33
TOTAL ASSETS		$767,579	100	$723,192	100
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Short-term bank borrowings	6(10)	$60,000	8	$100,000	14
Contract liabilities, current	6(14)	10,582	1	15,594	2
Accounts payable		73,011	10	33,657	5
Other payables	6(11)	28,666	4	27,280	4
Lease liabilities, current	6(9)	1,191	-	3,082	-
Other current liabilities		10,513	1	1,245	-
Total Current Liabilities		183,963	24	180,858	25
NON-CURRENT LIABILITIES					
Lease liabilities, non-current	6(9)	11,116	1	11,170	2
Other non-current liabilities	6(12)	15,557	2	13,941	2
Total Non-current Liabilities		26,673	3	25,111	4
TOTAL LIABILITIES		210,636	27	205,969	29
EQUITY					
Share capital - common stock	6(13)	717,010	93	717,010	99
Capital surplus	6(13)	489	-	489	-
Retained earnings	6(13)				
Special reserve		37,884	5	37,884	5
Accumulated deficit		(164,610)	(21)	(195,416)	(27)
Other equity		(20,537)	(3)	(29,961)	(4)
Treasury stocks	6(13)	(26,512)	(3)	(26,512)	(4)
Equity attributable to owners of the parent		543,724	71	503,494	69
Non-controlling interests		13,219	2	13,729	2
TOTAL EQUITY		556,943	73	517,223	71
TOTAL LIABILITIES AND EQUITY		$767,579	100	$723,192	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Z-COM, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2024 and 2023

(In thousands of New Taiwan Dollars, except for earnings per share)

		For the Year Ended December 31, 2024		For the Year Ended December 31, 2023	
	Notes	Amount	%	Amount	%
Operating revenue	6(14)	$562,311	100	$431,940	100
Operating costs	6(5) and 6(15)	(380,159)	(68)	(286,493)	(66)
Operating margin		182,152	32	145,447	34
Operating expenses	6(15)				
Sales and marketing expenses		(15,335)	(3)	(15,396)	(4)
General and administrative expenses		(60,559)	(11)	(61,666)	(14)
Research and development expenses		(87,011)	(15)	(81,713)	(19)
Expected credit impairment losses	12(4)	(2,350)	-	(172)	-
Total operating expenses		(165,255)	(29)	(158,947)	(37)
Net other (expenses) income	6(8)	(787)	-	(776)	-
Operating income (loss)		16,110	3	(14,276)	(3)
Non-operating income and expenses					
Share of loss of associates	6(6)	(3,796)	(1)	(5,674)	(1)
Interest income	6(16)	1,964	-	2,277	1
Other income	6(16)	22,667	4	25,596	6
Other gains and losses	6(16)	8,247	2	2,000	-
Finance costs	6(16)	(2,114)	-	(2,764)	(1)
Impairment loss	6(6)	(5,530)	(1)	-	-
Total non-operating income and expenses		21,438	4	21,435	5
Net income before income tax	6(17)	37,548	7	7,159	2
Income tax expense		(7,622)	(2)	(2,444)	(1)
Net income		29,926	5	4,715	1
Other comprehensive income (loss)					
Items that will not be reclassified subsequently to profit or loss:					
Unrealized losses from equity instrument investments measured at fair value through other comprehensive income		(31)	-	(467)	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		12,185	2	(7,390)	(2)
Income tax related to items that may be reclassified subsequently	6(17)	(2,360)	-	1,240	-
Total other comprehensive income (loss)		9,794	2	(6,617)	(2)
Total comprehensive income (loss)		$39,720	7	$(1,902)	(1)
Net income attributable to:					
Shareholders of the parent		$30,806	5	$5,763	1
Non-controlling interests		(880)	-	(1,048)	-
		$29,926	5	$4,715	1
Total comprehensive income attributable to:					
Shareholders of the parent		$40,230	7	$533	-
Non-controlling interests		(510)	-	(2,435)	(1)
		$39,720	7	$(1,902)	(1)
Earnings per share (NTD)					
Earnings per share-basic	6(18)	$0.45		$0.08	
Earnings per share-diluted	6(18)	$0.45		$0.08	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Z-COM, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollars)

	Equity attributable to owners of the parent									
			Retained Earnings		Other equity					
Items	Share capital - common stock	Capital surplus	Special reserve	Accumulated deficit	Financial statements translation differences of foreign operations	Unrealized loss on financial assets at fair value through other comprehensive income	Treasury stocks	Total	Non-controlling interests	Total equity
Balance as of January 1, 2023	$717,010	$33	$37,884	$(201,179)	$(24,390)	$(341)	$(27,210)	$501,807	$14,953	$516,760
Net income for the year ended December 31, 2023	-	-	-	5,763	-	-	-	5,763	(1,048)	4,715
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(5,002)	(228)	-	(5,230)	(1,387)	(6,617)
Total comprehensive income (loss)	-	-	-	5,763	(5,002)	(228)	-	533	(2,435)	(1,902)
Treasury stocks transaction	-	456	-	-	-	-	698	1,154	1,211	2,365
Balance as of December 31, 2023	717,010	489	37,884	(195,416)	(29,392)	(569)	(26,512)	503,494	13,729	517,223
Net income for the year ended December 31, 2024	-	-	-	30,806	-	-	-	30,806	(880)	29,926
Other comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	9,455	(31)	-	9,424	370	9,794
Total comprehensive income (loss)	-	-	-	30,806	9,455	(31)	-	40,230	(510)	39,720
Balance as of December 31, 2024	$717,010	$489	$37,884	$(164,610)	$(19,937)	$(600)	$(26,512)	$543,724	$13,219	$556,943

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Z-COM, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollars)

	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income before income tax	$37,548	$7,159
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation	17,891	21,340
Amortization	384	298
Expected credit impairment losses	2,350	172
Interest expenses	2,114	2,764
Interest income	(1,964)	(2,277)
Share of loss of associates	3,796	5,674
Loss on disposal of property, plant and equipment	287	8
Property, plant, and equipment transfer to expenses	-	110
Impairment loss	5,530	-
Changes in operating assets and liabilities:		
Notes receivable	17,066	3,818
Accounts receivable	(79,146)	(11,716)
Other receivables	(66)	(248)
Inventories, net	(9,561)	45,565
Prepayments and other current assets	9,600	(9,409)
Contract liabilities	(5,012)	14,283
Accounts payable	39,419	(31,085)
Other payables	1,386	(10,307)
Other current liabilities	9,268	550
Other liabilities, noncurrent	1,616	1,771
Cash flows provided by operating activities	52,506	38,470
Interest received	1,964	2,277
Interest paid	(2,114)	(2,764)
Income taxes (paid) refunded	(207)	19
Net cash provided by operating activities	52,149	38,002
CASH FLOWS FROM INVESTING ACTIVITIES:		
Disposal (acquisition) of financial assets measured at amortized cost	7,394	(11,356)
Acquisitions of property, plant and equipment	(5,883)	(3,024)
Decrease in refundable deposits	598	9
Acquisitions of intangible assets	(571)	-
Disposal of intangible assets	128	-
Increase in prepaid equipment	-	(2,763)
Net cash provided by (used in) investing activities	1,666	(17,134)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in short-term bank borrowings	115,000	335,000
Decrease in short-term bank borrowings	(155,000)	(335,000)
Cash payments for the principal portion of the lease liabilities	(1,613)	(3,335)
Price of treasury stock disposal	-	2,365
Change in non-controlling interests	-	(23,569)
Net cash used in financing activities	(41,613)	(24,539)
EFFECT OF EXCHANGE RATES CHANGES ON CASH AND CASH EQUIVALENT	7,523	(5,012)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19,725	(8,683)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	214,912	223,595
CASH AND CASH EQUIVALENTS AT END OF YEAR	$234,637	$214,912

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
Z-COM, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED 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 organization

Z-Com, Inc. (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.). The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in research, development and design of software and hardware, manufacturing, sales and system integration for wireless communication systems. The shares of the Company commenced trading on the Taipei Exchange in June 2013. The Group's principal places of operation are located in is F5, No. 8, Xin-An Road, Hsinchu Science Park, Taiwan and No.2, An-Shun Road, Jiujiang City, Jiangxi Province, Mainland China.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Group were approved for issue by the Company's Board of Directors on 5 March 2025.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2024. The adoption of these new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Lack of Exchangeability – Amendments to IAS 21	1 January 2025

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2025, and have no material impact on the Group.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	1 January 2023
c	IFRS 18 "Presentation and Disclosure in Financial Statements"	1 January 2027
d	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	1 January 2027
e	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
f	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
g	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 January 2026

The abovementioned standards and interpretations issued by IASB have not yet been recognized by FSC at the date of issuance of the Company's financial statements, the local effective dates are to be determined by FSC. The abovementioned standards and interpretations have no material impact on the Group. However, IFRS 18 *Presentation and Disclosure in Financial Statements* replaces IAS 1 *Presentation of Financial Statements* resulting in changes to the presentation of the Group's financial statements. The main changes are as below:

A. Improved comparability in the statement of profit or loss (income statement)

IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analysing entities' performance and make it easier to compare entities.

B. Enhanced transparency of management-defined performance measures

IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

C. Useful grouping of information in the financial statements

IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

4. Summary of material accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended 31 December 2024 and 2023 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IFRS, endorsed by FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
B. exposure, or rights, to variable returns from its involvement with the investee; and
C. the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

A. the contractual arrangement with the other vote holders of the investee;
B. rights arising from other contractual arrangements;
C. the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
B. derecognizes the carrying amount of any non-controlling interest;
C. recognizes the fair value of the consideration received;
D. recognizes the fair value of any investment retained;
E. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
F. recognizes any resulting difference in profit or loss.

<u>The consolidated entities are listed as follows:</u>

			Percentage of ownership (%)		
Investor	Subsidiary	Main businesses	31 Dec. 2024	31 Dec. 2023	Note
Z-Com, Inc.	Z-Wireless International Limited	Investments	100	100	
Z-Com, Inc.	Zhi Wei Ya HK Limited	Investments	100	100	
Z-Com, Inc.	Xin Huizhi Investment Co., Limited	Investments	48.81	48.81	1
Z-Com, Inc.	Z-Com Technology Limited	Investments	100	100	
Z-Com, Inc.	Intelligent platform for IoT services Co., Ltd.	Sale & communication electronics products	100	100	
Z-Com, Inc.	Zeneker India Private Limited	Sale & communication electronics products	100	100	
Z-Com Technology Limited	Nanjing ZCOM Wireless Co., Ltd.	Research and development, and sales of communication device and modem.	47.34	47.34	2
Z-Wireless International Limited	Nanjing Z-Wireless Technology Co., Ltd.	Research and development and sales of communication device and modem	100	100	
Nanjing Z-Wireless Technology Co., Limited	Nanjing Zwaveasia Communication Technology Co., Ltd.	Research and development and sales of communication device and network device	100	100	3
Nanjing Z-Wireless Technology Co., Limited	Nanjing ZCOM Wireless Co., Limited	Sales of communication device and modem	13.23	13.23	2
Zhi Wei Ya HK Limited	Jiangxi Zwaveasia Technology Co., Ltd.	Research and development, manufacturing and sales of communication electronics products	100	100	

Note 1: As the shareholders of Xin Hui Zhi Investment Co., Limited are the management of Z-Com, Inc., Z-Com, Inc. has substantial control over Xin Hui Zhi Investment Co., Limited and thus was included in the consolidated financial statements starting from the date that Z-Com, Inc. obtained control over Xin Hui Zhi Investment Co., Limited in accordance with the regulations.

Note 2: The comprehensive shareholding ratio is over 50%.

Note 3: Nanjing Zwaveasia Communication Technology Co., Ltd. is liquidating in December 2024.

Subsidiaries that have non-controlling interests that are material to the Group:

The information on non-controlling interest and respective subsidiary is as follows:

Name of Subsidiary	Principal place of business	December 31, 2024	December 31, 2023
Nanjing ZCOM Wireless Co., Limited	China	39.43%	39.43%

Summarized financial information of the subsidiary:

Name of Subsidiary	December 31, 2024	December 31, 2023
Nanjing ZCOM Wireless Co., Limited	$10,989	$11,104

There are no significant assets or liabilities except cash and cash equivalent, and no significant operating activity occurred. The information on assets and liabilities of Nanjing ZCOM Wireless Co., Limited is as follow:

Balance sheets

	December 31, 2024	December 31, 2023
Cash and cash equivalent	$27,846	$26,893
Other assets	4,838	5,939
Other liabilities	(4,816)	(4,674)
Total net assets	$27,868	$28,158

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in NT$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

B. Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.

C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considering as disposal.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
B. The Group holds the asset primarily for the purpose of trading.
C. The Group expects to realize the asset within twelve months after the reporting period.
D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

A. The Group expects to settle the liability in its normal operating cycle
B. The Group holds the liability primarily for the purpose of trading
C. The liability is due to be settled within twelve months after the reporting period
D. The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within three months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

A. <u>Financial instruments: Recognition and Measurement</u>

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of:

(a) the Group's business model for managing the financial assets and
(b) the contractual cash flow characteristics of the financial asset.

<u>Financial assets measured at amortized cost</u>

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
(b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

    i. Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
    ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
(d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired.
(b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
(c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes that the transaction of selling assets or transferring liabilities takes place either:

A. the principal market for the asset or liability; or
B. If there is no major market, the most favorable market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value measurement of an asset or a liability uses the assumptions that market participants would use when pricing the asset or liability, assuming that those market participants act in their economically best interests.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient information is available to measure fair value, and maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials – Purchase cost on a first in, first out basis
Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(11) Investments accounted for using equity method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Group's percentage of ownership interests in the associate, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a pro rata basis.

When the associate issues new stock, and the Group's interest in an associate is reduced or increased as the Group fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in capital surplus and investment accounted for using equity method. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate, and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income. In determining the value in use of the investment, the Group estimates:

A. Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for goodwill impairment testing.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. 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 is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	5-30 years
Machinery and equipment	3-10 years
Transportation equipment	4-10 years
Office equipment	2-5 years
Other equipment	2-10 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(13) Investment property

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations,* investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line based over the estimated economic life of 20 years.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Group transfers properties to or from investment properties according to the actual use of the properties.

The Group transfers to or from investment properties when there is a change in use for these assets. Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(14) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 "Impairment of Assets" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(15) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life.

(16) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(17) Treasury stock

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(18) Revenue recognition

A. The Group is engaged in research, development and design of software and hardware, manufacturing, sales and system integration for wireless communication systems. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, 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 Group has objective evidence that all criteria for acceptance have been satisfied.

B. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(19) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other Borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(20) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(21) Post-employment benefits

All regular employees of the Group and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Group and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Group and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Group recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

(22) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

<u>Current income tax</u>

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

<u>Deferred tax</u>

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination ; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

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

5. Significant accounting judgements, estimates and assumptions

The preparation of the Group’s consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgement

None.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Trade receivables–estimation of impairment loss

The Group estimates the impairment loss of trade receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 12(4) for more details.

B. Inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group 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. Please refer to Note 6(5) for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As at	
	December 31, 2024	December 31, 2023
Cash on hand	$428	$432
Checking accounts and demand deposits	218,835	195,005
Time deposits	15,374	19,475
Total	$234,637	$214,912

The Group recognized time deposits with maturities over three months as well as cash and cash equivalents pledged to others as collateral under ‘‘financial assets at amortized cost’’, please refer to Note 6(3) for the details.

(2) Financial assets at fair value through other comprehensive income

	As at	
	December 31, 2024	December 31, 2023
Equity instrument investments measured at fair value through other comprehensive income-non-current:		
Unlisted stocks	$702	$733

The Group has elected to classify the investment in Chenyi Rail Technology Corp. that are considered to be strategic investments which recorded under financial assets at fair value through other comprehensive income. Financial assets at fair value through other comprehensive income were not pledged.

(3) Financial assets measured at amortized cost

	As at	
	December 31, 2024	December 31, 2023
Current		
Time deposits with maturities over three months	$4,000	$6,759
Time deposits for the purpose of pledging	10,034	14,669
Total	$14,034	$21,428
Current	$2,732	$10,126
Non-current	11,302	11,302
Total	$14,034	$21,428

Details of the Group's financial assets at amortized cost pledged to others as collateral are provided in Note 8.

(4) Notes receivables and accounts receivable, net

	As at	
	December 31, 2024	December 31, 2023
Notes receivable	$8,565	$25,631
Accounts receivable	$150,796	72,698
Less: Loss allowance	(36,652)	(32,350)
Total	$114,144	$37,348

The aging analysis of notes receivable and accounts receivable is as follows:

	December 31, 2024		December 31, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$83,836	$8,565	$36,585	$25,631
Overdue:				
1 to 90 days	30,308	-	521	-
91 to 180 days	-	-	242	-
181 to 360 days	-	-	-	-
Over 360 days	36,652	-	35,350	-
Loss allowance	(36,652)	-	(35,350)	-
Total	$114,144	$8,565	$37,348	$25,631

The above aging analysis was based on past due date.

The Group's credit period of sales was ranged from 30 days to 90 days. Information relating to loss allowance and credit risk of accounts receivable is provided in Note 12(4).

No notes receivable and accounts receivable were pledged.

(5) Inventories

	As at	
	December 31, 2024	December 31, 2023
Raw materials	$73,414	$117,728
Work in progress	23,440	28,059
Finished goods	70,080	11,586
Total	$166,934	$157,373

The cost of inventories recognized in expenses amounts to $380,159 and $286,493 for the years ended December 31, 2024 and 2023, respectively, including the write-down of inventories of $8,557 and gain on reversal of write-down of inventories of $5,276. The gain on reversal of write-down of inventories is due to the Group's actively dealing with obsolescence inventory.

No inventories were pledged.

(6) Investments accounted for under the equity method

The following table lists the investments accounted for using equity method of the Group:

	As at			
	December 31, 2024		December 31, 2023	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associate:				
Chunghwa Sochamp Technology Inc.	$-	27,27%	$9,326	27.27%

The Group invested in Chunghwa Sochamp Technology Inc. in December 2022, with the original investment amount of $15,000 thousand dollars. It is engaged in the manufacture or sale of license plate recognition software and hardware products. The Group obtained the same or similar non-contractual customer relationship (business cooperation) through strategic investment in its equity. The Group expected to obtain future economic benefits generated from the aforementioned customer relationship. However, due to the poor operating performance of the investee and its going concern issue (equity turned into negative), the Group recognized a fully impairment loss amounted to $5,530 on the investment premium which identified as customer relationships and an investment loss amounted to $3,796, a total loss of $9,326 was recognized in 2024.

As at December 31, 2024 and 2023, the associate had no contingent liabilities, capital commitments or guarantees.

(7) Property, plant and equipment

	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Others	Total
Cost:						
As at 1 Jan. 2024	$191,778	$112,904	$4,303	$8,212	$20,268	$337,465
Additions	47	643	554	81	4,558	5,883
Disposition	-	(1,721)	(237)	(1,721)	(1,706)	(5,385)
Transfer	-	-	(65)	1,735	1,059	2,729
Exchange differences	4,162	2,209	386	207	478	7,442
As at 31 Dec. 2024	$195,987	$114,035	$4,941	$8,514	$24,657	$348,134
Depreciation:						
As at 1 Jan. 2024	$96,246	$99,985	$3,217	$5,395	$12,157	$217,000
Depreciation	7,387	2,802	466	964	2,627	14,246
Disposition	-	(1,636)	(209)	(1,550)	(1,703)	(5,098)
Exchange differences	2,200	2,026	99	135	236	4,696
As at 31 Dec. 2024	$105,833	$103,177	$3,573	$4,944	$13,317	$230,844
Net carrying amount as at 31 Dec. 2024:	$90,154	$10,858	$1,368	$3,570	$11,340	$117,290
Cost:						
As at 1 Jan. 2023	$194,010	$113,016	$4,234	$6,861	$22,176	$340,297
Additions	-	1,354	162	1,462	46	3,024
Disposals	-	(27)	(26)	-	(1,703)	(1,756)
Transfer	-	(117)	-	-	-	(117)
Exchange differences	(2,232)	(1,322)	(67)	(111)	(251)	(3,983)
As at 31 Dec. 2023	$191,778	$112,904	$4,303	$8,212	$20,268	$337,465
Depreciation:						
As at 1 Jan. 2023	$88,887	$96,872	$2,810	$4,963	$11,557	$205,089
Depreciation	8,506	4,215	482	506	2,425	16,134
Disposition	-	(24)	(24)	-	(1,700)	(1,748)
Derecognition	-	(7)	-	-	-	(7)
Exchange differences	(1,147)	(1,071)	(51)	(74)	(125)	(2,468)
As at 31 Dec. 2023	$96,246	$99,985	$3,217	$5,395	$12,157	$217,000
Net carrying amount as at 31 Dec. 2023:	$95,532	$12,919	$1,086	$2,817	$8,111	$120,465

Please refer to Note 8 for more details on property, plant and equipment under pledge.

The Group has no capitalization of interest attributable to the property, plant and equipment for the years ended December 31, 2024, and 2023.

(8) Investment property

	Buildings
Cost:	
As at 1 Jan. 2024	$16,973
Exchange differences	592
As at 31 Dec. 2024	$17,565
Depreciation:	
As at 1 Jan. 2024	$12,112
Depreciation	786
Exchange differences	427
As at 31 Dec. 2024	$13,325
Net carrying amount as at 31 Dec. 2024:	$4,240
Cost:	
As at 1 Jan. 2023	$17,291
Exchange differences	(318)
As at 31 Dec. 2023	$16,973
Depreciation:	
As at 1 Jan. 2023	$11,561
Depreciation	776
Exchange differences	(225)
As at 31 Dec. 2023	$12,112
Net carrying amount as at 31 Dec. 2023:	$4,861

	Years ended December 31	
	2024	2023
Rental income from investment property	$-	$-
Less: Direct operating expenses arising from the investment property that generated rental income	(786)	(776)
Net other expenses	$(786)	$(776)

The fair value of the investment properties held by the Group on December 31, 2024 is $13,549. The fair value is based on the recent transaction prices in neighboring areas.

No investment property was pledged.

(9) Leases

Group as a lessee

The Group leases land properties. The lease terms range from 12 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.

The Group’s leases effect on the financial position, financial performance and cash flows are as follow:

A. Right-of-use assets

	As at	
	December 31, 2024	December 31, 2023
Land	$50,255	$51,853
Parking lot	740	727
Carrying amount	$50,995	$52,580

Depreciation charge for right-of-use assets

	Years ended December 31,	
	2024	2023
Land	$2,846	$4,417
Parking lot	13	13
Total	$2,859	$4,430

For the years ended December 31, 2024 and 2023, the Group’s additions to right-of-use assets amounting to $0 and $495, respectively.

The Group's land use right assets have not been pledged or used as collateral.

B. Lease liabilities

	As at	
	December 31, 2024	December 31, 2023
Current	$1,191	$3,082
Non-current	11,116	11,170
Lease liabilities	$12,307	$14,252

Please refer to Note 12(5) liquidity risk management for the maturity analysis of lease liabilities.

C. Lessee's income and expenses related to leasing activities

	Years ended December 31,	
	2024	2023
Interest expense on lease liability	$273	$395
Short-term and low-value leases	$359	$385

D. Cash outflows related to leasing activities

For the years ended December 31, 2024 and 2023, the Group's total lease cash outflows were $2,245 and $4,115, respectively.

E. Other Information Relating to Rental Activities

Lease extension option and lease termination option

When determining the lease term, the Group takes into account all facts and circumstances that create economic incentives to exercise the option to renew the lease. The lease term will be re-estimated when a significant event occurs in assessing the exercise of the option to renew the lease.

(10) Short-term bank borrowings

	As at	
	December 31, 2024	December 31, 2023
Unsecured bank loans	$60,000	$100,000
Interest rates (%)	2.26%~2.52%	2.13%~2.66%

The Group's unused amount of bank facility is as follows:

	As at	
	December 31, 2024	December 31, 2023
Facility of short-term bank borrowings	$154,743	$101,966
Facility of financing of import bills	60,000	80,000
Total	$214,743	$181,966

(11) Other payables

	As at	
	December 31, 2024	December 31, 2023
Salary and bonus payable	$16,143	$14,055
Other payables	12,523	13,225
Total	$28,666	$27,280

(12) Post-employment benefits

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

The Company's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

The pension costs under defined contribution pension of the Group for the years ended December 31, 2024, and 2023 were $5,281, and $6,056, respectively.

The Company additionally proposed pension provision for appointed managers for the years ended December 31, 2024, and 2023 amounting to $1,630 and $1,758. As of December 31, 2024 and 2023, the accrued pension liabilities of appointed managers (recorded under other liabilities-non-current), were $15,380 and $13,750, respectively.

(13) Equities

A. Common stock

As of December 31, 2024 and 2023, the Company's authorized capital was $1,000,000, and both of them the issued capital were $717,010 with a par value of $10 (in new Taiwan dollars) per share is entitled to vote and to receive dividends. Movements in the number of the Company's outstanding stocks are as follows:

Unit: share in thousands

	2024		
	Issued stock	Treasury stocks	Outstanding stocks
At January 1/ December 31	71,701	(2,520)	69,181

	2023		
	Issued stock	Treasury stocks	Outstanding stocks
At January 1	71,701	(2,586)	69,115
Treasury stock transaction	-	66	66
At December 31	71,701	(2,520)	69,181

B. Treasury stocks

(a) Reasons and numbers for the Company's treasury stocks are as follows:

		As at December 31,2024	
Name of Company holding the stocks	Purpose of buy-back	Number of shares (in thousands)	Carrying amount
Subsidiary-Xin Hui Zhi Investment Co., Limited	Business strategy	2,520	$26,512

		As at December 31,2023	
Name of Company holding the stocks	Purpose of buy-back	Number of shares (in thousands)	Carrying amount
Subsidiary-Xin Hui Zhi Investment Co., Limited	Business strategy	2,520	$26,512

(b) Pursuant to the Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus.

(c) Pursuant to the Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the Securities and Exchange Act (previous act), treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(e) In January 2022, our company carried out the cancellation of treasury stocks in accordance with Article 28-2 of the Securities and Exchange Act. This resulted in a reduction of share capital by $7,990 (799 thousand shares) and a decrease in capital surplus by $470.

(f) The subsidiary, Xin Hui Zhi Investment Co., Limited whose shareholding ratio held is less than 50% but is substantially controlled by the Company, due to business strategies acquired the Company's shares, which were treated as treasury stocks. The costs of the treasury shares were calculated based on the carrying amount of the Company's shares held by Xin Hui Zhi Investment Co., Limited in each period and the share ownership of Xin Hui Zhi Investment Co., Limited held by the Company. As of December 31, 2024 and 2023, the Company's shares held by Xin-Zhi Investment Co., Ltd. both amounted to 5,163 thousand shares, at the average carrying amount of $10.52 in dollars per share, respectively, and the fair value per share amounted to $14.15 and $14.2 in dollars, respectively. The parent company's shares held by the subsidiaries carry no voting power before the transfer.

C. Capital surplus

	As at	
	December 31, 2024	December 31, 2023
Treasury stock transactions	$489	$489

According to the Company Act, the capital reserve shall not be used except for offset the deficit of the Company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

D. Retained earnings and dividend policies

(a) The Company's current year earnings, if any, shall first be used to pay all taxes and offset accumulated deficits, then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve amount equals the paid-in capital amount and then special reserve shall be set aside or reversed in accordance with the regulations. The remaining earnings, if any, along with the accumulated unappropriated earnings may be distributed as shareholder's dividends and bonus, which shall be proposed by the Board of Directors and resolved by the shareholders at the stockholders' meeting. For all or a portion of distributable dividends, legal reserve and capital surplus that are distributed in the form of cash, will be adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, and will be reported to the shareholders, and the provisions of the articles of association concerning the resolution of the shareholders' meeting are not applicable.

(b) The Company's dividend policy is as follows: The Company takes into account current and future investment environment, capital needs, domestic and foreign competition, and capital budget, etc. along with shareholders' interests and the long-term financial plans. The accumulated distributable earnings are appropriated as dividend to shareholders, of which the distributable earnings during the current year shall account for at least 50% and cash dividend shall account for at least 10% of the total dividends distributed.

(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) i. 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.

ii. The amount of $21,047, cumulative translation adjustments transferred to retained earnings on the translation date, previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

(e) i. The 2024 proposal for covering the deficit was approved by the board of directors of the Company on March 5, 2025.

ii. The 2023 proposal for covering the deficit was approved by the board of directors of the Company on March 6, 2024.

Please refer to Note 6(15) on employees' compensation and directors' remuneration.

(14) Operating revenue

	Years Ended December 31	
	2024	2023
Revenue from contracts with customers	$562,311	$431,940

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the following major product lines:

	Years Ended December 31	
Revenue from contracts:	2024	2023
Commodity	$489,187	$316,078
Industrial	36,248	50,325
5G & IoT	36,876	65,537
Total	$562,311	$431,940
Timing of revenue recognition		
At a point in time	$562,311	$431,940

B. Contract balance

Contract liabilities-current

	As at	
	December 31, 2024	December 31, 2023
Sale of goods and rendering of services	$10,582	$15,594

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

The contract liabilities from the beginning of the year recognized as profit or loss for the years 2024 and 2023 were $5,012 and $0, respectively.

(15) The Group's employee benefits, depreciation and amortization expenses for the years ended December 31, 2024 and 2023 are summarized by function as follows:

	2024			2023		
	Operation costs	Operation expenses	Total	Operation costs	Operation expenses	Total
Employee benefit expense						
Wages and salaries	$28,394	$79,782	$108,176	$20,472	$79,178	$99,650
Labor and health insurance	610	5,705	6,315	612	5,815	6,427
Pension	1,146	5,765	6,911	1,243	6,571	7,814
Other employee benefit expenses	271	4,027	4,298	303	3,129	3,432
Depreciation	3,500	14,391	17,891	4,938	16,402	21,340
Amortization	-	384	384	-	298	298

The employees' compensation and director's remuneration policies stipulated in the Company's articles of association are as follows:

In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 10%~15% for employees' compensation and shall not be higher than 3% for directors' remuneration.

The Company accrued employees' compensation and directors' remuneration based on the aforementioned percentage of profit. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

Although the Company is in profit in 2024 and 2023, the Company did not accrue employees' compensation and directors' remuneration for the years ended on December 31, 2024 and 2023 due to after the profit offsetting cumulative losses which are still negative.

The board of directors of the Company made resolutions on March 5, 2025 and March 6, 2024, respectively, that no distribution of employees' compensation and directors' remuneration as no profit in 2024 and 2023.

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.

(16) Non-operating income and expenses

A. Interest income

	Years ended December 31,	
	2024	2023
Interest income from bank	$1,964	$2,277

B. Other income

	Years ended December 31,	
	2024	2023
Government grants	$15,300	$22,690
Others	7,367	2,906
Total	$22,667	$25,596

C. Other gains and losses

	Years ended December 31,	
	2024	2023
Net losses on disposals of property, plant and equipment and investment property	$(287)	$(8)
Net gains on disposals of investment	-	935
Net foreign exchange gains	9,504	1,398
Others	(970)	(325)
Total	$8,247	$2,000

D. Finance costs

	Years ended December 31,	
	2024	2023
Interest expense from bank borrowings	$1,841	$2,369
Internet expense from lease liabilities	273	395
Total	$2,114	$2,764

(17) Income tax

A. Components of income tax:

	Years ended December 31,	
	2024	2023
Current tax:		
Income tax payable for the period	$110	$-
Prior years income tax adjustment	(9)	(19)
Deferred tax:		
The origination and reversal of temporary differences	7,521	2,463
Income tax expense	$7,622	$2,444

The income tax expense (benefit) relating to other comprehensive income is as follows:

	Years ended December 31,	
	2024	2023
Currency translation differences	$2,360	$(1,240)

Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2024	2023
Net income before income tax	$37,548	$7,162
Income tax expense at the statutory rate	$7,510	$1,432
Temporary differences not recognized as deferred tax assets	(7,400)	(1,432)
The origination and reversal of temporary differences	7,521	2,463
Prior years income tax adjustment	(9)	(19)
Income tax expense	$7,622	$2,444

B. The movements of deferred tax assets or liabilities arising from temporary differences and tax able losses are as follows:

	2024			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
Currency translation differences	$2,475	$-	$(2,360)	$115
Unrealized long-term investment losses and taxable losses	19,623	(8,441)	-	11,182
Unrealized loss for obsolete and impairment of inventories	6,525	906	-	7,431
Others	6,468	14	-	6,482
Total	$35,091	$(7,521)	$(2,360)	$25,210

	2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
Currency translation differences	$1,235	$-	$1,240	$2,475
Unrealized long-term investment losses and taxable less	22,023	(2,400)	-	19,623
Unrealized loss for obsolete and impairment of inventories	6,695	(170)	-	6,525
Others	6,361	107	-	6,468
Total	$36,314	$(2,463)	$1,240	$35,091

C. The deductible temporary differences that are not recognized as deferred tax assets are as follows:

	As at	
	December 31, 2024	December 31, 2023
Deductible temporary differences	$195,872	$221,566

As of December 31, 2024, the Company's unused loss carryforwards is as follows:

Year	Taxable loss	Tax Credit	Unused loss carry forwards	Expiry year
2022 (Assessment)	$6,867	$-	$6,867	2032
2021 (Assessment)	$63,788	$35,745	$28,043	2031

D. The assessment of income tax returns:

As of December 31, 2024, the assessment of the income tax returns of the Company assessed and approved up to 2022.

The subsidiaries of the Company are located in the Cayman Islands, British Virgin Islands, PRC and Hong Kong. The aforementioned tax authorities will not take the initiative to send a tax returns assessment to enterprises. When there are tax disputes, they issued a tax payment notice to enterprises and reserve the right to propose additional taxes.

(18) Earnings per share

The basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary shares holders of the parent entity by the weighted average number of ordinary outstanding during the period.

	Years ended December 31,	
	2024	2023
Net profit for the year attributable to ordinary shares holders of the parent entity	$30,806	$5,763
Weighted average outstanding shares (thousand shares)	69,181	69,137
Basic earnings per share (in New Taiwan dollar)	$0.45	$0.08
Diluted earnings per share (in New Taiwan dollar)	$0.45	$0.08

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
All directors (including the chairman Xie Jinshan, and other directors) and general manager	The management of the Company
Chunghwa Sochamp Technology Inc.	The Company is recognized by the Equity Method Investee companies

(2) Significant related party transactions

	Years ended December 31,	
	2024	2023
Chunghwa Sochamp Technology Inc.	$187	$163

(3) Key management compensation

	Years ended December 31,	
	2024	2023
Short-term employee benefits	$10,007	$9,337
Post-employment benefits	1,725	1,857
Total	$11,732	$11,194

8. Pledged Assets

The Group’s assets pledged as collateral are as follows:

	Carrying amount		
Pledged asset	December 31, 2024	December 31, 2023	Purpose
Time deposits (recorded under carrying amount financial assets at amortized cost- current)	$2,732	$7,367	Performance bond
Time deposits (recorded under carrying amount financial assets at amortized cost - non-current)	6,440	6,440	Performance bond
Time deposits (recorded under carrying amount financial assets at amortized cost - non-current)	862	862	Guarantee deposits to Hsinchu Science Park Bureau, Ministry of Science and Technology
Total	$10,034	$14,669	

9. Significant Contingent Liabilities And Unrecognized Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. As of December 31, 2024, the balance of unused letters of credit issued by the Company was $7,408.

B. As of December 31, 2024, the balance of the letter of guarantee by the Company was $22,989.

10. Significant Disaster Loss

None.

11. Significant Events After The Balance Sheet Date

None.

12. Others

(1) Financial instruments

A. Financial instruments by category

	As at	
	December 31, 2024	December 31, 2023
Financial assets		
Financial assets at fair value through other comprehensive income	$702	$733
Financial assets at amortized cost		
Cash and cash equivalents	234,637	214,912
Financial assets at amortized cost	14,034	21,428
Notes receivable	8,565	25,631
Accounts receivable	114,144	37,348
Other receivables	219	153
Refundable deposits	243	841
Total	$372,544	$301,046

	As at	
	December 31, 2024	December 31, 2023
Financial liabilities		
Financial liabilities at amortized cost		
Short-term bank borrowings	$60,000	$100,000
Accounts payable	73,011	33,657
Other payables	28,666	27,280
Other current liabilities	10,513	1,245
Total	$172,190	$162,182
Lease liabilities	$12,307	$14,252

(2) Financial risk management policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the board of directors and audit committee of the Company must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and price risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and set investments in foreign operations.

Management has set up a policy to require all operating units in the Group to manage their foreign exchange risk against the functional currency. Group treasury adopts capital requirements of each currency and net position of assets and liabilities denominated in foreign currencies to implement natural hedge, or adopts forward foreign exchange contracts to implement hedging. Foreign exchange risk arises when the future commercial transactions and recognized assets or liabilities are not valuated by the functional currency of each individual.

The sensitivity analysis of the Group's exchange rate risk mainly focuses on the end date of the financial reporting period, the main foreign currency monetary items, and the impact of the related foreign currency appreciation/depreciation on the Group's profit and loss. The Group's exchange rate risk is mainly affected by fluctuations in the exchange rates of US dollar and RMB. Sensitivity analysis information is as follows:

A. When New Taiwan dollar appreciates/depreciates by 1% against U.S. dollar, the Group's net income before income tax in 2024 and 2023 will decrease/increase by $1,463 and decrease/increase by $921, respectively.
B. When RMB appreciates/depreciates by 1% against US dollar, the Group’s net income before income tax in 2024 and 2023 will decrease/increase by $188 and decrease/increase by $122, respectively.

<u>Interest Rate Risk</u>

Interest rate risk is the risk of fluctuations in the fair value of financial instruments or future cash flows due to changes in market interest rates. The Group's interest rate risk mainly arises from borrowings.

The Group manages the interest risk by maintaining an optimal fixed and variable interest rate portfolio to ensure that the hedging strategy adapted by the Group is most cost efficient.

Except the aforementioned strategy, as of December 31, 2024, the Group’s bank savings are higher than bank borrowings. Therefore, the Group does not expect to have significant interest rate risk and interest risk has no significant impact on the Group.

(4) Credit risk management

Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group’s credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their clients, including assessing customers’ financial condition, historical transaction records and other factors which may affect customers’ ability to repay the payments. The utilization of credit limits is regularly monitored. Credit risk arises from deposits with banks and financial institutions, as well as receivables received from customers. The Group only transacts with the bank and financial institutions with good credit quality, therefor, the exposure to credit risk is not expected.

The Group's accounts receivable concentrate in certain clients who are mainly internationally renowned enterprises and are not connected. Credit assessment on the financial status of the clients have been conducted. The Group assessed expected credit loss by individually clients.

If there is evidence indicating that the counterparty is facing severe financial difficulties and the Group cannot reasonably expect to recover the amount, such as the counterparty undergoing liquidation or the debt being overdue for more than 180 days, the Group recognizes a 100% allowance for doubtful debts.

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

	2024	2023
At January 1	$35,350	$35,200
Provision for impairment loss	2,350	172
Written off	(1,084)	-
Exchange differences	36	(22)
At December 31	$36,652	$35,350

(5) Liquidity risk management

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group'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.

Operating entities invest surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity:

December 31, 2024

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Short-term bank borrowings	$60,352	$-	$-	$-	$60,352
Accounts payable	73,011	-	-	-	73,011
Other payables	28,666	-	-	-	28,666
Lease liabilities (Note)	1,444	2,561	2,375	7,653	14,033
Other current liabilities	10,514	-	-	-	10,514
Total	$173,987	2,561	2,375	7,653	$186,576

December 31, 2023

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Short-term bank borrowings	$100,852	$-	$-	$-	$100,852
Accounts payable	33,657	-	-	-	33,657
Other payables	27,280	-	-	-	27,280
Lease liabilities (Note)	3,359	1,983	2,375	8,445	16,162
Other current liabilities	1,245	-	-	-	1,245
Total	$166,393	$1,983	$2,375	$8,445	$179,196

Note: Excluding cash flows from short-term leases and lease contracts of low-value assets.

(6) Reconciliation of liabilities arising from financing activities

2024:

	Short-term bank borrowings	Lease liabilities	Total liabilities from financing activities
January 1	$100,000	$14,252	$114,252
The change in other non-cash items	-	(164)	(164)
Financing cash flow	(40,000)	(1,613)	(41,613)
Interest expense on lease liabilities	-	273	273
Interest paid on lease liabilities	-	(273)	(273)
Foreign exchange movement	-	(168)	(168)
December 31	$60,000	$12,307	$72,307

2023:

	Short-term bank borrowings	Lease liabilities	Payable for Capital Reduction	Total liabilities from financing activities
January 1	$100,000	$17,150	$24,010	$141,160
The change in other non-cash items	-	495	-	495
Financing cash flow	-	(3,335)	(23,569)	(26,904)
Interest expense on lease liabilities	-	395	-	395
Interest paid on lease liabilities	-	(395)	-	(395)
Foreign exchange movement	-	(58)	(441)	-
December 31	$100,000	$14,252	$-	$141,252

(7) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. Fair value information of investment property measured at cost is provided in Note 6(8).

C. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposits, short-term bank borrowings, accounts payable, other payables and guarantee deposits received are approximate to their fair values.

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

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

	Level 1	Level 2	Level 3	Total
December 31, 2024				
Recurring fair value measurements for assets				
Financial assets at fair value through other comprehensive income	$-	$-	$702	$702

	Level 1	Level 2	Level 3	Total
December 31, 2023				
Recurring fair value measurements for assets				
Financial assets at fair value through other comprehensive income	$-	$-	$733	$733

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

Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

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

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

G. For the years ended December 31, 2024 and 2023, the movements for Level 3 of non-derivative equity instruments are as follow:

	Years ended December 31,	
	2024	2023
Opening Balance	$733	$1,200
Evaluation adjustment	(31)	(467)
Ending Balance	$702	$733

H. Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	December 31, 2024		
	Foreign currency	Rate	NTD
Financial assets			
Monetary Item：			
USD：NTD	$4,761	32.785	$156,089
USD：RMB	932	32.785	30,556
Financial liabilities			
Monetary Item：			
USD：NTD	$299	32.785	$9,796
USD：RMB	357	32.785	11,714

	December 31, 2023		
	Foreign currency	Rate	NTD
Financial assets			
Monetary Item：			
USD：NTD	$3,034	30.865	$92,502
USD：RMB	772	30.865	23,828
Financial liabilities			
Monetary Item：			
USD：NTD	$49	30.865	$1,512
USD：RMB	377	30.865	11,636

The total exchange gains, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group please refer to Note 6(16) C.

I. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

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: Please refer to table 1.
D. Acquisition or sale of the same security with the accumulated cost reaching $300 million or 20% of paid-in capital or more: None.
E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.
F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.
G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 2.
H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.
I. Trading in derivative instruments undertaken during the reporting periods: None.
J. Significant inter-Group transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Ceiling in reinvestments in Mainland China: Please refer to table 6.

C. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area are as follows:

Purchase

The Company purchased from investees in Mainland China

	Year ended December 31, 2024	
Investees in Mainland China	Amount	As a percentage of the Company's purchase amount, net
Jiangxi Zwaveasia Technology Co., Limited	$505,882	98%

(4) Major shareholders information

Major shareholders information: Please refer to table 7.

14. Segment Information

The Company and its subsidiaries operated only one sole industry and the chief operating decision maker reviews the overall operating results to make decisions about resources to be allocated to and evaluates the overall performance. Therefore, the Group is aggregated into a single segment. The segment's accounting policies are the same as significant accounting policies stated in Note 4. The basis for the measurement segment information of income from operations, assets and liabilities, etc. are the same as that for the preparation of financial statements.

(1) General information

The Group operates business only in a single industry, and allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Information on products and services

Revenue information: Please refer to note 6(14) A.

(3) Geographical information

Geographical information for the years ended December 31, 2024 and 2023 is as follows:

	Years ended December 31,			
	2024		2023	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$47,400	$50,219	$62,698	$53,801
Mainland China	15,405	122,451	47,818	127,193
Germany	489,936	-	317,417	-
Others	9,570	405	4,007	152
Total	$562,311	$173,075	$431,940	$181,146

(4) Major customer information

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

	Year ended December 31, 2024			Year ended December 31, 2023	
Customer	Revenue	%	Customer	Revenue	%
A	$489,936	87	A	$317,417	73
B	33,093	6	B	52,061	12

Table 1： Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Securities held by	Marketable securities	Relationship with the securities issuer	Account	As of December 31, 2024				Footnote
				Number of shares (in thousands)	Book value	Ownership (%)	Fair value	
Xin Huizhi Investment Co., Limited	Stocks:Z-Com, Inc.	Ultimate parent company	Financial assets at fair value through other comprehensive income	5,163	$73,052	7.20%	$73,052	Note 1 and 2
Xin Huizhi Investment Co., Limited	Stocks:Chenyi Rail Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income	190	702	13.10%	702	

Note 1：The fair value for listed stocks is based on the closing price at the balance sheet date.

Note 2：The Company’s shares held by Xin Hui Zhi Investment Co., Limited are accounted for as treasury stocks.

Z-Com, Inc. and subsidiaries

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Table 2： Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Expressed in thousands of NTD

Purchaser / seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes / accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales) (%)	Credit term	Unit price	Credit term	Balance	Percentage of total notes / accounts receivable (payable) (%)	
Z-Com, Inc.	Jiangxi Zwaveasia Technology Co., Ltd.	Parent company to subsidiary	Purchases	$505,882	98%	Payment made in fixed intervals	$-	-	$152,859	99%	Note 1

Note 1： Inter-company transactions within the Group are eliminated in the consolidated financial statements.

Z-Com, Inc. and subsidiaries

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Table 3： Receivables from related parties reaching $100 million or 20% of paid-in capital or more

The company with recorded accounts receivable	Counterparty	Relationship with the counterparty	Accounts receivable from related parties	Turnover ratio	Overdue accounts receivable from related parties		Accounts receivable from related parties collected after the reporting period	Allowance for doubtful accounts
					Amount	Handling		
Jiangxi Zwaveasia Technology Co., Ltd.	Z-Com, Inc.	Parent company to subsidiary	$152,859	5.93	-	-	$50,551	-

Z-Com, Inc. and subsidiaries

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Table 4：Significant inter-company transactions during the reporting periods

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Z-Com, Inc.	Jiangxi Zwaveasia Technology Co., Ltd.	1	Purchases	$505,882	Note 4	90%
0	Z-Com, Inc.	Jiangxi Zwaveasia Technology Co., Ltd.	1	Accounts payable	152,859	Note 4	20%

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

(1)Parent company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

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

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

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

Note 4：The price and terms on purchase are available to the third parties. Other transactions, having no comparable transactions to follow, have their terms determined through mutual negotiation.

Z-Com, Inc. and subsidiaries

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Table 5：Information on investees

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2024			Net profit (loss) of the investee for the year ended December 31, 2024	Investment income (loss) recognised by the Company for the year ended December 31, 2024	Footnote
				Balance as at December 31, 2024	Balance as at December 31, 2023	Number of shares (in thousands)	Ownership (%)	Carrying amount			
Z-Com, Inc	Z-Com Technology Limited	Cayman Island	General investment business	$102,413	$102,413	9,830	100%	$13,687	$(619)	$(619)	Subsidiary
Z-Com, Inc	Z-Wireless International Limited	British Virgin Island	General investment business	96,316	96,316	30	100%	18,934	(247)	(247)	Subsidiary
Z-Com, Inc	Zhi Wei Ya HK Limited	Hong Kong	General investment business	336,342	336,342	11,000	100%	338,333	28,472	28,472	Subsidiary
Z-Com, Inc	Xin Huizhi Investment Co., Limited	Taiwan	General investment business	28,802	28,802	N/A	48.81%	2,126	(742)	(362)	Subsidiary
Xin Huizhi Investment Co., Limited	Z-Com India Private Limited	India	Trading of communication-electronics products	172	172	N/A	43%	-	-	-	Note 1
Z-Com, Inc	Intelligent platform for IoT services Co., Ltd.	Taiwan	Trading of communication-electronics products	10,000	10,000	1,000	100%	9,687	117	117	Subsidiary
Z-Com, Inc	Zeneker India Private Limited	India	Trading of communication-electronics products	9,536	9,536	N/A	100%	7,775	1,198	1,198	Subsidiary
Z-Com, Inc	Chunghwa Sochamp Technology Inc.	Taiwan	Trading and manufacturing of Automatic License Plate Recognition products	15,000	15,000	1,500	27.27%	-	(18,310)	(3,796)	Note 2

Note 1：Z-Com, Inc's subsidiary,Xin Huizhi Investment Co., Limited is held investments accounted for using equity method.When the Group’s interest in the associate is reduced to zero, the Group does not recognise further share of loss of the associate.

Note 2：The investments held by Z-Com, Inc accounted for using the equity method, is held investments accounted for using equity method.When the Group’s interest in the associate is reduced to zero, the Group does not recognise further share of loss of the associate.

Z-Com, Inc. and subsidiaries
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Table 6：Information on investments in Mainland China

Investee in Mainland China	Main business activities	Paid-in capital	Investment method （Note 1）	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Net income of investee as of December 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2024	Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Nanjing ZCOM Wireless Co., Limited	Research and development and sales of communication device and modem	$200,154	2、3	$102,413	$-	$-	$102,413	$(1,267)	60.57%	$(767)	$16,880	$-	Note 2
Nanjing Z-Wireless Technology Co., Ltd.	Research and development and sales of communication device and modem	96,316	2	96,316	-	-	96,316	(247)	100%	(247)	18,934	-	Note 3
Nanjing Zwaveasia Communication Technology Co., Ltd.	Research and development and sales of communication device and network device	21,364	3	-	-	-	-	7,770	100%	7,770	1	-	Note 4
Jiangxi Zwaveasia Technology Co., Ltd.	Research and development, manufacturing and sales of communication-electronics products	336,342	2	336,342	-	-	336,342	40,951	100%	40,951	338,332	-	Note 5

2. Ceiling on investments in Mainland China：

Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
USD$17,505 thousand (equivalent to NT$535,071)	USD$17,505 thousand (equivalent to NT$535,071)	$326,234

Note 1：Investment methods are classified into the following three categories; fill in the number of category each case belongs to:
（1） Investment in Mainland China companies by remittance through a third region.
（2） Investment in Mainland China companies through a company invested and established in a third region.
（3） Others.
Note 2：Joint investment through Z-Com Technology, Limited and Nanjing Z-Wireless Technology Co., Limited.
Note 3：Investing through Z-Wireless International, Limited.
Note 4：Investing through Nanjing Z-Wireless Technology Co., Limited.
Note 5：Investing through Zhi Wei Ya HK Limited.

Table 7： Major shareholders information

Name of major shareholders	Number of shares held	Ownership（%）
Xin Huizhi Investment Co., Limited	5,162,714	7.20%
Fan En Technology. Co., Ltd	3,860,909	5.38%

Description: If company applies Taiwan Depository & Clearing Corporation for the information of the table, the following can be explained in the notes of the table:

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

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