Stock Code:9912

# ASSOCIATED INDUSTRIES CHINA, INC.

## PARENT COMPANY ONLY FINANCIAL STATEMENTS

**With Independent Auditors' Report**
**For the Years Ended December 31, 2024 and 2023**

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The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

# Table of contents

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# Independent Auditors' Report

To the Board of Directors of Associated Industries China, Inc.:

## Opinion

We have audited the financial statements of Associated Industries China, Inc.("the Company"), which comprise the balance sheets as of December 31, 2024 and 2023 and January 1, 2023, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023 and January 1, 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

## Basis for Opinion

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

## Other Matter

We did not audit the financial statements of Taiwan Biophotonic Corporation (tBPC), which represented the investment in accounted for using equity method of the Company. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for tBPC, is based solely on the report of other auditors. The balance of investment in tBPC accounted for using equity method constituted 3.09%, 1.04% and 0.55% of total assets as of December 31, 2024 and 2023 and Januray 1, 2023, respectively, and the absolute amount of the related share of profit and loss of associates accounted for using equity method constituted 55.50% and 146.60% of the absolute amount of total loss before tax for the years ended December 31, 2024 and 2023, respectively.

## Emphasis of Matter

As stated in Notes 4(i) and 4(u) to the financial statements, Associated Industries China, Inc. changed the subsequent measurement of the investment property from the cost model to the fair value model since January 1, 2024, and retroactively restated the financial statements as of and for the year ended December 31, 2023. We do not modify our audit opinions accordingly.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key and it matters to be communicated in our report.

**Inventory valuation**

Please refer to Note 4(g) Inventories and Note 5 of the financial statements for inventory valuation and uncertainties of inventory valuation, respectively. Detailed information regarding the inventory is presented in Note 6(d) of the financial statements.

Description of key audit matters:

Inventories are measured at the lower of cost or net realizable value. The major business activities of the Company are the research, development and sale of LCD monitors, medical equipment and related components. The inventories are exposed to the risk of valuate loss and obsolescence due to market vulnerability. Therefore, inventory valuation is one of the important assessment items to perform our audits.

Audit Procedures:

Our principal audit procedures include: examining whether the inventory valuation policy and accounting policy applied by the Company are reasonable and in compliance with the accounting standards; inspecting the inventory aging report; analyzing the changes of inventory aging for each period; and testing the relevant amount of calculation for the lower of cost or net realizable value.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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 Company's internal control.

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's 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 financial statements, including the disclosures and whether the 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 the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 are audit resulting in this independent auditors' report Au, Yiu-Kwan and Huang, Keng-Chia.

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2025

**Notes to Readers**

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the 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 financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)

# ASSOCIATED INDUSTRIES CHINA, INC.

## Balance Sheets

## December 31, 2024 and 2023 and January 1, 2023

## (Expressed in Thousands of New Taiwan Dollars)

| | | December 31, 2024 | | December 31, 2023 (Restated) | | January 1, 2023 (Restated) | |
|---|---|---|---|---|---|---|---|
| | **Assets** | **Amount** | **%** | **Amount** | **%** | **Amount** | **%** |
| | **Current assets:** | | | | | | |
| 1100 | Cash and cash equivalents (note 6(a)) | $ 39,611 | 5 | 31,435 | 4 | 60,733 | 7 |
| 1170 | Notes and accounts receivable, net (note 6(c)) | 1,916 | - | 4,086 | - | 2,081 | - |
| 1200 | Other receivables | 685 | - | 1,680 | - | 1,660 | - |
| 1300 | Inventories, net (note 6(d)) | 221,651 | 25 | 178,794 | 21 | 175,610 | 20 |
| 1410 | Prepayments | 2,890 | - | 12,076 | 1 | 9,061 | 1 |
| 1470 | Other current assets | 3,887 | - | 1,011 | - | 463 | - |
| | | 270,640 | 30 | 229,082 | 26 | 249,608 | 28 |
| | **Non-current assets:** | | | | | | |
| 1510 | Non-current financial assets at fair value through profit or loss (notes 6(b) and 7) | - | - | 30,000 | 3 | 31,600 | 4 |
| 1551 | Investments accounted for using equity method (notes 6(e) and 7) | 278,157 | 31 | 257,152 | 30 | 245,246 | 28 |
| 1600 | Property, plant and equipment (notes 6(f) and 8) | 117,061 | 13 | 115,757 | 14 | 116,902 | 14 |
| 1760 | Investment property, net (notes 6(g) and 8) | 233,000 | 26 | 233,000 | 27 | 225,000 | 26 |
| 1780 | Intangible assets, net (note 6(h)) | 1,770 | - | 873 | - | 195 | - |
| 1900 | Other non-current assets (note 8) | 3,526 | - | 2,339 | - | 2,646 | - |
| | | 633,514 | 70 | 639,121 | 74 | 621,589 | 72 |
| | **Total assets** | **$ 904,154** | **100** | **868,203** | **100** | **871,197** | **100** |

| | | December 31, 2024 | | December 31, 2023 (Restated) | | January 1, 2023 (Restated) | |
|---|---|---|---|---|---|---|---|
| | **Liabilities** | **Amount** | **%** | **Amount** | **%** | **Amount** | **%** |
| | **Current liabilities:** | | | | | | |
| 2100 | Short-term borrowings (note 6(i)) | $ 251,500 | 28 | 188,000 | 22 | 214,000 | 25 |
| 2130 | Current contract liabilities (notes 6(q) and 7) | 150,399 | 17 | 128,243 | 15 | 144,414 | 18 |
| 2170 | Notes and accounts payable | 38,993 | 4 | 56,296 | 6 | 12,699 | 1 |
| 2200 | Other payables | 15,950 | 2 | 15,242 | 2 | 11,514 | 1 |
| 2250 | Current provisions (note 6(j)) | 3,220 | - | 3,449 | - | 3,042 | - |
| 2300 | Other current liabilities | 350 | - | 282 | - | 299 | - |
| | | 460,412 | 51 | 391,512 | 45 | 385,968 | 45 |
| | **Non-current liabilities:** | | | | | | |
| 2570 | Deferred tax liabilities (note 6(m)) | 1,932 | - | 2,192 | - | 2,192 | - |
| 2600 | Other non-current liabilities | 891 | - | 891 | - | 891 | - |
| | **Total liabilities** | 463,235 | 51 | 394,595 | 45 | 389,051 | 45 |
| | **Equity (note 6(n))** | | | | | | |
| 3110 | Common stock | 546,566 | 60 | 552,186 | 64 | 545,326 | 63 |
| 3200 | Capital surplus | 34,370 | 4 | 30,302 | 4 | 29,328 | 3 |
| | Retained earnings: | | | | | | |
| 3310 | Legal reserve | 52,704 | 6 | 52,704 | 6 | 52,704 | 6 |
| 3320 | Special reserve | 79,510 | 9 | 79,510 | 9 | 79,510 | 9 |
| 3350 | Accumulated deficits | (167,120) | (18) | (104,490) | (11) | (83,853) | (10) |
| | | (34,906) | (3) | 27,724 | 4 | 48,361 | 5 |
| 3400 | Other equity | (105,111) | (12) | (111,773) | (14) | (116,038) | (13) |
| 3500 | Treasury shares | - | - | (24,831) | (3) | (24,831) | (3) |
| | **Total equity** | 440,919 | 49 | 473,608 | 55 | 482,146 | 55 |
| | **Total liabilities and equity** | **$ 904,154** | **100** | **868,203** | **100** | **871,197** | **100** |

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

# ASSOCIATED INDUSTRIES CHINA, INC.

## Statements of Comprehensive Income

## For the years ended December 31, 2024 and 2023

## (Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

| | | 2024 | | 2023 (Restated) | |
|---|---|---|---|---|---|
| | | Amount | % | Amount | % |
| 4000 | **Operating revenues, net (notes 6(q) and 7):** | | | | |
| 4110 | Sales revenue | $ 292,476 | 98 | 296,512 | 98 |
| 4310 | Rental income (note 6(k)) | 5,494 | 2 | 5,210 | 2 |
| | | 297,970 | 100 | 301,722 | 100 |
| 5000 | **Cost of sales (notes 6(d) and 6(k))** | 222,537 | 75 | 225,118 | 75 |
| 5950 | **Gross profit** | 75,433 | 25 | 76,604 | 25 |
| | **Operating expenses (notes 6(l), 6(o) and 12):** | | | | |
| 6100 | Selling expenses | 31,041 | 10 | 29,997 | 10 |
| 6200 | Administrative expenses | 40,897 | 14 | 30,702 | 10 |
| 6300 | Research and development expenses | 14,080 | 5 | 12,913 | 4 |
| 6450 | Expected credit loss (reversal gain) | (6) | - | 5 | - |
| | | 86,012 | 29 | 73,617 | 24 |
| 6900 | **Net operating income (loss)** | (10,579) | (4) | 2,987 | 1 |
| | **Non-operating income and expenses:** | | | | |
| 7100 | Interest income | 955 | - | 2,833 | 1 |
| 7190 | Other income | 246 | - | 132 | - |
| 7070 | Share of loss of subsidiaries, associates and joint ventures accounted for using equity method, net (note 6(e)) | (39,305) | (13) | (30,320) | (10) |
| 7255 | Gains on fair value adjustment of investment property (note 6(g)) | - | - | 8,000 | 3 |
| 7230 | Foreign exchange gains, net (note 6(s)) | 2,098 | 1 | 560 | - |
| 7510 | Interest expense | (5,320) | (2) | (4,824) | (2) |
| 7590 | Miscellaneous expenditures | - | - | (5) | - |
| | | (41,326) | (14) | (23,624) | (8) |
| 7900 | **Loss from continuing operations before tax** | (51,905) | (18) | (20,637) | (7) |
| 7950 | **Less: Income tax benefits (note 6(m))** | (260) | - | - | - |
| 8200 | **Net loss** | (51,645) | (18) | (20,637) | (7) |
| 8300 | **Other comprehensive income:** | | | | |
| 8360 | **Items that may be reclassified subsequently to profit or loss:** | | | | |
| 8361 | Exchange differences on translation of foreign financial statements | 2,864 | 1 | 7,726 | 3 |
| 8300 | **Other comprehensive income, net** | 2,864 | 1 | 7,726 | 3 |
| 8500 | **Total comprehensive loss** | **$ (48,781)** | **(17)** | **(12,911)** | **(4)** |
| | **Earnings per share: (note 6(p))** | | | | |
| 9750 | **Basic earnings (losses) per share (NT dollars)** | **$ (0.98)** | | **(0.41)** | |
| 9850 | **Diluted earnings (losses) per share (NT dollars)** | **$ (0.98)** | | **(0.41)** | |

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

# ASSOCIATED INDUSTRIES CHINA, INC.

## Statements of Changes in Equity

## For the years ended December 31, 2024 and 2023

## (Expressed in Thousands of New Taiwan Dollars)

| | | | Retained earnings | | | Other equity interest | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Common stock | Capital surplus | Legal reserve | Special reserve | Accumulated deficits | Exchange differences on translation of foreign financial statements | Unrealized losses from financial assets measured at fair value through other comprehensive income | Unearned employee benefits | Total other equity | Treasury shares | Total equity |
| **Balance at January 1, 2023** | $ 545,326 | 29,328 | 52,704 | 79,510 | (146,560) | (79,626) | (33,710) | (2,702) | (116,038) | (24,831) | 419,439 |
| Effects of retrospective restatements | - | - | - | - | 62,707 | - | - | - | - | - | 62,707 |
| Balance at January 1, 2023 after restatement | 545,326 | 29,328 | 52,704 | 79,510 | (83,853) | (79,626) | (33,710) | (2,702) | (116,038) | (24,831) | 482,146 |
| Loss for the year ended December 31, 2023 | - | - | - | - | (20,637) | - | - | - | - | - | (20,637) |
| Other comprehensive income for the year ended December 31, 2023 | - | - | - | - | - | 7,726 | - | - | 7,726 | - | 7,726 |
| Total comprehensive loss for the year ended December 31, 2023 | - | - | - | - | (20,637) | 7,726 | - | - | 7,726 | - | (12,911) |
| Other changes in capital surplus: | | | | | | | | | | | |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | - | 372 | - | - | - | - | - | - | - | - | 372 |
| Share-based payments transactions | 6,860 | 602 | - | - | - | - | - | (3,461) | (3,461) | - | 4,001 |
| **Balance at December 31, 2023 after restatement** | 552,186 | 30,302 | 52,704 | 79,510 | (104,490) | (71,900) | (33,710) | (6,163) | (111,773) | (24,831) | 473,608 |
| Loss for the year ended December 31, 2024 | - | - | - | - | (51,645) | - | - | - | - | - | (51,645) |
| Other comprehensive income for the year ended December 31, 2024 | - | - | - | - | - | 2,864 | - | - | 2,864 | - | 2,864 |
| Total comprehensive loss for the year ended December 31, 2024 | - | - | - | - | (51,645) | 2,864 | - | - | 2,864 | - | (48,781) |
| Other changes in capital surplus: | | | | | | | | | | | |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | - | (4,563) | - | - | (10,985) | - | - | - | - | - | (15,548) |
| Share-based payments transactions | (5,620) | 163 | - | - | - | - | - | 3,798 | 3,798 | - | (1,659) |
| Disposal of treasury shares | - | 6,628 | - | - | - | - | - | - | - | 24,831 | 31,459 |
| Changes in equity in subsidiaries | - | 1,840 | - | - | - | - | - | - | - | - | 1,840 |
| **Balance at December 31, 2024** | **$ 546,566** | **34,370** | **52,704** | **79,510** | **(167,120)** | **(69,036)** | **(33,710)** | **(2,365)** | **(105,111)** | **-** | **440,919** |

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

# ASSOCIATED INDUSTRIES CHINA, INC.

## Statements of Cash Flows

## For the years ended December 31, 2024 and 2023

## (Expressed in Thousands of New Taiwan Dollars)

| | 2024 | 2023 (Restated) |
|---|---|---|
| **Cash flows from (used in) operating activities:** | | |
| **Loss before tax** | $ (51,905) | (20,637) |
| **Adjustments:** | | |
| **Adjustments to reconcile loss:** | | |
| Depreciation expense | 1,322 | 1,361 |
| Amortization expense | 1,674 | 1,086 |
| Expected credit (reversal gain) loss | (6) | 5 |
| Interest expense | 5,320 | 4,824 |
| Interest income | (955) | (2,833) |
| Share-based payments transactions cost | 4,969 | 4,001 |
| Share of loss of subsidiaries, associates and joint ventures accounted for using equity method | 39,305 | 30,320 |
| Gain on fair value adjustment of investment property | - | (8,000) |
| Others | (4) | - |
| **Total adjustments to reconcile loss** | 51,625 | 30,764 |
| **Changes in operating assets and liabilities:** | | |
| Decrease (increase) in notes and accounts receivable | 2,176 | (2,010) |
| Increase in other receivables | (1,943) | (2,624) |
| Increase in inventories | (42,857) | (3,184) |
| Decrease (increase) in prepayments | 9,186 | (3,015) |
| Increase in other current assets | (2,876) | (720) |
| Increase (decrease) in contract liabilities | 22,156 | (16,171) |
| (Decrease) increase in notes and accounts payable | (17,303) | 43,597 |
| Increase in other payables | 543 | 3,728 |
| (Decrease) increase in provisions | (229) | 407 |
| Increase (decrease) in other operating liabilities | 68 | (17) |
| **Total changes in operating assets and liabilities** | (31,079) | 19,991 |
| **Total adjustments** | 20,546 | 50,755 |
| Cash inflows (outflows) generated from operations | (31,359) | 30,118 |
| Interest received | 2,204 | 2,909 |
| Interest paid | (5,155) | (4,824) |
| Income taxes (paid) refunded | (120) | 172 |
| **Net cash flows from (used in) operating activities** | (34,430) | 28,375 |
| **Cash flows from (used in) investing activities:** | | |
| Acquisition of financial assets designated at fair value through profit or loss | - | (30,000) |
| Acquisition of investments accounted for using equity method | (39,344) | - |
| Acquisition of property, plant and equipment | (2,628) | (216) |
| (Increase) decrease in refundable deposits | (1,187) | 307 |
| Acquisition of intangible assets | (2,571) | (1,764) |
| **Net cash flows used in investing activities** | (45,730) | (31,673) |
| **Cash flows (used in) from financial activities:** | | |
| Increase (decrease) in short-term borrowings | 63,500 | (26,000) |
| Treasury shares purchased by employees | 24,836 | - |
| **Net cash flows (used in) from financing activities** | 88,336 | (26,000) |
| **Net increase (decrease) in cash and cash equivalents** | 8,176 | (29,298) |
| **Cash and cash equivalents at beginning of period** | 31,435 | 60,733 |
| **Cash and cash equivalents at end of period** | **$ 39,611** | **31,435** |

See accompanying notes to financial statements.

**(1) Company history**

Associated Industries China, Inc. (the "Company") was incorporated in May 18, 1978 as a company limited by shares, and registered under the Ministry of Economic Affairs, in the Republic of China. The major business activities of the Company are the research, development and sale of LCD monitors, and related components, sale of medical equipment, and real estate rental business.

**(2) Approval date and procedures of the financial statements:**

These financial statements were authorized for issuance by the board of directors on March 11, 2025.

**(3) New standards, amendments and interpretations adopted:**

(a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2024:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its financial statements:

- Amendments to IAS21 "Lack of Exchangeability"

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

| Standards or Interpretations | Content of amendment | Effective date per IASB |
|---|---|---|
| IFRS 18 "Presentation and Disclosure in Financial Statements" | The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.<br>● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities.<br>● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.<br>● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. | January 1, 2027 |

(Continued)

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

| Standards or Interpretations | Content of amendment | Effective date per IASB |
|---|---|---|
| Annual Improvements to IFRS Accounting Standards—Volume 11 | The amendments set out:<br>1. IFRS 1 " First-time Adoption of International Financial Reporting Standards":<br>The amendments address a potential confusion arising from an inconsistency in wording between paragraph B6 of IFRS 1 and requirements for hedge accounting in IFRS 9 Financial Instruments.<br>2. IFRS 7 " Financial Instruments: Disclosures":<br>The amendments address a potential confusion in IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when IFRS 13 Fair Value Measurement was issued.<br>3. IFRS 9 "Financial Instruments":<br>● Derecognition of a lease liability<br>The IASB's amendment states that if a lease liability is derecognized, then the derecognition will be accounted for under IFRS 9, (i.e. the difference between the carrying amount and the consideration paid is recognized in profit or loss). However, when a lease liability is modified, the modification will be accounted for under IFRS 16 Leases.<br>● Transaction price<br>The amendments require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15 Revenue from Contracts with Customers. The amendments remove the conflict between IFRS 9 and IFRS 15 over the amount at which a trade receivable is initially measured. | January 1, 2026 |

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

| Standards or Interpretations | Content of amendment | Effective date per IASB |
|---|---|---|
| | 4. IFRS 10 " Consolidated Financial Statements":<br>The amendments clarify the determination of a 'de facto agent'.<br>5. IAS 7 "Statement of Cash Flows":<br>The amendments address a potential confusion in applying paragraph 37 of IAS 7 that arises from the use of the term 'cost method'. | |

The Company is evaluating the impact on its financial position and financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

**(4) Summary of material accounting policies**

The material accounting policies presented in the financial statements are summarized as follows. Except for note 4(u) those specifically indicated accounting changes, the following accounting policies were applied consistently throughout the presented periods in the financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

Except for financial instruments at fair value through profit or loss are measured at fair value, the financial statements have been prepared on the historical cost basis.

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment. The financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(Continued)

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

The Company classifies the asset as current under one of the following criteria, and all other assets are classified as non- current.

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting period; or

(iv) The asset is cash and cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Accounts receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

(Continued)

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI )

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

(Continued)

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivables, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

· debt securities that are determined to have low credit risk at the reporting date; and

· other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company’ s historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

The Company considers a time deposit to have a low credit risk when trading partner is equivalent to globally understood definition of ‘investment grade’.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

(Continued)

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

· significant financial difficulty of the borrower or issuer;

· a breach of contract such as a default or being more than 180 days past due;

· the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

· it is probable that the borrower will enter bankruptcy or other financial reorganization; or

· the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

(Continued)

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital suplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(Continued)

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in subsidiaries

When preparing the parent-company-only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, the net income, other comprehensive income and equity attributable to shareholders of the Company in the parent-company-only financial statement, are equal to those in the consolidated financial statements.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(Continued)

(i) Investment property

The Board of Directors resolved a decision on March 11, 2024, to change the accounting policy for the subsequent measurement of the investment property from the cost model to the fair value model starting from January 1, 2024. Please refer to Note 4(u) for details on the changes in accounting policies.

The investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. The investment property is measured at cost on initial recognition, and subsequently at fair value, and any changes are recognized in profit or loss.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

(Continued)

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

| | | |
|---|---|---|
| 1) | Buildings | 50 years |
| 2) | Building improvement | 10 years |
| 3) | Machinery and R&D equipment | 3~6 years |
| 4) | Molding equipment | 2 years |
| 5) | Other equipment | 3~5 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

The property is reclassified to investment property at its carrying amount when the use of the property changes from owneroccupied to investment property.

(k) Lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a leasor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

(l) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

| | | |
|---|---|---|
| 1) | Computer software | 1~5 years |
| 2) | Product development expenses | 1 year |

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment – non-derivative financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

(Continued)

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(n) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(o) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company’ s main types of revenue are explained below.

1) Sale of goods

The Company recognizes revenue when control of the products has been transferred, when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company’s obligation to provide a refund for faulty electronic components under the standard warranty terms is recognized as a provision for warranty; please refer to note 6(j).

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(Continued)

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

2) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a short-based payment award is the date which the Board of Directors approves the capital increase base date.

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

(Continued)

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

The Company has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profits (losses) and does not give rise to equal taxable and deductible temporary differences;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

    1) the same taxable entity; or

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(s) Earnings (losses) per share

The Company discloses the Company’ s basic and diluted earnings (losses) per share attributable to ordinary shareholders of the Company. Basic earnings (losses) per share is calculated as the earnings (losses) attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings (losses) per share is calculated as the losses attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation and new restricted stocks for employees.

(t) Operating segments

The Company discloses the operating segments information in the consolidated financial statements. Therefore, the Company does not disclose the operating segments information in the parent company only financial statements.

(u) Reasons and effects of accounting changes

The management of the Company evaluated that, in order to more reasonably reflect the value and performance of the investment property, so that the financial statements provide reliable and more relevant information on the impact of the relevant transactions on the Company's financial position, financial performance or cash flows, it is proposed that starting from January 1, 2024, the Company changed the subsequent measurement of the investment property from the cost model to the fair value model.

According to the provisions of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, this accounting policy should be applied retrospectively. The comparative information after the restatement and the impact of changes in this accounting policy on the financial statements of the Company as of and for the year ended December 31, 2023, are explained as follows:

| Balance Sheet on January 1, 2023 | Carrying amount before restatement | Impact of changes in accounting policies | Carrying amount after restatement |
|---|---|---|---|
| Investment property | $ 160,101 | 64,899 | 225,000 |
| Deferred income tax liabilities | - | 2,192 | 2,192 |
| Accumulated deficits | (146,560) | 62,707 | (83,853) |

(Continued)

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

| Balance Sheet on December 31, 2023 | Carrying amount before restatement | Impact of changes in accounting policies | Carrying amount after restatement |
|---|---|---|---|
| Investment property | $ 158,918 | 74,082 | 233,000 |
| Deferred income tax liabilities | - | 2,192 | 2,192 |
| Accumulated deficits | (176,380) | 71,890 | (104,490) |

| Statements of Comprehensive Income for the year ended December 31, 2023 | Carrying amount before restatement | Impact of changes in accounting policies | Carrying amount after restatement |
|---|---|---|---|
| Operating costs | $ 226,301 | (1,183) | 225,118 |
| Gains on fair value adjustment of investment property | - | 8,000 | 8,000 |

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty**

In preparing these financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

The accounting policies does not involved significant judgments and the information that does not have significant effect on the amounts recognized in the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the net realizable value of the inventory is mainly determined based on assumptions as to future sales price. Due to the industry and market transformation, there may be changes in the net realizable value of inventories. Please refer to note 6(d) for further description of the valuation of inventories.

(b) Fair value of investment properties

The subsequent measurement of the investment property of the Company is evaluated by the discounted cash flow analysis method under the income approach, and Level 3 inputs are used in the fair value valuation technique.

Please refer to note 6(g) for relevant information on the assumptions adopted to measure the fair value.

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

## (6) Explanation of significant accounts

(a) Cash and cash equivalents

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Petty cash, checking accounts and demand deposits | $ 36,711 | 28,535 |
| Time deposits | 2,900 | 2,900 |
| Cash and cash equivalents in the statements of cash flows | **$ 39,611** | **31,435** |

Please refer to note 6(s) for the exchange rate risk, the interest rate risk and the fair value sensitivity analysis of the financial assets of the Company.

(b) Financial assets at fair value through profit or loss-non-current

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| **Mandatorily measured at fair value through profit or loss:** | | |
| Convertible bond-tBPC | **$ -** | **30,000** |

The Company acquired 170 and 130 units of secured convertible bonds issued by tBPC in May and September, 2023, at a par value of $100 per unit and the book values of $17,000 and $13,000, respectively, with a duration of one year and are expected to be converted into common stock of tBPC. The host contracts of the hybrid financial instrument, which were classified as mandatorily measured at fair value through profit or loss, are recognized as financial assets within the scope of IFRS 9.

The Company exercised its rights to convert matured convertible bonds issued by tBPC in 2024 and 2023, respectively, for related information, please refer to note 6(e).

As of December 31, 2023, the Company did not provide any of the aforementioned financial assets as collaterals for its loans.

(c) Notes and accounts receivable

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Notes receivable from operating activities | $ - | 1,021 |
| Accounts receivable-measured at amortized cost | 1,917 | 3,072 |
| | 1,917 | 4,093 |
| Less: Loss allowance | (1) | (7) |
| | **$ 1,916** | **4,086** |

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision was determined as follows:

| | December 31, 2024 | | |
|---|---|---|---|
| | **Gross carrying amount** | **Weighted-average loss rate** | **Loss allowance** |
| Current | $ 1,788 | 0% | - |
| Less than 30 days past due | 129 | 1% | 1 |
| | **$ 1,917** | | **1** |

| | December 31, 2023 | | |
|---|---|---|---|
| | **Gross carrying amount** | **Weighted-average loss rate** | **Loss allowance** |
| Current | $ 3,344 | 0% | - |
| Less than 30 days past due | 749 | 1% | 7 |
| | **$ 4,093** | | **7** |

The movement in the allowance for notes and accounts receivable was as follows:

| | **2024** | **2023** |
|---|---|---|
| Balance at January 1 | $ 7 | 2 |
| Impairment losses (reversed) recognized | (6) | 5 |
| Balance at December 31 | **$ 1** | **7** |

As of December 31, 2024 and 2023, the Company did not provide any of the aforementioned notes and accounts receivable as collaterals for its loans.

(d) Inventories

| | **December 31, 2024** | **December 31, 2023** |
|---|---|---|
| Merchandise inventories | **$ 221,651** | **178,794** |

The details of cost of sales for the years ended December 31, 2024 and 2023, were as follows:

| | **2024** | **2023** |
|---|---|---|
| Cost of goods sold and expenses | $ 222,034 | 221,949 |
| Inventory valuation loss and obsolescence | 81 | 2,751 |
| | **$ 222,115** | **224,700** |

For the years ended December 31, 2024 and 2023, the write-down of inventories to net realizable value amounted to $81 and $2,751, respectively.

As of December 31, 2024 and 2023, the Company did not provide any inventories as collaterals for its loans.

(e) Investments accounted for using equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Subsidiaries | $ 278,157 | 257,152 |

(i) Subsidiaries

The Company exercised its rights to convert the 2nd of three, 1st of four, 2nd of four and 3rd of four batches of matured convertible bonds issued by tBPC in April, June, July and October of 2023, with the convertible prices of $0.3 New Taiwan dollars, $0.2 New Taiwan dollars, $0.2 New Taiwan dollars and $0.1 New Taiwan dollars per share, at the book values of $8,640 (including interest receivable of $640), $12,528 (including interest receivable of $928), $6,480 (including interest receivable of $480) and $6,480 (including interest receivable of $480), resulting in the acquisition of 28,800 thousand, 62,640 thousand, 32,400 thousand and 64,800 thousand shares, respectively, totaling 188,640 thousand shares. Due to the aforementioned transactions, it resulted in a increase in capital surplus by $372 based on the difference between carrying amount and investment.

The Company exercised its rights to convert the 1st of five and 2nd of five batches of matured convertible bonds issued by tBPC in March of 2024 in advance, with the convertible prices of $0.3 New Taiwan dollars per share, at the book values of $18,222 (including interest receivable of $1,222) and $13,587 (including interest receivable of $587), resulting in the acquisition of 106,030 thousand. In May 2024, the Company increased its investment in tBPC by $29,620 in cash, and obtained 98,733 thousand shares.

Due to the aforementioned transactions, it resulted in a decrease in capital surplus by $4,563 and retained earnings by $10,985, respectively, based on the difference between carrying amount and investment. As of December 31, 2024, the Company' s shareholding ratio was 72.73%.

In May 2024, the Company increased its investment in subsidiaries AG Neovo Investment Co., Ltd. by $9,725 in cash.

The Company's shares of its subsidiary's profit or loss amounted to a loss of $39,305 and $30,320 in 2024 and 2023, respectively.

(ii) Pledges

As of December 31, 2024 and 2023, the Company did not provide any investment accounted for using equity method as collateral for its loans.

(Continued)

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

(f) Property, plant and equipment

The movements of cost and depreciation of the property, plant and equipment of the Company for the years ended December 31, 2024 and 2023 were as follows:

| | Land | Buildings and building improvement | Machinery and R&D equipment | Molding equipment and other equipment | Total |
|---|---|---|---|---|---|
| **Cost:** | | | | | |
| Balance on January 1, 2024 | $ 95,104 | 29,484 | 4,042 | 10,031 | 138,661 |
| Additions for the period | - | - | - | 2,628 | 2,628 |
| Disposals | - | - | (2,148) | (86) | (2,234) |
| Balance on December 31, 2024 | **$ 95,104** | **29,484** | **1,894** | **12,573** | **139,055** |
| Balance on January 1, 2023 | $ 95,104 | 29,484 | 4,042 | 9,894 | 138,524 |
| Additions for the period | - | - | - | 216 | 216 |
| Disposals | - | - | - | (79) | (79) |
| Balance on December 31, 2023 | **$ 95,104** | **29,484** | **4,042** | **10,031** | **138,661** |
| **Depreciation:** | | | | | |
| Balance on January 1, 2024 | $ - | 10,154 | 3,218 | 9,532 | 22,904 |
| Depreciation for the period | - | 603 | 183 | 536 | 1,322 |
| Disposals | - | - | (2,148) | (84) | (2,232) |
| Balance on December 31, 2024 | **$ -** | **10,757** | **1,253** | **9,984** | **21,994** |
| Balance on January 1, 2023 | $ - | 9,307 | 2,977 | 9,338 | 21,622 |
| Depreciation for the period | - | 847 | 241 | 273 | 1,361 |
| Disposals | - | - | - | (79) | (79) |
| Balance on December 31, 2023 | **$ -** | **10,154** | **3,218** | **9,532** | **22,904** |
| **Book value:** | | | | | |
| Balance on December 31, 2024 | **$ 95,104** | **18,727** | **641** | **2,589** | **117,061** |
| Balance on January 1, 2023 | **$ 95,104** | **20,177** | **1,065** | **556** | **116,902** |
| Balance on December 31, 2023 | **$ 95,104** | **19,330** | **824** | **499** | **115,757** |

As of December 31, 2024 and 2023, the property, plant and equipment has been pledged as collateral for short-term borrowings and credit lines. Please refer to note 8.

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

(g) Investment property

The investment property include the buildings and underground parking lots the Company rents to the lessee under operating leases. The initial period of the leased investment property is 3 years. At the end of a lease term, the Company will negotiate the subsequent lease terms with the lessee.

The changes in the Company's investment property were as follows:

| | | Land | Buildings and construction | Total |
|---|---|---|---|---|
| **Book value** | | | | |
| Balance on January 1, 2024 after restatement | $ | 173,305 | 59,695 | 233,000 |
| Net (loss) gain due to fair value adjustment | | (1,060) | 1,060 | - |
| Balance on December 31, 2024 | **$** | **172,245** | **60,755** | **233,000** |
| Balance on January 1, 2023 after restatement | $ | 164,106 | 60,894 | 225,000 |
| Net (loss) gain due to fair value adjustment | | 9,199 | (1,199) | 8,000 |
| Balance on December 31, 2023 after restatement | **$** | **173,305** | **59,695** | **233,000** |

Level 3 inputs were used in the valuation technique for the subsequent measurement of the fair value of the investment property of the Company. There was no transfers in or out of the Level 3 fair value hierarchy in the period.

The subsequent measurement of the investment property of the Company was evaluated by the discounted cash flow analysis method under the income approach, and the relevant important contract terms and valuation information were as follows:

(i) December 31, 2024

| Property | 5F-2 and underground parking lot, No. 3-1, Yuanqu St, Nangang District, Taipei City |
|---|---|
| Important contract terms | 1.Rent：$475/month (Including value-added business tax 5%)<br>2.Lease term：3 years (From January 1, 2024 to December 31, 2026) |
| Current status | For rent |
| Discount rate | 3.920% |
| External or in-house appraisal | External appraisal |
| Appraisal company | Home Ban Appraisers Joint Firm |
| Name of appraiser | Ching-Tang Li, Fang-Mei,Fu |
| Date of appraisal | December 31, 2024 |
| Fair value of external appraisal | $233,000 |

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

(ii) December 31, 2023

| Property | 5F-2 and underground parking lot, No. 3-1, Yuanqu St, Nangang District, Taipei City |
|---|---|
| Important contract terms | 1.Rent：$450/month (Including value-added business tax 5%)<br>2.Lease term：2 years (From January 1, 2022 to December 31, 2023) |
| Current status | For rent |
| Discount rate | 3.695% |
| External or in-house appraisal | External appraisal |
| Appraisal company | Home Ban Appraisers Joint Firm |
| Name of appraiser | Ching-Tang Li, Fang-Mei,Fu |
| Date of appraisal | December 31, 2023 |
| Fair value of external appraisal | $233,000 |

(iii) January 1, 2023

| Property | 5F-2 and underground parking lot, No. 3-1, Yuanqu St, Nangang District, Taipei City |
|---|---|
| Important contract terms | 1.Rent：$450/month (Including value-added business tax 5%)<br>2.Lease term：2 years (From January 1, 2022 to December 31, 2023) |
| Current status | For rent |
| Discount rate | 3.57% |
| External or in-house appraisal | External appraisal |
| Appraisal company | Home Ban Appraisers Joint Firm |
| Name of appraiser | Ching-Tang Li, Fang-Mei,Fu |
| Date of appraisal | January 1, 2023 |
| Fair value of external appraisal | $225,000 |

The valuation of the fair value of the investment property and the changes in cash inflows and outflows in the future periods were determined based on the above-mentioned lease agreements, and the relevant information was as follows:

1) Actual rent and the annual rental growth rate

Regarding the rental growth rate, according to the lease contract assessment, the annual growth rate is 2.11%.

From January 1, 2024 to December 31, 2024, the monthly rent is $475, including 5% value-added business tax. From January 1, 2025 to December 31, 2026, the monthly rent will be $485, including 5% value-added business tax.

(Continued)

2) Estimation of discount rate

The discount rate is determined by the risk premium method, which uses certain interest rates as the basis for estimation, and taking into account the individual characteristics of the investment property, the above-mentioned certain interest rates, shall not be lower than the floating interest rate on a 2-year time deposit of a small amount, as posted by the Chunghwa Post Co., Ltd., plus 0.75 percentage points. It also takes into account of the differences in individual characteristics of the individual properties and is determined based on factors such as the liquidity, risk, value-added, and the ease of management. Therefore, the discount rates on December 31, 2024 and 2023 and January 1, 2023, were calculated to be 3.920%, 3.695% and 3.57%, respectively.

3) Estimation of ending disposal value

The ending disposal value is obtained by direct capitalization of the income method, which is calculated by dividing the net income (NOI) in the eleventh year by the ending income capitalization rate, taking into account the rental capitalization rate of commercial properties, and deducting the expense rate and the vacancy rate. The capitalization rate of the ending income from the individual properties was then determined to be 1.90%. The ending property disposal prices as of December 31, 2024 and 2023 and January 1, 2023 were $290,424, $284,413 and $270,638, respectively.

4) The abovementioned fair value valuation techniques and significant unobservable inputs are explained in the following table:

| Fair value valuation technique | Significant unobservable input | Interrelationships between significant unobservable inputs and fair value measurements |
|---|---|---|
| The discounted cash flow analysis (DCF) using the income approach is adopted to evaluate the contractual rent provided by the Company.<br>Discounted cash flow analysis using the income approach:<br>It refers to the method of estimating the price of the appraised property by summing up the net income of each period and the ending value of the future discounted cash flows after discounting at an appropriate discount rate. The method is applicable to the valuation of properties for investment purposes. | ·Risk-adjusted discount rate on<br>December 31, 2024：3.920%<br>December 31, 2023：3.695%<br>January 1, 2023：3.57% | The estimated fair value would increase (or decrease) if:<br>·The risk-adjusted discount rate decreases (increases). |

(iv) As of December 31, 2024 and 2023, the pledged on the Company's investment property as collateral please refer to note 8.

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

(h) Intangible assets

| | | Computer software and others |
|---|---|---|
| **Cost:** | | |
| Balance on January 1, 2024 | $ | 36,583 |
| Addition for the period | | 2,571 |
| Balance on December 31, 2024 | **$** | **39,154** |
| Balance on January 1, 2023 | $ | 13,488 |
| Addition for the period | | 1,764 |
| Balance on December 31, 2023 | **$** | **15,252** |
| **Amortization:** | | |
| Balance on January 1, 2024 | $ | 35,710 |
| Amortization for the period | | 1,674 |
| Balance on December 31, 2024 | **$** | **37,384** |
| Balance on January 1, 2023 | $ | 13,293 |
| Amortization for the period | | 1,086 |
| Balance on December 31, 2023 | **$** | **14,379** |
| **Book value:** | | |
| Balance on December 31, 2024 | **$** | **1,770** |
| Balance on January 1, 2023 | **$** | **195** |
| Balance on December 31, 2023 | **$** | **873** |

As of December 31, 2024 and 2023, the Company did not provide any intangible assets as collaterals for its loans.

(i) Short-term borrowings

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Unsecured bank loans | $ | 62,000 | 58,000 |
| Secured bank loans | | 189,500 | 130,000 |
| Total | **$** | **251,500** | **188,000** |
| Unused credit lines for short-term borrowings | **$** | **220,189** | **269,462** |
| Range of interest rates | | **2.185%~2.93%** | **2.06%~2.81%** |

Please refer to note 6(s) for the interest risk, foreign currency exchange rate risk, and liquidity risk information of the Company.

The Company provided property, plant and equipment and investments property as collaterals for its bank loans. Please refer to note 8.

(j) Provisions-warranties

| | 2024 | 2023 |
|---|---|---|
| Balance on January 1 | $ 3,449 | 3,042 |
| Provisions made during the period | 1,539 | 2,708 |
| Provisions used during the period | (1,768) | (2,301) |
| Balance on December 31 | **$ 3,220** | **3,449** |

Provisions related to sales of products are assessed based on historical information.

(k) Operating lease

The Company leases out its investment property and some machineries. The Company has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(g) sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date was as follows:

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Less than one year | $ 5,543 | 5,428 |
| One to two years | 5,543 | 5,543 |
| Two to three years | - | 5,543 |
| Total undiscounted lease payments | **$ 11,086** | **16,514** |

For the years ended December 31, 2024 and 2023, the rental income recognized in operating revenue amounted to $5,494 and $5,210, respectively; the direct costs incurred in rental, which were recognized as operating costs, amounted to $422 and $418, respectively.

(l) Employee benefits

The Company allocates no less than 6% of each employee's monthly wages to the labor pension personal account at Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Company recognized pension costs under the defined contribution method amounting to $2,900 and $2,668 for the years ended December 31, 2024 and 2023, respectively. Payment was made to the Bureau of Labor Insurance.

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

(m) Income taxes

(i) Income tax expenses

1) The amount of income tax for the years ended December 31, 2024 and 2023 was as follows:

| | 2024 | 2023 |
|---|---|---|
| Current tax (benefits) expenses for the period | $ **(260)** | **-** |

2) Reconciliations of income tax and loss before tax for 2024 and 2023 were as follows:

| | 2024 | 2023 |
|---|---|---|
| Loss before tax | $ (51,905) | (20,637) |
| Income tax using the Company's domestic tax rate | (10,381) | (5,964) |
| Loss of domestic investment under equity method | 5,761 | 6,051 |
| Non-deductible expenses | 327 | - |
| Change in current year losses for which no deferred tax assets recognized | 2,140 | (745) |
| Change in unrecognized temporary differences | 2,153 | 658 |
| Land value increment tax | (260) | - |
| | $ **(260)** | **-** |

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Deductible temporary differences | $ 95,287 | 93,134 |
| Unused tax losses | 24,916 | 35,386 |
| Exchange differences on translation of foreign financial statements | 13,807 | 14,380 |
| | $ **134,010** | **142,900** |

The Company is able to control the timing of the reversal of the temporary differences related to the investments in subsidiaries on December 31, 2024 and 2023. The temporary differences arising from the investments in subsidiaries where there is a probability that such temporary differences will not reverse in the foreseeable future were not recognized as deferred tax assets.

The R.O.C Income Tax Act allows net losses, as assessed by the tax authorities, to offset against taxable income over a period of ten years for local tax reporting purposes. Because of the uncertainty of future taxable income, the Company did not recognize the deferred tax assets arising from the tax losses.

(Continued)

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

The Company's tax losses which could be used to offset future taxable income as of December 31, 2024, were as follows:

| Year of loss | Unused tax losses | Expiry year |
|---|---|---|
| The Company: | | |
| 2015 (assessed) | $ 25,105 | 2025 |
| 2016 (assessed) | 8,868 | 2026 |
| 2017 (assessed) | 2,593 | 2027 |
| 2019 (assessed) | 3,555 | 2029 |
| 2020 (assessed) | 73,763 | 2030 |
| 2024 (assessed) | 10,699 | 2034 |
| | **$ 124,583** | |

2) Recognized deferred tax liabilities:

| | Reserve for land increment tax |
|---|---|
| Deferred tax liabilities: | |
| Balance on January 1, 2024 | $ 2,192 |
| Debit (credit) in profit or loss | (260) |
| Balance on December 31, 2024 | **$ 1,932** |
| Balance on January 1, 2023 | $ 2,192 |
| Balance on December 31, 2023 | **$ 2,192** |

(iii) The Company's income tax returns for the year through 2022 have been examined by the tax authorities.

(n) Capital and other equities

(i) Ordinary shares

As of December 31, 2024 and 2023, the Company' s authorized common stocks were consisting of 200,000 thousand shares with a par value of 10 New Taiwan dollars per share amounted to $2,000,000 of which 54,657 thousand and 55,219 thousand shares, respectively, were issued. All issued shares were paid up upon issuance.

Reconciliations of shares outstanding for 2024 and 2023 were as follows:

Unit: in thousand shares

| | Common stocks | |
|---|---|---|
| | **2024** | **2023** |
| Balance on January 1 | 55,219 | 54,533 |
| Issuance of new restricted employee shares | - | 1,300 |
| Cancellation of new restricted employee shares | (562) | (614) |
| Balance on December 31 | **54,657** | **55,219** |

(Continued)

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

The Company awarded 1,300 thousand shares of employee restricted shares in April 2023. Please refer to note 6(o).

562 thousand and 614 thousand shares of employee restricted shares were repurchased in 2024 and 2023, respectively, as certain employees of the Company did not meet the vesting requirements, and the cancellation procedure had been completed.

(ii) Capital surplus

The balances of capital surplus were as follows:

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Additional paid-in capital | $ 20,106 | 20,106 |
| Treasury share transactions | 6,628 | - |
| Restricted employee shares | (140) | (303) |
| Employee stock options-expired | 5,343 | 5,343 |
| Donation from shareholders | 1,615 | 1,615 |
| Changes in equity in subsidiaries | 818 | 3,541 |
| | **$ 34,370** | **30,302** |

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and the others are supposed to be set aside or reversed as the special reserve in accordance with laws and regulations. And then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Company adopts the residual dividend policy. In consideration of the expansion of operations and the need of cash flows in the future, when the Company plans to distribute its dividends, the distributable amounts cannot be less than 50% of the cumulative distributable surplus. Moreover, at least 10% of the dividends should be distributed in cash.

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualified for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. The balances of special reserve as of December 31, 2024 and 2023 were both $79,510.

3) Earnings distribution

Based on the resolutions made during the annual stockholders' meetings held on June 20, 2024 and June 20, 2023, there will be no distribution of dividends in 2023 and 2022, respectively, due to the losses incurred by the Company.

(iv) Treasury shares

The Company repurchased 2,760 thousand treasury shares in accordance with the relevant provisions of the Securities and Exchange Act to transfer the shares to employees.

Movements of treasury share were as follows:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | **Share (thousands)** | **Amount** | **Share (thousands)** | **Amount** |
| Balance at the beginning of the period | 2,760 | $ 24,831 | 2,760 | $ 24,831 |
| Transfer treasury share to employee | (2,760) | (24,831) | - | - |
| Balance at the end of the period | - | $ - | **2,760** | **$ 24,831** |

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged. These shares do not carry any shareholder rights until they are transferred.

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

(o) Share-based payment

(i) Treasury stock transferred to employees

The Company granted the treasury stock to eligible employees, including those of the Company and its subsidiaries in accordance with the relevant plan. The key terms and conditions related to the grants were disclosed as follows:

| Grant date | Total shares granted | Vesting conditions | Share price(New Taiwan Dollars) | Exercise price(New Taiwan Dollars) | Fair value per unit(New Taiwan Dollars) |
|---|---|---|---|---|---|
| Mar. 18, 2024 | 1,500 thousand shares | Vest immediately | $ 11.4 | 9.09 | 2.31 |
| Mar. 18, 2024 | 1,260 thousand shares | Vest immediately | 11.4 | 8.89 | 2.51 |

The fair value of the share-based payments granted on the grant date was estimated by the Company, and the Company recognized employee stock option compensation cost of $6,628 in 2024. The aforementioned treasury stock transfer was completed in April 2024.

(ii) Restricted employee shares

On March 15, 2023, the Board of Directors decided to issue 1,300 thousand shares, and the base date of the capital increase was April 20, 2023. The employee restricted shares to fulltime employees of the Company and its domestic and overseas subsidiaries who meet certain requirements. The restricted shares have been registered with and approved by the Securities and Futures Bureau of FSC.

The aforementioned restricted shares were issued without consideration. 20%, 20%, 30%, and 30% of the restricted shares were vested when the employees continue to provide service for at least 1 year, 2 years, 3 years, and 4 years from the registration and the effective date, and at the same time, meet the performance requirement. After the issuance, the restricted shares are kept by a trust, which is appointed by the Company, before they are vested. These restricted shares shall not be sold, pledged, transferred, gifted or by any other means of disposal to third parties during the custody period. The voting rights of these shares are executed by the custodian, and the custodian shall act based on the law and regulations.

The information of the Company’s restricted stock was as follows:

Unit: in thousand shares

| | 2024 | 2023 |
|---|---|---|
| Outstanding units at January 1 | 1,804 | 1,118 |
| Granted during the year | - | 1,300 |
| Forfeited during the year | (562) | (614) |
| Outstanding units at December 31 | **1,242** | **1,804** |

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

As of December 31, 2024 and 2023, the unearned employee compensation balances were $2,365 and $6,163, respectively. A total of 562 thousand and 614 thousand employee restricted shares were retrieved and canceled due to failure or loss of qualifications to meet the vesting requirements for the years ended December 31, 2024 and 2023, respectively. The effective date of capital reduction were June 21, 2024 and March 15, 2023, respectively, and the related registration procedures have been completed.

The expenses (reversed) incurred by the Company for employee restricted shares were $(1,659) and $4,001 for the years ended December 31, 2024 and 2023, respectively.

(p) Earnings (losses) per share

Basic earnings (losses) per share and diluted earnings (losses) per share for the years ended December 31, 2024 and 2023, was computed as follows:

| | | 2024 | 2023 |
|---|---|---|---|
| **Basic earnings per share** | | | |
| Net loss for the period | $ | (51,645) | (20,637) |
| Weighted-average number of outstanding shares (in thousands) | | 52,763 | 50,655 |
| Basic earnings (losses) per share (dollars) | $ | (0.98) | (0.41) |

| | | 2024 | 2023 |
|---|---|---|---|
| **Diluted earnings per share** | | | |
| Net loss for the period | $ | (51,645) | (20,637) |
| Weighted-average number of outstanding common shares (in thousands) | | 52,763 | 50,655 |
| Employee restricted shares | | - | - |
| Weighted-average number of outstanding common shares (After adjusting for dilutive potential common share impact) | | 52,763 | 50,655 |
| Diluted earnings (losses) per share (dollars) | $ | (0.98) | (0.41) |

In 2024 and 2023, the employee restricted shares had an anti-dilutive effect; hence, no diluted losses per share was required to be computed.

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

| | | 2024 | 2023 |
|---|---|---|---|
| Primary geographical markets: | | | |
| Netherland | $ | 263,483 | 248,431 |
| Taiwan | | 26,410 | 14,773 |
| United States | | 5,113 | 34,775 |
| Others | | 2,964 | 3,743 |
| | $ | 297,970 | 301,722 |

(Continued)

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

| | | 2024 | 2023 |
|---|---|---|---|
| Major products / servises lines: | | | |
| LCD monitors | $ | 278,343 | 287,955 |
| Medical equipment | | 444 | 796 |
| Others accessories | | 13,689 | 7,761 |
| Rental income | | 5,494 | 5,210 |
| | $ | **297,970** | **301,722** |

(ii) Contract balances

1) Please refer to note 6(c) for the information of notes and accounts receivable and its impairment.

2) Contract liabilities

| | | December 31, 2024 | December 31, 2023 | January 1, 2023 |
|---|---|---|---|---|
| Contract liability (receipt in advance) | $ | **150,399** | **128,243** | **144,414** |

The amount of revenue recognized for the years ended December 31, 2024 and 2023, that included in the contract liability balance at the beginning of the periods were $128,243 and $144,414, respectively.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(r) Employee compensation and directors' remuneration

According to the Company’ s Articles of Incorporation require that earning shall first be offset against any deficit, then, a minimum of 10% will be distributed as employees' remuneration and a maximum of 2% will be allocated as directors’ remuneration. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees of the subsidiaries of the Company who meet certain specific requirement.

Due to loss before tax for the years ended December 31, 2024 and 2023, no employees' compensation and directors’ remuneration was recognized. The related information can be accessed through the Market Observation Post System website.

(s) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration to credit risk

The proportion of the Company's sales revenue form subsidiaries were 90% and 94% in 2024 and 2023, respectively.

3) Receivables and debt securities

For credit risk exposure of note and accounts receivables, please refer to note 6(c).

Other financial assets at amortized cost include cash and cash equivalents, other receivables, and guaranteed deposits, are considered to have low risk, and thus, the impairment provision recognized during the period is limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(f).

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments:

| | Carrying amount | Contractual cash flows | Within a year | Over 1 year |
|---|---|---|---|---|
| **December 31, 2024** | | | | |
| Non-derivative financial liabilities: | | | | |
| Short-term borrowings | $ 251,500 | 252,681 | 252,681 | - |
| Notes and accounts payable | 38,993 | (38,993) | (38,993) | - |
| Other payables | 15,950 | (15,950) | (15,950) | - |
| Guaranteed deposits | 891 | (891) | - | (891) |
| | **$ 307,334** | **196,847** | **197,738** | **(891)** |
| **December 31, 2023** | | | | |
| Non-derivative financial liabilities: | | | | |
| Short-term borrowings | $ 188,000 | (188,551) | (188,551) | - |
| Notes and accounts payable | 56,296 | (56,296) | (56,296) | - |
| Other payables | 15,242 | (15,242) | (15,242) | - |
| Guaranteed deposits | 891 | (891) | - | (891) |
| | **$ 260,429** | **(260,980)** | **(260,089)** | **(891)** |

The Company does not expect the cash flows included in the maturity analysis, to occur significantly earlier or at significantly different amounts.

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

(iii) Currency risk

1) Exposure to foreign currency risk (expressed in thousands for foreign currencies)

The Company's financial assets and liabilities exposed to significant foreign currency risk were as follows:

| | December 31, 2024 | | | December 31, 2023 | | |
|---|---|---|---|---|---|---|
| | Foreign currency | Exchange rate | NTD | Foreign currency | Exchange rate | NTD |
| Financial assets | | | | | | |
| Monetary items | | | | | | |
| USD | $ 760 | USD/NTD =32.785 | 24,917 | 809 | USD/NTD =30.705 | 24,840 |
| Non-Monetary items | | | | | | |
| USD | 1,187 | USD/NTD =32.785 | 38,918 | 1,060 | USD/NTD =30.705 | 32,549 |
| EUR | 6,885 | EUR/NTD =32.14 | 221,296 | 6,344 | EUR/NTD =33.98 | 215,575 |
| Financial liabilities | | | | | | |
| Monetary items | | | | | | |
| USD | 1,219 | USD/NTD =32.785 | 39,965 | 1,836 | USD/NTD =30.705 | 56,374 |

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, short-term borrowings, notes and accounts payable, and other payables that are denominated in foreign currency.

A weakening (strengthening) 5% of each foreign currency against the functional currency, under other conditions remain the same, profit before tax for the years ended December 31, 2024 and 2023 would have been affected as follows:

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| USD (against the TWD) | | |
| Appreciate 5% | $ (752) | (1,577) |
| Depreciate 5% | 752 | 1,577 |

The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary items

As the Company deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount for disclosure. For the years ended December 31, 2024 and 2023, the foreign exchange gain including realized and unrealized ones, amounted to $2,098 and $560, respectively.

(Continued)

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

(iv) Interest rate analysis

Please refer to liquidity risk for the details of financial assets and liabilities exposed to interest rate risk.

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Variable rate instruments (carrying amount): | | | |
| Financial assets | $ | 25,043 | 25,143 |
| Financial liabilities | | (251,500) | (188,000) |

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents management of the Company's assessment on the reasonably possible interval of interest rate change.

If the interest rate had increased or decreased by 0.25%, the net loss before tax would have increased or decreased by $566 and $407 for the years ended December 31, 2024 and 2023, respectively, which would mainly result from the bank savings, time deposits and short-term borrowings with variable interest rates at the reporting date.

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging and of financial assets at fair value through other comprehensive income are measured on a recurring basis.

Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

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

c) Level 3: inputs for the assets or liability that are not based on observable market data.

The carrying amount and fair value of the Company' s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

(Continued)

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

| | December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | Book value | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets measured at amortized cost:** | | | | | |
| Cash and cash equivalents | $ 39,611 | - | - | - | - |
| Notes and accounts receivable | 1,916 | - | - | - | - |
| Other receivables | 685 | - | - | - | - |
| Restricted deposits (recognized as other non-current assets) | 3,527 | - | - | - | - |
| | $ 45,739 | | | | |
| **Financial liabilities measured at amortized cost:** | | | | | |
| Short-term borrowing | $ 251,500 | - | - | - | - |
| Notes and accounts payable | 38,993 | - | - | - | - |
| Other payables | 15,950 | - | - | - | - |
| Guaranteed deposits | 891 | - | - | - | - |
| | $ 307,334 | | | | |

| | December 31, 2023 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | Book value | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets at fair value through profit or loss:** | | | | | |
| Mandatorily designated at fair value through profit or loss | $ 30,000 | - | - | 30,000 | 30,000 |
| **Financial assets measured at amortized cost:** | | | | | |
| Cash and cash equivalents | 31,435 | - | - | - | - |
| Notes and accounts receivable | 4,086 | - | - | - | - |
| Other receivables | 1,680 | - | - | - | - |
| Restricted deposits (recognized as other non-current assets) | 2,334 | - | - | - | - |
| Guaranteed deposits (recognized as other non-current assets) | 5 | - | - | - | - |
| | $ 69,540 | | | | |
| **Financial liabilities measured at amortized cost:** | | | | | |
| Short-term borrowing | 188,000 | - | - | - | - |
| Notes and accounts payable | 56,296 | - | - | - | - |
| Other payables | 15,242 | - | - | - | - |
| Guaranteed deposits | 891 | | | | |
| | $ 260,429 | | | | |

(Continued)

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

2) Fair value valuation technique for financial instruments not measured at fair value

The book value of financial assets and liabilities at amortized cost in the report is approximately its fair value.

3) Fair value valuation technique for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument will use the public quoted price of the active market as the fair value if it has the public quoted price of the active market.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by using a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

b) Derivative financial instruments

Measurement of fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. Fair value of forward currency exchange is usually determined by using the forward currency rate.

4) There were no transfer among fair value hierarchies for the years ended December 31, 2024 and 2023.

5) Reconciliation of Level 3 fair values

| | **Non derivative mandatorily measured at fair value through profit or loss** |
|---|---|
| Balance on January 1, 2024 | $ 30,000 |
| Exercise of the right of conversion in the current period | (30,000) |
| Balance on December 31, 2024 | **$ -** |
| Balance on January 1, 2023 | $ 31,600 |
| Addition | 30,000 |
| Exercise of the right of conversion in the current period | (31,600) |
| Balance on December 31, 2023 | **$ 30,000** |

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company’ s financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at “fair value through other comprehensive income-convertible bonds”.

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

Quantified information of significant unobservable inputs was as follows:

| Item | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---|---|---|
| Financial assets measured at fair value through profit or loss－convertible bonds | Option Pricing Model-Formula Method | ·Discounted rate in lack of marketability as of December 31, 2023 was 37.02%. | ·The higher the lack of marketability discount rate is, the lower the fair value will be. |

(t) Financial risk management

(i) Briefings

The Company is exposed to the following risks arising from financial instruments：

1) Credit risk

2) Liquidity risk

3) Market risk

In this note expressed the information on risk exposure and objectives, policies and process of risk measurement and management. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management

The Company' s finance department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both domestic and international financial market operations.

The Company minimizes the risk exposure through derivative financial instruments. The Board of Directors regulated the use of derivative and non-derivative financial instruments in accordance with the Company's policy about risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of non-derivative financial instruments, and the investments of excess liquidity. The internal auditors of the Company continue with the review of the amount of the risk exposure in accordance with the Company's policy and the risk management policies and procedures. The Company has no transactions in financial instruments for the purpose of speculation.

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and cash and cash in banks.

1) Accounts receivable and other receivables

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, and these limits are reviewed periodically. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis. The Company constantly assesses the financial status of the customers.

Also, the Company through subsidiaries to sell products at Europe and America area, and controls the credit and evaluates the financial condition of these clients to reduce the credit risk of accounts receivable.

2) Investment

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Company's finance department. The Company deposits the cash in different financial institutions for the purpose of controlling the credit risk in each financial institution. Therefore, there is no significant credit risk of bank deposits.

3) Guarantees

Please refer to note 13(a) for the Company provided financial guarantees to its subsidiaries as of December 31, 2024.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements.

The loans and borrowings from the bank forms an important source of liquidity for the Company. As of December 31, 2024 and 2023, the unused short-term bank facilities were $220,189 and $269,462, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(Continued)

1) Currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily, the New Taiwan Dollars (TWD), Euro (EUR), US Dollars (USD), and Chinese Yuan (CNY).

2) Interest rate risk

The Company borrows funds on variable interest rates, which has a risk exposure in cash flow.

(u) Capital management

The policy of Board of Directors is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares and retained earnings.

The Company monitors the capital structure by way of periodical review on the liability ratio. The Company's capital is the "total equity" in the balance sheets, same with the total liabilities being subtracted to the total assets.

As of December 31, 2024 and 2023, the liability ratios were as follows:

| | | December 31, 2024 | December 31, 2023 (Restated) |
|---|---|---|---|
| Total liabilities | $ | 463,235 | 394,595 |
| Total assets | | 904,154 | 868,203 |
| Liability ratio | | 51 % | 45 % |

As of December 31, 2024, there were no changes in the Company's approach of capital management.

(v) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2024 and 2023:

Reconciliation of liabilities arising from financing activities were as follows:

| | | January 1, 2024 | Cash flows | December 31, 2024 |
|---|---|---|---|---|
| Short-term borrowings | $ | 188,000 | 63,500 | 251,500 |
| Deposits received | | 891 | - | 891 |
| Total liabilities from financing activities | **$** | **188,891** | **63,500** | **252,391** |

(Continued)

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

| | January 1, 2023 | Cash flows | December 31, 2023 |
|---|---|---|---|
| Short-term borrowings | $ 214,000 | (26,000) | 188,000 |
| Deposits received | 891 | - | 891 |
| Total liabilities from financing activities | **$ 214,891** | **(26,000)** | **188,891** |

**(7) Related-party transactions:**

(a) Names and relationship with related parties

The followings are subsidiaries and entities that have had transactions with related parties during the periods covered in the financial statements：

| Names and relationship with related parties | Relationship with the Company |
|---|---|
| AG Neovo International Ltd. | Subsidiary |
| AG Neovo Technology B.V. (AG Neovo B.V.) | Subsidiary |
| AG Neovo Investment Co., Ltd. (AG Neovo Investment) | Subsidiary |
| AG Neovo Technology Corp. (AG Neovo USA) | AG Neovo International's subsidiary |
| AG Neovo Technology (Shanghai) Co., Ltd (AG Neovo Shanghai) | AG Neovo Investment's subsidiary |
| Taiwan Biophotonic Corporation (tPBC) | Subsidiary |

(b) Significant transactions with related parties

(i) Operating revenues

The amounts of significant sales by the Company to related parties were as follows:

| | Sales | |
|---|---|---|
| | 2024 | 2023 |
| Subsidiary－AG Neovo B.V. | $ 263,483 | 248,431 |
| Sub-Subsidiary－AG Neovo USA | 5,113 | 34,775 |
| | **$ 268,596** | **283,206** |

The Company sells monitors to the subsidiaries and grandson companies, the price is based on the cost mark-up by a certain percentage, and makes necessary adjustments as appropriate. The ending inventory of the subsidiaries and grandson companies are recorded as the Company' s inventory, and the Company shall not be recognized as sales until they are delivered.

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

(ii) Receipts in advance

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Subsidiary－AG Neovo B.V. | $ 123,607 | 100,057 |
| Sub-subsidiary－AG Neovo USA | 26,788 | 28,170 |
| | **$ 150,395** | **128,227** |

(iii) Acquisitions of financial assets

The 300 units of convertible bonds issued by tBPC were acquired by the Company, amounting to $30,000 in 2023, which was classified as financial assets measured at fair value through profit or loss. Please refer to note 6(b).

(iv) Disposal and conversion of convertible corporate bonds

The Company exercised its rights to convert matured convertible bonds issued by tBPC in March of 2024 and April, June, July and October of 2023, respectively, for related information, please refer to note 6(e).

(v) Guarantees

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Subsidiary－AG Neovo B.V. | $ 150,000 | 150,000 |
| Sub-subsidiary－AG Neovo USA | 40,000 | 40,000 |
| | **$ 190,000** | **190,000** |

(c) Key management personnel transaction

Key management personnel compensation comprised:

| | 2024 | 2023 |
|---|---|---|
| Short-term employee benefits | $ 10,120 | 8,378 |
| Post-employment benefits | 288 | 144 |
| | **$ 10,408** | **8,522** |

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

**(8) Pledged assets:**

The carrying amounts of pledged assets were as follows:

| Pledged assets | Object | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Land and buildings | Guarantee for short-term loans and the credit lines | $ 113,831 | 114,434 |
| Investment property | 〃 | 233,000 | 233,000 |
| Restricted deposits (recognized as other non-current assets) | Warranty guarantee | 3,526 | 2,334 |
| | | **$ 350,357** | **349,768** |

**(9) Commitments and contingencies:**

As of December 31, 2024 and 2023, the unused balances of the Company's letters of credit amounted to $0 and $17,853, respectively.

**(10) Losses due to major disasters: None.**

**(11) Subsequent events: None**

**(12) Other:**

(a) A summary of current-period employee benefits, depreciation and amortization, by function, is as follows:

| By function / By item | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Cost of sales | Operating expenses | Total | Cost of sales | Operating expenses | Total |
| Employee benefits | | | | | | |
| Salary | - | 51,084 | 51,084 | - | 44,627 | 44,627 |
| Labor and health insurance | - | 3,888 | 3,888 | - | 3,585 | 3,585 |
| Pension | - | 2,900 | 2,900 | - | 2,668 | 2,668 |
| Remuneration of directors | - | 1,608 | 1,608 | - | 1,640 | 1,640 |
| Others | - | 2,443 | 2,443 | - | 2,232 | 2,232 |
| Depreciation | - | 1,322 | 1,322 | 1,232 | 1,312 | 2,544 |
| Amortization | 1,454 | 220 | 1,674 | 903 | 183 | 1,086 |

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

Additional information on the numbers of employee and employee benefits were as follows:

| | 2024 | 2023 |
|---|---|---|
| Number of employees | 46 | 43 |
| Non-employee directors | 4 | 4 |
| Average labor cost | $ 1,436 | 1,362 |
| Average salary and bonus | $ 1,216 | 1,144 |
| Percentage change in average salary and bonus | 6 % | |
| Supervisor's remuneration | $ - | - |

The information on the Company's remuneration policy (including Directors, managers and employees) is as follows:

The Company has a policy on directors' remuneration and employees' remuneration in its Articles of Incorporation and sets up the Remuneration Committee to evaluate and supervise the remuneration system for directors and managers of the Company. The remuneration of directors and managers shall be handled in accordance with the Articles of Incorporation and personnel management regulations, after reviewing by the Remuneration Committee, and resolved by the Board of Directors, then the resolution shall be submitted to the shareholders' meeting for approval, and shall be paid reasonably in addition to taking into account the Company's operating performance, future risks, development strategies and industrial trends.

In accordance with the laws and the needs of various regions, the Company has developed a complete employee welfare system to provide employees with good remuneration and benefits. Employee compensation includes monthly pay, dividend bonuses based on operating performance, and employee compensation in accordance with annual profitability and Articles of Incorporation.

The Company conducts regular company wide employee performance appraisals each year to understand the performance of employees as a basis for promotion, training, and compensation adjustment.

As set out in Articles 19-1, 20 and 21 of the Articles of Association of the Company, the Company shall, in accordance with the current year's profit status, allocate not less than 10 percent of the profit as the employees' remuneration in accordance with the remuneration policies of employees and directors, and the Company shall also allocate not more than 2 percent of the profit as the directors' remuneration. However, if the Company still has accumulated losses, it should reserve the amount of accumulated losses in advance. The profit status for the year refers to the pre-tax profit of the current year less the employees' remuneration and the directors' remuneration. The remuneration of the former employee may be made in stock or cash, and shall be paid to an employee of the Company who meets certain conditions, which shall be determined by the Board of Directors. Employees' remuneration and directors' remuneration shall be allocated by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, a report of such distribution shall be submitted to the shareholders' meeting.

According to the Company Act, the object of the transfer of the treasury shares acquired by the Company, the object of the issuance of the employee stock option, the employee who purchased the shares when issuing the new shares and the object of issuing the new restricted employee shares, including employees of the holding company or the subordinate company who meet certain conditions, which shall be determined by the Board of Directors.

(Continued)

**ASSOCIATED INDUSTRIES CHINA, INC.**
**Notes to the Financial Statements**

When a director of the Company performs his duties with the Company, regardless of the Company's operating profits and losses, the Company shall pay the remuneration, which shall be authorized by the Board of Directors in accordance with the degree of participation and value of the Company's perations, at the same level with the same industry.

If the Company suffered a pre-tax net loss, then there is no need to estimate the remuneration of employees and directors.

## (13) Other disclosures:

(a) Information on significant transactions

The followings are the information on significant transactions required by the " Regulations Governing the Preparation of Financial Reports by Securities Issuers" of the Group for the year ended December 31, 2024:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars and foreign currencies)

| No. | Name of guarantor | Counter-party of guarantee and endorsement | | Limitation on amount of guarantees and endorsements for a specific enterprise | Highest balance of guarantees and endorsements during the period | Balance of guarantees and endorsements as of reporting date | Actual usage amount during the period | Amount of property pledged for guarantees and endorsements | Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements | Maximum amount of guarantees and endorsements | Parent company endorsements/ guarantees to third parties on behalf of subsidiary | Subsidiary endorsements/ guarantees to third parties on behalf of parent company | Endorsements/ guarantees to third parties on behalf of companies in Mainland China |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Name | Relationship with the Company | | | | | | | | | | |
| 0 | The Company | AG Neovo B.V | 100% owned subsidiary | 440,919 | 150,000 | 150,000 | - | - | 34.02 % | 440,919 | Yes | No | No |
| 0 | The Company | AG Neovo USA | 100% owned subsidiary | 440,919 | 40,000 | 40,000 | 7,311 | - | 9.07 % | 440,919 | Yes | No | No |

Note: According to the Company's Procedures for Endorsement and Guarantee, the total amount of endorsements and guarantees, which the Company or the Group is permitted to provide, shall not exceed 100% of the Company's net worth.

(iii) Information regarding securities held at the reporting date (excluding subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars and shares (units)

| Company holding securities | Security type and name | Relationship with the Company | Account | December 31, 2024 | | | | Remark |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares/Units | Carrying value | Percentage of ownership | Fair value | |
| The Company | IRONYUN INCORPORATED | - | Financial assets measured at fair value through other comprehensive income－non-current | 6,025 | - | 3.37 % | - | Note 1 |

Note 1: Stocks are comprised of 552 preferred shares and 5,473 common shares at the reporting date.

# ASSOCIATED INDUSTRIES CHINA, INC.
## Notes to the Financial Statements

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

| | | | Transaction details | | | | Transactions with terms different from others | | Notes/Accounts receivable (payable) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Company name** | **Related party** | **Nature of relationship** | **Purchase /(Sale)** | **Amount** | **Percentage of total purchases (sales)** | **Payment terms** | **Unit price** | **Payment terms** | **Ending balance** | **Percentage of total notes/accounts receivable (payable)** | **Remark** |
| The Company | AG Neovo B.V | 100% owned subsidiary | (Sale) | (263,483) | (88) % | 90 days net from date of invoice | The price is not comparable with that of the general customers. | 90 days net from date of invoice; actual payments would depend on the capital demand. | Note 1 | -% | Note 1 |

Note 1：As of December 31, 2024, the amount of receipt in advance was $123,607.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(ix) Trading in derivative instruments: None.

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2024 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars/ foreign currencies and share in thousand units)

| | | | | Original investment amount | | Ending Balance as of December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Name of investor** | **Name of investee** | **Location** | **Main businesses and products** | **December 31, 2024 (Note 1)** | **December 31, 2023 (Note 1)** | **Shares** | **Percentage of ownership** | **Carrying value (Note 1)** | **Net income (loss) of the Investee (Note2)** | **Investment income (loss) recognized by the investor (Note2)** | **Remark** |
| The Company | AG Neovo International | British Virgin Islands | Investment | 343,957 | 343,957 | 0.8 | 100 % | 29,974 | (2,500) | (2,500) | |
| The Company | AG Neovo B.V | Netherlands | Sales of LCD monitors | 187,013 | 187,013 | 4.8 | 100 % | 211,296 | (5,389) | (5,389) | |
| The Company | AG Neovo Investment | British Virgin Islands | Investment | 24,521 | 14,796 | 0.8 | 100 % | 8,944 | (2,610) | (2,610) | |
| The Company | Taiwan Biophotonic Corporation | Taiwan | Research and development, manufacture and sale of medical equipment and health care products | 187,884 | 126,455 | 403,497 | 73 % | 27,943 | (41,531) | (28,806) | |
| AG Neovo International | AG Neovo USA | U.S.A. | Sales of LCD monitors and medical equipment | 98,335 (US$3,000) | 98,355 (US$3,000) | 702 | 100 % | 24,721 (US$754) | (3,031) (US$(94)) | Recognized by AG Neovo International | |

Note 1: The amounts in New Taiwan Dollars were translated at the exchange rates of USD32.785 at reporting date.
Note 2: The amounts in New Taiwan Dollars were translated at the exchange rates of USD32.1204 based on the average exchange rate at reporting date.

# ASSOCIATED INDUSTRIES CHINA, INC.
## Notes to the Financial Statements

(c) Information on investment in mainland China:

(i) The related information on investees in Mainland China:

(In Thousands of New Taiwan Dollars/foreign currencies and shares in thousand units)

| Name of investee | Main businesses and products | Total amount of paid-in capital (Note 2) | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2024 (Note 2) | Investment | | Accumulated outflow of investment from Taiwan as of December 31, 2024 (Note 2) | Net income (loss) of the investee company (Note 3) | Percentage of ownership | Investment income (loss) recognized (Notes 3) | Carrying value as of December 31, 2024 (Note 2) | Accumulated remittance of earnings as of December 31, 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outflow | Inflow | | | | | | |
| AG Neovo (Shanghai) | Sales of LCD monitors | 26,228 (US$800) | Note 1 | 16,393 (US$500) | 9,835 (US$300) | - | US$26,228 (US$800) | (2,610) (US$(81)) | 100% | US$(2,610) (US$(81)) | US$8,944 (US$273) | - |

(ii) Upper limit on investment in Mainland China:

(In Thousands of New Taiwan Dollars and foreign currencies)

| Accumulated investment in Mainland China as of December 31, 2024 (Notes 2 and 4) | Investment amounts authorized by Investment Commission, MOEA (Notes 2 and 4) | Upper limit on investment |
|---|---|---|
| 142,156（US$4,336） | 142,156（US$4,336） | 264,551 |

Note 1 : Indirect investment in Mainland China through companies registered in the third region.
Note 2 : Since the investment gains and losses is immaterial it is recognized based on the self reported financial statements of the company.
Note 3 : The amounts in New Taiwan Dollars were translated at the exchange rates of USD32.785 at reporting date.
Note 4 : The amounts in New Taiwan Dollars were translated at the exchange rates of USD32.1204 based on the average exchange rate at reporting date.
Note 5 : Including the withdrawn amount of investment from the Shanghai CIMC Baowell Industries Co., Ltd.

(iii) Significant transactions: None.

(d) Major shareholders:

| Shareholding / Shareholder's Name | Shares | Percentage |
|---|---|---|
| CTBC in custody for Top Group Holdings, Ltd. | 8,011,294 | 14.65 % |
| David Pi | 3,502,541 | 6.40 % |

**(14) Segment information:**

Please refer to the annual consolidated financial statements for the year ended December 31, 2024.

**ASSOCIATED INDUSTRIES CHINA, INC.**

**Statement of Cash and Cash Equivalents**

**December 31, 2024**

**(Expressed in thousands of New Taiwan Dollars)**

| Item | Description | Amount |
|---|---|---|
| Cash | Petty cash and cash on hand | $ 367 |
| Checking accounts | | 11,301 |
| Demand deposits | NTD | 433 |
| 〃 | Foreign currency (USD751 thousands) | 24,610 |
| Time deposits | NTD | 2,900 |
| | | **$ 39,611** |

Note: The exchange rate: USD1= NTD32.785

**ASSOCIATED INDUSTRIES CHINA, INC.**

**Statement of Notes and Accounts Receivable-Non-related Party**

**December 31, 2024**

**(Expressed in thousands of New Taiwan Dollars)**

| Client name | Description | Amount |
|---|---|---|
| Notes Receivable | | |
| Accounts Receivable | | |
| Company AJ | Non-related party | $ 589 |
| Company AE | 〃 | 312 |
| Company AK | 〃 | 300 |
| Company AU | 〃 | 295 |
| Company AQ | 〃 | 273 |
| Company AS | 〃 | 129 |
| Other (Note) | | 19 |
| | | 1,917 |
| Less: Loss allowance | | (1) |
| Total | | $ 1,916 |

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

**Statement of Inventories**

**December 31, 2024**

**(Expressed in thousands of New Taiwan Dollars)**

| Item | Amount: Cost | Amount: Net realizable value |
|---|---|---|
| Merchandise inventories | $ 241,665 | 259,889 |
| Less: Allowance for inventory valuation loss and obsolescence | (20,014) | |
| Total | $ 221,651 | |

**ASSOCIATED INDUSTRIES CHINA, INC.**

**Statement of Changes In Investments Accounted For Using The Equity Method**

**For the year ended December 31, 2024**

**(Expressed in thousands of New Taiwan Dollars)**

| | Beginning balance | | Increase (Decrease) | | | Exchange differences on translation of foreign financial statements | | Ending Balance | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Invested company | Shares (in thousands) | Amount | Shares (in thousands) | Amount | Share of profit (loss) of subsidiaries and associates | | Others | Shares (in thousands) | Percentage of ownership | Amount | Net assets value | Collaterals or pledged assets |
| AG Neove International Ltd. | 0.8 | $ 30,595 | - | - | (2,500) | 1,879 | - | 0.8 | 100 % | 29,974 | 29,974 | None |
| AG Neovo B.V. | 4.8 | 215,575 | - | - | (5,389) | 1,110 | - | 4.8 | 100 % | 211,296 | 211,296 | 〃 |
| AG Neovo Investment | 0.5 | 1,954 | - | 9,725 | (2,610) | (125) | - | 0.8 | 100 % | 8,944 | 8,944 | 〃 |
| Taiwan Biophotonic Corporation | 198,734 | 9,028 | 204,763 (Note1) | 61,429 | (28,806) | - | (13,708)(Note2) | 403,497 | 72.73 % | 27,943 | 38,421 | 〃 |
| Total | | $ 257,152 | | 71,154 | (39,305) | 2,864 | (13,708) | | | 278,157 | | |

Note1: tBPC issued no par value shares.
Note2：Others include a decrease of $15,548 based on shareholding ratio, and an increase of $1,840 recognized based on employee stock options.

**ASSOCIATED INDUSTRIES CHINA, INC.**

**Statement of Changes in Property, Plant and Equipment**

**For the year ended December 31, 2024**

**(Expressed in thousands of New Taiwan Dollars)**

Please refer to note (6)(f).

**Statement of Changes in Investment Property**

**For the year ended December 31, 2024**

**(Expressed in thousands of New Taiwan Dollars)**

Please refer to note (6)(g).

**Statement of Changes in Intangible Assets**

**For the year ended December 31, 2024**

**(Expressed in thousands of New Taiwan Dollars)**

Please refer to note (6)(h).

**ASSOCIATED INDUSTRIES CHINA, INC.**

**Statement of Short-Term Borrowings**

**December 31, 2024**

**(Expressed in thousands of New Taiwan Dollars)**

| Creditor | Description | Contract period | Interest rate | Credit lines | Collateral or pledged assets | Ending balance |
|---|---|---|---|---|---|---|
| Hua Nan Bank | Unsecured loans | 2024.11~2025.05 | Note | 30,000 | None | $ 25,000 |
| Taiwan Cooperative Bank | Unsecured loans | 2024.07~2025.07 | 〃 | 24,000 | None | 24,000 |
| Chang Hwa Bank | Secured loans | 2024.07~2025.06 | 〃 | 370,000 | Land and building | 161,500 |
| Mega International Commercial Bank | Unsecured loans | 2024.07~2025.07 | 〃 | 25,000 | None | 13,000 |
| First Bank | Secured loans | 2024.07~2025.07 | 〃 | 30,000 | Land and building | 28,000 |
| | | | | | | **$ 251,500** |

Note: Between 2.185%~2.93%.

**Statement of Notes and Accounts Payable**

**December 31, 2024**

**(Expressed in thousands of New Taiwan Dollars)**

| Suppliers | Description | Amount |
|---|---|---|
| Accounts payables: | | |
| Company AK | Non-related party | $ 12,681 |
| Company AM | 〃 | 9,882 |
| Company AQ | 〃 | 7,664 |
| Company AT | 〃 | 4,943 |
| Other (Note) | 〃 | 3,823 |
| | | **$ 38,993** |

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

**ASSOCIATED INDUSTRIES CHINA, INC.**

**Statement of Other Payables**

**December 31, 2024**

**(Expressed in thousands of New Taiwan Dollars)**

| Item | Description | Amount |
|---|---|---|
| Payroll payable and bonuses | Estimated year-end bonuses and unpaid leave | $ 7,313 |
| Payables expenses | Shipping expenses | 2,912 |
| Professional service fees payable | Professional service fee | 2,874 |
| Estimated expense | Labor and health insurance and pension | 2,690 |
| Other (Note) | Taxes and other estimated expenses | 161 |
| | | **$ 15,950** |

Note: The amount of each item included in others does not exceed 5% of the account balance.

**Statement of Operating Revenues**

**For the year ended December 31, 2024**

**(Expressed in thousands of New Taiwan Dollars)**

| Item | Quantity (thousand units) | Amount |
|---|---|---|
| Sales revenue | | |
| LCD monitors | 37 | $ 278,343 |
| Medical equipment | 1 | 444 |
| Others accessories and others | 16 | 13,689 |
| Net sales | | 292,476 |
| Rental income | | 5,494 |
| Operating revenues, net | | **$ 297,970** |

**ASSOCIATED INDUSTRIES CHINA, INC.**

**Statement of Operating Costs**

**For the year ended December 31, 2024**

**(Expressed in thousands of New Taiwan Dollars)**

| Item | Amount |
|---|---|
| The inventory, beginning of year | $ 198,727 |
| Add: Purchases | 259,038 |
| Less: Transferred to expense and others | (2,609) |
| The inventory, end of year | (241,665) |
| Cost of goods sold | 213,491 |
| Add: The depreciation of molding equipment, amortization and others | 8,543 |
| Lease cost | 422 |
| Inventory valuation loss and obsolescence | 81 |
| Operating costs | $ 222,537 |

**Statement of Operating Expenses**

**For the year ended December 31, 2024**

**(Expressed in thousands of New Taiwan Dollars)**

| Item | Selling expenses | Administrative expenses | Research and development expenses |
|---|---|---|---|
| Payroll expense | $ 17,734 | 23,006 | 10,344 |
| Business promotion fee | 4,153 | - | - |
| Insurance fee | 2,036 | 1,991 | 1,130 |
| Depreciation | 336 | 616 | 370 |
| Service fee | - | 3,266 | - |
| Professional service fees | 915 | 4,665 | 57 |
| Others (Note) | 5,861 | 7,353 | 2,179 |
| Total | $ 31,035 | 40,897 | 14,080 |

Note: The amount of each item included in others does not exceed 5% of the account balance.