

# **Desiccant Technology Corporation**

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

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Desiccant Technology Corporation

### Opinion

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

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

### Basis for Opinion

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

### Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the parent company only financial statements for the year ended December 31, 2024. The matter was addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

The key audit matter of the Company's parent company only financial statements for the year ended December 31, 2024 is stated as follows:

#### Construction Revenue Recognition

The Company mainly engages in the design, engineering and installation of systems. The revenue of the Company's construction is based on the percentage of completion method and is calculated based on the degree of completion during the contract period. The estimated total project cost and contract items are evaluated and judged by the management with respect to the nature of different projects, estimated contract amounts, engineering periods, engineering work, work methods, etc. However, due to the long contract periods, the contracts are susceptible to fluctuations in raw material and labor prices and additions and deletions of projects, which make them subject to inherent risks of complexity. Due to the nature of subjective estimation, errors could exist in calculation of construction revenue based on the percentage of completion method for some projects, leading to significant impact on inaccurate revenue presentation in each period. The estimation of total construction cost for project contracts is a significant estimation and judgment. Therefore, it is identified as key audit matter.

Refer to Note 4(m), 5 and 24 of the parent company only financial statements for the accounting policy, accounting estimates and assumptions uncertainties, and relevant disclosures relating to construction revenue recognition.

Our main audit procedures performed in respect of the above key audit matter included the following:

1. We obtained an understanding of the design and implementation of internal controls for estimating total construction cost.
2. We selected samples and performed tests of details to verify the reasonableness of the estimated total construction cost.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the parent company only financial information of entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Li-Huang Lee and Tsung-Yuan, Tsai.

*Lee, Li - Huang*

*Tsungyuan Tsai*

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 17, 2025

Notice to Readers

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

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

# DESICCANT TECHNOLOGY CORPORATION

## PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 1,335,090	42	\$ 955,277	37
Financial assets at fair value through profit or loss - current (Notes 7 and 31)	223,707	7	220,629	9
Financial assets at amortized cost - current (Notes 9 and 33)	1,841	-	1,819	-
Contract assets - current (Note 24)	376,190	12	265,550	10
Notes receivable (Notes 10 and 24)	16,715	1	7,567	-
Trade receivables (Notes 10 and 24)	264,289	8	327,183	13
Trade receivables from related parties (Notes 10, 24 and 32)	177	-	-	-
Other receivables (Note 10)	14,498	-	1,198	-
Inventories (Note 11)	246,655	8	164,705	7
Prepayments (Note 17)	14,842	-	9,099	-
Other current assets (Note 17)	9	-	-	-
Total current assets	<u>2,494,013</u>	<u>78</u>	<u>1,953,027</u>	<u>76</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 31)	423	-	423	-
Investments accounted for using the equity method (Note 12)	290,381	9	207,214	8
Property, plant and equipment (Notes 13 and 33)	355,666	11	345,684	14
Investment properties (Notes 15 and 33)	55,194	2	35,921	1
Other intangible assets (Note 16)	151	-	2,820	-
Deferred tax assets (Note 26)	11,431	-	11,586	1
Refundable deposits (Notes 17 and 32)	2,009	-	1,976	-
Total non-current assets	<u>715,255</u>	<u>22</u>	<u>605,624</u>	<u>24</u>
<b>TOTAL</b>	<u>\$ 3,209,268</u>	<u>100</u>	<u>\$ 2,558,651</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 18 and 33)	\$ 71,656	2	\$ 21,633	1
Contract liabilities - current (Note 24)	745,038	23	596,758	23
Notes payable (Note 19)	318,822	10	162,271	6
Trade payables (Note 19)	155,998	5	121,321	5
Trade payables to related parties (Notes 19 and 32)	2,590	-	455	-
Other payables (Note 20)	107,681	3	100,495	4
Current tax liabilities (Note 26)	51,740	2	44,683	2
Provisions - current (Note 21)	14,911	1	13,041	-
Other current liabilities (Note 20)	1,658	-	1,561	-
Total current liabilities	<u>1,470,094</u>	<u>46</u>	<u>1,062,218</u>	<u>41</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Note 26)	41,506	1	28,149	1
Net defined benefit liabilities - non-current (Note 22)	13,565	1	13,809	1
Other non-current liabilities (Note 20)	80	-	80	-
Total non-current liabilities	<u>55,151</u>	<u>2</u>	<u>42,038</u>	<u>2</u>
Total liabilities	<u>1,525,245</u>	<u>48</u>	<u>1,104,256</u>	<u>43</u>
<b>EQUITY (Notes 23 and 28)</b>				
Ordinary shares	382,800	12	348,000	14
Capital surplus	335,473	10	335,473	13
Retained earnings				
Legal reserve	121,604	4	91,066	3
Special reserve	20,987	-	18,038	1
Unappropriated earnings	835,655	26	682,805	27
Total retained earnings	<u>978,246</u>	<u>30</u>	<u>791,909</u>	<u>31</u>
Other equity	(12,496)	-	(20,987)	(1)
Total equity	<u>1,684,023</u>	<u>52</u>	<u>1,454,395</u>	<u>57</u>
<b>TOTAL</b>	<u>\$ 3,209,268</u>	<u>100</u>	<u>\$ 2,558,651</u>	<u>100</u>

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

# DESICCANT TECHNOLOGY CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 32)				
Sales	\$ 41,828	2	\$ 43,063	2
Construction revenue	1,703,087	86	1,521,297	85
Repair and maintenance service	<u>237,226</u>	<u>12</u>	<u>226,512</u>	<u>13</u>
Total operating revenue	<u>1,982,141</u>	<u>100</u>	<u>1,790,872</u>	<u>100</u>
OPERATING COSTS (Notes 11, 25 and 32)				
Cost of sales	(28,374)	(2)	(25,035)	(1)
Construction costs	(1,352,733)	(68)	(1,214,437)	(68)
Repair and maintenance costs	<u>(120,219)</u>	<u>(6)</u>	<u>(111,131)</u>	<u>(6)</u>
Total operating costs	<u>(1,501,326)</u>	<u>(76)</u>	<u>(1,350,603)</u>	<u>(75)</u>
GROSS PROFIT	<u>480,815</u>	<u>24</u>	<u>440,269</u>	<u>25</u>
OPERATING EXPENSES (Notes 25 and 32)				
Selling and marketing expenses	(10,857)	-	(7,217)	(1)
General and administrative expenses	(67,398)	(3)	(74,995)	(4)
Research and development expenses	(51,740)	(3)	(57,334)	(3)
Expected credit (loss) gain (Notes 10 and 24)	<u>(85)</u>	<u>-</u>	<u>31</u>	<u>-</u>
Total operating expenses	<u>(130,080)</u>	<u>(6)</u>	<u>(139,515)</u>	<u>(8)</u>
PROFIT FROM OPERATIONS	<u>350,735</u>	<u>18</u>	<u>300,754</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES (Notes 25 and 32)				
Interest income	17,934	1	12,897	-
Other income	28,476	1	1,164	-
Other gains	21,238	1	20,396	1
Finance costs	-	-	(112)	-
Share of profits of subsidiaries and associates	<u>53,174</u>	<u>3</u>	<u>50,007</u>	<u>3</u>
Total non-operating income	<u>120,822</u>	<u>6</u>	<u>84,352</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	471,557	24	385,106	21
INCOME TAX EXPENSE (Note 26)	<u>(94,244)</u>	<u>(5)</u>	<u>(79,961)</u>	<u>(4)</u>
NET PROFIT	<u>377,313</u>	<u>19</u>	<u>305,145</u>	<u>17</u>

(Continued)

# DESICCANT TECHNOLOGY CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 22)	\$ 530	-	\$ 295	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 26)	(106)	-	(59)	-
	<u>424</u>	<u>-</u>	<u>236</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 23)	10,613	-	(3,685)	-
Income tax related to items that may be reclassified subsequently to profit or loss (Notes 23 and 26)	(2,122)	-	737	-
	<u>8,491</u>	<u>-</u>	<u>(2,948)</u>	<u>-</u>
Other comprehensive income (loss), net of income tax	<u>8,915</u>	<u>-</u>	<u>(2,712)</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME</b>	<u>\$ 386,228</u>	<u>19</u>	<u>\$ 302,433</u>	<u>17</u>
<b>EARNINGS PER SHARE (NT\$; Note 27)</b>				
Basic	<u>\$ 9.86</u>		<u>\$ 8.86</u>	
Diluted	<u>\$ 9.80</u>		<u>\$ 8.80</u>	

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

# DESICCANT TECHNOLOGY CORPORATION

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

	Equity Attributable to Owners of the Company						Other Equity Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total Equity
	Share Capital		Capital Surplus	Retained Earnings				
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings		
BALANCE, JANUARY 1, 2023	30,800	\$ 308,000	\$ 58,006	\$ 66,587	\$ 19,418	\$ 492,923	\$ (18,039)	\$ 926,895
Appropriation of 2022 earnings (Note 23)								
Legal reserve	-	-	-	24,479	-	(24,479)	-	-
Special reserve	-	-	-	-	(1,380)	1,380	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(92,400)	-	(92,400)
Share-based payment arrangements (Note 28)	-	-	4,364	-	-	-	-	4,364
Issuance of ordinary shares for cash	4,000	40,000	273,103	-	-	-	-	313,103
Net profit for the year ended December 31, 2023	-	-	-	-	-	305,145	-	305,145
Other comprehensive income (loss) for the year ended December 31, 2023 (Note 23)	-	-	-	-	-	236	(2,948)	(2,712)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	305,381	(2,948)	302,433
BALANCE, DECEMBER 31, 2023	34,800	348,000	335,473	91,066	18,038	682,805	(20,987)	1,454,395
Appropriation of 2023 earnings (Note 23)								
Legal reserve	-	-	-	30,538	-	(30,538)	-	-
Special reserve	-	-	-	-	2,949	(2,949)	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(156,600)	-	(156,600)
Share dividends distributed by the Company	3,480	34,800	-	-	-	(34,800)	-	-
Net profit for the year ended December 31, 2024	-	-	-	-	-	377,313	-	377,313
Other comprehensive income for the year ended December 31, 2024 (Note 23)	-	-	-	-	-	424	8,491	8,915
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	-	377,737	8,491	386,228
BALANCE, DECEMBER 31, 2024	38,280	\$ 382,800	\$ 335,473	\$ 121,604	\$ 20,987	\$ 835,655	\$ (12,496)	\$ 1,684,023

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

# DESICCANT TECHNOLOGY CORPORATION

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

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 471,557	\$ 385,106
Adjustments for:		
Depreciation expense	16,563	17,104
Amortization expense	2,669	5,721
Expected credit loss recognized (reversed) on trade receivables	85	(31)
Net gain on fair value changes of financial assets at fair value through profit or loss	(3,078)	(1,789)
Finance costs	-	112
Interest income	(17,934)	(12,897)
Dividend income	(41)	(76)
Share-based payments	-	4,364
Share of profits of subsidiaries and associates	(53,174)	(50,007)
Gain on disposal of property, plant and equipment	-	(48)
Write-down of inventories	7,678	2,667
Changes in operating assets and liabilities		
Contract assets	(110,640)	(47,417)
Notes receivable	(9,148)	(4,452)
Trade receivables	62,809	8,951
Trade receivables from related parties	(177)	10,479
Other receivables	(12,600)	-
Inventories	(89,628)	123,784
Prepayments	(5,743)	10,719
Other current assets	(9)	-
Contract liability	148,280	(5,128)
Notes payable	156,551	(94,123)
Trade payables	34,677	26,098
Trade payables to related parties	2,135	(7,769)
Other payables	5,450	(554)
Provisions	1,870	717
Net defined benefit liabilities	286	7
Other current liabilities	97	378
Cash generated from operations	608,535	371,916
Interest received	17,234	12,809
Interest paid	-	(119)
Income tax paid	(75,903)	(57,293)
Net cash generated from operating activities	<u>549,866</u>	<u>327,313</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	(22)	(19)
Purchase of financial assets at fair value through profit or loss	-	(148,000)
Acquisition of associates	(19,380)	-
Payments for property, plant and equipment	(44,082)	(33,973)
Proceeds from disposal of property, plant and equipment	-	48

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# DESICCANT TECHNOLOGY CORPORATION

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

	2024	2023
Payments for intangible assets	\$ -	\$ (171)
Increase in refundable deposits	(33)	(1,587)
Other dividends received	<u>41</u>	<u>76</u>
Net cash used in investing activities	<u>(63,476)</u>	<u>(183,626)</u>
<b>CASH FLOWS (USED IN) GENERATED FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	50,023	-
Decrease in short-term borrowings	-	(15,211)
Dividends paid to owners of the Company	(156,600)	(92,400)
Proceeds from issuance of ordinary shares	<u>-</u>	<u>313,103</u>
Net cash (used in) generated from financing activities	<u>(106,577)</u>	<u>205,492</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	379,813	349,179
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>955,277</u>	<u>606,098</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 1,335,090</u>	<u>\$ 955,277</u>

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

# DESICCANT TECHNOLOGY CORPORATION

## NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

Desiccant Technology Corporation (the “Company”) was incorporated on September 21, 1989. The Company engages mainly in manufacturing industrial dehumidification equipment, drying equipment, pollution control equipment, installation project’s design, contracting, and import and export of related products.

The shares of the Company were listed on the Taiwan Stock Exchange on November 21, 2023.

The parent company only financial statements of the Company are presented in the Company’s functional currency, the New Taiwan dollar (NT\$).

### 2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company’s board of directors on March 4, 2025.

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

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

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

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

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

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

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

1) Amendments to IAS 21 “Lack of Exchangeability”

The amendments stipulate that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. In this situation, the Company shall disclose information that enables users of its parent company only financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, its financial performance, financial position and cash flows.

2) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets

The amendments mainly amend the requirements for the classification of financial assets, including:

- a) If a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,
  - In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
  - In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.
- b) To clarify that a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
- c) To clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.

The Company is continuously assessing whether to apply the amendments earlier.

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

- c. The IFRS Accounting Standards issued but not yet endorsed and enforced by the Financial Supervisory Commission

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

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

1) IFRS 18 “Presentation and Disclosure in Financial Statements”

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

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

2) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of derecognition of financial liabilities

The amendments mainly stipulate that, when settling a financial liability in cash using an electronic payment system, the Company can choose to derecognize the financial liability before the settlement date if, and only if, the Company has initiated a payment instruction that resulted in:

- The Company having no practical ability to withdraw, stop or cancel the payment instruction;
- The Company having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system being insignificant.

The Company shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application.

As of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

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

share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these parent company only financial statements

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

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the parent company only financial statements are authorized for issue; and
- Liabilities for which the Company does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

The Company is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Company's construction-related assets and liabilities.

d. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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

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

For the purpose of presenting the parent company only financial statements, the financial statements of the Company and its foreign operations (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are translated into the Company's functional currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

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

f. Investments in subsidiaries

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

A subsidiary is an entity that is controlled by the Company.

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

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

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

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

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. An impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

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

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

g. Property, plant and equipment

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

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

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

Depreciation is recognized using the straight-line method.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

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

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and

amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

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

j. Impairment of property, plant and equipment, intangible assets and assets related to contract costs

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

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

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

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

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

k. Financial instruments

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

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

## 1) Financial assets

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

### a) Measurement categories

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

#### i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 31.

#### ii. Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, financial assets at amortized cost, notes receivable, trade receivables (including related parties), other receivables (including related parties) and refundable deposits are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

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

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 180 days past due, unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share type and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

## 1. Provisions

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

### 1) Onerous contracts

Onerous contracts are those in which the Company's unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from the contract. The present obligations arising under onerous contracts are recognized and measured as provisions. In assessing whether a contract is onerous, the cost of fulfilling a contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that are related directly to fulfilling contracts.

### 2) Warranties

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

## m. Revenue recognition

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

For contracts where the period between the date on which the Company transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Company does not adjust the promised amount of consideration for the effects of a significant financing component.

### 1) Revenue from sale of goods

Revenue from the sale of goods comes from sales of dehumidification equipment and related supplies. Sales of dehumidification equipment and related supplies are recognized as revenue when the goods are delivered to the customer because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. The transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

### 2) Revenue from repair and maintenance services

Revenue from repair and maintenance services comes from extended warranty services and repair services.

As the Company provides extended warranty services or repair services, customers simultaneously receive and consume the benefits provided by the Company's performance. Consequently, the related revenue is recognized when services are rendered. When the outcome of a performance obligation cannot be reasonably measured, revenue is recognized only to the extent of costs incurred in satisfying the performance obligation for which recovery is expected.

### 3) Construction revenue

While the environmental equipment construction contract is in progress; thus, the Company recognizes revenue over time. The Company measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligations. Contract assets are recognized during the construction and are reclassified to trade receivables at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the Company recognizes contract liabilities for the difference. On the contrary, it is recognized as contract asset. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Company adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Company satisfies its performance obligations.

When the outcome of a performance obligation cannot be reasonably measured, contract revenue is recognized only to the extent of contract costs incurred in satisfying the performance obligation for which recovery is expected.

### n. Leases

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

#### 1) The Company as lessor

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

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

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

#### 2) The Company as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

o. Borrowing costs

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

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

q. Share-based payment arrangements employee share options

Employee share options granted to employees

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

At the end of each reporting period, the Company revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

r. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards, and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred taxes

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

**5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company’s accounting policies, management is required to make judgments, estimations, and assumptions on the relevant information that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Company considers the possible impact of inflation and interest rate fluctuations on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

**Key Sources of Estimation Uncertainty**

Construction contracts

Contract revenue and costs are recognized by reference to the stage of completion of each contract. The stage of completion of a contract is measured based on the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

The estimated total contract costs and contractual items are assessed and determined by management, based on the nature of the work, expected sub-contracting charges, construction periods, processes, methods, etc., for each construction contract. Changes in these estimates might affect the calculation of the percentage of completion and related profit and loss from the construction contracts. See Note 24 for the details.

**6. CASH AND CASH EQUIVALENTS**

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Cash on hand	\$ 2,355	\$ 2,371
Checking accounts and demand deposits	477,936	239,065
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>854,799</u>	<u>713,841</u>
	<u>\$ 1,335,090</u>	<u>\$ 955,277</u>

The market rate intervals of cash in the bank were as follows:

	<u>December 31</u>	
	2024	2023
Bank balance	0.002%-4.500%	0.001%-5.300%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2024	2023
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic mutual funds	<u>\$ 223,707</u>	<u>\$ 220,629</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### Investments in Equity Instruments at FVTOCI

	<u>December 31</u>	
	2024	2023
<u>Non-current</u>		
Domestic investments		
Unlisted shares		
Ordinary shares - Hsin Maut Corporation	<u>\$ 423</u>	<u>\$ 423</u>

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

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2024	2023
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months		
(Note)	<u>\$ 1,841</u>	<u>\$ 1,819</u>

Note: The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 1.69% and 1.57% per annum as of December 31, 2024 and 2023, respectively.

Refer to Note 33 for information relating to investments in financial assets at amortized cost pledged as security.

## 10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	2024	2023
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 16,715	\$ 7,567
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 16,715</u>	<u>\$ 7,567</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 264,375	\$ 327,184
Less: Allowance for impairment loss	<u>(86)</u>	<u>(1)</u>
	<u>\$ 264,289</u>	<u>\$ 327,183</u>
<u>Trade receivables from related parties (Note 32)</u>	<u>\$ 177</u>	<u>\$ -</u>
<u>Other receivables</u>		
Interest receivables	\$ 1,898	\$ 1,198
Compensation receivables (Note 25)	12,600	-
Others	1,032	1,032
Less: Allowance for impairment loss	<u>(1,032)</u>	<u>(1,032)</u>
	<u>\$ 14,498</u>	<u>\$ 1,198</u>

### a. Notes receivable

The Company measures the loss allowance for note receivable at an amount equal to lifetime ECLs. The expected credit losses on note receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer and economic condition of the industry in which the customer operates. On December 31, 2024 and 2023, the Company assessed that there was no need to recognize expected credit losses on notes receivable.

The Company did not pledge notes receivable as collateral on December 31, 2024 and 2023, respectively.

The aging analysis of receivables was as follows:

	<u>December 31</u>	
	2024	2023
Up to 90 days	\$ 11,124	\$ 7,566
91-180 days	<u>5,591</u>	<u>1</u>
	<u>\$ 16,715</u>	<u>\$ 7,567</u>

The above aging schedule was based on the number of days past due from the invoice date.

b. Trade receivables

The credit period of sales of goods was based on contract.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

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

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

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

December 31, 2024

	<b>Not Past Due</b>	<b>1 to 90 Days Past Due</b>	<b>91 to 180 Days Past Due</b>	<b>Over 180 Days Past Due</b>	<b>Total</b>
Expected credit loss rate	0.0001%	0.0047% - 0.0536%	0.2245% - 9.777%	100%	
Gross carrying amount	\$ 262,724	\$ 727	\$ 839	\$ 85	\$ 264,375
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(85)</u>	<u>(86)</u>
Amortized cost	<u>\$ 262,724</u>	<u>\$ 727</u>	<u>\$ 838</u>	<u>\$ -</u>	<u>\$ 264,289</u>

December 31, 2023

	<b>Not Past Due</b>	<b>1 to 90 Days Past Due</b>	<b>91 to 180 Days Past Due</b>	<b>Over 180 Days Past Due</b>	<b>Total</b>
Expected credit loss rate	0.0001%	0.0007% - 0.0077%	0.0339% - 7.6923%	100%	
Gross carrying amount	\$ 313,745	\$ 13,281	\$ 158	\$ -	\$ 327,184
Loss allowance (Lifetime ECLs)	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>
Amortized cost	<u>\$ 313,744</u>	<u>\$ 13,281</u>	<u>\$ 158</u>	<u>\$ -</u>	<u>\$ 327,183</u>

The movements of the loss allowance for trade receivables were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 1	\$ 32
Add: Net remeasurement of loss allowance	85	-
Less: Net remeasurement of loss allowance	<u>-</u>	<u>(31)</u>
Balance at December 31	<u>\$ 86</u>	<u>\$ 1</u>

c. Other receivables

The other receivables are interest receivables, etc. The Company's policy is to only transact with reputable client. The Company continuously monitors the client's arrear records past and analyzes their financial condition to assess whether there has been a significant increase in credit risk since the last period to the reporting date and to measure expected credit losses. As of December 31, 2024 and 2023, due to the fact that there is no realistic prospect of reasonably expect recoverable amounts for some other receivables, the expected credit loss rate was assessed at 100% with loss allowance \$1,032 thousand in both cases. The movements of the loss allowance for other receivables were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 1,032	\$ 3,456
Less: Amounts written off	<u>-</u>	<u>(2,424)</u>
Balance at December 31	<u>\$ 1,032</u>	<u>\$ 1,032</u>

## 11. INVENTORIES

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Raw materials	\$ 151,866	\$ 94,833
Work in progress	38,438	57,829
Finished goods	<u>56,351</u>	<u>12,043</u>
	<u>\$ 246,655</u>	<u>\$ 164,705</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Cost of inventories sold	\$ 20,696	\$ 22,368
Inventory write-downs	<u>7,678</u>	<u>2,667</u>
	<u>\$ 28,374</u>	<u>\$ 25,035</u>

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Investments in subsidiaries	<u>\$ 290,381</u>	<u>\$ 207,214</u>
<u>Investments in subsidiaries</u>		
	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
GST Corporation	\$ 4,568	\$ 5,299
XYRA Research Corp.	62,544	49,387
Desiccant Technology Corp.	204,292	152,528
DESICCANT TECHNOLOGY CORP.	<u>18,977</u>	<u>-</u>
	<u>\$ 290,381</u>	<u>\$ 207,214</u>

	<u>Proportion of Ownership and Voting Rights</u>		
	<u>December 31</u>		
	<u>2024</u>	<u>2023</u>	<u>Remark</u>
GST Corporation	100.00%	100.00%	-
XYRA Research Corp.	100.00%	100.00%	-
Desiccant Technology Corp.	80.78%	80.78%	-
DESICCANT TECHNOLOGY CORP.	100.00%	-	Note

Note: DESICCANT TECHNOLOGY CORP. (DTC) is located in the United States and was established in September 2024. In November 2024, the Company invested US\$600 thousand in DTC and acquired 100% of DTC's shares. Its main business operations are engineering contracting and related maintenance services.

Refer to Table 2 "Information on Investees" for the nature of activities, principal place of business and country of incorporation of the subsidiaries.

## 13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
<u>Cost</u>							
Balance at January 1, 2024	\$ 158,893	\$ 211,714	\$ 33,826	\$ 5,666	\$ 885	\$ 7,585	\$ 418,569
Additions	35,200	-	4,197	5,820	182	419	45,818
Disposals	-	(7,161)	(886)	-	(498)	(1,452)	(9,997)
Transfers to investment properties	<u>(902)</u>	<u>(19,846)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,748)</u>
Balance at December 31, 2024	<u>\$ 193,191</u>	<u>\$ 184,707</u>	<u>\$ 37,137</u>	<u>\$ 11,486</u>	<u>\$ 569</u>	<u>\$ 6,552</u>	<u>\$ 433,642</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2024	\$ 8,891	\$ 46,431	\$ 10,624	\$ 2,297	\$ 471	\$ 4,171	\$ 72,885
Depreciation expenses	-	7,962	4,428	1,788	202	1,866	16,246
Disposals	-	(7,161)	(886)	-	(498)	(1,452)	(9,997)
Transfers to investment properties	<u>-</u>	<u>(1,158)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,158)</u>
Balance at December 31, 2024	<u>\$ 8,891</u>	<u>\$ 46,074</u>	<u>\$ 14,166</u>	<u>\$ 4,085</u>	<u>\$ 175</u>	<u>\$ 4,585</u>	<u>\$ 77,976</u>
Carrying amounts at December 31, 2024	<u>\$ 184,300</u>	<u>\$ 138,633</u>	<u>\$ 22,971</u>	<u>\$ 7,401</u>	<u>\$ 394</u>	<u>\$ 1,967</u>	<u>\$ 355,666</u>

(Continued)

	Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 131,520	\$ 208,148	\$ 34,969	\$ 6,542	\$ 3,138	\$ 10,252	\$ 394,569
Additions	27,373	4,384	138	925	386	-	33,206
Disposals	-	(818)	(1,281)	(1,801)	(2,639)	(2,667)	(9,206)
Balance at December 31, 2023	<u>\$ 158,893</u>	<u>\$ 211,714</u>	<u>\$ 33,826</u>	<u>\$ 5,666</u>	<u>\$ 885</u>	<u>\$ 7,585</u>	<u>\$ 418,569</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ 8,891	\$ 39,061	\$ 7,462	\$ 2,933	\$ 2,538	\$ 4,221	\$ 65,106
Depreciation expenses	-	8,188	4,443	1,165	572	2,617	16,985
Disposals	-	(818)	(1,281)	(1,801)	(2,639)	(2,667)	(9,206)
Balance at December 31, 2023	<u>\$ 8,891</u>	<u>\$ 46,431</u>	<u>\$ 10,624</u>	<u>\$ 2,297</u>	<u>\$ 471</u>	<u>\$ 4,171</u>	<u>\$ 72,885</u>
Carrying amounts at December 31, 2023	<u>\$ 150,002</u>	<u>\$ 165,283</u>	<u>\$ 23,202</u>	<u>\$ 3,369</u>	<u>\$ 414</u>	<u>\$ 3,414</u>	<u>\$ 345,684</u>

(Concluded)

No impairment assessment was performed for the year ended December 31, 2024 and 2023 as there was no indication of impairment.

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

Buildings	
Main buildings	25-50 years
Others	3 years
Machinery equipment	5-10 years
Transportation equipment	5 years
Office equipment	3 years
Other equipment	3-8 years

The value of the land held by the Company (hereinafter referred to as “Party A”) in Longtan District in Taoyuan City was \$9,082 thousand as of December 31, 2024 and 2023. Under legal restrictions, Party A is not allowed to claim ownership of this land. Therefore, Party A acquired the ownership of the land through a principal (hereinafter referred to as “Party B”), and requests Party B to sign the contract of borrowing other’s name for real estate registration real estate as a guarantee. Both parties agreed on these terms:

- During the nominee (Party B) registration period and when the land is managed, used, and disposed of by Party A, and land ownership certificate will be kept by Party A. Party B shall not, without Party A’s agreement, transfer or create mortgage over the land.
- Party A can terminate the contract at any time and ask Party B to return the ownership of the land to Party A or turn over land ownership to a third party assigned by Party A. Party B shall not intentionally make any excuse to reject or request any compensation.
- During the nominee registration period, the contract shall be cancelled automatically if the related land transaction mandate is extinguished under the Civil Code. Party B or its successors shall unconditionally transfer the land registration to the person designated by Party A.
- During the nominee registration period, ownership of the land shall be transferred to Party A if there are changes in regulations or land categories. That is, Party B shall unconditionally transfer the land registration to Party A.
- The contract shall be binding on the successors or transferees of both parties.

Property, plant and equipment used by the Company and pledged as collateral for bank borrowings are set out in Note 33.

## 14. LEASE ARRANGEMENTS

### a. Material leasing activities and terms

The Company leases buildings for the use of dormitories, offices, and plants with lease terms of 3 months to 1 year. The Company does not have renewal rights or bargain purchase options to acquire the buildings at the end of the lease terms.

### b. Other lease information

Refer to Note 15 for agreement for leasing investment properties under operating leases by the Company

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Expenses relating to short-term leases	<u>\$ 5,298</u>	<u>\$ 2,414</u>
Expenses relating to low-value asset leases	<u>\$ 91</u>	<u>\$ 182</u>
Total cash outflow for leases	<u>\$ (5,389)</u>	<u>\$ (2,596)</u>

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

## 15. INVESTMENT PROPERTIES

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2024	\$ 31,401	\$ 6,000	\$ 37,401
Transfers from property, plant and equipment	<u>902</u>	<u>19,846</u>	<u>20,748</u>
Balance at December 31, 2024	<u>\$ 32,303</u>	<u>\$ 25,846</u>	<u>\$ 58,149</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2024	\$ -	\$ 1,480	\$ 1,480
Depreciation expenses	-	317	317
Transfers from property, plant and equipment	<u>-</u>	<u>1,158</u>	<u>1,158</u>
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 2,955</u>	<u>\$ 2,955</u>
Carrying amount at December 31, 2024	<u>\$ 32,303</u>	<u>\$ 22,891</u>	<u>\$ 55,194</u>
<u>Cost</u>			
Balance at January 1, 2023	<u>\$ 31,401</u>	<u>\$ 6,000</u>	<u>\$ 37,401</u>
Balance at December 31, 2023	<u>\$ 31,401</u>	<u>\$ 6,000</u>	<u>\$ 37,401</u>

(Continued)

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2023	\$ -	\$ 1,361	\$ 1,361
Depreciation expenses	<u>-</u>	<u>119</u>	<u>119</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 1,480</u>	<u>\$ 1,480</u>
Carrying amount at December 31, 2023	<u>\$ 31,401</u>	<u>\$ 4,520</u>	<u>\$ 35,921</u> (Concluded)

The investment properties are leased out for 1 to 8 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiration of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	<u>December 31</u>	
	<b>2024</b>	<b>2023</b>
Year 1	\$ 1,588	\$ 76
Year 2	1,512	-
Year 3	1,512	-
Year 4	1,512	-
Year 5	1,512	-
Year 6 onwards	<u>3,780</u>	<u>-</u>
	<u>\$ 11,416</u>	<u>\$ 76</u>

To reduce the residual asset risk related to buildings at the end of the relevant lease, the Company follows its general risk management strategy.

Investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Buildings 50 years

As of December 31, 2024 and 2023, the determination of fair value was performed by independent qualified professional valuers, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to a discounted cash flow analysis. The significant unobservable inputs used include discount rates. The fair value as appraised was as follows:

	<u>December 31</u>	
	<b>2024</b>	<b>2023</b>
Fair value	<u>\$ 128,725</u>	<u>\$ 57,155</u>

The land held by the Company (hereinafter referred to as Party A) in Pingzhen District, Taoyuan City amounted to \$12,000 thousand as of December 31, 2024 and 2023. With legal restrictions, Party A is not allowed to claim ownership. Therefore, Party A acquires ownership of the land through a principle (hereinafter referred to as Party B) and requests that Party B sign the contract of borrowing other's names for registration real estate as a guarantee. Both parties agree:

- a. During the nominee registration period, the land is managed, used and disposed of by Party A, and land ownership certificate is kept by Party A. Party B shall not, without Party A's agreement, transfer or create mortgage over the land.
- b. Party A can terminate the contract at any time and ask Party B to return the ownership of the land to Party A or third party assigned by Party A. Party B shall not intentionally make any excuse to reject or request any compensation.
- c. During the nominee registration period, the contract shall be cancelled automatically if the mandate extinguished under Civil Code. Party B or its successors shall unconditionally transfer the land registration to the person designated by Party A.
- d. During the nominee registration period, the ownership of the land shall be transferred to Party A if there were changes in regulations or land categories. Party B shall unconditionally transfer the land registration to Party A.
- e. The contract shall be binding on the successors or transferee of both parties.

The investment properties pledged as collateral for bank borrowings are set out in Note 33.

**16. INTANGIBLE ASSETS**

	<b>Software</b>
<u>Cost</u>	
Balance at January 1, 2024	\$ 16,264
Additions	-
Disposals	<u>(15,895)</u>
Balance at December 31, 2024	<u>\$ 369</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2024	\$ 13,444
Amortization expenses	2,669
Disposals	<u>(15,895)</u>
Balance at December 31, 2024	<u>\$ 218</u>
Carrying amount at December 31, 2024	<u>\$ 151</u>

(Continued)

	<b>Software</b>
<u>Cost</u>	
Balance at January 1, 2023	\$ 18,492
Additions	171
Disposals	<u>(2,399)</u>
Balance at December 31, 2023	<u>\$ 16,264</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2023	\$ 10,122
Amortization expenses	5,721
Disposals	<u>(2,399)</u>
Balance at December 31, 2023	<u>\$ 13,444</u>
Carrying amount at December 31, 2023	<u>\$ 2,820</u> (Concluded)

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Software 3 years

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
An analysis of depreciation by function		
General and administrative expenses	\$ 2,612	\$ 5,697
Research and development expenses	<u>57</u>	<u>24</u>
	<u>\$ 2,669</u>	<u>\$ 5,721</u>

## 17. OTHER ASSETS

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Current</u>		
Prepayments for goods	\$ 12,694	\$ 5,842
Prepaid expense	2,148	3,257
Payment on behalf of others	<u>9</u>	<u>-</u>
	<u>\$ 14,851</u>	<u>\$ 9,099</u>
<u>Non-current</u>		
Refundable deposits	<u>\$ 2,009</u>	<u>\$ 1,976</u>

## 18. BORROWINGS

### Short-term Borrowings

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Secured borrowings (Note 33)</u>		
Letter of credit	\$ 67,253	\$ 7,226
<u>Unsecured borrowings</u>		
Letter of credit	<u>4,403</u>	<u>14,407</u>
	<u>\$ 71,656</u>	<u>\$ 21,633</u>

The weighted average effective interest rates for bank loans ranged from 1.184% to 1.568% and from 0.846% to 1.35% per annum at December 31, 2024 and 2023, respectively.

## 19. NOTES PAYABLE AND TRADE PAYABLES

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Notes payable</u>		
Operating	<u>\$ 318,822</u>	<u>\$ 162,271</u>
<u>Trade payables</u>		
Operating	<u>\$ 155,998</u>	<u>\$ 121,321</u>
Trade payables to related parties	<u>\$ 2,590</u>	<u>\$ 455</u>

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

## 20. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Current</u>		
Other payables		
Payables for salaries or bonuses	\$ 21,008	\$ 31,527
Payables for compensation of employees	43,544	32,183
Payables for business tax	6,282	9,872
Payables for remuneration of directors and supervisors	5,071	4,980
Payables for processing fees	11,639	3,829
Payables for service fees	3,335	3,666

(Continued)

	<u>December 31</u>	
	<b>2024</b>	<b>2023</b>
Payables for insurance	\$ 3,224	\$ 3,019
Payables for purchases of building and equipment	2,730	994
Others	<u>10,848</u>	<u>10,425</u>
	<u>\$ 107,681</u>	<u>\$ 100,495</u>
Other liabilities		
Receipts under custody	<u>\$ 1,658</u>	<u>\$ 1,561</u>
<u>Non-current</u>		
Deposits received	<u>\$ 80</u>	<u>\$ 80</u>

(Concluded)

## 21. PROVISIONS

	<u>December 31</u>		
	<b>2024</b>	<b>2023</b>	
<u>Current</u>			
Onerous project contracts (a)	\$ 852	\$ 1,275	
Warranties (b)	<u>14,059</u>	<u>11,766</u>	
	<u>\$ 14,911</u>	<u>\$ 13,041</u>	
	<b>Onerous Project Contracts</b>	<b>Warranties</b>	<b>Total</b>
Balance at January 1, 2024	\$ 1,275	\$ 11,766	\$ 13,041
Amount used	-	(920)	(920)
Additional provisions recognized	-	4,699	4,699
Reversal of unused balance	<u>(423)</u>	<u>(1,486)</u>	<u>(1,909)</u>
Balance at December 31, 2024	<u>\$ 852</u>	<u>\$ 14,059</u>	<u>\$ 14,911</u>
Balance at January 1, 2023	\$ 2,356	\$ 9,968	\$ 12,324
Amount used	-	(472)	(472)
Additional provisions recognized	-	4,349	4,349
Reversal of unused balance	<u>(1,081)</u>	<u>(2,079)</u>	<u>(3,160)</u>
Balance at December 31, 2023	<u>\$ 1,275</u>	<u>\$ 11,766</u>	<u>\$ 13,041</u>

- a. The provision for onerous project contracts comes from the Company's non-cancellable project contracts, and the provision amounts are measured using the difference of the unavoidable costs of meeting the contractual obligations less the economic benefits expected to be received from the contracts.

- b. The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranties under contracts for the project. The estimate has been made on the basis of historical warranty trends.

## 22. RETIREMENT BENEFIT PLANS

- a. Defined contribution plan

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

- b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act are operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salary for 6 months before retirement. The Company contributes amounts equal to 3% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds (the "Bureau") under the Ministry of Labor; the Company has no right to influence the fund investment policy and strategy.

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

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Present value of defined benefit obligation	\$ 27,033	\$ 25,999
Fair value of plan assets	<u>(13,468)</u>	<u>(12,190)</u>
Net defined benefit liabilities (classified under prepaid pension cost)	<u>\$ 13,565</u>	<u>\$ 13,809</u>

Movements in net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2024	<u>\$ 25,999</u>	<u>\$ (12,190)</u>	<u>\$ 13,809</u>
Service cost			
Current service cost	183	-	183
Net interest expense (income)	<u>292</u>	<u>(137)</u>	<u>155</u>
Recognized in profit or loss	<u>475</u>	<u>(137)</u>	<u>338</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (1,089)	\$ (1,089)
Actuarial (gain) loss			
Changes in financial assumptions	(460)	-	(460)
Experience adjustments	<u>1,019</u>	<u>-</u>	<u>1,019</u>
Recognized in other comprehensive income	<u>559</u>	<u>(1,089)</u>	<u>(530)</u>
Contributions from the employer	<u>-</u>	<u>(52)</u>	<u>(52)</u>
Balance at December 31, 2024	<u>\$ 27,033</u>	<u>\$ (13,468)</u>	<u>\$ 13,565</u>
Balance at January 1, 2023	<u>\$ 25,704</u>	<u>\$ (11,607)</u>	<u>\$ 14,097</u>
Service cost			
Current service cost	183	-	183
Net interest expense (income)	<u>289</u>	<u>(131)</u>	<u>158</u>
Recognized in profit or loss	<u>472</u>	<u>(131)</u>	<u>341</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(118)	(118)
Actuarial gain			
Experience adjustments	<u>(177)</u>	<u>-</u>	<u>(177)</u>
Recognized in other comprehensive income	<u>(177)</u>	<u>(118)</u>	<u>(295)</u>
Contributions from the employer	<u>-</u>	<u>(334)</u>	<u>(334)</u>
Balance at December 31, 2023	<u>\$ 25,999</u>	<u>\$ (12,190)</u>	<u>\$ 13,809</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
General and administrative expenses	<u>\$ 338</u>	<u>\$ 341</u>

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

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

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

	<u>December 31</u>	
	<b>2024</b>	<b>2023</b>
Discount rate	1.500%	1.125%
Expected rate of salary increase	2.000%	2.000%

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

	<u>December 31</u>	
	<b>2024</b>	<b>2023</b>
Discount rate(s)		
0.25% increase	<u>\$ (300)</u>	<u>\$ (329)</u>
0.25% decrease	<u>\$ 305</u>	<u>\$ 336</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 299</u>	<u>\$ 328</u>
0.25% decrease	<u>\$ (295)</u>	<u>\$ (322)</u>

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

	<u>December 31</u>	
	<b>2024</b>	<b>2023</b>
Expected contributions to the plans for the next year	<u>\$ 15</u>	<u>\$ 15</u>
Average duration of the defined benefit obligation	4.5 years	5.1 years

## 23. EQUITY

- a. Share capital

### Ordinary share

	<u>December 31</u>	
	<b>2024</b>	<b>2023</b>
Number of shares authorized (in thousands of shares)	<u>60,000</u>	<u>60,000</u>
Shares authorized	<u>\$ 600,000</u>	<u>\$ 600,000</u>
Number of shares issued and fully paid (in thousands of shares)	<u>38,280</u>	<u>34,800</u>
Shares issued	<u>\$ 382,800</u>	<u>\$ 348,000</u>

On June 2, 2023, the Company's board of directors resolved to issue 4,000 thousand ordinary shares for public subscription and underwriting prior to the initial listing with a par value of NT\$10, which were issued at price based on the auction and public subscription and underwriting. The chairman of the board was authorized to determine the subscription base date. And 10% of issued common shares (400 thousand in total) shall be retained by employees according to Article 267 of the Company Act. If employees subscribe for less than the allotted shares or waive their rights to subscribe, the chairman of the board is authorized to negotiate with a specific person to subscribe. On June 2, 2023, the shareholders' meeting resolved the remaining 90% of new shares (3,600 thousand in total) for public subscription and underwriting prior to the initial listing, within all the existing shareholders waiving their preemptive right authorizing the existing shareholders to subscribe for new shares in proportion to their original shareholding according to Article 267 of The Company Act. The above transaction was approved by the Taiwan Stock Exchange Corporation on September 22, 2023 and the subscription base date was November 17, 2023.

On March 13, 2024, the Company's board of directors resolved to issue 3,480 thousand ordinary shares at NT\$10 per share, which increased share capital by \$382,000 thousand. On June 14, 2024, the above transaction was approved by the Financial Supervisory Commission, and the subscription base date of July 18, 2024 was set by the board of directors.

b. Capital surplus

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Issuance of ordinary shares	\$ 321,103	\$ 321,103
From business combinations	153	153
Options exercised	12,898	12,898
Options expired	1,303	1,303
<u>May only be used to offset a deficit</u>		
Imposition of disgorgement	<u>16</u>	<u>16</u>
	<u>\$ 335,473</u>	<u>\$ 335,473</u>

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's Articles of Incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 25-h.

The Company's Articles also stipulate that the Company's profit, capital structure, future development and other demands should be taken into account when the Company determines the policy about dividends distribution. The distribution of dividends shall not less than 5% of distributable retained earnings in each year until the accumulated distributable retained earnings less than 20% of the Company's paid-in capital. The principle of distributing dividends adopts a balanced dividend policy that combines share dividends with cash dividends. In order to follow the balanced policy about dividend distribution, cash dividends should not be less than 10% of the total dividends distributed.

If the Company makes a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit until the legal reserve equals the Company's paid-in capital, setting aside or reversing a special reserve, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan.

The appropriations of earnings for 2023 and 2022 were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Legal reserve	<u>\$ 30,538</u>	<u>\$ 24,479</u>
Special reserve	<u>\$ 2,949</u>	<u>\$ (1,380)</u>
Cash dividends	<u>\$ 156,600</u>	<u>\$ 92,400</u>
Share dividends	<u>\$ 34,800</u>	<u>\$ -</u>
Cash dividends per share (NT\$)	\$ 4.5	\$ 3.0
Share dividends per share (NT\$)	\$ 1.0	\$ -

The above appropriations for cash dividends were resolved by the Company's board of directors on March 13, 2024 and March 14, 2023; the other proposed appropriations were resolved by the shareholders in their meeting on June 7, 2024 and June 2, 2023, respectively.

The appropriation of earnings for 2024, which were proposed by the Company's board of directors on March 4, 2025, were as follows:

	<b>For the Year Ended December 31, 2024</b>
Legal reserve	<u>\$ 37,773</u>
Special reserve	<u>\$ (8,491)</u>
Cash dividends	<u>\$ 172,260</u>
Share dividends	<u>\$ 38,280</u>
Cash dividends per share (NT\$)	\$ 4.5
Share dividends per share (NT\$)	\$ 1.0

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on May 22, 2025.

## 24. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 41,828	\$ 43,063
Construction revenue	1,703,087	1,521,297
Revenue from repair and maintenance services	<u>237,226</u>	<u>226,512</u>
	<u>\$ 1,982,141</u>	<u>\$ 1,790,872</u>

### a. Contract information

#### 1) Revenue from sale of goods

Revenue from the sale of goods comes from sales of dehumidification equipment and related supplies. Sales of dehumidification equipment and related supplies are recognized as revenue when the goods are delivered to the customer because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. The transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

#### 2) Construction revenue

While the environmental equipment construction contract is in progress; thus, the Company recognizes revenue over time. The Company measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligations. Contract assets are recognized during the construction and are reclassified to trade receivables at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the Company recognizes contract liabilities for the difference. On the contrary, it is recognized as contract asset. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Company adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Company satisfies its performance obligations.

When the outcome of a performance obligation cannot be reasonably measured, contract revenue is recognized only to the extent of contract costs incurred in satisfying the performance obligation for which recovery is expected.

#### 3) Revenue from repair and maintenance services

Revenue from repair and maintenance services comes from extended warranty services and repair services.

As the Company provides extended warranty services or repair services, customers simultaneously receive and consume the benefits provided by the Company's performance. Consequently, the related revenue is recognized when services are rendered. When the outcome of a performance obligation cannot be reasonably measured, revenue is recognized only to the extent of costs incurred in satisfying the performance obligation for which recovery is expected.

b. Contract balances

	<b>December 31, 2024</b>	<b>December 31, 2023</b>	<b>January 1, 2023</b>
Notes and trade receivable (including related parties) (Notes 10 and 32)	<u>\$ 281,181</u>	<u>\$ 334,750</u>	<u>\$ 349,697</u>
Contract assets - current			
Construction contract	\$ 309,210	\$ 165,929	\$ 143,134
Repair and maintenance services	41,229	46,879	35,903
Retentions receivable	25,751	52,742	39,096
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 376,190</u>	<u>\$ 265,550</u>	<u>\$ 218,133</u>
Contract liabilities - current			
Sale of goods	\$ -	\$ -	\$ 1,938
Construction contract	565,946	475,929	506,747
Repair and maintenance services	179,092	120,489	93,201
Other	<u>-</u>	<u>340</u>	<u>-</u>
	<u>\$ 745,038</u>	<u>\$ 596,758</u>	<u>\$ 601,886</u>

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Company's satisfaction of performance obligations and the respective customer's payment.

The Company measures the loss allowance for contract assets at an amount equal to lifetime ECLs. The contract assets will be transferred to trade receivables when the corresponding invoice is billed to the client, and the contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Company concluded that the expected loss rates for trade receivables can be applied to the contract assets.

As of December 31, 2024 and 2023, the gross carrying amounts of contract assets were \$376,190 thousand and \$265,550 thousand, respectively.

The following table details the loss allowances for contract assets based on the Company's provision matrix:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Expected credit loss rate	0.0001%	0.0001%
Gross carrying amount	\$ 376,190	\$ 265,550
Allowance for impairment loss (Lifetime ECLs)	<u>-</u>	<u>-</u>
	<u>\$ 376,190</u>	<u>\$ 265,550</u>

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous periods was summarized as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
From contract liabilities at the start of the year		
Sale of goods	\$ 340	\$ 1,938
Construction contract	217,452	343,315
Repair and maintenance services	<u>65,439</u>	<u>60,611</u>
	<u>\$ 283,231</u>	<u>\$ 405,864</u>

c. Disaggregation of revenue

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Type of goods or services</u>		
Volatile organic compounds pollution control system	\$ 1,845,776	\$ 1,679,691
Specialized drying chamber and energy-saving system	<u>136,365</u>	<u>111,181</u>
	<u>\$ 1,982,141</u>	<u>\$ 1,790,872</u>

## 25. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Bank deposits	\$ 17,904	\$ 12,869
Financial assets at FVTPL	<u>30</u>	<u>28</u>
	<u>\$ 17,934</u>	<u>\$ 12,897</u>

b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Rental income		
Investment properties	\$ 1,754	\$ 658
Dividends	41	76
Compensation income*	24,000	-
Others	<u>2,681</u>	<u>430</u>
	<u>\$ 28,476</u>	<u>\$ 1,164</u>

\* Compensation income referred to the period during the engineering construction when the owner assessed that there was no further need for related equipment. After negotiations, a supplementary agreement was signed, and a payment of \$24,000 thousand was made to terminate the contract.

c. Other gains and (losses)

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Fair value changes of financial assets designated as at FVTPL	\$ 3,078	\$ 1,789
Net foreign exchange gains	18,160	18,559
Gain on disposal of property, plant and equipment	<u>-</u>	<u>48</u>
	<u>\$ 21,238</u>	<u>\$ 20,396</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Interest on bank loans	<u>\$ -</u>	<u>\$ (112)</u>

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
An analysis of depreciation by function		
Operating costs	\$ 13,009	\$ 12,775
Operating expenses	<u>3,554</u>	<u>4,329</u>
	<u>\$ 16,563</u>	<u>\$ 17,104</u>
An analysis of amortization by function		
General and administrative expenses	\$ 2,612	\$ 5,697
Research and development expenses	<u>57</u>	<u>24</u>
	<u>\$ 2,669</u>	<u>\$ 5,721</u>

f. Operating expenses directly related to investment properties

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Direct operating expenses of investment properties generating rental income	<u>\$ 388</u>	<u>\$ 147</u>

g. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Short-term benefits	\$ 159,563	\$ 171,149
Share-based payments (Note 28)	-	4,364
Post-employment benefits		
Defined contribution plan	5,932	5,789
Defined benefit plans (Note 22)	338	341
Other employee benefits	<u>24,266</u>	<u>8,446</u>
Total employee benefits expense	<u>\$ 190,099</u>	<u>\$ 190,089</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 114,085	\$ 103,786
Operating expenses	<u>76,014</u>	<u>86,303</u>
	<u>\$ 190,099</u>	<u>\$ 190,089</u>

h. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors and supervisors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2024 and 2023, which were approved by the Company's board of directors on March 4, 2025 and March 13, 2024, respectively, are as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Compensation of employees	6.00%	6.00%
Remuneration of directors	1.00%	1.20%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 30,423	\$ 24,899
Remuneration of directors	5,071	4,980

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

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

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

i. Gains or losses on foreign currency exchange

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Foreign exchange gains	\$ 19,125	\$ 24,153
Foreign exchange losses	<u>(965)</u>	<u>(5,594)</u>
	<u>\$ 18,160</u>	<u>\$ 18,559</u>

**26. INCOME TAXES**

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Current tax		
In respect of the current year	\$ 82,561	\$ 66,734
Income tax on unappropriated earnings	3,767	4,796
Adjustments for prior year	<u>(3,368)</u>	<u>(1,647)</u>
	<u>82,960</u>	<u>69,883</u>
Deferred tax		
In respect of the current year	<u>11,284</u>	<u>10,078</u>
Income tax expense recognized in profit or loss	<u>\$ 94,244</u>	<u>\$ 79,961</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Profit before tax from continuing operations	<u>\$ 471,557</u>	<u>\$ 385,106</u>
Income tax expense calculated at the statutory rate	\$ 94,312	\$ 77,021
Tax-exempt income	(478)	(211)
Nondeductible expenses in determining taxable income	11	2
Income tax on unappropriated earnings	3,767	4,796
Adjustments for prior years' tax	<u>(3,368)</u>	<u>(1,647)</u>
Income tax expense recognized in profit	<u>\$ 94,244</u>	<u>\$ 79,961</u>

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	\$ 106	\$ 59
Translation of foreign operations	<u>2,122</u>	<u>(737)</u>
Total income tax recognized in other comprehensive income	<u>\$ 2,228</u>	<u>\$ (678)</u>

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Current tax liabilities		
Income tax payable	<u>\$ 51,740</u>	<u>\$ 44,683</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2024

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Compre- hensive Income</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligation	\$ 3,571	\$ 57	\$ -	\$ 3,628
Exchange differences on translating the financial statements of foreign operations	3,522	-	(2,122)	1,400
Unrealized loss on inventories	1,678	1,536	-	3,214
Unrealized loss on construction contract	255	(85)	-	170
Provisions for warranty	2,353	459	-	2,812
Allowance for impairment loss	<u>207</u>	<u>-</u>	<u>-</u>	<u>207</u>
	<u>\$ 11,586</u>	<u>\$ 1,967</u>	<u>\$ (2,122)</u>	<u>\$ 11,431</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Share of profit of subsidiaries for using the equity method	\$ 27,017	\$ 10,781	\$ -	\$ 37,798
Unrealized foreign exchange gains	324	2,470	-	2,794
Remeasurement of defined benefit plans	<u>808</u>	<u>-</u>	<u>106</u>	<u>914</u>
	<u>\$ 28,149</u>	<u>\$ 13,251</u>	<u>\$ 106</u>	<u>\$ 41,506</u>

For the year ended December 31, 2023

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Compre- hensive Income</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligation	\$ 3,570	\$ 1	\$ -	\$ 3,571
Exchange differences on translating the financial statements of foreign operations	2,785	-	737	3,522
Unrealized loss on inventories	1,145	533	-	1,678
Unrealized loss on construction contract	471	(216)	-	255
Provisions for warranty	1,993	360	-	2,353
Unrealized foreign exchange losses	216	(216)	-	-
Allowance for impairment loss	207	-	-	207
Others	<u>68</u>	<u>(68)</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,455</u>	<u>\$ 394</u>	<u>\$ 737</u>	<u>\$ 11,586</u>

Deferred tax liabilities

Temporary differences				
Share of profit of subsidiaries for using the equity method	\$ 16,869	\$ 10,148	\$ -	\$ 27,017
Unrealized foreign exchange gains	-	324	-	324
Remeasurement of defined benefit plans	<u>749</u>	<u>-</u>	<u>59</u>	<u>808</u>
	<u>\$ 17,618</u>	<u>\$ 10,472</u>	<u>\$ 59</u>	<u>\$ 28,149</u>

- e. Deductible temporary differences for which no deferred tax assets have been recognized in the parent company only balance sheets:

	<u>December 31</u>	
	<b>2024</b>	<b>2023</b>
Deductible temporary differences		
Unrealized impairment loss	<u>\$ 8,891</u>	<u>\$ 8,891</u>

- f. Income tax assessments

The income tax returns through 2022 have been assessed by the tax authorities. The Company has no pending tax litigation as of December 31, 2024.

## 27. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Basic earnings per share		
From continuing operations	<u>\$ 9.86</u>	<u>\$ 8.86</u>
Diluted earnings per share		
From continuing operations	<u>\$ 9.80</u>	<u>\$ 8.80</u>

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on July 18, 2024. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2023 were as follows:

Unit: NT\$ Per Share

	<u>Before Retrospective Adjustment 2023</u>	<u>After Retrospective Adjustment 2023</u>
Basic earnings per share	<u>\$ 9.75</u>	<u>\$ 8.86</u>
Diluted earnings per share	<u>\$ 9.67</u>	<u>\$ 8.80</u>

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

### Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Profit for the year attributable to owners of the Company (used in the computation of basic earnings per share)	<u>\$ 377,313</u>	<u>\$ 305,145</u>

The net profit of the Company used in computing the basic earnings per share for fiscal years 2024 and 2023 is the same as the net profit used in computing the diluted earnings per share for fiscal years 2024 and 2023.

### Number of Shares

Unit: In Thousands of Shares

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	38,280	34,422
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>233</u>	<u>262</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>38,513</u>	<u>34,684</u>

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

## 28. SHARE-BASED PAYMENT ARRANGEMENTS

### New shares reserved for subscription by employees of the Company

Due to its issuance of new shares for cash in November 2023, the Company reserved 400 thousand new shares for subscription by employees of the company. Related information was as follows:

	<b>For the Year Ended December 31, 2023</b>	
	<b>Number of Options (In Thousands of Units)</b>	<b>Weighted- average Exercise Price (\$)</b>
Balance at January 1	-	\$ -
Options granted	400	68
Options exercised	(302)	68
Options expired	<u>(98)</u>	68
Balance at December 31	<u><u>-</u></u>	
Options exercisable, end of the year	<u><u>-</u></u>	
Weighted-average fair value of options granted (\$)		<u><u>\$ 10.91</u></u>

Options granted in November 2023 were priced using the Black-Scholes pricing model, and the inputs to the model were as follows:

	<b>November 2023</b>
Grant-date share price	\$78.9
Exercise price	\$68
Expected volatility	15.26%
Expected life (in years)	0.011
Risk-free interest rate	0.8629%

Compensation cost recognized was \$4,364 thousand for the year ended December 31, 2023.

## 29. CASH FLOW INFORMATION

### Non-cash Transactions

In addition to those disclosed in other notes, the Company entered into the following non-cash investing and financing activities for the years ended December 31, 2024 and 2023:

The Company acquired property, plant and equipment with outstanding payments of \$2,730 thousand and \$994 thousand as of December 31, 2024 and 2023, respectively. The outstanding payments were presented as other payables.

## 30. CAPITAL MANAGEMENT

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

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

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

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

## 31. FINANCIAL INSTRUMENTS

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

The Company's management believes that the carrying amounts of financial assets and financial liabilities not measured at fair value are close to their fair values.

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

#### 1) Fair value hierarchy

December 31, 2024

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Mutual funds	\$ 223,707	\$ -	\$ -	\$ 223,707
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ -	\$ 423	\$ 423

December 31, 2023

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Mutual funds	<u>\$ 220,629</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220,629</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 423</u>	<u>\$ 423</u>

There were no transfers between Levels 1 and 2 in the current and prior year.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2024

	<b>Financial Assets at FVTOCI</b>
Balance at January 1, 2024	<u>\$ 423</u>
Balance at December 31, 2024	<u>\$ 423</u>

For the year ended December 31, 2023

	<b>Financial Assets at FVTOCI</b>
Balance at January 1, 2023	<u>\$ 423</u>
Balance at December 31, 2023	<u>\$ 423</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of domestic unlisted ordinary shares were determined using the comparable company analysis approach.

The comparable company analysis approach is a way to determine the value of a target company by reference to companies engaged in the similar industry, stock price in the active market and value multiplier implied by such prices, based on liquidity reduction.

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 223,707	\$ 220,629
Financial assets at amortized cost (1)	1,634,619	1,295,020
Financial assets at FVTOCI		
Equity instruments - non-current	423	423
<u>Financial liabilities</u>		
Amortized cost (2)	577,698	324,674

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost - current, notes receivable, trade receivables (including related parties), other receivables (including related parties) and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowing, notes payable, trade payables (including related parties), other payables (excluding payables for dividends, payables for salaries or bonuses, payables for remuneration of directors and supervisors, payables for compensation of employees, payables for business tax and payables for insurance) and guarantee deposits received (represented as other non-current liabilities).

d. Financial risk management objectives and policies

The Company's major financial instruments include trade receivables, trade payables, and borrowings. The Company's corporate treasury function provides services to the business, coordinates access to domestic financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The corporate treasury function reports periodically to the Company's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other price (see (c) below).

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

a) Foreign currency risk

The Company has foreign currency denominated sales and purchases, which expose the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 35.

### Sensitivity analysis

The Company is mainly exposed to the US dollar, RMB, and JPY.

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

	<u>U.S. Dollar Impact</u>		<u>RMB Impact</u>		<u>JPY Impact</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Profit or loss	<u>\$ 1,155</u>	<u>\$ 1,868</u>	<u>RMB245</u>	<u>RMB560</u>	<u>¥ (183)</u>	<u>¥ 183</u>

The result was mainly attributable to the exposure on outstanding bank accounts, trade receivables, and trade payables denominated in US dollars; bank accounts, trade receivables, and trade payables denominated in RMB; bank accounts and short-term borrowings denominated in JPY.

#### b) Interest rate risk

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

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Fair value interest rate risk		
Financial assets	\$ 856,640	\$ 715,660
Cash flow interest rate risk		
Financial assets	477,936	239,065
Financial liabilities	71,656	21,633

### Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2024 and 2023 would have increased/decreased by \$4,063 thousand and \$2,174 thousand, respectively, which was mainly a result of variable-rate bank accounts and variable-rate borrowings.

For 2024, there are no significant differences in the Company's sensitivity to interest rate.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2024 and 2023 would have increased/decreased by \$2,241 thousand and \$2,206 thousand, respectively.

The Company's sensitivity to equity prices increased during the current year mainly due to increase in financial assets at fair value through profit or loss.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company's policy is only transact with reputable client. The Company shall obtain sufficient collateral where necessary to mitigate the risk of financial loss arising from defaults.

The Company's concentration of credit risk of 61% and 58% of total amounts of trade receivables and contract assets as of December 31, 2024 and 2023, respectively, was attributable to the Company's three largest clients. Apart from the clients mentioned above, the Company did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

3) Liquidity risk

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

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

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

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

December 31, 2024

	<b>On Demand or Less than 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 497,920	\$ 8,122	\$ -	\$ -
Variable interest rate liabilities	-	71,656	-	-
	<u>\$ 497,920</u>	<u>\$ 79,778</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2023

	<b>On Demand or Less than 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 299,384	\$ 3,658	\$ -	\$ -
Variable interest rate liabilities	-	21,633	-	-
	<u>\$ 299,384</u>	<u>\$ 25,291</u>	<u>\$ -</u>	<u>\$ -</u>

b) Financing facilities

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Secured bank borrowing facilities:		
Amount used	\$ 111,822	\$ 17,348
Amount unused	<u>408,178</u>	<u>502,652</u>
	<u>\$ 520,000</u>	<u>\$ 520,000</u>

(Continued)

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Unsecured bank borrowing facilities:		
Amount used	\$ 34,402	\$ 37,510
Amount unused	<u>70,598</u>	<u>67,490</u>
	<u>\$ 105,000</u>	<u>\$ 105,000</u>
		(Concluded)

### 32. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows:

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
GST Corporation	Subsidiary
Desiccant Technology (Shanghai) Corporation	Subsidiary
Cheng, Ruei-De	Related party in substance (chairman's first degree of kinship)
Wu, Shu-Min	Related party in substance (chairman's spouse of kinship)

b. Revenue

<u>Line Item</u>	<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
		<u>2024</u>	<u>2023</u>
Sales	Subsidiaries	<u>\$ 5,855</u>	<u>\$ 11,495</u>

The Company's sales prices and collection terms for related and unrelated parties were individually specified according to the contract.

c. Purchases

<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Subsidiaries	<u>\$ 3,816</u>	<u>\$ 553</u>

Purchases from related parties were made individually according to contracts. Purchases from and payment terms for unrelated parties were individually specified according to contracts.

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

<u>Line Item</u>	<u>Related Party Category</u>	<u>December 31</u>	
		<u>2024</u>	<u>2023</u>
Trade receivable	Subsidiaries	<u>\$ 177</u>	<u>\$ -</u>

The outstanding trade receivables from related parties are unsecured.

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

<b>Line Item</b>	<b>Related Party Category</b>	<b>December 31</b>	
		<b>2024</b>	<b>2023</b>
Trade payables	Subsidiaries	<u>\$ 2,590</u>	<u>\$ 455</u>

The outstanding trade payables to related parties were unsecured.

- f. Refundable deposits

<b>Related Party Category</b>	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Related party in substance	<u>\$ 42</u>	<u>\$ 42</u>

- g. Other transactions with related parties

- 1) Lease expenses

<b>Related Party Category</b>	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Related party in substance	<u>\$ 706</u>	<u>\$ 286</u>

The Company leased right-of-use of its office from its related party in substance. The rental was based on similar assets' market rental rates and payments are made monthly.

- 2) Other income

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Subsidiaries		
GST Corporation	<u>\$ 300</u>	<u>\$ 300</u>

The other income came from management services. The price and collection term are specified in the contract.

- h. Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Short-term employee benefits	\$ 21,558	\$ 23,285
Post-employment benefits	<u>237</u>	<u>237</u>
	<u>\$ 21,795</u>	<u>\$ 23,522</u>

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

### 33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collaterals for bank borrowings and letter of guarantee:

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Land	\$ 95,117	\$ 95,883
Buildings, net	123,878	142,026
Pledged deposits (classified as financial assets at amortized cost - current)	1,841	1,819
Investment properties - land	766	-
Investment properties - buildings	<u>14,247</u>	<u>-</u>
	<u>\$ 235,849</u>	<u>\$ 239,728</u>

### 34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

#### Significant unrecognized commitments

- a. As of December 31, 2024 and 2023, the Company had issued \$41,323 thousand and \$23,406 thousand, respectively, in guaranteed notes to support construction arrangements.
- b. As of December 31, 2024 and 2023, the Company had issued \$17,452 thousand and \$22,720 thousand, respectively, in performance security deposits to support construction arrangements.
- c. As of December 31, 2024 and 2023, unused letters of credit for purchases of raw materials amounted to approximately JPY269,171 thousand and JPY48,366 thousand, respectively.
- d. As of December 31, 2024 and 2023, unrecognized commitments were as follows:

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Construction outsourcing	<u>\$ 404,952</u>	<u>\$ 415,780</u>

### 35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant, aggregate financial assets and liabilities denominated in foreign currencies, i.e., other than the Company's functional currency, and the related exchange rates were as follows:

December 31, 2024

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,524	32.785 (USD:NTD)	\$ 115,534
RMB	5,947	4.561 (RMB:NTD)	27,124
JPY	354,963	0.2099 (JPY:NTD)	74,506
<u>Non-monetary items</u>			
Investments accounted for using the equity method			
USD	8,718	32.785 (USD:NTD)	285,813
<u>Financial liabilities</u>			
Monetary items			
RMB	568	4.561 (RMB:NTD)	2,590
JPY	442,037	0.2099 (JPY:NTD)	92,784

December 31, 2023

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 6,458	30.71 (USD:NTD)	\$ 198,325
RMB	13,405	4.335 (RMB:NTD)	58,111
JPY	183,866	0.2172 (JPY:NTD)	39,936
<u>Non-monetary items</u>			
Investments accounted for using the equity method			
USD	6,576	30.71 (USD:NTD)	201,915
<u>Financial liabilities</u>			
Monetary items			
USD	374	30.71 (USD:NTD)	11,481
RMB	485	4.335 (RMB:NTD)	2,104
JPY	99,678	0.2172 (JPY:NTD)	21,650

For the years ended December 31, 2024 and 2023, realized and unrealized net foreign exchange gains (losses) were \$18,160 thousand and \$18,559 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and of functional currencies of the entities in the Company.

### 36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 1)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 9) Trading in derivative instruments (None)
- 10) Intercompany relationships and significant intercompany transactions (None)

b. Information on investees (Table 2)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 3)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (None):
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
  - c) The amount of property transactions and the amount of the resultant gains or losses (None).
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.

- e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.
  - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 4)

DESICCANT TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2024

(In Thousands of New Taiwan Dollar, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Desiccant Technology Corporation	<u>Domestic mutual funds</u> FSITC Taiwan Money Market	-	Financial assets at fair value through profit or loss - current	3,113,720	\$ 49,716	-	\$ 49,716	-
	FSITC Money Market	-	Financial assets at fair value through profit or loss - current	56,018	10,404	-	10,404	-
	TCB Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	11,652,564	123,010	-	123,010	-
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,206,113	20,287	-	20,287	-
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,193,261	<u>20,290</u>	-	<u>20,290</u>	-
					<u>\$ 223,707</u>		<u>\$ 223,707</u>	
GST Corporation	<u>Domestic mutual funds</u> TCB Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	199,585	\$ 2,107	-	\$ 2,107	-
	Eastspring Investments Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	60,859	<u>861</u>	-	<u>861</u>	-
					<u>\$ 2,968</u>		<u>\$ 2,968</u>	
Desiccant Technology Corporation	<u>Unlisted shares</u> Hsin Maut Corporation	-	Financial assets at fair value through other comprehensive income - non-current	40,000	<u>\$ 423</u>	8	<u>\$ 423</u>	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates, and related derivative securities as promulgated in IFRS 9 “Financial Instruments”.

Note 2: For information on investments in subsidiaries, associates, and joint ventures, refer to Tables 2 and 3.

## DESICCANT TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee	Share of Profit Loss (Note 2)	Note
				December 31, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
Desiccant Technology Corporation ("Parent Company")	GST Corporation	Zhongli District, Taoyuan City	Manufacture of industrial dehumidification equipment, drying equipment and pollution control equipment for industrial purposes	\$ 6,000	\$ 6,000	400,000	100.00	\$ 4,568	\$ (731)	\$ (731)	Subsidiary (Note 1)
	XYRA Research Corp.	BVI	Investment	22,870 (US\$ 676)	22,870 (US\$ 676)	676,000	100.00	62,544	10,618	10,618	Subsidiary (Note 1)
	Desiccant Technology Corp.	Samoa	Investment	60,136 (US\$ 2,000)	60,136 (US\$ 2,000)	2,000,000	80.78	204,292	54,429	43,968	Subsidiary (Note 1)
	DESICCANT TECHNOLOGY CORP.	USA	Engineering contracting and related maintenance services	19,380 (US\$ 600)	-	60	100.00	18,977	(681)	(681)	Subsidiary (Notes 1 and 3)
XYRA Research Corp.	KELT Research Corp.	BVI	Investment	6,766 (US\$ 200)	6,766 (US\$ 200)	200,000	100.00	13,915	157	157	Sub-subsubsidiary (Note 1)
	Desiccant Technology Corp.	Samoa	Investment	16,104 (US\$ 476)	16,104 (US\$ 476)	476,000	19.22	48,607	54,429	10,461	Subsidiary (Note 1)

Note 1: The profit and loss of investees and investment income or loss are recognized based on the financial statements of the investees for the same period and reviewed by the Parent Company's CPA.

Note 2: For information on investments in mainland China, please refer to Table 3.

Note 3: DESICCANT TECHNOLOGY CORP. (DTC) is located in the United States and was established in September 2024. In November 2024, the Company invested US\$600 thousand in DTC and acquired 100% of DTC's shares.

## DESICCANT TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2(2)B.)	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024
					Outward	Inward						
Desiccant Technology (Shanghai) Corporation	Production and sale of various types of air purification equipment, air processing equipment, equipment for plastic processing, energy-saving equipment, and their components.	\$ 74,444 (US\$ 2,476)	(2) (Note 3)	\$ 74,444 (US\$ 2,476)	\$ -	\$ -	\$ 74,444 (US\$ 2,476)	\$ 61,285	100.00	\$ 61,285	\$ 157,938	\$ 42,060 (RMB 10,000)
Hongmao International Trade (Shanghai) Co., Ltd	International trade, re-export trade, and transactions with enterprises in bonded area.	6,766 (US\$ 200)	(2) (Note 4)	6,766 (US\$ 200)	-	-	6,766 (US\$ 200)	157	100.00	157	13,907	

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2024	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 81,120 (US\$ 2,676)	\$ 81,120 (US\$ 2,676)	\$ 1,010,414

Note 1: Methods of investment are classified as below:

- a. Direct investment in mainland China.
- b. Investments through a holding company registered in a third region.
- c. Other.

(Continued)

Note 2: The amounts of investment gain (loss):

a. Direct investment.

b. The basis for recognition of investment income (loss) is as follows:

- 1) Based on financial statements audited by an ROC CPA firm cooperating with an international CPA firm.
- 2) Based on financial statements audited by the auditors of the parent company.
- 3) Other.

Note 3: Invested by Desiccant Technology Corporation through Desiccant Technology Corp.

Note 4: Indirect investment in mainland China is invested by KELT Research Corp. which is invested by a third region registered company, XYRA Research Corp. which is invested by Desiccant Technology Corporation.

(Concluded)

**TABLE 4****DESICCANT TECHNOLOGY CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Everest Investment Co., Ltd.	4,521,286	11.81
SHEN-HUA Investment Co., Ltd.	2,259,880	5.90
Chen, Hsin-Huan	2,051,150	5.35
Jian, Han-Jhang	2,013,214	5.25
Cheng, Shih-Chih	1,998,422	5.22

# DESICCANT TECHNOLOGY CORPORATION

## THE CONTENTS OF PARENT COMPANY ONLY STATEMENTS OF MAJOR ACCOUNTING ITEMS

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**DESICCANT TECHNOLOGY CORPORATION****PARENT COMPANY ONLY STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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<b>Item</b>	<b>Description</b>	<b>Amount</b>
Cash		
Petty cash	Including US\$30 thousand and SGD30 thousand.	\$ 1,768
Cash in hand		587
Cash in banks		
Demand deposits		385,814
Foreign currency deposits	Including US\$377 thousand, RMB1,089 thousand and JPY354,906 thousand.	92,122
Cash equivalents		
Time deposits	Including US\$3,088 thousand, RMB4,838 thousand and NT\$731,500 thousand.	<u>854,799</u>
		<u>\$ 1,335,090</u>

Note: US\$1=NT\$32.785, RMB1=NT\$4.5608, JPY1=NT\$0.2099, SGD1=NT\$24.13.

## DESICCANT TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS -  
 CURRENT  
 DECEMBER 31, 2024  
 (In Thousands of New Taiwan Dollars)

Type	Description	Shares	Carrying Amount	Fair Value	
				Price Per Share	Amount
Domestic mutual funds	FSITC Taiwan Money Market	3,113,720	\$ 49,716	\$ 15.97	\$ 49,716
	FSITC Money Market	56,018	10,404	185.73	10,404
	TCB Taiwan Money Market Fund	11,652,564	123,010	10.56	123,010
	Capital Money Market Fund	1,206,113	20,287	16.82	20,287
	Yuanta De-Li Money Market Fund	1,193,261	20,290	17.00	20,290
			<u>\$ 223,707</u>		<u>\$ 223,707</u>

**DESICCANT TECHNOLOGY CORPORATION****PARENT COMPANY ONLY STATEMENT OF CONTRACT ASSETS****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Description</b>	<b>Amount</b>
Contract assets - current		
Company A	Construction projects	\$ 235,750
Company B	"	77,044
Others (Note)	"	63,396
Less: Allowance for impairment loss		<u>-</u>
		<u>\$ 376,190</u>

Note: The amounts for individual clients included in "others" did not exceed 5% of the account balance.

**DESICCANT TECHNOLOGY CORPORATION****PARENT COMPANY ONLY STATEMENT OF NOTES AND TRADE RECEIVABLES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

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<b>Client Name</b>	<b>Description</b>	<b>Amount</b>
Notes receivable		
Company C	Purchase of goods	\$ 9,054
Company I	"	5,575
Company J	"	907
Others (Note)	"	<u>1,179</u>
		<u>\$ 16,715</u>
Trade receivables from non-related parties		
Company A	Construction projects	\$ 69,672
Company D	"	30,785
Company E	"	17,588
Company F	"	17,325
Company G	"	14,963
Company H	"	14,175
Others (Note)	"	99,867
Less: Allowance for doubtful accounts		<u>(86)</u>
		<u>\$ 264,289</u>

Note: The amounts for individual clients included in "others" did not exceed 5% of the account balance.

**DESICCANT TECHNOLOGY CORPORATION****PARENT COMPANY ONLY STATEMENT OF INVENTORIES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Amount</b>	<b>Net Realizable Value</b>	<b>Note</b>
Finished goods	\$ 60,885	\$ 56,351	Note
Work in progress	38,947	38,438	Note
Raw materials	<u>162,893</u>	<u>151,866</u>	Note
	262,725	<u>\$ 246,655</u>	
Less: Allowance for write-down of inventory	<u>(16,070)</u>		
	<u>\$ 246,655</u>		

Note: Allowance for write-down of inventory is recognized according to the estimated price less all estimated costs of completion and costs necessary to make the sale.

**DESICCANT TECHNOLOGY CORPORATION**

**PARENT COMPANY ONLY STATEMENT OF PREPAYMENTS**

**DECEMBER 31, 2024**

**(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Description</b>	<b>Amount</b>
Prepayments		
Prepayments for goods	Prepayments for goods	\$ 12,694
Prepaid expense	Prepaid insurance	742
Prepaid expense	Others (Note)	<u>1,406</u>
		<u>\$ 14,842</u>

Note: The amounts for individual clients included in “others” did not exceed 5% of the account balance.

## DESICCANT TECHNOLOGY CORPORATION

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

Name of Securities	Balance, January 1, 2024		Additions		Deductions		Balance, December 31, 2024		Collateral
	Shares	Fair Value	Shares	Amount	Shares	Amount	Shares	Fair Value	
Hsin Maut Corporation	40,000	\$ 423	-	\$ -	-	\$ -	40,000	\$ 423	None

## DESICCANT TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENT OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
 FOR THE YEAR ENDED DECEMBER 31, 2024  
 (In Thousands of New Taiwan Dollars)

	Balance, January 1, 2024		Additions		Deductions		Investment Income (Loss)	Cumulative Translation Adjustment	Balance, December 31, 2024			Market value or Book Value (Note)		Collateral
	Shares	Amount	Shares	Amount	Shares	Amount			Shares	Proportion	Amount	Price Per Share	Amount	
Using equity method														
GST Corporation	400,000	\$ 5,299	-	\$ -	\$ -	\$ -	\$ (731)	\$ -	400,000	100.00%	\$ 4,568	\$ 11.42	\$ 4,568	-
XYRA Research Corp.	676,000	49,387	-	-	-	-	10,618	2,539	676,000	100.00%	62,544	92.52	62,544	-
Desiccant Technology Corp.	2,000,000	152,528	-	-	-	-	43,968	7,796	2,000,000	80.78%	204,292	102.15	204,292	-
DESICCANT TECHNOLOGY CORP.	-	-	60	19,380	-	-	(681)	278	60	100.00%	18,977	316,283.33	18,977	-
		<u>\$ 207,214</u>		<u>\$ 19,380</u>			<u>\$ 53,174</u>	<u>\$ 10,613</u>			<u>\$ 290,381</u>		<u>\$ 290,381</u>	

Note: The amounts were based on the investees' financial statements for the same period audited by CPA.

## DESICCANT TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENT OF SHORT-TERM BORROWINGS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)

Type	Creditor	Amount	Period	Interest Rate	Loan Commitment	Collateral
Secured loan	Taiwan Cooperative Bank, Ltd.	\$ 58,544	2024.11.01-2025.11.01	1.20%	\$ 400,000	Property
Secured loan	Chang Hwa Commercial Bank, Ltd.	3,745	2024.09.11-2025.08.31	1.45%	70,000	Property
Secured loan	First Commercial Bank, Ltd.	4,963	2024.09.11-2025.09.11	1.568%	50,000	Property-
Credit loan	Mega International Commercial Bank Co., Ltd.	<u>4,404</u>	2024.08.28-2025.09.30	1.184%	<u>80,000</u>	-
		<u>\$ 71,656</u>			<u>\$ 600,000</u>	

**DESICCANT TECHNOLOGY CORPORATION**

**PARENT COMPANY ONLY STATEMENT OF CONTRACT LIABILITIES**

**DECEMBER 31, 2024**

**(In Thousands of New Taiwan Dollars)**

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<b>Client Name</b>	<b>Description</b>	<b>Amount</b>
Company A	Construction projects	\$ 319,225
Company C	"	67,198
Others (Note)	"	<u>358,615</u>
		<u>\$ 745,038</u>

Note: The amounts for individual clients included in "others" did not exceed 5% of the account balance.

**DESICCANT TECHNOLOGY CORPORATION****PARENT COMPANY ONLY STATEMENT OF NOTES AND TRADE PAYABLES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

---

<b>Client Name</b>	<b>Description</b>	<b>Amount</b>
Notes payable		
Company K	Purchase of goods	\$ 38,352
Company L	Construction projects	27,545
Company M	Purchase of goods	26,341
Company N	Purchase of goods	26,172
Company O	Construction projects	23,678
Company P	Purchase of goods	18,345
Others (Note)	Purchase of goods/Construction projects	<u>158,389</u>
		<u>\$ 318,822</u>
Trade payables to non-related parties		
Company L	Construction projects	\$ 34,602
Company Q	Purchase of goods	21,111
Company O	Construction projects	13,679
Company N	Purchase of goods	10,255
Company K	Purchase of goods	9,319
Company M	Purchase of goods	8,668
Others (Note)	Purchase of goods/Construction projects	<u>58,364</u>
		<u>\$ 155,998</u>
Trade payables to related parties		
Desiccant Technology (Shanghai) Corporation	Purchase of goods	<u>\$ 2,590</u>

Note: The amounts for individual vendors included in "others" did not exceed 5% of the account balance.

**DESICCANT TECHNOLOGY CORPORATION**

**PARENT COMPANY ONLY STATEMENT OF OPERATING REVENUES  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Description</b>	<b>Amount</b>
Operating revenues	Revenue from the sale of goods	\$ 41,828
	Construction revenue	1,703,087
	Revenue from repair and maintenance services	<u>237,226</u>
		<u>\$ 1,982,141</u>

**DESICCANT TECHNOLOGY CORPORATION****PARENT COMPANY ONLY STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Amount</b>
Raw materials used	
Raw materials, beginning of the year	\$ 102,630
Raw material purchased	550,225
Raw materials, end of the year	(162,893)
Transferred to construction projects	(183,996)
Loss on physical	59
Sold of raw material	<u>(14,124)</u>
	291,901
Direct labor	24,162
Manufacturing expenses	102,798
Less: Transferred to operating expenses	(36)
Less: Transferred to cost of construction projects	<u>(5,773)</u>
Manufacturing cost	413,052
Work in process, beginning of year	58,103
Work in process purchased	<u>41,827</u>
Work in process, end of year	(38,947)
Transferred to construction projects	(18,420)
Sold of work in process	<u>(2,929)</u>
Cost of finished goods	452,686
Finished goods, beginning of year	12,364
Transferred to construction projects	(400,329)
Finished goods, end of year	<u>(60,885)</u>
Cost of goods sold	3,836
Sold of raw material	14,124
Sold of work in process	2,929
Gain on physical	(59)
Write-down of inventories	7,678
Scrapped	(342)
Reversal of unused provisions recognized for warranties	<u>208</u>
	28,374
Construction project materials	1,330,543
Construction project labor costs	96,112
Construction project expenses	43,715
Provisions recognized for warranties	3,005
Reversal of unused balance of onerous project contracts	<u>(423)</u>
Operating costs	<u>\$ 1,501,326</u>

## DESICCANT TECHNOLOGY CORPORATION

## PARENT COMPANY ONLY STATEMENT OF OPERATING EXPENSES

DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Expected Credit Gain and Loss	Total
Payroll expense	\$ 7,155	\$ 44,583	\$ 17,637	\$ -	\$ 69,375
Insurance expense	752	2,575	1,486	-	4,813
Import and export charges	1,703	-	47	-	1,750
Lease expenses	757	9	2	-	768
Labor fee	126	6,471	2,941	-	9,538
Research project	-	-	20,746	-	20,746
Expected credit loss	-	-	-	85	85
Others (Note)	<u>364</u>	<u>13,760</u>	<u>8,881</u>	<u>-</u>	<u>23,005</u>
	<u>\$ 10,857</u>	<u>\$ 67,398</u>	<u>\$ 51,740</u>	<u>\$ 85</u>	<u>\$ 130,080</u>

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

## DESICCANT TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION  
EXPENSES BY FUNCTION  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(In Thousands of New Taiwan Dollars)

	2024			2023		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Labor cost						
Salary	\$ 92,375	\$ 62,117	\$ 154,492	\$ 83,945	\$ 71,021	\$ 154,966
Labor and health insurance	10,478	4,395	14,873	9,708	4,689	14,397
Pension	4,083	2,187	6,270	3,767	2,363	6,130
Remuneration of directors	-	5,071	5,071	-	6,150	6,150
Others	7,149	2,244	9,393	6,366	2,080	8,446
	<u>\$ 114,085</u>	<u>\$ 76,014</u>	<u>\$ 190,099</u>	<u>\$ 103,786</u>	<u>\$ 86,303</u>	<u>\$ 190,089</u>
Depreciation expense	<u>\$ 13,009</u>	<u>\$ 3,554</u>	<u>\$ 16,563</u>	<u>\$ 12,775</u>	<u>\$ 4,329</u>	<u>\$ 17,104</u>
Amortization expense	<u>\$ -</u>	<u>\$ 2,669</u>	<u>\$ 2,669</u>	<u>\$ -</u>	<u>\$ 5,721</u>	<u>\$ 5,721</u>

Note 1: On December 31, 2024 and 2023, the number of employees of the Company was 200 and 197 with 4 non-employee directors, respectively, which is consistent with the calculation basis of labor costs.

Note 2: As required for companies with shares listed on the Taiwan Stock Exchange Corporation or the Taipei Exchange, the Company disclosed the following information:

- a. Average labor costs for the years ended December 31, 2024 and 2023 were \$944 thousand and \$953 thousand, respectively.
- b. Average salaries for the years ended December 31, 2024 and 2023 were \$788 thousand and \$803 thousand, respectively.
- c. Average salaries for the year ended December 31, 2024 decreased by 1.87% compared to that of the previous year.
- d. The Company did not have supervisors. The supervisors had been replaced by an audit committee.
- e. The Company's compensation policies:

- 1) Remuneration for directors:

According to the Company's Articles, the Company accrues remuneration of directors at rates of no higher than 3% of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The remuneration shall be resolved by the remuneration committee according to the policy of directors and managers' performance evaluation and compensation.

- 2) Remuneration for general manager and managers:

According to the Company's Articles and financial performance, the total compensation paid to the executive officers is decided based on industry practice in the R.O.C., industry characteristic, their job responsibility, individual goal achievement, time invested in the professional area, job performance, and others. It shall be reviewed for the reasonableness of the relationship between individual performance, the Company's performance and projected future risks the Company will face, then submitted to the board of directors for approval.

(Continued)

- 3) Compensation for employees:
- a) Salary payment is made with references to the salary market, the Company's performance, and the organization structure. It is adjusted depending on the market salary changes, overall economy, industry economic changes and any necessary adjustments by government regulations.
  - b) The salary and compensation of an employee are determined based on his/her educational background and experience, professional knowledge and skills, years of service, and personal performance. To maintain the competitiveness of the Company's compensation, the Company will periodically revise the salary standards based on employment market conditions and manpower supply and demand.
  - c) To retain talented individuals, the Company will determine bonuses based on the Company's performance, individual performance, and employee's contribution to Company.
  - d) According to the Company's 20th Article, the Company accrues compensation of employees at rates of no less than 1% of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. However, when the Company has accrued losses, the profit shall be set aside to cover the losses first.
  - e) Employee compensation includes fixed monthly salaries and variable bonuses to motivate employee performance. According to the Company comprehensive operational performance goals, variable bonuses are awarded based on individual employee performance. Additionally, year-end bonuses and compensation of employees are provided based on the profitability of the Company.

(Concluded)