Heran Co., Ltd.

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Heran Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matter identified in the parent company only financial statements for the year ended December 31, 2024 is stated as follows:

<u>Occurrence of Operating Income</u>

For 2024, operating income of the Company is a key indicator used by management to evaluate business performance, the products for sale include air-conditioning system, LCD monitors and other electrical equipment. Among various products for sale, the sales of air-conditioning system to specific clients occur frequently and the effect of the recognition of related revenues on the financial statements is material. Therefore, we have determined that there may be a risk of the authenticity of revenue from sales of air-conditioning system to specific clients and considered the occurrence of operating income to be a key audit matter. The related accounting policies are described in Note 4(n) to the parent company only financial statements.

Our auditing procedures with respect to the above matter are as follows:

1. We understood and evaluated the procedure and the internal control system related to revenue from sales of air-conditioning system to specific clients.

2. We tested the effectiveness of the internal control system related to the occurrence of revenue from sales of air-conditioning system to specific clients.

3. In order to confirm no material difference, we obtained the sales revenue details of the air-conditioning system to specific clients in 2024, sampled and verified original sales orders, shipping documents and invoices of the relevant transactions, and reconciled them with the recorded amounts in the accounting books.

4. We verified and confirmed the existence of material sales return and discount after the balance sheet date.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2024, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Li-Huang Lee and Chien-Hsin Hsieh.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 10, 2025

Notice to Readers

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

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

HERAN CO., LTD.

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

	2024		2023	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 494,795	7	$ 341,991	6
Financial assets at fair value through profit or loss - current (Note 7)	171,576	3	32,020	1
Financial assets at fair value through other comprehensive income - current (Note 8)	-	-	44,045	1
Note receivables from unrealized parties (Note 10)	255,546	4	304,046	5
Trade receivables from unrealized parties (Note 10)	743,476	11	707,962	11
Trade receivables from related parties (Notes 10 and 31)	32,831	1	23,024	-
Other receivables (Note 10)	8,561	-	8,022	-
Other receivables from related parties (Notes 10 and 31)	4,857	-	3,898	-
Current income tax assets (Note 26)	-	-	156	-
Inventories (Note 11)	1,239,216	19	1,205,823	19
Prepayments (Note 17)	68,896	1	74,472	1
Right to recover products - current (Note 17)	75,780	1	65,347	1
Other current assets	59	-	45	-
Total current assets	3,095,593	47	2,810,851	45
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 8)	849,902	13	849,902	14
Investments accounted for using equity method (Note 12)	884,181	13	734,724	12
Property, plant and equipment (Note 13)	1,424,873	22	1,405,200	23
Right of use assets (Note 14)	100,178	2	184,573	3
Investment property (Note 15)	89,586	1	91,643	2
Intangible assets (Note 16)	27,362	-	9,913	-
Deferred tax assets (Note 26)	100,407	2	67,265	1
Prepayments for equipment	12,697	-	22,180	-
Refundable deposits (Note 17)	27,141	-	29,072	-
Net defined benefit asset, non-current (Note 22)	6,094	-	5,253	-
Other financial assets - non-current (Note 17)	5,400	-	5,000	-
Total non-current assets	3,527,821	53	3,404,725	55
TOTAL	$ 6,623,414	100	$ 6,215,576	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	$ 230,000	3	$ 281,883	5
Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	624	-
Contract liabilities - current (Note 24)	4,651	-	-	-
Notes payable (Note 19)	104,114	2	36,367	1
Trade payables to unrelated parties (Note 19)	265,300	4	305,745	5
Trade payables to related parties (Notes 19 and 31)	300,084	5	195,582	3
Other payables to unrelated parties (Note 20)	281,891	4	571,481	9
Other payables to related parties (Notes 20 and 31)	14,036	-	10,440	-
Current tax liabilities (Note 26)	53,159	1	41,788	1
Provisions - current (Note 21)	6,934	-	7,972	-
Lease liabilities - current (Notes 14 and 31)	97,940	1	93,804	1
Current portion of long-term borrowings (Note 18)	24,000	-	-	-
Refund liabilities - current (Note 20)	431,870	7	320,073	5
Other current liabilities (Note 20)	2,289	-	2,064	-
Total current liabilities	1,816,268	27	1,867,823	30
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 18)	358,000	6	-	-
Provisions - non-current (Note 21)	52,265	1	38,448	1
Deferred tax liabilities (Note 26)	20,638	-	19,252	-
Lease liabilities - non-current (Notes 14 and 31)	4,930	-	93,418	2
Guaranteed deposits received	5,180	-	4,391	-
Total non-current liabilities	441,013	7	155,509	3
Total liabilities	2,257,281	34	2,023,332	33
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)				
Share capital	730,004	11	730,004	12
Capital surplus	752,306	11	825,306	13
Retained earnings				
Legal reserve	775,836	12	733,788	12
Unappropriated earnings	2,108,085	32	1,901,018	30
Other equity	(98)	-	2,128	-
Total equity	4,366,133	66	4,192,244	67
TOTAL	$ 6,623,414	100	$ 6,215,576	100

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

HERAN CO., LTD.

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

	2024		2023	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 24 and 31)				
Sales	$ 7,850,907	125	$ 7,457,884	122
Sales returns	(282,843)	(5)	(266,653)	(4)
Sales discounts and allowances	(1,274,028)	(20)	(1,101,859)	(18)
Total operating revenue	6,294,036	100	6,089,372	100
OPERATING COSTS (Notes 11, 25 and 31)	(4,752,357)	(76)	(4,389,991)	(72)
GROSS PROFIT	1,541,679	24	1,699,381	28
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND SUBSIDIARIES	(2,245)	-	(844)	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND SUBSIDIARIES	844	-	412	-
REALIZED GROSS PROFIT	1,540,278	24	1,698,949	28
OPERATING EXPENSES (Notes 25 and 31)				
Selling and marketing expenses	(1,014,271)	(16)	(1,008,648)	(17)
General and administrative expenses	(155,153)	(2)	(110,143)	(2)
Research and development expenses	(46,145)	(1)	(54,164)	(1)
Expected credit losses	(6,296)	-	(340)	-
Total operating expenses	(1,221,865)	(19)	(1,173,295)	(20)
PROFIT FROM OPERATIONS	318,413	5	525,654	8
NON-OPERATING INCOME AND EXPENSES (Notes 25 and 31)				
Interest income	35,814	-	11,790	-
Other income	67,393	1	40,844	1
Other gains and losses	(5,740)	-	5,752	-
Finance costs	(16,784)	-	(8,304)	-
Share of profit or loss of associates and subsidiaries accounted for using the equity method	144,152	2	113,552	2
Total non-operating income and expenses	224,835	3	163,634	3

(Continued)

HERAN CO., LTD.

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

	2024		2023	
	Amount	**%**	**Amount**	**%**
PROFIT BEFORE INCOME TAX	$ 543,248	8	$ 689,288	11
INCOME TAX EXPENSE (Note 26)	(75,751)	(1)	(121,233)	(2)
NET PROFIT FOR THE YEAR	467,497	7	568,055	9
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 22 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	774	-	-	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(2,226)	-	2,226	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(155)	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	-	-	(98)	-
Other comprehensive income for the year, net of income tax	(1,607)	-	2,128	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 465,890	7	$ 570,183	9
EARNINGS PER SHARE (Note 27)				
Basic	$ 6.40		$ 7.78	
Diluted	$ 6.38		$ 7.75	

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

HERAN CO., LTD.

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

	Share Capital			Retained Earnings		Other Equity	
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Unappropriated Earnings	Unrealized Gains or Loss on Investment at Fair Value Through Other Comprehensive Income	Total
BALANCE AT JANUARY 1, 2023	73,000	$ 730,004	$ 825,306	$ 669,657	$ 1,981,097	$ -	$ 4,206,064
Appropriation of 2022 earnings							
Legal reserve	-	-	-	64,131	(64,131)	-	-
Cash dividends distributed by the Company	-	-	-	-	(584,003)	-	(584,003)
Net profit for the year ended December 31, 2023	-	-	-	-	568,055	-	568,055
Other comprehensive income for the year ended December 31, 2023, net of income tax	-	-	-	-	-	2,128	2,128
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	568,055	2,128	570,183
BALANCE AT DECEMBER 31, 2023	73,000	730,004	825,306	733,788	1,901,018	2,128	4,192,244
Appropriation of 2023 earnings							
Legal reserve	-	-	-	42,048	(42,048)	-	-
Cash dividends distributed by the Company	-	-	(73,000)	-	(219,001)	-	(292,001)
Net profit for the year ended December 31, 2024	-	-	-	-	467,497	-	467,497
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	619	(2,226)	(1,607)
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	468,116	(2,226)	465,890
BALANCE AT DECEMBER 31, 2024	73,000	$ 730,004	$ 752,306	$ 775,836	$ 2,108,085	$ (98)	$ 4,366,133

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

HERAN CO., LTD.

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

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 543,248	$ 689,288
Adjustments for:		
Depreciation expense	173,128	146,233
Amortization expense	14,117	13,776
Expected credit loss recognized on trade receivables	6,296	340
Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss	(137)	1,938
Finance costs	16,784	8,304
Interest income	(35,814)	(11,790)
Dividend income	(8,116)	-
Share of profit of associates and subsidiaries accounted for using the equity method	(144,152)	(113,552)
Loss (gain) on disposal of property, plant and equipment	119	(26)
Write-down of inventories	34,140	33,315
Unrealized gain on transactions with associates and subsidiaries	2,245	844
Realized gain on transactions with associates and subsidiaries	(844)	(412)
Recognition of provisions	37,083	21,868
Changes in operating assets and liabilities		
Notes receivables	48,500	(39,367)
Trade receivables	(41,810)	67,889
Trade receivables from related parties	(9,807)	2,190
Other receivables	(217)	(5,152)
Other receivables from related parties	(959)	(3,332)
Inventories	(67,533)	120,859
Prepayments	5,576	(7,758)
Other current assets	(14)	(45)
Net defined benefit asset	(67)	(413)
Right to recover products	(10,433)	3,346
Financial liabilities held for trading	(296)	(9,796)
Contract liabilities	4,651	-
Notes payable	67,747	(55,033)
Trade payables	(40,445)	56,615
Trade payables to related parties	104,502	106,566
Other payables	(215)	(18,028)
Other payables to related parties	3,596	(577)
Provisions - current	(24,304)	(19,601)
Refund liabilities - current	111,797	(31,088)
Other current liabilities	225	85
Cash generated from operations	788,591	957,486
Interest paid	(16,209)	(8,134)
Income tax paid	(96,135)	(138,762)
Net cash generated from operating activities	676,247	810,590

(Continued)

HERAN CO., LTD.

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

	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	$ -	$ (891,819)
Purchases of financial assets at fair value through profit or loss	(141,222)	(30,000)
Other financial assets - non-current	(400)	(5,000)
Proceeds from sale of financial assets at fair value through profit or loss	43,294	-
Payments for property, plant and equipment	(62,209)	(36,769)
Proceeds from disposal of property, plant and equipment	642	310
Increase in refundable deposits	-	(15,673)
Decrease in refundable deposits	1,931	-
Payments for intangible assets	(31,566)	(8,832)
Increase in prepayments for equipment	(14,632)	(34,762)
Interest received	35,781	11,790
Dividends received from associates and subsidiaries	43,294	60,550
Dividends received from others	7,827	-
Net cash used in investing activities	(117,260)	(950,205)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	-	281,883
Decrease in short-term borrowings	(51,883)	-
Proceeds from long-term bank loans	382,000	-
Increase in guarantee deposits received	789	-
Decrease in guarantee deposits received	-	(267)
Repayment of the principal portion of lease liabilities	(103,086)	(98,187)
Dividends paid to owners of the Company	(584,003)	(584,003)
Acquisition of ownership interests in subsidiary	(50,000)	-
Net cash used in financing activities	(406,183)	(400,574)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	152,804	(540,189)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	341,991	882,180
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 494,795	$ 341,991

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

(In Thousands of New Taiwan Dollars)

1. GENERAL INFORMATION

Heran Co., Ltd. (the "Company") was incorporated in the Republic of China (ROC) in May 2002 in accordance with the Company Law and other relevant regulations. The Company mainly manufactures LCD monitors, sells electrical appliance and electronic materials and fixes electrical products.

The Company's shares have been listed on the Taiwan Stock Exchange (TWSE) since May 2019.

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

New, Amended and Revised Standards and Interpretations	**Effective Date Announced by IASB (Note)**
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

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

IFRS 18 "Presentation and Disclosure in Financial Statements"

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

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

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, and

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

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

d. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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

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

e. Inventories

Inventories consist of merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investment in subsidiaries.

A subsidiary is an equity (including a structured entity) that is controlled by the Company.

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

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

When the Company’s share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, from part of the Company’s net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

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

The Company assesses its investment for any impairment by company the carrying amount with the estimated recoverable amount as assessed based on the investee’s financial statement as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognized a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized had no impairment loss been recognized in prior year. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

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

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

g. Investments in associates

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

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

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

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

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

When the Company's and its subsidiaries' share of losses of an associated equal or exceed their interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, from part of the Company's and its subsidiaries' net investment in the associate), the Company and its subsidiaries discontinue recognizing their share of further losses, if any. Additional losses and liabilities are recognized only to the extent that the Company and its subsidiaries have incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company and its subsidiaries discontinue the use of the equity method from the date on which their investment ceases to be associates. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to retained interest and its fair value its subsidiaries account for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture, the Company continues to apply the equity method and does not remeasure the retained interest.

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

h. Property, plant and equipment

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

Properties in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

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

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

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

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

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

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

Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVPL when such a financial asset is mandatorily classified. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

A financial asset may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition mismatch that would otherwise arise.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 30.

ii. Financial assets at amortized cost

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

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, other financial assets, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss, except for short-term receivables as the effect of discounting is immaterial. Exchange differences are recognized in profit or loss.

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

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

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

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

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

ii) Breach of contract, such as a default;

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

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

Cash equivalents include bonds investments with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents and bonds under the repurchase agreement are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

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

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) as well as investments in debt instruments that are measured at FVTOCI.

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

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

For internal credit risk management purposes, the Company considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Company):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. Financial asset is more than 181 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method.

<u>Financial liabilities at FVTPL</u>

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses.

Fair value is determined in the manner described in Note 30.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, swap contracts and foreign exchange option contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit of loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated, instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is with the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measure at FVTPL.

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Company's obligation.

n. Revenue recognition

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

1) Revenue from the sale of goods

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

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the operating services under franchise agreement.

o. Leases

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

1) The Company as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Company as lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

p. Borrowing costs

Borrowing cost directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their interest use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those state above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in other income on a systematic basis over the periods in which the Company recognized as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the parent company only financial statements and recognized in profit of loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit of loss in the period in which they become receivable.

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

s. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Key sources of estimation uncertainty

a. Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions on probability of default and loss given default. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 10. Where the actual cash inflows are less than expected, a material impairment loss may arise.

b. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2024	2023
Cash on hand	$ 765	$ 921
Checking accounts and demand deposits	494,030	325,717
Cash equivalents (investments with the original maturity date within three months)		
Bonds under repurchase agreement	-	15,353
	$ 494,795	$ 341,991

The interest rate intervals of cash in the bank and cash equivalents as of the balance sheet date were as follows:

	December 31	
	2024	2023
Bank deposit	0.5%-1.05%	0.51%-1.45%
Bonds under repurchase agreement	-	5.40%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2024	2023
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Fund beneficiary certificates	$ 171,576	$ 32,020
Financial liabilities at FVTPL - current		
Financial liabilities held for trading		
Derivatives financial liabilities (not under hedge account)		
Foreign exchange forward contracts	$ -	$ 624

At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2023			
Buy	NTD/USD	2024.1.9	USD1,032/NTD32,288

The Company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2024	2023
Current		
Investments in equity instruments	$ -	$ 44,045
Non-current		
Investments in debt instruments	$ 849,902	$ 849,902

a. Investments in equity instruments

	December 31	
	2024	2023
Current		
Domestic investments		
Fund beneficiary certificates	$ -	$ 44,045

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

b. Investments in debt instruments

	December 31	
	2024	**2023**
Non-current		
Domestic investments		
Cathay Life Insurance Co., Ltd. - bonds	$ 699,918	$ 699,918
Nanshan life insurance Co., Ltd. - bonds	149,984	149,984
	$ 849,902	$ 849,902

1) In October 2023, the Company bought 10-year corporate bonds issued by Cathay Life Insurance Co., Ltd. with a coupon rate of 3.7%.

2) In October 2023, the Company bought 10-year corporate bonds issued by Nanshan Life Insurance Co., Ltd. with a coupon rate of 3.75%.

3) Refer to Note 9 for information relating to the credit risk management and impairment of the investments in debt instruments at FVTOCI.

9. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments classified as at fair value through other comprehensive income:

Financial assets at fair value through other comprehensive income

	December 31	
	2024	**2023**
Gross carrying amount	$ 850,000	$ 850,000
Fair value adjustments	(98)	(98)
Amortized cost	$ 849,902	$ 849,902

In order to minimize credit risk, the Company has tasked its credit management committee to develop and maintain a credit risk grading framework to categorize exposures according to the degree of risk of default. The credit rating information may be obtained from independent rating agencies where available, and if such information is not available, the credit management committee uses other publicly available financial information to rate the debtors.

In determining the expected credit losses for debt instrument investments, the Company considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and the future prospects of the industries. The Company's current credit risk grading mechanism is as follows:

Category	Description	Basis for Recognizing Expected Credit Losses (ECLs)
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECLs
Doubtful	The credit risk has increased significantly since initial recognition or overdue	Lifetime ECLs - not credit impaired
In default	There is evidence indicating the asset is credit impaired	Lifetime ECLs - credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

The gross carrying amounts of debt instrument investments classified by credit category and the corresponding expected loss rates were shown below:

December 31, 2024

		Gross Carrying Amount
Category	Expected Loss Rate	At Amortized Cost
Performing	0%-0.01%	$ 849,902

December 31, 2023

		Gross Carrying Amount
Category	Expected Loss Rate	At Amortized Cost
Performing	0%-0.01%	$ 849,902

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2024	2023
Note receivable - operating		
At amortized cost		
Gross carrying amount from unrelated parties	$ 255,721	$ 304,221
Less: Allowance for impairment loss	(175)	(175)
	$ 255,546	$ 304,046
Trade receivable		
At amortized cost		
Gross carrying amount from unrelated parties	$ 755,271	$ 714,955
Gross carrying amount from related parties (Note 31)	32,831	23,024
Less: Allowance for impairment loss	(11,795)	(6,993)
	$ 776,307	$ 730,986
Other receivables		
At amortized cost		
Interest receivable	$ 6,729	$ 6,696
Other	1,832	1,326
Other receivables from related parties (Note 31)	4,857	3,898
	$ 13,418	$ 11,920
Overdue receivables		
Overdue receivables	$ 5,547	$ 4,053
Less: Allowance for losses	(5,547)	(4,053)
	$ -	$ -

Trade Receivables

The average credit period of sales of goods is 30-120 days. No interest is charged on account receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts.

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

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

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

December 31, 2024

	Not Past Due	1 to 90 Days Past Due	91 to 180 Days Past Due	Over 181 Days Past Due	Total
Expected credit loss rate	0.05%-1.06%	2.56%-25.05%	36.46%-74.39%	100%	
Gross carrying amount	$ 1,023,813	$ 18,155	$ 790	$ 6,612	$ 1,049,370
Loss allowance (Lifetime ECLs)	(10,641)	(252)	(12)	(6,612)	(17,517)
Amortized cost	$ 1,013,172	$ 17,903	$ 778	$ -	$ 1,031,853

December 31, 2023

	Not Past Due	1 to 90 Days Past Due	91 to 180 Days Past Due	Over 181 Days Past Due	Total
Expected credit loss rate	0.05%-0.49%	0.01%-25.60%	0.01%-57.78%	100%	
Gross carrying amount	$ 1,020,851	$ 11,344	$ 8,311	$ 5,747	$ 1,046,253
Loss allowance (Lifetime ECLs)	(2,552)	(1,363)	(1,559)	(5,747)	(11,221)
Amortized cost	$ 1,018,299	$ 9,981	$ 6,752	$ -	$ 1,035,032

The movements of the loss allowance of notes receivable, trade receivable and overdue receivables were as follows:

	For the Year Ended December 31	
	2024	2023
Balance at January 1	$ 11,221	$ 14,109
Add: Net remeasurement of loss allowance	6,296	340
Less: Amounts written off	-	(3,228)
Balance at December 31	$ 17,517	$ 11,221

11. INVENTORIES

	December 31	
	2024	2023
Finished goods	$ 32,307	$ 94,594
Work in progress	5,337	2,475
Semi-finished goods	3,076	14,716
Raw materials	111,391	86,109
Commodity	1,019,337	941,988
Inventory in transit	67,768	65,941
	$ 1,239,216	$ 1,205,823

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

	For the Year Ended December 31	
	2024	2023
Cost of inventories sold	$ 4,608,278	$ 4,284,269
Inventory write-downs	34,140	33,315
Abnormal production costs of inventories	20,702	13,992
Right to recover products from customers adjustment	(10,433)	3,346
Recognition of provisions	37,083	21,868
Others	62,587	33,201
	$ 4,752,357	$ 4,389,991

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2024	2023
Investment in subsidiaries	$ 616,100	$ 501,371
Investment in associates	268,081	233,353
	$ 884,181	$ 734,724

a. Investment in subsidiaries

	December 31	
	2024	2023
RANSO CO., LTD.	$ 437,683	$ 352,199
HERTEC. Co., Ltd.	92,570	92,482
HER HSIUNG CO., LTD.	42,074	40,516
SHAHER AIR TECH CORPORATION	43,773	16,174
	$ 616,100	$ 501,371

			Proportion of Ownership and Voting Right December 31	
Investor	**Investee**	**Nature of Activities**	**2024**	**2023**
Heran Co., Ltd.	RANSO CO., LTD.	Manufacturing air conditioner and set-top box	100%	100%
	HERTEC. Co., Ltd.	Selling and wholesaling electrical products	100%	100%
	HER HSIUNG CO., LTD.	Manufacturing refrigerator	100%	100%
	SHAHER AIR TECH CORPORATION	Selling and wholesaling electrical products	100%	100%

b. Investment in associates

	December 31	
	2024	2023
Material associate(s)		
TAIWAN GREE CO., LTD.	$ 268,081	$ 233,353

Name of Associates	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Right December 31 2024	Proportion of Ownership and Voting Right December 31 2023
TAIWAN GREE CO., LTD.	Selling and wholesaling electrical products	Taiwan	27.27%	27.27%

Refer to Table 4 "Information of Investees" for the nature of activities, principal place of business and country of incorporation of the associates.

The investment accounted for using the equity method and the Company's shares of the profit or loss and other comprehensive income are recognized according to the financial statements audited by the CPA of the subsidiaries and the associates above.

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

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

	December 31 2024	December 31 2023
TAIWAN GREE CO., LTD		
Current assets	$ 1,384,380	$ 1,178,130
Non-current assets	11,094	10,960
Current liabilities	(404,823)	(325,625)
Non-current liabilities	(7,686)	(7,835)
Equity	$ 982,965	$ 855,630
Proportion of the Company's ownership	27.27%	27.27%
Equity attributable to the Company	$ 268,081	$ 233,353
Carry amount	$ 268,081	$ 233,353

	For the Year Ended December 31 2024	For the Year Ended December 31 2023
Operating revenue	$ 2,096,543	$ 1,949,437
Net profit for the year	$ 265,764	$ 275,943
Total comprehensive income for the year	$ 265,764	$ 275,943
Dividends received from TAIWAN GREE	$ 37,534	$ 33,190

13. PROPERTY, PLANT AND EQUIPMENT

Assets Used by the Company and Leased under Operating Leases

	Proprietary Land	Building	Machinery Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Cost								
Balance at January 1, 2024	$ 829,893	$ 534,937	$ 1,963	$ 30,784	$ 45,971	$ 91,415	$ 12,016	$ 1,546,979
Additions	-	500	10,190	3,014	12,428	45,876	16,368	88,376
Reclassification	-	(14)	-	-	-	-	-	(14)
Disposals	(389)	-	-	(3,779)	(1,416)	(2,390)	-	(7,974)
Balance at December 31, 2024	$ 829,504	$ 535,423	$ 12,153	$ 30,019	$ 56,983	$ 134,901	$ 28,384	$ 1,627,367
Accumulated depreciation								
Balance at January 1, 2024	$ -	$ 81,616	$ 32	$ 12,552	$ 10,994	$ 36,585	$ -	$ 141,779
Depreciation expense	-	11,146	1,677	6,393	10,147	38,565	-	67,928
Disposals	-	-	-	(3,779)	(1,416)	(2,018)	-	(7,213)
Balance at December 31, 2024	$ -	$ 92,762	$ 1,709	$ 15,166	$ 19,725	$ 73,132	$ -	$ 202,494
Carrying amount at December 31, 2024	$ 829,504	$ 442,661	$ 10,444	$ 14,853	$ 37,258	$ 61,769	$ 28,384	$ 1,424,873
Cost								
Balance at January 1, 2023	$ 829,893	$ 534,491	$ -	$ 34,044	$ 13,088	$ 71,406	$ 426	$ 1,483,348
Additions	-	446	1,963	7,776	34,756	35,236	11,590	91,767
Disposals	-	-	-	(11,036)	(1,873)	(15,227)	-	(28,136)
Balance at December 31, 2023	$ 829,893	$ 534,937	$ 1,963	$ 30,784	$ 45,971	$ 91,415	$ 12,016	$ 1,546,979
Accumulated depreciation								
Balance at January 1, 2023	$ -	$ 68,511	$ -	$ 16,774	$ 5,988	$ 34,954	$ -	$ 126,227
Depreciation expense	-	13,105	32	6,530	6,879	16,858	-	43,404
Disposals	-	-	-	(10,752)	(1,873)	(15,227)	-	(27,852)
Balance at December 31, 2023	$ -	$ 81,616	$ 32	$ 12,552	$ 10,994	$ 36,585	$ -	$ 141,779
Carrying amount at December 31, 2023	$ 829,893	$ 453,321	$ 1,931	$ 18,232	$ 34,977	$ 54,830	$ 12,016	$ 1,405,200

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	5-50 years
Main structure	50 years
Mechanical and electrical power equipment	15 years
Others	5 years
Machinery equipment	5 years
Transportation equipment	5 years
Office equipment	5 years
Other equipment	
Land improvements	20 years
Utilities equipment	10 years
Others	1-7 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 32.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2024	2023
Carrying amount		
Buildings	$ 95,791	$ 179,728
Transportation equipment	4,387	4,845
	$ 100,178	$ 184,573

	For the Year Ended December 31	
	2024	2023
Additions to right-of-use assets	$ 18,734	$ 272,400
Depreciation charge for right-of-use assets		
Buildings	$ 99,126	$ 96,098
Transportation equipment	4,003	4,660
	$ 103,129	$ 100,758

b. Lease liabilities

	December 31	
	2024	2023
Carrying amount		
Current	$ 97,940	$ 93,804
Non-current	$ 4,930	$ 93,418

Range of discount rate for lease liabilities was as follows:

	December 31	
	2024	2023
Buildings	1.66%-3%	1.66%-3%
Transportation equipment	1.67%-3%	1.67%-3%

c. Material lease-in activities and terms

The Company leases certain buildings and motor vehicles for the use of product manufacturing, office, water purification plant and transportation equipment with lease terms of 1 to 3 years. The Company does not have bargain purchase options to acquire the leasehold land and buildings and lands at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2024	2023
Expenses relating to short-term leases	$ 556	$ 4,588
Expenses relating to low-value asset leases	$ 4,670	$ 1,970
Total cash outflow for leases	$ (112,677)	$ (111,637)

The Company's leases of certain offices, sale venues and office equipment qualify as short-term leases and leases of certain office equipment qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INVESTMENT PROPERTIES

	Completed Investment Properties
Cost	
Balance at January 1, 2024	$ 103,355
Transfers to property, plant and equipment	14
Balance at December 31, 2024	$ 103,369
Accumulated depreciation	
Balance at January 1, 2024	$ 11,712
Depreciation expenses	2,071
Balance at December 31, 2024	$ 13,783
Carry amount at December 31, 2024	$ 89,586
Cost	
Balance at January 1, 2023	$ 103,355
Transfers to property, plant and equipment	-
Balance at December 31, 2023	$ 103,355
Accumulated depreciation	
Balance at January 1, 2023	$ 9,641
Depreciation expenses	2,071
Balance at December 31, 2023	$ 11,712
Carry amount at December 31, 2023	$ 91,643

The investment properties are leased out since 2023 to 2025. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties at December 31, 2024 and 2023 was as follows:

	December 31	
	2024	**2023**
Year 1	$ 6,410	$ 19,230
Year 2	-	6,410
	$ 6,410	$ 25,640

Investment properties are depreciated on a straight-line basis over their estimated useful lives as follows:

Main buildings	50 years

The management of the Company used the valuation model that market participants would use in determining the fair value, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The fair value as appraised was as follow:

	December 31	
	2024	**2023**
Fair value	$ 1,923,921	$ 1,834,055

16. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2023	$ 34,083
Additions	8,832
Balance at December 31, 2023	$ 42,915
Accumulated amortization	
Balance at January 1, 2023	$ 19,226
Amortization expense	13,776
Balance at December 31, 2023	$ 33,002
Carrying amount at December 31, 2023	$ 9,913

(Continued)

	Computer Software
Cost	
Balance at January 1, 2024	$ 42,915
Additions	31,566
Balance at December 31, 2024	$ 74,481
Accumulated amortization	
Balance at January 1, 2024	$ 33,002
Amortization expense	14,117
Balance at December 31, 2024	$ 47,119
Carrying amount at December 31, 2024	$ 27,362

(Concluded)

Other intangible assets are amortized on a straight-line basis over their estimated useful life as follows:

Computer software	1 to 3 years

	For the Year Ended December 31	
	2024	2023
An analysis of depreciation by function		
Operating cost	$ 946	$ 1,029
Selling and marketing expense	4,981	5,542
General and administrative expenses	519	502
Research and development expense	7,671	6,703
	$ 14,117	$ 13,776

17. OTHER ASSETS

	December 31	
	2024	2023
Current		
Prepayments		
Prepayment for purchases	$ 33,297	$ 37,595
Input and offset against business tax payable	-	1,078
Others	35,599	35,799
	$ 68,896	$ 74,472
Right to recover products - current (Note 24)	$ 75,780	$ 65,347

(Continued)

	December 31	
	2024	2023
Overdue receivable	$ 5,547	$ 4,053
Less: Allowance for impairment losses	(5,547)	(4,053)
	$ -	$ -
Other financial assets (a)	$ 5,400	$ 5,000
Refundable deposits (b)	$ 27,141	$ 29,072

(Concluded)

a. Refer to Note 32 for the amount of Post-release Duty Payment through the Customs.

b. The refundable deposits is for the bank to open a letter of guarantee.

18. SHORT-TERM BORROWINGS

a. Short-term borrowings

	December 31	
	2024	2023
Secured borrowings (Note 32)		
Bank loans (1)	$ 180,000	$ 150,000
Unsecured borrowings		
Line of credit and letter of credit borrowing (2)	50,000	131,883
	$ 230,000	$ 281,883

1) The bank loans were secured by land and buildings owned by the Company (Refer to Note 32). The loan maturity dates on March 13, 2024 to February 23, 2025. As of December 31, 2024 and 2023, the effective annual interest rates of 1.78%-1.82% and 1.66%, respectively.

2) The interest rates of bank revolving borrowings were 1.77% and 1.65%-1.66% in 2024 and 2023, respectively.

b. Long-term borrowings

	December 31	
	2024	2023
Secured borrowings (Note 32)		
Bank loans	$ 382,000	$ -
Less: Long-term borrowings - current portion	(24,000)	-
Long-term borrowings	$ 358,000	$ -

The Company obtained new bank borrowings in the amount of $400,000 thousand on March 1, 2024, with an interest rate of 1.88%, which were repayable in the 10 years.

19. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2024	2023
Notes payable		
Operating	$ 104,114	$ 36,367
Trade payables		
Operating - unrelated parties	$ 265,300	$ 305,745
Operating - related parties	300,084	195,582
	$ 565,384	$ 501,327

20. OTHER LIABILITIES

	December 31	
	2024	2023
Current		
Other payables to unrelated parties		
Payables for salaries or bonuses	$ 105,995	$ 104,776
Payables for promotion and commercial	6,540	13,172
Payables for compensation of employees and remuneration of directors and supervisors	42,149	32,479
Payables for shipping fee	20,709	18,782
Payables for annual leave	15,832	14,479
Payables for customs fee	11,159	13,219
Payables for dividends	-	292,002
Payables for sale tax	5,609	2,405
Payables for recycling expenses	10,862	15,072
Others	63,036	65,095
	$ 281,891	$ 571,481
Other payables to related parties		
Payables for service expenses	$ 13,071	$ 9,810
Payables for utility expenses	539	526
Others	426	104
	$ 14,036	$ 10,440
Other liabilities		
Refund liabilities - current (Note 24)	$ 431,870	$ 320,073
Others	2,289	2,064
	$ 434,159	$ 322,137

Other current liabilities were mainly temporary receipts and receipts under custody.

21. PROVISIONS

	December 31	
	2024	2023
Current		
Warranties	$ 6,934	$ 7,972
Non-current		
Warranties	$ 52,265	$ 38,448

	Warranties
Balance at January 1, 2023	$ 44,153
Additional provisions recognized	21,868
Amount used	(19,601)
Balance at December 31, 2023	$ 46,420
Balance at January 1, 2024	$ 46,420
Additional provisions recognized	37,083
Amount used	(24,304)
Balance at December 31, 2024	$ 59,199

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranties under contracts for the sale of goods. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plans

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

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

	December 31	
	2024	2023
Present value of defined benefit obligation	$ 2,913	$ 2,936
Fair value of plan assets	(9,007)	(8,189)
Surplus	(6,094)	(5,253)
Net defined benefits assets	$ (6,094)	$ (5,253)

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2023	$ 2,842	$ (7,682)	$ (4,840)
Net interest expense (income)	39	(108)	(69)
Recognized in profit or loss	39	(108)	(69)
Remeasurement			
Return on plan asset (exclude amounts included in net interest)	-	(55)	(55)
Actuarial (gain) loss			
Changes in financial assumption	35	-	35
Experience adjustment	20	-	20
Recognized in other comprehensive income	55	(55)	-
Contributions from the employer	-	(344)	(344)
Balance at December 31, 2023	$ 2,936	$ (8,189)	$ (5,253)
Balance at January 1, 2024	$ 2,936	$ (8,189)	$ (5,253)
Net interest expense (income)	36	(103)	(67)
Recognized in profit or loss	36	(103)	(67)
Remeasurement			
Return on plan asset (exclude amounts included in net interest)	-	(715)	(715)
Actuarial (gain) loss			
Changes in financial assumption	(65)	-	(65)
Experience adjustment	6	-	6
Recognized in other comprehensive income	(59)	(715)	(774)
Contributions from the employer	-	-	-
Balance at December 31, 2024	$ 2,913	$ (9,007)	$ (6,094)

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

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

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

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

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

	December 31	
	2024	**2023**
Discount rate	1.500%	1.250%
Expected rate of salary increase	2.500%	2.500%

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

	December 31	
	2024	**2023**
Discount rate		
0.25% increase	$ (63)	$ (69)
0.25% decrease	$ 66	$ 72
Expected rate of salary increase		
0.25% increase	$ 64	$ 70
0.25% decrease	$ (62)	$ (67)

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

	December 31	
	2024	**2023**
Expected contributions to the plans for the next year	$ -	$ -
Average duration of the defined benefit obligation	9 years	10 years

23. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2024	2023
Number of shares authorized (in thousands)	100,000	100,000
Shares authorized	$ 1,000,000	$ 1,000,000
Number of shares issued and fully paid (in thousands)	73,000	73,000
Shares issued	$ 730,004	$ 730,004

b. Capital surplus

	December 31	
	2024	2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Stocks issued at premium	$ 752,306	$ 825,306

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus).

c. Retained earnings and dividends policy

The shareholders of the Company held their regular meeting on June 6, 2019 and in that meeting resolved the amendments to the Company's Articles of Incorporation (the "Articles"). The amendments explicitly stipulate that the proposal for profit distribution or offsetting of losses should be made at the end of each six months of the fiscal year. The board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be reported in the shareholders' meeting. If distributing dividends and bonuses by issuing new shares, such distribution should be submitted in the shareholders' meeting.

Under the dividends policy as set forth in the Articles, the proposal for profit distribution or offsetting of losses should be made at the end of both the first and the second six months of the fiscal year; the profit shall be first utilized for paying taxes, offsetting losses of previous years and setting aside as a legal reserve until the legal reserve equals the paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan. The distribution plan under a proposal prepared by the Board subject to the final approval of the Company's board after the audit of The Audit Committee. The board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash. If distributing dividends and bonuses by issuing new shares, the distribution should be submitted in the shareholders' meeting.

Where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit until the legal reserve equals the paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

The board of directors is authorized to adopt the resolution to distribute dividends, bonuses, legal reserve and special reserve in cash with a majority of the directors at a meeting attended by a majority of the directors. Such resolution should be reported in the shareholders' meeting.

Since the Company is currently in the stage of growth, it needs to reserve funds to meet the needs for operation, growth and investment. In principle, the Company's dividend policy is to pay dividends in both stock and cash. Cash dividends are no less than 15% of the total dividends distributed. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 25(g).

The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for the second six months of 2022, the first and second six months of 2023, which were resolved by the Company's board of directors, were as follows:

	Appropriation of Earnings		
	July 1 to December 31, 2023	**January 1 to June 30, 2023**	**July 1 to December 31, 2022**
Date of board resolution	March 16, 2024	December 13, 2023	March 14, 2023
Legal reserve	$ 25,247	$ 31,558	$ 32,573
Cash dividends	$ 219,001	$ 292,002	$ 292,001
Cash dividends per share (NT$)	$ 3	$ 4	$ 4

On March 6, 2024, the board of directors of the Company resolved to distribute cash in the amount of $73,000 thousand from capital surplus.

The above appropriations of earnings for 2023 and 2022, which were reported in the shareholders' meetings on June 24, 2024 and June 2, 2023, respectively.

The appropriation of earnings for the first and second six months of 2024, which were resolved by the board of directors were as follows:

	July 1 to December 31, 2024	January 1 to June 30, 2024
Date of board resolution	March 10, 2025	December 19, 2024
Legal reserve	$ 30,010	$ 16,801
Special reserve	$ 98	$ -
Cash dividends	$ -	$ -
Stock dividends	$ 73,001	$ 73,000
Cash dividends per share (NT$)	$ -	$ -
Stock dividends per share (NT$)	$ 1	$ 1

The appropriation of earnings for 2024 will be reported by the shareholders in their meeting to be held on June 3, 2025.

d. Unrealized valuation gain/(loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2024	2023
Balance at January 1	$ 2,128	$ -
Recognized for the year		
Unrealized gain (loss) - debt instruments	-	(98)
Unrealized gain (loss) - equity instruments	(2,226)	2,226
Other comprehensive income or loss for the year	(2,226)	2,128
Balance at December 31	$ (98)	$ 2,128

24. REVENUE

	For the Year Ended December 31	
	2024	2023
Revenue from contracts with customers		
Revenue from sale of goods	$ 6,149,967	$ 5,960,050
Revenue from the rendering of services	144,069	129,322
	$ 6,294,036	$ 6,089,372

a. Contract information

1) Revenue from the sale of goods

Home appliances and electronic products are sold to TV Home Shopping merchants, 3C retailers, distributors and other customers. The Company gives price discounts to distributors and retailers when they meet the contractual requirements. The amount of revenue is based on the most probable amount of the discount considering the distributor and the retailer’s past orders. The rest of the products are sold at a fixed price as agreed in the contract.

In accordance with commercial practice, the Company accepts returns of home appliances and electronic products for full refund. Considering the experience accumulated in the past, the Company estimated the return rate based on the most probable amount and recognized the refund liability and related right of recover product. Please refer to Note 21 for the description of defective warranty obligations for home appliances and electronic products.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the delivery services before clients receive the goods, and the maintenance and installation services as agreed in the contract.

b. Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Note receivable and trade receivables (Note 10)	$ 1,031,853	$ 1,035,032	$ 1,066,084
Contract liabilities - current			
Revenue from sale of goods	$ 4,651	$ -	$ -

c. Disaggregation of revenue

	Country of Operation		
	Home Appliances	Other	Total
For the year ended December 31, 2024			
Type of goods or services			
Sale of goods	$ 6,149,967	$ 144,069	$ 6,294,036
For the year ended December 31, 2023			
Type of goods or services			
Sale of goods	$ 5,960,050	$ 129,322	$ 6,089,372

25. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2024	2023
Bank deposits and short-term notes	$ 3,888	$ 11,790
Financial assets at fair value through other comprehensive income	31,525	-
Financial assets at fair value through profit or loss	47	-
other	354	-
	$ 35,814	$ 11,790

b. Other income

	For the Year Ended December 31	
	2024	2023
Rental income	$ 24,075	$ 23,110
Dividend income		
Financial assets at fair value through profit or loss	8,116	-
Others	35,202	17,734
	$ 67,393	$ 40,844

c. Other gains and losses

	For the Year Ended December 31	
	2024	2023
(Loss) gain on disposal of property, plant and equipment	$ (119)	$ 26
Net foreign exchange (losses) gains	(5,557)	8,202
Gain (loss) on financial asset at fair value through profit or loss	137	(1,938)
Others	(201)	(538)
	$ (5,740)	$ 5,752

d. Finance costs

	For the Year Ended December 31	
	2024	2023
Interest on bank loans	$ 12,738	$ 1,347
Interest on lease liabilities	4,365	6,892
Other Interests	45	65
Less: Amounts included in the cost of qualifying assets	(364)	-
	$ 16,784	$ 8,304

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2024	2023
Capitalized interest	$ 364	$ -
Capitalization rate	1.8023%	-

e. Depreciation and amortization

	For the Year Ended December 31	
	2024	2023
An analysis of depreciation by function		
Operating cost	$ 19,203	$ 14,038
Operating expenses	153,925	132,195
	$ 173,128	$ 146,233
An analysis of amortization by function		
Operating cost	$ 946	$ 1,029
Operating expenses	13,171	12,747
	$ 14,117	$ 13,776

f. Employee benefits expense

	For the Year Ended December 31	
	2024	2023
Short-term benefits	$ 578,518	$ 566,845
Post-employment benefits (Note 22)		
Defined contribution plans	24,287	23,660
Defined benefit plans	(67)	(69)
	24,220	23,591
Other employee benefits	20,991	19,349
Total employee benefits expense	$ 623,729	$ 609,785
An analysis of employee benefits expense by function		
Operating costs	$ 50,389	$ 65,054
Operating expenses	573,340	544,731
	$ 623,729	$ 609,785

g. Compensation of employees and remuneration of directors and supervisors

According to the Articles of Incorporation of the Company, the Company accrued compensation of employees and remuneration of directors and supervisors at rates of no less than 1% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2024 and 2023, which were approved by the Company's board of directors on March 10, 2025 and March 6, 2024 were as follows:

Accrual rate

	For the Year Ended December 31	
	2024	2023
Compensation of employees	5.0%	3.3%
Remuneration of directors and supervisors	2.2%	1.2%

Amount

	For the Year Ended December 31			
	2024		2023	
	Cash	Stock	Cash	Stock
Compensation of employees	$ 29,270	$ -	$ 23,818	$ -
Remuneration of directors	$ 12,879	$ -	$ 8,661	$ -

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

There's no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2023 and 2022.

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

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2024	2023
Foreign exchange gains	$ 4,922	$ 17,280
Foreign exchange losses	(10,479)	(9,078)
Net (losses) profits	$ (5,557)	$ 8,202

26. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2024	2023
Current tax		
In respect of the current year	$ 113,193	$ 113,577
Income tax on unappropriated earnings	-	4,359
Adjustments for prior years	(5,531)	1,363
	107,662	119,299
Deferred tax		
In respect of the current year	(31,911)	1,934
Income tax expense recognized in profit or loss	$ 75,751	$ 121,233

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

	For the Year Ended December 31	
	2024	2023
Profit before tax from continuing operations	$ 543,248	$ 689,288
Income tax expense calculated at the statutory rate	$ 108,649	$ 137,858
Tax-exempt income	(27,367)	(22,347)
Income tax on unappropriated earnings	-	4,359
Adjustments for prior years	(5,531)	1,363
Income tax expense recognized in profit or loss	$ 75,751	$ 121,233

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2024	2023
Deferred tax		
In respect of the current year		
Remeasurement of defined benefit plans	$ (155)	$ -
Total income tax recognized in other comprehensive income	$ (155)	$ -

c. Current tax liabilities

	December 31	
	2024	2023
Current tax assets		
Tax refund receivable	$ -	$ 156
Current tax liabilities		
Income tax payable	$ 53,159	$ 41,788

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2024

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Inventory devaluation loss	$ 33,650	$ 6,828	$ -	$ 40,478
Unrealized gross profits	168	282	-	450
Unrealized financial products profit or loss	125	(125)	-	-
Unrealized allowance for sales return	17,637	2,433	-	20,070
Unrealized payable for annual leave	2,896	270	-	3,166
Unrealized warranty expense	9,285	2,555	-	11,840
Unrealized allowance for sales discounts	3,504	20,899	-	24,403
	$ 67,265	$ 33,142	$ -	$ 100,407

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized asset recognized to acquired	$ (13,069)	$ (2,086)	$ -	$ (15,155)
Exchange difference	(5,071)	1,123	-	(3,948)
Unrealized financial products profit or loss	-	(256)	-	(256)
Unrealized pension expense	(889)	(12)	-	(901)
Remeasurement of defined benefit plans	(223)	-	(155)	(378)
	$ (19,252)	$ (1,231)	$ (155)	$ (20,638)

For the year ended December 31, 2023

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Inventory devaluation loss	$ 26,987	$ 6,663	$ -	$ 33,650
Unrealized gross profits	82	86	-	168
Unrealized financial products profit or loss	1,292	(1,167)	-	125
Unrealized allowance for sales return	17,536	101	-	17,637
Unrealized payable for annual leave	2,889	7	-	2,896
Unrealized warranty expense	8,831	454	-	9,285
Unrealized allowance for sales discounts	10,521	(7,017)	-	3,504
	$ 68,138	$ (873)	$ -	$ 67,265

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized asset recognized to acquired	$ (13,738)	$ 669	$ -	$ (13,069)
Exchange difference	(3,424)	(1,647)	-	(5,071)
Unrealized pension expense	(806)	(83)	-	(889)
Remeasurement of defined benefit plans	(223)	-	-	(223)
	$ (18,191)	$ (1,061)	$ -	$ (19,252)

e. Income tax assessments

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

27. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2024	2023
Basic earing per share		
From continuing operations	$ 6.40	$ 7.78
Diluted earing per share		
From continuing operations	$ 6.38	$ 7.75

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

Net Profit for the Year

	For the Year Ended December 31	
	2024	**2023**
Profit for the year attributable to owners of the Company	$ 467,497	$ 568,055

For the years ended December 31, 2024 and 2023, the net profit of the Company for the calculation of the basic earnings per share is the same as the net profit for the calculation of diluted earnings per share.

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

	For the Year Ended December 31	
	2024	**2023**
Weighted average number of ordinary shares used in the computation of basic earnings per share	73,000	73,000
Effect of potentially dilutive ordinary shares		
Compensation of employees	323	269
Weighted average number of ordinary shares used in the computation of diluted earnings per share	73,323	73,269

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

28. CASH FLOW INFORMATION

a. Non-cash transaction

In addition to those disclosed in other notes, the Company entered into the following non-cash investing and financing activities which were not reflected in the statements of cash flows for the years ended December 31, 2023:

The cash dividends approved in the Company's board of directors which was $292,002 thousand was not yet distributed as of December 31, 2023.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2024

			Non-cash Changes			
	Opening Balance	**Cash Flows**	**New Leases**	**Lease Termination**	**Interest Expense**	**Closing Balance**
Lease liabilities	$ 187,222	$ (107,451)	$ 18,734	$ -	$ 4,365	$ 102,870

For the year ended December 31, 2023

	Opening Balance	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Lease Termination	Non-cash Changes: Interest Expense	Closing Balance
Lease liabilities	$ 13,009	$ (105,079)	$ 272,400	$ -	$ 6,892	$ 187,222

29. CAPITAL MANAGEMENT

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

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

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

Key management personnel of the Group review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

30. FINANCIAL INSTRUMENTS

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

In the Company's management's opinion, the book values of financial assets and liabilities that are not measured at fair value are approximately equal to their fair values.

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

1) Fair value hierarchy

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Fund beneficiary certificates	$ 171,576	$ -	$ -	$ 171,576
Financial assets at FVTOCI				
Investments in debt instruments				
Domestic corporate bonds	$ -	$ 849,902	$ -	$ 849,902

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Fund beneficiary certificates	$ 32,020	$ -	$ -	$ 32,020
Financial assets at FVTOCI				
Investments in equity instruments				
Fund beneficiary certificates	$ 44,045	$ -	$ -	$ 44,045
Investments in debt instruments				
Domestic corporate bonds	-	849,902	-	849,902
	$ 44,045	$ 849,902	$ -	$ 893,947
Financial liabilities at fair value through profit and loss				
Derivative financial instruments	$ -	$ 624	$ -	$ 624

There was no transfers between Levels 1 and 2 for the years ended December 31, 2024 and 2023.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Technique and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Unlisted debt securities - ROC	Discounted cash flow. Future cash flows are discounted at a rate that reflects current interest rates of the bond issuer at the end of the reporting period.

c. Categories of financial instruments

	December 31	
	2024	2023
Financial assets		
Fair value through profit and loss		
Financial assets mandatorily classified as at FVTPL	$ 171,576	$ 32,020
Financial assets at amortized cost (1)	1,572,607	1,423,015
Financial assets at FVTOCI		
Investments in equity instruments	-	44,045
Investments in debt instruments	849,902	849,902
Financial liabilities		
Fair value through profit and loss		
Held for trading	-	624
Financial liabilities at amortized cost (2)	1,582,605	1,405,889

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables, other financial assets and refundable deposits.

2) The balances include financial liabilities at amortized cost, which comprise short-term loans, long-term loans, notes payable, trade payables, other payables and deposits received.

d. Financial risk management objectives and policies

Main financial instruments used by the Company include equity and debt investments, accounts receivable, accounts payable and loans. The financial management department of the Company provides services to all business units, and supervises and manages the financial risks relating to the operations of the Company through the internal risk reports that analyze exposures by degree and magnitude of risks These risks are market risk (including exchange risk, interest rate risk and other price risk), credit risk, and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below), and other price risk (see (c) below). The Company entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including foreign exchange forward contracts to hedge the exchange rate risk arising on the export.

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

a) Foreign currency risk

The Company has foreign currency sales and purchases, which exposes the Company to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the period are set out in Note 34.

Sensitivity analysis

The Company is mainly exposed to the USD.

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

	USD Impact	
	For the Year Ended December 31	
	2024	**2023**
Profit or (loss)	$ (1,625)*	$ (2,176)*

* The result was mainly attributable to the exposure on deposits, financial assets at amortized cost and outstanding receivables in USD that were not hedged at the end of the year.

b) Interest rate risk

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

	December 31	
	2024	**2023**
Fair value interest rate risk		
Financial assets	$ 5,400	$ 20,353
Financial liabilities	-	-
Cash flow interest rate risk		
Financial assets	397,696	290,760
Financial liabilities	612,000	281,883

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 0.5% basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (0.5%) higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2024 and 2023 would have decreased/increased by $1,072 thousand and $2,082 thousand, respectively, which was mainly attributable to the Company's exposure to interest rates on its variable-rate bank deposits.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities. The Company manages this exposure by maintaining a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analysis shows the exposure to equity price risk at the end of the reporting period.

If equity prices had been 0.5% higher/lower, the pre-tax profit for 2024 and 2023 would have been higher/lower by $1,324 thousand and $858 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

2) Credit risk

Credit risk refers to the risk in the financial loss of the Company because the counterparty delays in the fulfillment of the contractual obligations. Up to the balance sheet date, the Company's potential highest credit risk exposure due to failure of the counterparty to fulfill its obligations was mainly derived from the book value of the financial assets recognized in the separate balance sheet.

It is the policy of the Company to trade only with reputable parties and to obtain adequate guarantee where necessary to mitigate the risk of financial loss due to default. The Company continuously monitors the credit risk and the credit status of the counterparty and controls the credit risk through the counterparty credit limit, which is reviewed and approved annually by a specialist appointed by management. In addition, the recoverable amount of receivables of the Company is assessed for each receivable at the balance sheet date to ensure that appropriate impairment losses have been provided for the unrecoverable receivables. As such, the management of the Company holds that the credit risk of the Group has reduced significantly.

The Company transacts with a large number of unrelated customers and thus, credit risk is not highly concentrated.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2024 and 2023, the Company had available unutilized short-term bank loan facilities set out in (3) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2024

	On Demand or Less than 1 Year	More than 1 Year
Non-derivative financial liabilities		
Note payable	$ 104,114	$ -
Trade payables	265,300	-
Other payables	295,927	-
Short-term borrowings	230,617	-
Current portion of long-term liabilities	24,451	-
Long-term borrowings	-	419,770
Lease liabilities	99,565	4,978
	$ 1,019,974	$ 424,748

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	More than 20 Years
Lease liabilities	$ 99,565	$ 4,978	$ -	$ -	$ -	$ -

December 31, 2023

	On Demand or Less than 1 Year	More than 1 Year
Non-derivative financial liabilities		
Note payable	$ 36,367	$ -
Trade payables	501,327	-
Other payables	581,921	-
Short-term borrowing	282,723	-
Lease liabilities	98,046	94,921
	$ 1,500,384	$ 94,921

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	More than 20 Years
Lease liabilities	$ 98,046	$ 94,921	$ -	$ -	$ -	$ -

After considering the financial situation, the Company believed that the Company may not be requested to repay the loan immediately by the bank.

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Company's liquidity analysis of its derivative financial instruments.

The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
Gross settled					
Foreign exchange forward contracts					
Inflows	$ 31,664	$ -	$ -	$ -	$ -
Outflows	(32,288)	-	-	-	-
	$ (624)	$ -	$ -	$ -	$ -

c) Financing facilities

	December 31 2024	December 31 2023
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	$ 314,967	$ 546,415
Amount unused	1,550,033	1,822,629
	$ 1,865,000	$ 2,369,044
Secured bank overdraft facilities, reviewed annually		
Amount used	$ 718,445	$ 150,000
Amount unused	581,555	450,000
	$ 1,300,000	$ 600,000

31. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related party name and relation

Related Party Name	Relation with the Company
RANSO CO., LTD. (Ranso)	Subsidiary
HERTEC. Co., Ltd. (HERTEC)	Subsidiary
HER HSIUNG CO., LTD. (HER HSIUNG)	Subsidiary
SHAHER AIR TECH CORPORATION (Shaher)	Subsidiary
Heran Tech Co., Ltd. (Heran Tech)	Related party in substance - the Company's chairman is same as the representative of the Company
HERHUA CONSTRUCTION CO., LTD. (HERHUA CONSTRUCTION)	Related party in substance - a influential shareholder is same as the Company's chairman
JOWIN Co., Ltd. (JOWIN) (have changed the Chinese name of company)	Related party in substance - the Company's chairman is same as the representative of the Company
HERFA ENTERPRISE CORPORATION LTD. (HERFA ENTERPRISE)	Related party in substance - the chairman is same as the Company
CHANGGU INVESTMENT CO., LTD.	Related party in substance - relative within second degree of relationship between the chairman of both Company
TAIWAN GREE CO., LTD (TAIWAN GREE)	Associate

b. Sales of goods

Line Item	Related Party Name	For the Year Ended December 31 2024	2023
Sales	Subsidiary	$ 78,334	$ 65,328
	Related party in substance	536	813
		$ 78,870	$ 66,141

The sale of goods to related parties were made at the Company usual list prices.

c Purchases of goods

	For the Year Ended December 31 2024	2023
Subsidiary/Ranso	$ 2,908,418	$ 2,553,614
Subsidiary	32,192	14,948
	$ 2,940,610	$ 2,568,562

Purchases were made at the same condition with normal supplier.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31 2024	December 31 2023
Trade receivables	Subsidiary	$ 32,828	$ 23,024
	Related party in substance	3	-
		$ 32,831	$ 23,024
Other receivables	Subsidiary/Shaher	$ 1,176	$ 2,999
	Subsidiary/Ranso	3,345	273
	Other subsidiaries	305	578
	Related party in substance	31	48
		$ 4,857	$ 3,898

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2024 and 2023, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31 2024	December 31 2023
Trade payables	Subsidiary/Ranso	$ 292,807	$ 193,190
	Subsidiary	7,277	2,392
		$ 300,084	$ 195,582
Other payables	Subsidiary	$ 13,078	$ 9,832
	Related party in substance	958	608
		$ 14,036	$ 10,440

The outstanding trade payables to related parties are unsecured.

f. Acquisition of property, plant and equipment

	Purchase Price For the Year Ended December 31 2024	Purchase Price For the Year Ended December 31 2023
Related party in substance/Heran Tech	$ -	$ 275

The transaction price for related parties is based on market conditions, and the trading conditions are not materially different from those of general objects.

g. Disposal of property, plant and equipment

	Proceeds For the Year Ended December 31		Gain or Loss Disposal For the Year Ended December 31	
	2024	2023	2024	2023
Related party in substance/ HERHUA	$ -	$ 310	$ -	$ 26

The transaction price for related parties is based on market conditions, and the trading conditions are not materially different from those of general objects.

h. Lease arrangements - the Group is lessee

Acquisition of right-of-use assets

Line Item	Related Party Category/Name	December 31 2024	December 31 2023
Lease liabilities	Related party in substance/Heran Tech	$ 91,931	$ 179,535

Related Party Category/Name	For the Year Ended December 31 2024	For the Year Ended December 31 2023
Interest expense		
Related party in substance/Heran Tech	$ 4,207	$ 6,700

For the Year Ended December 31, 2024

Lessor	Subject Matter of Lease	Lease Term	Method of Rent Calculation/Collection
Related party in substance/ Heran Tech	290 parking spaces on 1-9F and B1-B3F, No. 289 Wenhe Road, Kueishan District, Taoyuan City	January 1, 2023 to December 31, 2025	The monthly rent was at $7,450 thousand and paid every month.
Related party in substance/ Heran Tech	Lot 69, Lejie Section, Kueishan District, Taoyuan City, Taiwan - Wo Luen Parking Lot (2) 312 Spaces	January 1, 2024 to December 31, 2024	The monthly rent was at $624 thousand and paid every month.
Related party in substance/ Heran Tech	13F, No. 289, Wenhe Road, Kueishan District, Taoyuan City, Taiwan.	December 1, 2023 to December 31, 2025	The monthly rent was at $146 thousand and paid every month.
Related party in substance/ Heran Tech	No. 289, Wenxin Rd., Neighborhood 9, Lexian Li, Kueishan District, Taoyuan City	October 1, 2023 to March 31, 2026	The monthly rent was at $128 thousand and paid every month.

For the Year Ended December 31, 2023			
Lessor	**Subject Matter of Lease**	**Lease Term**	**Method of Rent Calculation/Collection**
Related party in substance/ Heran Tech	290 parking spaces on 1-9F and B1-B3F, No. 289 Wenhe Road, Kueishan District, Taoyuan City	January 1, 2023 to December 31, 2025	The monthly rent was at $7,450 thousand and paid every month.
Related party in substance/ Heran Tech	Lot 69, Lejie Section, Kueishan District, Taoyuan City, Taiwan - Wo Luen Parking Lot (2) 312 Spaces	January 1, 2023 to December 31, 2023	The monthly rent was at $624 thousand and paid every month.
Related party in substance/ Heran Tech	13F, No. 289, Wenhe Road, Kueishan District, Taoyuan City, Taiwan.	December 1, 2023 to December 31, 2025	The monthly rent was at $146 thousand and paid every month.
Related party in substance/ Heran Tech	No. 289, Wenxin Rd., Neighborhood 9, Lexian Li, Kueishan District, Taoyuan City	October 1, 2023 to March 31, 2026	The monthly rent was at $106 thousand and paid every month.

i. Other transactions with related parties

	For the Year Ended December 31	
	2024	**2023**
Manufacturing expense		
Subsidiary/Ranso	$ 1,257	$ 37
Operating expense		
Subsidiary/HER HSIUNG	$ 63,365	$ 54,208
Subsidiary/HERTEC	8,591	6,359
Other subsidiaries	1,324	1,363
Related party in substance	1,343	1,427
	$ 74,623	$ 63,357

For the Year Ended December 31, 2024			
Lessor	**Subject Matter of Lease**	**Lease Term**	**Method of Rent Calculation/Collection**
Related party in substance/ Heran Tech	The land at No. 54, Lejie Section, Kueishan District, Taoyuan City	June 1, 2023 to May 31, 2024	The monthly rent was at $95 thousand and paid every month.
Related party in substance/ Heran Tech	The land at No. 54, Lejie Section, Kueishan District, Taoyuan City	June 1, 2024 to May 31, 2025	The monthly rent was at $95 thousand and paid every month.

For the Year Ended December 31, 2023			
Lessor	**Subject Matter of Lease**	**Lease Term**	**Method of Rent Calculation/Collection**
Related party in substance/ Heran Tech	The land at No. 54, Lejie Section, Kueishan District, Taoyuan City	June 1, 2022 to May 31, 2023	The monthly rent was at $95 thousand and paid every month.
Related party in substance/ Heran Tech	The land at No. 54, Lejie Section, Kueishan District, Taoyuan City	June 1, 2023 to May 31, 2024	The monthly rent was at $95 thousand and paid every month.

	For the Year Ended December 31	
	2024	**2023**
Other revenues		
Subsidiary/Ranso	$ 17,808	$ 3,421
Subsidiary/Shaher	9,487	8,602
Subsidiary	1,762	1,883
Related party in substance	419	602
	$ 29,476	$ 14,508

j. Remuneration of key management personnel

	For the Year Ended December 31	
	2024	**2023**
Short-term employee benefits	$ 36,812	$ 31,512
Post-employment benefits	614	646
	$ 37,426	$ 32,158

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

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been provided as collateral for financing loans possibly happened in following period and the performance bonds for warranty contract:

	December 31	
	2024	**2023**
Land	$ 565,762	$ 565,762
Buildings	333,774	341,427
Investment property	89,586	91,644
Other financial assets - non-current	400	-
	$ 989,522	$ 998,833

The following assets are pledged as collaterals for imported raw materials:

	December 31	
	2024	2023
Pledged deposits (other financial assets - non-current)	$ 5,000	$ 5,000

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company at December 31, 2024 and 2023 were as follows:

Significant commitments

a. As of December 31, 2024 and 2023, the Company has undertaken surety for loans, and has issued promissory notes to respective lending banks amounted $700,000 thousand and $1,000,000 thousand, respectively.

b. As of December 31, 2024 and 2023, unused letters of credit amounted to US$7,931 thousand and US$7,536 thousand, respectively.

c. As of December 31, 2024 and 2023, used letters of credit of US$4,923 thousand and US$6,026 thousand for the import of goods, respectively.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	Foreign Currency	Exchange Rate	Carrying Amount
December 31, 2024			
Financial assets			
Monetary items			
USD	$ 1,428	32.785 (USD:NTD)	$ 46,817
Financial liabilities			
Monetary items			
USD	6,383	32.785 (USD:NTD)	$ 209,267
December 31, 2023			
Financial assets			
Monetary items			
USD	1,456	30.705 (USD:NTD)	$ 44,706

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
Financial liabilities			
Monetary items			
USD	$ 8,544	30.705 (USD:NTD)	$ 262,344

(Concluded)

For the years ended December 31, 2024 and 2023, realized net foreign exchange was gains $61 thousand and losses $34 thousand, respectively. For the years ended December 31, 2024 and 2023, unrealized net foreign exchange was losses $5,618 thousand and gains $8,236 thousand, respectively.

35. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. transfer investment information:

1) Loans to others: None

2) Endorsements/guarantees for others: None

3) Marketable securities held at the end of the period (excluding investments in subsidiaries, associates and joint ventures): Table 1

4) The cumulative purchase or sale of the same security for an amount exceeding NT$300 million or 20% of paid-in capital: None

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

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

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

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

9) Trading in derivative instruments: Notes 7 and 30

10) Information on investees: Table 4

c. Information on investments in mainland China

1) The name of the investees in Mainland China, principal business, paid-in capital, investment methods, capital outward and inward remittances, shareholding, investment gains and losses, investment carrying amount at the end of the period, repatriated investment gains and losses, and investment quota for Mainland China: None

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None

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

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

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

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

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

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

d. Information of major shareholders: Name, number and percentage of shares held by shareholders with 5% of shares: Table 5

HERAN CO., LTD.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars/Foreign Currencies)

Holding Company	Marketable Securities Type and Issuer (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	December 31, 2024				Note (Note 4)
				Units	Carrying Value (Note 3)	Percentage of Ownership	Fair Value	
Heran Co., Ltd.	Cathay Life Subordinated Corporate Bonds	-	Financial assets at fair value through other comprehensive income or loss - non-current	7,000,000	$ 699,918	-	$ 699,918	
	Nan Shan Life Subordinated Corporate Bonds	-	Financial assets at fair value through other comprehensive income or loss - non-current	1,500,000	149,984	-	149,984	
	CAPITAL ICE ESG 20+ Year BBB Corporate Bond ETF Securities Investment Trust Fund	-	Financial assets at FVTPL - current	2,000,000	31,580	-	31,580	
	Fuh Hwa Taiwan Technology Dividend Highlight ETF Securities Investment Trust Fund	-	Financial assets at FVTPL - current	4,500,000	81,180	-	81,180	
	Yuanta Taiwan Value High Dividend ETF	-	Financial assets at FVTPL - current	2,000,000	18,820	-	18,820	
	KGI Global 10+ Year USD A Grade Corporate Bond ETF Fund	-	Financial assets at FVTPL - current	2,000,000	29,960	-	29,960	
	For upgrading to a Tier 3 credit-linked product	-	Financial assets at FVTPL - current	100,000	10,036	-	10,036	

Note 1: The term “marketable securities” referred to in this table includes stocks, bonds, beneficiary certificate and securities derived from these items as defined in International Financial Reporting Standards No. 9.

Note 2: If the issuer of the marketable securities is not a related party, this column may be left blank.

Note 3: For those accounted for at fair value, fill in the carrying amount adjusted at fair value and deducted for impairment loss in the column “Carrying amount”. For those not accounted for at fair value, fill in the carrying amount of amortized cost (after deducting impairment loss) in the column “Carrying amount”.

Note 4: If any of the listed marketable securities are subject to restrictions on use due to being pledged as collateral for loans or other agreements, the pledged shares, the pledged amount, and the nature of the usage restrictions should be noted in the notes column.

Note 5: Refer to TABLE 4 for equities for investment in subsidiaries, associates and joint ventures.

TABLE 2

HERAN CO., LTD.

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

Buyer	Related Party	Relationship	Transaction Details				Trading Terms Different from General Trade and Reasons		Notes/Accounts Receivable (Payable)		Note (Note 2)
			Purchase/ Sale	Amount	Percentage of Total Purchase (Sale)	The Credit Period	Unit Price	Payment Terms	Ending Balance	% of Total	
Heran Co., Ltd.	Ranso Co., Ltd.	Parent and subsidiary	Purchase	$ 2,908,418	66.16	Same as general suppliers	No significant difference from regular transactions.	-	Trade payable $ (292,807)	43.74	-

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

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

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20% of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

HERAN CO., LTD.

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

Companies Book in the "Accounts Receivable"	Counterparties	Relationship	Balance of Receivables from Related Parties (Note 1)	Turnover Rate	Overdue Receivables from Related Parties		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Ranso Co., Ltd.	HERAN CO., LTD.	Parent company	Trade receivables $ 292,807	11.97	$ -	-	$ 181,822	$ -

Note 1: Fill in separately the balances of accounts receivable - related parties, notes receivable - related parties, other receivables - related parties, etc.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

TABLE 4

HERAN CO., LTD.

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

Investor Company	Investee Company (Notes 1 and 2)	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee (Note 2 (b))	Share of Profit (Loss) (Note 2 (c))	Remarks
				December 31, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
HERAN CO., LTD.	Ranso Co., Ltd.	Taiwan	Manufacturing air conditioners and set-top boxes	$ 255,000	$ 255,000	36,500,919	100.00	$ 437,683	$ 87,483	$ 85,484 (Note 4)	Subsidiary
	HERTEC Co., Ltd.	Taiwan	Wholesale trading of electrical and electronic products	58,990	58,990	8,000,000	100.00	92,570	7,249	7,249	Subsidiary
	HER HSIUNG Co., Ltd.	Taiwan	Manufacturing refrigerators	50,000	50,000	5,000,000	100.00	42,074	4,347	1,558 (Note 5)	Subsidiary
	Shaher Air Tech Corporation	Taiwan	Wholesale trading of electrical and electronic products	80,000	30,000	8,000,000	100.00	43,773	(22,359)	(22,401) (Note 6)	Subsidiary
	TAIWAN GREE CO., Ltd.	Taiwan	Wholesale trading of electrical and electronic products	30,000	30,000	16,500,000	27.27	268,055	265,764	72,262	Associate

Note 1: If a public offering company has a foreign holding company and uses consolidated statements as the main financial statements in accordance with local laws and regulations, the disclosure of information about the foreign invested company may only disclose relevant information to the holding company.

Note 2: For those who are not in the circumstances described in (Note 1), they are filled-in in according to the following regulations:

a. All columns above should be filled, and the nature of relationships should be stated in the Note column.

b. Net income (loss) should be stated in the Investee Company column.

c. It is only necessary to fill in the profit and loss amount of each subsidiary recognized by the (public offering) company for direct reinvestment and each invested company evaluated by the equity method, and the rest is not required.

Note 3: The share of profit (loss) has material non-controlling interests. (If the country information on the principal place of business and the registration of the company in the note to “subsidiary” is indexed to this schedule, please add this note.)

Note 4: The difference between net income (loss) of the investee and share of profit (loss) is since the unrealized inventory gross profit amounted of $1,999 thousand, which is included in share of profit (loss).

Note 5: The difference between net income (loss) of the investee and share of profit (loss) is since the unrealized inventory gross profit amounted of $2,789 thousand, which is included in share of profit (loss).

Note 6: The difference between net income (loss) of the investee and share of profit (loss) is since the unrealized inventory gross profit amounted of $42 thousand, which is included in share of profit (loss).

TABLE 5

HERAN CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2024

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
HERFA ENTERPRISE CORPORATION LTD.	9,500,000	13.01
HERAN TECH CO., LTD.	6,529,446	8.94
BAO HONG XIN CO., LTD.	4,614,097	6.32
EVERSTAR ENTERPRISE CORPORATION LTD.	4,614,097	6.32
YOCHENG ENTERPRISE CORPORATION LTD.	4,398,471	6.02
LIFU ENTERPRISE CORPORATION LTD.	4,398,471	6.02

Note: The information on major shareholders in this exhibit is compiled by Taiwan Depository & Clearing Corporation based on the last business day of the quarter in which the shareholders held 5% or more of the Company's common shares and preferred shares whose registration and delivery have been completed in non-physical form (including treasury shares). The number of shares recorded in the Company's parent company only financial statements and the actual number of shares registered and delivered in non-physical form may differ depending on the basis of preparation of the calculations.

HERAN CO., LTD.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

Item	No./Index
Statement of Assets, Liabilities and Equity	
Cash and cash equivalent statement	Statement 1
Statement of financial assets at fair value through profit or loss - current	Statement 2
Statement of notes receivable	Statement 3
Trade receivable statement	Statement 4
Other receivable statement	Statement 5
Statement of inventories	Statement 6
Statement of prepayment	Statement 7
Statement of financial assets at fair value through other comprehensive income or loss - non-current	Statement 8
Statement of investments accounted for using equity method	Statement 9
Statement of property, plant, and equipment	Note 13
Statement of changes in the accumulated depreciation of real properties, plants and equipment	Note 13
Statement of investment property	Note 15
Statement of changes in the accumulated depreciation of investment property	Note 15
Statement of right of use assets	Statement 10
Statement of changes in the accumulated depreciation of right of use assets	Statement 10
Statement of intangible assets	Note 16
Statement of deferred tax asset	Note 26
Short-term borrowing	Note 18
Statement of notes payable	Statement 11
Statement of trade payables	Statement 12
Statement of other payables	Note 20
Statement of provision for liabilities - current	Note 21
Statement of lease liabilities	Statement 13
Statement of provision for liabilities - non-current	Note 21
Statement of long-term borrowings	Note 18
Statement of deferred tax liabilities	Note 26
Statement of Profits and Loss	
Statement of operating income	Statement 14
Statement of operating cost	Statement 15
Statement of operating expense	Statement 16
Statement of non-operating income and expense	Note 25
Statement of finance costs	Note 25
Summary of employee benefits, depreciation, depletion and amortization expenses incurred during the period by function	Statement 17

STATEMENT 1

HERAN CO., LTD.

CASH AND CASH EQUIVALENT STATEMENT
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Summary	Amount
Cash on hand and working capital		$ 765
Bank deposits		
Demand (current) deposit		350,837
Check deposit		96,334
Foreign currency demand deposit	(Include US$1,427 thousand, @32.785 and CNY18 thousand, @4.478)	46,859
		494,030
		$ 494,795

HERAN CO., LTD.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Financial Asset	Units	Amount	Acquisition Cost	Fair Value		Changes in Fair Value Attributed to Changes in Credit Risk
				Unit Price	Gross Amount	
ETF bond fund						
CAPITAL ICE ESG 20+ Year BBB Corporate Bond ETF Securities Investment Trust Fund (00937B)	2,000,000	$ 14.86	$ 29,729	$ 15.79	$ 31,580	$ -
KGI Global 10+ Year USD A Grade Corporate Bond ETF Fund (00950B)	2,000,000	14.96	29,912	14.98	29,960	-
ETF index equity funds						
Fuh Hwa Taiwan Technology Dividend Highlight ETF Securities Investment Trust Fund (00929)	4,500,000	17.92	80,659	18.04	81,180	-
Yuanta Taiwan Value High Dividend ETF (00940)	2,000,000	10	20,000	9.41	18,820	-
Credit-linked products						
For upgrading to a Tier 3 credit-linked product (CLNT1597)	100,000	100	10,000	100.36	10,036	-
			$ 170,300		$ 171,576	

HERAN CO., LTD.

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

Name	Summary	Amount
Operating - from unrelated parties		
JIA YING Technology Corporation	Payment for purchase	$ 25,338
JINGDONG TECHNOLOGY CO., LTD.	〃	12,936
Other (Note)	〃	217,447
		255,721
Less: Allowance for losses		(175)
		$ 255,546

Note: The balance of each customer did not exceed 5% of the balance of this item.

STATEMENT 4

HERAN CO., LTD.

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

Name	Summary	Amount
Related parties		
Others (Note)	Payment for purchase	$ 32,831
Non-related party		
Presicarre	Payment for purchase	147,346
MOMO	〃	61,607
RT Mart	〃	60,191
Test Rite Retail	〃	59,841
E-life Mall	〃	42,306
Others (Note)	〃	383,980
		755,271
Total of trade receivable		788,102
Less: Allowance for losses		(11,795)
		$ 776,307

Note: The balance of each customer did not exceed 5% of the balance of this item.

STATEMENT 5

HERAN CO., LTD.

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

Name	Summary	Amount
Related parties	Ranso	$ 3,345
	HERTEC	55
	HER HSIUNG	250
	Shaher	1,176
	HERAN TECH	5
	HER-HUA	26
		4,857
Non-related parties	Other	8,561
		$ 13,418

HERAN CO., LTD.

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

Item	Cost	Market Price (Note)
Finished goods	$ 32,307	$ 42,592
Work in process	5,337	6,773
Semi-finished goods	3,076	3,401
Raw materials	111,391	145,173
Commodity	1,019,337	1,459,025
Inventories in transit	67,768	67,768
	$ 1,239,216	$ 1,724,732

Note: The market price is calculated with the net realizable value on December 31, 2024, as the basis.

STATEMENT 7

HERAN CO., LTD.

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

Name	Summary	Amount
Prepayment for goods	Payment for purchase	$ 33,297
Prepaid expenses	Insurance expense and other expenses	35,599
		$ 68,896

HERAN CO., LTD.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Investee	Balance, January 1, 2024		Additions		Decrease		Rating	Balance, December 31, 2024			
	Units	Amount	Units	Amount	Units	Amount	Adjustment	Units	Amount	Fair Value	Collateral
Corporate bonds											
Cathay Life Subordinated Corporate Bonds (B99605)	7,000,000	$ 699,918	-	$ -	-	$ -	$ -	7,000,000	$ 699,918	$ 699,918	None
Nan Shan Life Subordinated Bonds (B99404)	1,500,000	149,984	-	-	-	-	-	1,500,000	149,984	149,984	〃
		$ 849,902		$ -		$ -	$ -		$ 849,902	$ 849,902	

HERAN CO., LTD.

CHANGES IN INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars and Shares)

Investee Companies	Beginning Retained Earnings		Increase in the Period		Decrease in the Period (Note 3)		Investment (Loss) Gain (Note 1)	Balance, Ending			Net Equity (Note 2)		Collateral or Pledge States
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	Shareholding Rate (%)	Amount	Unit Price	Total Amount	
Domestic non-listed counter company													
Ranso Co., Ltd.	32,159,400	$ 352,199	4,341,519	$ -	-	$ -	$ 85,484	36,500,919	100.00	$ 437,683	13.55	$ 494,610	None
HERTEC. Co., Ltd.	8,000,000	92,482	-	-	-	7,161	7,249	8,000,000	100.00	92,570	11.85	94,815	None
HER HSIUNG Co., Ltd.	5,000,000	40,516	-	-	-	-	1,558	5,000,000	100.00	42,074	9.09	45,447	None
Shaher Air Tech Corporation	3,000,000	16,174	5,000,000	50,000	-	-	(22,401)	8,000,000	100.00	43,773	5.48	43,824	None
Taiwan Gree Co., Ltd.	13,500,000	233,353	3,000,000	-	-	37,534	72,262	16,500,000	27.27	268,081	19.86	268,081	None
		$ 734,724		$ 50,000		$ 44,695	$ 144,152			$ 884,181		$ 946,777	

Note 1: Based on the auditor-reviewed financial statements for the same period.

Note 2: The net value of equity is calculated based on the financial statements of the invested company and the shareholding percentage of the Company.

Note 3: The decrease in long-term equity investments accounted for by the equity method was due to the payment of dividends totaling $43,294 thousand and gross profit of $1,401 thousand on inventories not yet realized from downstream transactions.

Note 4: The difference between ended balance and net equity of the long-term Investment using the equity method to Ranso Co., Ltd. is because unrealized gain on transactions of $56,927 thousand is included in net equity.

Note 5: The difference between ended balance and net equity of the long-term Investment using the equity method to HERTEC Co., Ltd. is because unrealized gain on transactions of $2,245 thousand is included in net equity.

Note 6: The difference between ended balance and net equity of the long-term Investment using the equity method to HER HSIUNG Co., Ltd. is because unrealized gain on transactions of $3,373 thousand is included in net equity.

Note 7: The difference between ended balance and net equity of the long-term Investment using the equity method to Shaher Air Tech Corporation is because unrealized gain on transactions of $51 thousand is included in net equity.

HERAN CO., LTD.

STATEMENT OF RIGHT OF USE ASSETS
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Buildings	Transportation Equipment	Total	Remark
Cost				
Balance at January 1, 2024	$ 282,993	$ 13,377	$ 296,370	
Increase	15,189	3,545	18,734	
Decrease	-	(6,588)	(6,588)	
Balance at December 31, 2024	$ 298,182	$ 10,334	$ 308,516	
Accumulated depreciation				
Balance at January 1, 2024	$ 103,265	$ 8,532	$ 111,797	
Increase	99,126	4,003	103,129	
Decrease	-	(6,588)	(6,588)	
Balance at December 31, 2024	$ 202,391	$ 5,947	$ 208,338	
Carry amount at December 31, 2024	$ 95,791	$ 4,387	$ 100,178	

HERAN CO., LTD.

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

Name	Summary	Amount
Non-related parties		
DATA SYSTEMS CONSULTING CO., LTD.	Software maintenance fee	$ 7,921
DE XING Corp.	Selling bonus	5,917
Other (Note)	Payment for purchase	90,276
		$ 104,114

Note: The balance of each customer did not exceed 5% of the balance of this item.

HERAN CO., LTD.

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

Name of Suppliers	Summary	Amount
Non-related parties		
ChangHong	Payment for purchase	$ 131,785
WHIZZ TECH INDUSTRIAL CO., LTD.	〃	32,551
TAI-SUNG	〃	13,290
Other (Note)	〃	87,674
		265,300
Related parties		
Ranso	Payment for purchase	292,807
HER HSIUNG	〃	6,739
Shaher	〃	538
		300,084
		$ 565,384

Note: The balance of each customer did not exceed 5% of the balance of this item.

HERAN CO., LTD.

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

Item	Summary	Lease Term	Discount Rate	Balance, Ending	Remark
Buildings	Plant, parking lot, water purification plant, service station	January 1, 2023 - October 31, 2027	1.66%-3.00%	$ 98,432	
Transportation equipment	Automobile rent	March 3, 2022 - August 1, 2027	1.67%-3.00%	4,438	
				$ 102,870	

STATEMENT 14

HERAN CO., LTD.

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

Item	Quantity (Thousand)	Amount
Sales revenue		
Home appliance		$ 7,705,456
Other		145,451
		7,850,907
Less: Sales return		(282,843)
Sales discount		(1,274,028)
		$ 6,294,036

HERAN CO., LTD.

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

Item	Amount
Commodity balance, beginning	$ 1,120,559
Add: Purchase	4,470,363
Transfer of raw materials and semi-finished goods to finished goods	35,146
Other	28
Inventory profit	11
Less: Transfer to operating expense	(2,952)
Scrapped commodity	(19,671)
Commodity balance, ending	(1,243,897)
Cost of goods sold - sale of commodity	4,359,587
Raw materials, beginning	115,712
Semi-finished goods, beginning	16,982
Add: Purchase of materials in current period	143,760
Less: Transfer of raw materials and semi-finished goods to finished goods	(35,146)
Transfer to manufacturing expenses	(23,820)
Transfer to operating expense	(1,638)
Inventory deficit	(34)
Scrapped raw material and semi-finished goods	(191)
Raw materials, ending	(138,790)
Semi-finished goods, ending	(5,111)
Raw materials consumption in the period	71,724
Direct labors	18,907
Manufacturing expense	80,993
Manufacturing cost	171,624
Work in process, beginning	4,590
Work in process, ending	(6,813)
Cost of finished goods	169,401
Finished goods, beginning	116,230
Add: Inventory profit	33
Less: Transfer to operating expense	(169)
Scrapped finished goods	(840)
Finished goods, ending	(46,994)
Cost of goods sold - manufacturing	237,661
Inventory profit	(10)
Scrapped	20,702
Inventory devaluation loss	34,140
Revenue from sale of scraps	(786)
Adjustment of the right to recover products	(10,433)
Cost of goods sold - installation	52,148
Cost of goods sold - warranty service expense	37,083
Other operating cost - maintenance	22,265
Operating cost	$ 4,752,357

HERAN CO., LTD.

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

Item	Summary	Amount
Selling and marketing expense		
Salaries expense		$ 379,467
Recycling and treatment expenses		19,156
Freight		96,945
Advertisement expense		94,520
Expected credit loss		1,495
Depreciation		123,821
Other expense (Note)		300,362
		1,015,766
General and administrative expenses		
Salaries expense		78,544
Remuneration to directors		12,879
Service expense		5,150
Expected credit loss		4,801
Depreciation		26,090
Other expense (Note)		32,490
		159,954
Research and development expenses		
Salaries expense		15,272
Validation expense		6,632
Insurance expense		1,664
Depreciation		4,014
Other expense (Note)		18,563
		46,145
Total operating expenses		$ 1,221,865

Note: The balance of each customer did not exceed 5% of the balance of this item.

HERAN CO., LTD.

SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES INCURRED DURING THE PERIOD BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	2024			2023		
	Allocated as Operating Cost	Allocated as Operating Expenses	Total	Allocated as Operating Cost	Allocated as Operating Expenses	Total
Salaries and wages	$ 40,777	$ 473,283	$ 514,060	$ 54,325	$ 451,641	$ 505,966
Labor insurance and national health insurance	4,618	46,961	51,579	6,025	46,193	52,218
Pension expenses	1,580	22,640	24,220	1,529	22,062	23,591
Remuneration to directors	-	12,879	12,879	-	8,661	8,661
Other employee benefits expenses	3,414	17,577	20,991	3,175	16,174	19,349
	$ 50,389	$ 573,340	$ 623,729	$ 65,054	$ 544,731	$ 609,785
Depreciation expense	$ 19,203	$ 153,925	$ 173,128	$ 14,038	$ 132,195	$ 146,233
Amortization expenses	$ 946	$ 13,171	$ 14,117	$ 1,029	$ 12,747	$ 13,776

Notes:

1. The number of employees for the current year and the previous year was 749 and 748, respectively, of which the number of directors who were not accounted for as employees were 5 and 7.

2. Since the Company's shares have been listed on the Taiwan Stock Exchange (TWSE), the information below has to be disclosed:

   a. The average employee benefit expenses were $821 thousand in current year, and the formula was (total employee benefit expenses of current year-total remuneration to directors)/(the number of employees for the current year-the number of directors who were not also employees).

      The average employee benefit expenses were $811 thousand in previous year, and the formula was (total employee benefit expenses of previous year-total remuneration to directors)/(the number of employees for the previous year-the number of directors who were not also employees).

   b. The average employee salary expense was $691 thousand in current year, and the formula was (total employee salary expense of current year)/(the number of employees for the current year-the number of directors who were not also employees).

      The average employee salary expense was $683 thousand in previous year, and the formula was (total employee salary expense of previous year)/(the number of employees for the previous year-the number of directors who were not also employees).

   c. Average employee salary expense increased by 1.17%, and the formula was (current year average employee salary expense-previous year average employee salary expense)/(previous year average employee salary expense).

   d. The Company did not have supervisors in 2024 and 2023, therefore, there was no supervisor-related remuneration.

   e. The Company's remuneration policy for directors, managerial officers and employees is described below.

      Director

      In accordance with the Company's Articles of Incorporation, if the Company makes a profit in a year, the Company shall provide no less than 1% of the annual profit for employees and no more than 3% of the annual profit for directors. The Company shall provide reasonable remuneration in accordance with the resolution of the Company's remuneration committee, which takes into account the Company's operating results and their contributions to the Company's performance.

(Continued)

Managers

The remuneration policy of the general manager and the vice president is based on the relevant industry standards and the past performance of the Company. The payment standards, structure and system are reviewed and adjusted from time to time in accordance with the actual operating conditions and changes in relevant laws and regulations and will not induce managerial officers to engage in actions that exceed the risk tolerance of the Company in pursuit of remuneration. The reasonableness of the relevant evaluations and salaries are reviewed by the remuneration committee and the recommendations made are submitted to the board of directors for discussion.

Employee

The remuneration plan is determined to maintain the competitiveness of the overall remuneration and to consider the operational performance and future development of the Company. A performance-based policy is implemented to offer differentiated rewards based on individual performance to reward the contributions of colleagues.

(Concluded)