

Stock Code: 8111

Ligitek Electronics Co., Ltd.
Parent Company Only Financial Statements
For the Years Ended December 31, 2024 and 2023
and Independent Auditors' Report

Company Address: No. 238, Bo'ai Street, Shulin District, New Taipei City

Company Tel: (02)7703-6000

Table of Contents

Item	Page
Cover	1
Table of Contents	2
Independent Auditors' Report	3
Parent Company Only Balance Sheets	4
Parent Company Only Statements of Comprehensive Income	5
Parent Company Only Statements of Changes in Equity	6
Parent Company Only Statements of Cash Flows	7
Notes to Parent Company Only Financial Statements	
1. General Information	8
2. The Authorization of the Parent Company Only Financial Statements	8
3. Application of Newly Issued and Amended Standards and Interpretations	8~14
4. Summary of Significant Accounting Policies	15~36
5. Critical Accounting Judgments and Major Sources of Estimation and Assumption Uncertainty	36~39
6. Details of Significant Accounting Items	40~70
7. Related Party Transactions	70~73
8. Pledged Assets	73
9. Significant Contingent Liabilities and Unrecognized Contract Commitments	73~74
10. Significant Disaster Losses	74
11. Significant Subsequent Events	74
12. Other	75~87
13. Supplementary Disclosures	88
13.1 Information on Significant Transactions	88
13.2 Information on Investees	88
13.3 Information on Investments in Mainland China	88
13.4 Information on Major Shareholders	88
14. Segment Information	95
Schedule of Significant Accounting Items	96~109

Independent Auditors' Report

To: Ligitek Electronics Co., Ltd.

Opinion

We have audited the parent company only financial statements of Ligitek Electronics Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2024 and 2023, the parent company only statements of comprehensive income, parent company only statements of changes in equity, and parent company only statements of cash flows for the years ended December 31, 2024 and 2023, and notes to the parent company only financial statements, including a summary of significant accounting policies.

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 Auditing and Attestation of Financial Statements by Certified Public Accountant and auditing standards 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 Code of Professional Ethics for Certified Public Accountant of the Republic of China (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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



Revenue Recognition

Please refer to Note 4.19 "Revenue Recognition" for details of the accounting policies.

Description on the key audit matter:

Sales revenue is a main indicator that investors and management use to evaluate financial and operating performances. Due to the industrial characteristics of the Company and that the sales prices are affected by fluctuations of market conditions, whether the timing of revenue recognition is correct or not would significantly affect the financial statements. Therefore, we consider revenue recognition as a key audit matter.

Audit procedures in response

The main audit procedures that we had performed to address the above matter are as following:

1. Understood and tested the effectiveness of the design and execution of the internal control system governing revenue recognition of the Company.
2. Tested correctness of the timing of revenue recognition.
3. Conducted analyses addressing sales to top ten clients and compared the changes to assess whether there is any significant abnormality.

Receivables - Valuation of Expected Credit Losses

Please refer to Note 4.6 of the financial statements for details of the accounting policies regarding evaluation of expected credit losses on receivables and Note 6.3 for loss allowance and related disclosures.

Description on the key audit matter

Since the recognition of loss allowance according to the expected credit losses during the existing periods of receivables is based on the management's subjective judgment on the recoverable amounts and subjected to effects from the management's assumption on the clients' credit risks, plus the balance of receivables is material to the financial statements as a whole, we consider valuation of expected credit losses from receivables as a key audit matter in our audit of the financial statements.

Audit procedures in response

The main audit procedures that we had performed to address the above matter are as following:

1. Carefully evaluated the reasonableness of the management's assumption on valuation of expected credit losses from receivables and understood recent credit situations in the industry and payment collections in the previous year.
2. Tested correctness of aging reports, audited historical collection records, analyzed industrial and economic conditions and whether there is abnormality in concentration of credit risk, to evaluate the reasonableness of the recorded amount of loss allowance for receivables.
3. Regarding receivables generated from specific transactions, on the disputed issues, evaluated the legal proceedings related to the disputes, precedent rulings on similar transactions, various objective evidence related to the disputes and opinion from attorney, etc., to evaluate the reasonableness of loss allowance for the receivables.



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 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 also 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 of the Company, including members of its 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 auditing standards 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 auditing standards 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



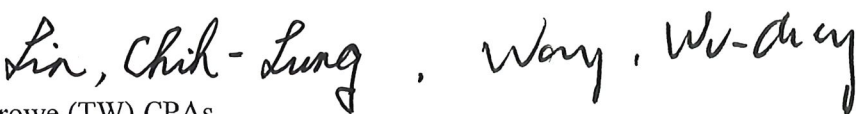
- evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation
 6. Obtain sufficient appropriate audit evidence regarding the financial information of the 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 Company 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 the laws or regulations preclude public disclosure on such matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the negative impact of doing so would reasonably be expected to be greater than the increased public interest from such communication.

The engagement partners on the audit resulting in this independent auditors' report are Lin, Chih-Lung and Wang, Wu-Chang.


Crowe (TW) CPAs
Taipei, Taiwan
Republic of China

March 12, 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 accepted and 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.

Ligitek Electronics Co., Ltd.
Parent Company Only Balance Sheets
December 31, 2024 and 2023

In thousands of NTD

Code	Assets	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 6.1)	\$ 551,376	26	\$ 446,070	22
1150	Notes receivables, net (Note 6.2)	1,575	–	1,260	–
1170	Accounts receivable, net (Note 6.3)	276,158	13	263,283	13
1180	Accounts receivable - related parties, net (Note 7)	3,497	–	1,977	–
1200	Other receivables	5,831	–	6,768	–
1210	Other receivables - related parties (Note 7)	239	–	35	–
1220	Current-period income tax assets	2,210	–	2,210	–
130x	Inventories (Note 6.4)	107,183	5	100,990	5
1410	Prepayments	8,290	–	15,541	1
1476	Other financial assets - current (Note 6.5, Note 8)	187,707	9	238,082	12
1479	Other current assets - other	1	–	25	–
11xx	Total current assets	1,144,067	53	1,076,241	53
	NONCURRENT ASSETS				
1517	Financial assets at FVTOCI - noncurrent (Note 6.6)	150,067	7	93,243	5
1550	Investments accounted for using equity method (Note 6.7)	375,034	17	346,000	17
1600	Property, plant and equipment (Note 6.8, Note 8)	387,604	18	405,894	20
1755	Right-of-use assets (Note 6.9)	18,498	1	22,386	1
1760	Investment properties, net (Note 6.10, Note 8)	24,889	1	24,976	1
1780	Intangible assets (Note 6.11)	6,134	–	5,743	–
1840	Deferred income tax assets (Note 6.27)	8,723	–	18,687	1
1915	Prepayments for equipment	–	–	4,808	–
1920	Refundable deposits	51,395	3	41,219	2
1990	Other noncurrent assets - other	1,839	–	1,839	–
15xx	Total noncurrent assets	1,024,183	47	964,795	47
1xxx	TOTAL ASSETS	\$ 2,168,250	100	\$ 2,041,036	100

(continued to next page)

(continued from previous page)

Code	Liabilities and Equity	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
	CURRENT LIABILITIES				
2100	Short-term borrowings (Note 6.12)	\$ 506,750	23	\$ 446,750	22
2130	Contract liabilities - current (Note 6.21)	11,301	1	10,204	1
2150	Notes payable	79	-	79	-
2170	Accounts payable	93,585	4	54,821	3
2180	Accounts payable - related parties (Note 7)	12,331	1	7,037	-
2200	Other payables (Note 6.13)	71,824	3	59,913	3
2220	Other payables - related parties (Note 7)	1,818	-	1,175	-
2230	Current-period income tax liabilities	1,640	-	-	-
2250	Provisions - current (Note 6.14)	4,975	-	5,328	-
2280	Lease liabilities - current (Note 6.9)	7,630	-	6,905	-
2320	Long-term borrowings, due within one year or one business cycle (Note 6.15)	12,900	1	21,539	1
2399	Other current liabilities - other	3,868	-	3,651	-
21xx	Total current liabilities	<u>728,701</u>	<u>33</u>	<u>617,402</u>	<u>30</u>
	NONCURRENT LIABILITIES				
2540	Long-term borrowings (Note 6.15)	8,568	1	21,468	1
2570	Deferred income tax liabilities (Note 6.27)	8,142	-	1,563	-
2580	Lease liabilities - noncurrent (Note 6.9)	11,680	1	16,363	1
2640	Net defined benefit liabilities - noncurrent (Note 6.16)	655	-	2,914	-
2645	Guarantee deposits received	5,974	-	7,950	1
25xx	Total noncurrent liabilities	<u>35,019</u>	<u>2</u>	<u>50,258</u>	<u>3</u>
2xxx	TOTAL LIABILITIES	<u>763,720</u>	<u>35</u>	<u>667,660</u>	<u>33</u>
	EQUITY				
3100	Share capital (Note 6.17)	1,091,022	51	1,091,022	54
3200	Capital surplus (Note 6.18)	6,534	-	6,534	-
3300	Retained earnings (Note 6.19)	327,508	15	314,440	15
3310	Legal reserve	86,778	4	80,553	4
3320	Special reserve	38,621	2	34,899	1
3350	Unappropriated retained earnings	202,109	9	198,988	10
3400	Other equity interest (Note 6.20)	(20,534)	(1)	(38,620)	(2)
3410	Exchange differences on translation of foreign operations	30,218	1	22,734	1
3420	Unrealized gain (loss) on financial assets at FVTOCI	(50,752)	(2)	(61,354)	(3)
3xxx	TOTAL EQUITY	<u>1,404,530</u>	<u>65</u>	<u>1,373,376</u>	<u>67</u>
	TOTAL LIABILITIES AND EQUITY	<u>\$ 2,168,250</u>	<u>100</u>	<u>\$ 2,041,036</u>	<u>100</u>

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

Ligitek Electronics Co., Ltd.
Parent Company Only Statements of Comprehensive Income
For the Years Ended December 31, 2024 and 2023

In thousands of NTD

Code	Item	2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (Note 6.21)	\$ 697,951	100	\$ 672,450	100
5000	Operating costs (Note 6.4)	(500,851)	(72)	(495,729)	(74)
5900	Gross profit from operations	197,100	28	176,721	26
6000	Operating expenses	(157,305)	(22)	(148,234)	(22)
6100	Selling expenses	(48,148)	(7)	(46,207)	(7)
6200	Administrative expenses	(71,233)	(10)	(65,373)	(10)
6300	Research and development expenses	(38,375)	(5)	(34,743)	(5)
6450	Gain (loss) on expected credit impairment	451	—	(1,911)	—
6900	Operating income	39,795	6	28,487	4
7000	Non-operating income and expenses	79,484	11	44,900	7
7100	Interest income (Note 6.23)	27,115	4	26,662	4
7010	Other income (Note 6.24)	5,994	1	5,007	1
7020	Other gains and losses (Note 6.25)	42,090	6	(167)	—
7050	Financial costs (Note 6.26)	(9,955)	(2)	(8,991)	(1)
7070	Shares of subsidiaries, associates and joint ventures accounted for using equity method	14,240	2	22,389	3
7900	INCOME BEFORE INCOME TAX	119,279	17	73,387	11
7950	INCOME TAX (EXPENSE) BENEFIT (Note 6.27)	(20,327)	(3)	(10,491)	(2)
8200	NET INCOME	98,952	14	62,896	9
OTHER COMPREHENSIVE INCOME (LOSS) (Note 6.28)					
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plan	1,397	—	(642)	—
8316	Unrealized gains (losses) on valuation of equity instruments at FVTOCI	10,625	2	997	—
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences arising from translation of foreign operations	7,484	1	(4,769)	(1)
8367	Unrealized gains (losses) on valuation of debt instruments at FVTOCI	(23)	—	51	—
8300	Other comprehensive income (loss) for the year, net	19,483	3	(4,363)	(1)
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 118,435	17	\$ 58,533	8
EARNINGS PER SHARE					
9750	Basic earnings per share (Note 6.29)	\$ 0.91		\$ 0.58	
9850	Diluted earnings per share (Note 6.29)	\$ 0.91		\$ 0.58	

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

Ligitek Electronics Co., Ltd.
Parent Company Only Statements of Changes in Equity
For the Years Ended December 31, 2024 and 2023

In thousands of NTD

Item	Share capital - common stock	Capital surplus	Retained earnings			Other equity interest		Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) on valuation of financial assets at FVTOCI	
Balance on January 1, 2023	\$ 1,091,022	\$ 6,534	\$ 69,173	\$ 53,119	\$ 260,817	\$ 27,503	(\$ 62,402)	\$ 1,445,766
Appropriation and distribution of earnings:								
Legal reserve	-	-	11,380	-	(11,380)	-	-	-
Cash dividends of common shares	-	-	-	-	(130,923)	-	-	(130,923)
Reversal of special reserve	-	-	-	(18,220)	18,220	-	-	-
Net profit (loss) for 2023	-	-	-	-	62,896	-	-	62,896
Other comprehensive income (loss) for 2023	-	-	-	-	(642)	(4,769)	1,048	(4,363)
Total comprehensive income (loss) for 2023	-	-	-	-	62,254	(4,769)	1,048	58,533
Balance on December 31, 2023	\$ 1,091,022	\$ 6,534	\$ 80,553	\$ 34,899	\$ 198,988	\$ 22,734	(\$ 61,354)	\$ 1,373,376
Balance on January 1, 2024	\$ 1,091,022	\$ 6,534	\$ 80,553	\$ 34,899	\$ 198,988	\$ 22,734	(\$ 61,354)	\$ 1,373,376
Appropriation and distribution of earnings:								
Legal reserve	-	-	6,225	-	(6,225)	-	-	-
Special reserve	-	-	-	3,722	(3,722)	-	-	-
Cash dividends of common shares	-	-	-	-	(87,281)	-	-	(87,281)
Net profit (loss) for 2024	-	-	-	-	98,952	-	-	98,952
Other comprehensive income (loss), for 2024	-	-	-	-	1,397	7,484	10,602	19,483
Total comprehensive income (loss) for 2024	-	-	-	-	100,349	7,484	10,602	118,435
Balance on December 31, 2024	\$ 1,091,022	\$ 6,534	\$ 86,778	\$ 38,621	\$ 202,109	\$ 30,218	(\$ 50,752)	\$ 1,404,530

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

Ligitek Electronics Co., Ltd.
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

In thousands of NTD

Item	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	\$ 119,279	\$ 73,387
Adjustments:		
Income/gain and expense/loss items		
Depreciation expense	41,639	41,556
Amortization expense	952	762
Loss (gain) on expected credit impairment	(451)	1,911
Interest expense	9,955	8,991
Interest income	(27,115)	(26,662)
Shares of loss (gain) of subsidiaries, associates and joint ventures accounted for using equity method	(14,240)	(22,389)
Loss (gain) on disposal or scrapping of property, plant and equipment	24	122
Loss (gain) on disposal of other assets	-	(786)
Other items	(765)	(241)
Total income/gain and expense/loss items	<u>9,999</u>	<u>3,264</u>
Changes in operating assets / liabilities		
Net changes in operating assets		
Decrease (increase) in notes receivable	(319)	89
Decrease (increase) in accounts receivable	(12,529)	(6,934)
Decrease (increase) in accounts receivable - related parties	(1,520)	229
Decrease (increase) in other receivables	77	(460)
Decrease (increase) in other receivables - related parties	(204)	537
Decrease (increase) in inventories	(6,193)	43,556
Decrease (increase) in prepayments	7,099	8,930
Decrease (increase) in other current assets	24	163
Decrease (increase) in other operating assets	107	127
Total net changes in operating assets	<u>(13,458)</u>	<u>46,237</u>
Net changes in operating liabilities		
Increase (decrease) in contract liabilities	1,097	5,381
Increase (decrease) in notes payable – related parties	-	(28)
Increase (decrease) in accounts payable	38,764	(11,088)
Increase (decrease) in accounts payable – related parties	5,293	(10,080)
Increase (decrease) in other payables	13,290	(1,908)
Increase (decrease) in other payables – related parties	644	109
Increase (decrease) in provisions	(353)	(236)
Increase (decrease) in other current liabilities	218	(76)
Increase (decrease) in net defined benefit liabilities	(862)	(816)
Total net changes in operating liabilities	<u>58,091</u>	<u>(18,742)</u>
Total net changes in operating assets and liabilities	<u>44,633</u>	<u>27,495</u>
Total adjustments	<u>54,632</u>	<u>30,759</u>
Cash generated from (used in) operations	173,911	104,146
Interest received	27,976	22,711
Interest paid	(9,829)	(8,983)
Dividend received	19,180	-
Income taxes refunded (paid)	(2,143)	(6,745)
Net cash flows from (used in) operating activities	<u>209,095</u>	<u>111,129</u>

(continued to next page)

(continued from previous page)

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of financial assets at FVTOCI	(	49,092)	-
Acquisition of investments accounted for using equity method	(	22,767)	-
Acquisition of property, plant and equipment	(	12,206)	(9,792)
Proceeds from disposal of property, plant and equipment		39	126
Increase in refundable deposits	(	10,176)	(5,985)
Acquisition of intangible assets	(	1,192)	(830)
Increase in other financial assets		-	(53,702)
Decrease in other financial assets		50,375	-
Other investing activities		-	1,286
Net cash flows from (used in) investing activities	(	45,019)	(68,897)

CASH FLOWS FROM FINANCING ACTIVITIES

Increase (decrease) in short-term borrowings		60,000	(20,000)
Long-term borrowings		-	16,895
Repayments of long-term loans	(	21,539)	-
Increase in guarantee deposits received	(	1,976)	3,884
Lease principal repayments	(	7,973)	(8,137)
Distribution of cash dividends	(	87,282)	(130,923)
Net cash flows from (used in) financing activities	(	58,770)	(138,281)

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

105,306 (96,049)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

446,070 542,119

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 551,376 \$ 446,070

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

Ligitek Electronics Co., Ltd.

Notes to Parent Company Only Financial Statements

For the Years Ended December 31, 2024 and 2023

(Amounts in Thousands of New Taiwan Dollars, unless specified otherwise)

1. General Information

Ligitek Electronics Co., Ltd. (hereinafter, the “Company”), founded on June 27, 1989 after approval of the Ministry of Economic Affairs.

The Company primarily engages in manufacturing, processing and trading of various electronic components (Light-Emitting Diodes (LED), monitors), along with import/export trading, agent, distribution, bidding and quotation businesses of the above related products and raw materials.

The Company's shares have been listed and traded on the Taipei Exchange since February 9, 2004.

The functional currency of the Company is New Taiwan dollars.

2. The Authorization of the Parent Company Only Financial Statements

The accompanying parent company only financial statements were approved and authorized for issuance by the board of directors on March 12, 2025.

3. Application of Newly Issued and Amended Standards and Interpretations

3.1 Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC) New standards, interpretations and amendments endorsed by the FSC and effective from 2024 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note A)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024 (Note A)
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024 (Note A)
Amendments to IAS 7 and IFRS 7 “Supplier finance arrangements ”	January 1, 2024 (Note A)

Note A : An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2024.

(1) Amendments to IFRS 16 “Lease liability in a sale and leaseback”

The amendment clarifies that for a sale and leaseback transaction, if the transfer of the asset is treated as a sale in accordance with IFRS 15, the liabilities incurred by the seller-lessee due to the leaseback should be treated in accordance with the IFRS 16. Moreover, if any variable lease payments that do not depend on an index or rate are involved, the seller-lessee should still determine and recognize the lease liability arising from such variable payments in a manner that does not recognize gains and losses related to the retained right of use. The difference between the subsequent actual lease payment amount and the reduced carrying amount of the lease liability is recognized in profit or loss.

(2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that when an entity determines whether a liability is classified as non-current, the entity should assess whether it has the right to defer the settlement for at least twelve months after the reporting period. If the entity has that right on the end of reporting period, that liability must be classified as non-current regardless whether the entity expects whether to exercise the right or not. If the entity must follow certain conditions to have the right to defer the settlement of a liability, the entity must have followed those conditions at the end of reporting period in order to have that right, even if the lender tests the entity’s compliance on a later date.

The aforementioned settlement means transferring cash, other economic resources or the entity’s equity instruments to the counter-party to extinguish the liability. If the terms of the liability give the counter-party an option to extinguish the liability by the entity’s equity instruments, and this option is recognized separately in equity in accordance with IAS 32 “Financial Instruments: Presentation”, then the classification of the liability will not be affected.

(3) Amendment to IAS 1 “Non-current Liabilities with Covenants”

This amendment further clarifies that only contractual terms that are required to be complied with before the end of the reporting period will affect the classification of the liability at that date. The contractual terms that required to be complied with within 12 months after the reporting period do not affect the classification of liabilities at the reporting date. However, for liabilities classified as non-current and must be repaid within 12 months after the reporting period due to potential non-compliance, the relevant facts and circumstances should be disclosed.

(4) Amendments to IAS 7 and IFRS 7 “Supplier finance arrangements”

Supplier financing arrangements involve one or more financing providers making payments to suppliers on behalf of an entity, and the entity agrees to repay the financing providers on the payment date agreed with the suppliers or a later date. The amendments to IAS 7 require an entity to disclose information on its supplier financing arrangements to enable users of financial statements to assess the impact of these arrangements on the entity's liabilities, cash flows and exposure to liquidity. The amendments to IFRS 7 include into its application guidance that when disclosing how an entity manages the liquidity risk of its financial liabilities, it may also consider whether it has obtained or can obtain financing facilities through supplier financing arrangements, and whether these arrangements may cause concentration of liquidity risk.

Based on the Company's assessment, the application of the New IFRSs above will not have significant impact on the Company's financial position or financial performance.

3.2 The impact of not yet adopting the newly issued and revised IFRSs endorsed by the FSC is summarized in the following table:

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

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 21 “Lack of Convertibility”	January 1, 2025

Based on the Company's assessment, the application of the New IFRSs above will not have significant impact on the Company's financial position or financial performance.

3.3 The impact of IFRSs issued by IASB but not yet endorsed and issued into effect by FSC:

New standards, interpretations and amendments endorsed by issued by IASB but not endorsed by the FSC are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 17 “Insurance Contracts”	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
Annual Improvements to IFRS - Volume 11	January 1, 2026

Except for the following, based on the Company’s assessment, the application of the New IFRSs above will not have significant impact on the Company’s financial position or financial performance.

(1) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

The amendments are described below:

- A. Clarify the dates for recognition and derecognition of certain financial assets and liabilities, adding that when using an electronic payment system to settle a financial liability (or a portion of a financial liability) in cash, an enterprise is permitted to deem a financial liability to be discharged prior to the date of settlement if, and only if, the enterprise initiates a payment instruction that results in the following conditions :
 - (A) The enterprise does not have the ability to revoke, stop or cancel the payment designation;
 - (B) The enterprise does not have the actual ability to obtain cash for settlement as a result of the payment instruction;
 - (C) The settlement risk associated with the electronic payment system is not significant.
- B. Clarify and add further guidance for assessing whether a financial asset meets the SPPI criteria, including contractual terms that vary cash flows based on contingent events (e.g., interest rates linked to ESG objectives), instruments with non-recourse features, and contractually linked instruments.
- C. For certain instruments with contractual terms that may change cash flows (e.g., instruments with features linked to the realization of environmental, social and governance (ESG) objectives), the following should be disclosed: a qualitative description of the nature of the contingencies; quantitative information about the range of variability in contractual cash flows that could result from those contractual terms; the

total carrying amount of the financial asset and the amortized cost of the financial liability under the terms of those contracts.

- D. Updating the fair value of equity instruments designated as at fair value through other comprehensive income (“FVTOCI”) through an irrevocable election should disclose the fair value of the instruments on a class-by-class basis, eliminating the need to disclose fair value information on a per-underlying basis. The amount of fair value gains and losses recognized in other comprehensive income during the reporting period, the amount of fair value gains and losses related to investments that were derecognized during the reporting period and the amount of fair value gains and losses related to investments still held at the end of the reporting period should be disclosed, as well as the cumulative gains and losses on the derecognition of an investment during the reporting period that was transferred to equity during the reporting period.

(2) Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

This amendment describes separately the contracts where the enterprise is involved in generating electricity on the basis that the source of generation depends on uncontrollable natural conditions (e.g. weather) as follows :

- A. Clarify the application of requirements regarding “self-use” by enterprises for their contracts for purchasing or sale of natural electricity :

When a contract obligates an enterprise to purchase and receive electricity at the time of generation and the design and operation of the contracted electricity trading market requires the enterprise to sell any amount of unused electricity within a specified period of time, the enterprise shall take into account reasonable and supported information about its past, current, and expected future electricity transactions within a reasonable period of time not to exceed twelve months. An enterprise becomes a net purchaser of electricity when it purchases sufficient electricity to offset any unused power sold in the same market in which it sells electricity. Contracts involving natural electricity for self-consumption are required by the new amendments to disclose :

- (A) The risk that the enterprise may face changes in base electricity and that the enterprise may be required to purchase electricity during delivery intervals when electricity is unavailable,
- (B) Unrecognized contractual commitments, including the expected future cash flows from electricity purchases under these contracts, and

- (C) The impact of the contracts on the financial performance of the enterprise during the reporting period.
- B. Determine how the designation of contracts involving natural electricity as hedging instruments enables the application of hedge accounting:
 A hedged item may be designated as a projected electricity transaction for a variable notional amount that corresponds to the variable amount of natural electricity expected to be delivered by the generation facility referred to in the hedging instrument. Also when the cash flow enterprise of the hedging instrument is in a cash flow hedging relationship, when the designation of a contract involving natural electricity as a hedging instrument is conditional on the occurrence of a specified forecasted transaction, it is presumed to be highly probable that the forecasted transaction will occur.
 For companies that designate contracts involving natural electricity as hedging instruments, the terms and conditions shall be disclosed by risk category in accordance with IFRS 7.
- (3) Amendment to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” This amendment resolves an inconsistency between the current IFRS 10 and IAS 28. Depending on the nature of the assets sold (invested), all or part of the gains or losses on disposal shall be recognized when the investor sells (invests) the assets to associates and joint ventures:
 A. Gains or losses are recognized in full when the assets sold (invested) qualify as “business”;
 B. When the assets sold (invested) do not qualify as “business”, only a portion of the gains or losses on disposal within the scope of the unrelated investor's equity in the associates and joint ventures can be recognized.
- (4) IFRS 18 “Presentation and Disclosure in Financial Statements”
 IFRS 18 “Presentation and Disclosure in Financial Statements” replaces IAS 1 and updates the structure of the statements of comprehensive income, adds the disclosure of management performance measures, and strengthens the principles of summarizing and breakdowns applied to the primary financial statements and notes.
- (5) IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
 This standard allows qualified subsidiaries to apply IFRSs with reduced disclosure requirements.
- (6) Annual Improvements to IFRS - Volume 11
 A. Hedge accounting for first-time adopters (amendment to IFRS 1)
 Amend the text of IFRS 1.B5 and B6 to be consistent with IFRS 9, and add

a new cross-reference to improve the accessibility and comprehensibility of IFRS.

B. Derecognition gains or losses (amendment to IFRS 7)

Amend IFRS 7.B38 to update obsolete cross-references.

C. Introduction (attached to amendments to IFRS 7 implementation guidance)

Amend IFRS 7.IG1, add a statement clarifying that the guidance does not describe all of the requirements in IFRS 7.

D. Disclosure of credit risks (attached to amendments to IFRS 7 implementation guidance)

Amend IFRS 7.IG20B to simplify its text.

E. Disclosure of deferred differences between fair values and transaction prices (attached to amendments to IFRS 7 implementation guidance)

Amend IFRS 7. IG14 to improve its consistency with IFRS 7.28.

F. Derecognition of lease liabilities (amendment to IFRS 9)

Amend IFRS 9-2.1(b)(ii) by adding a new cross-reference to paragraph 3.3.3 of the standard to address potential confusion when lessees apply the exclusion provisions of the standard.

G. Transaction price (amendment to IFRS 9)

Amend IFRS 9- 5.1.3 and Appendix A to clarify the use of the term “transaction price” in the standard.

H. Determination of substantive agent (amendment to IFRS 10)

Amend the language in IFRS 10.B73 and B74 to eliminate the inconsistency in the application of the standard requirements in the practical determination of a substantive agent.

I. Cost method (amendment to IFRS 7)

To replace the term “cost method” with “at cost”.

As of the date of issuance of these parent company only financial statements, the Company is continuously evaluating the impact of the above standards and interpretations on the Company's financial position and financial performance, and the related impact will be disclosed when the evaluation is completed.

4. Summary of Significant Accounting Policies

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

4.1 Statement of Compliance

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

4.2 Basis of Preparation

- (1) Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
 - A. Financial assets and financial liabilities (including derivative instruments) measured at fair value through profit or loss (“FVTPL”).
 - B. Financial assets and liabilities measured at fair value through other comprehensive income (“FVTOCI”).
 - C. Liabilities for cash-settled share-based payment agreements measured at fair value.
 - D. Defined benefit liabilities recognized based on the present value of defined benefit obligation, net of the pension fund assets.
- (2) The preparation of financial statements in conformity with the IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

4.3 Foreign Currency Exchange

- (1) Foreign currency transactions and balances
 - A. Foreign currency transactions are translated into the functional currency using the spot rate at the date of the transaction or measurement date, and the resulting translation differences are recognized in profit or loss for the period.
 - B. The balances of monetary assets and liabilities denominated in foreign currencies are adjusted at the exchange rates prevailing on the balance sheet date, and the resulting translation differences are recognized in profit or loss for the current period.
 - C. The balances of non-monetary assets and liabilities denominated in foreign currencies that are measured at FVTPL are adjusted at the exchange rates prevailing on the balance sheet date, with the resulting exchange differences

recognized in profit or loss for the current period; those measured at FVTOCI are adjusted at the exchange rates prevailing on the balance sheet date, with the resulting exchange differences recognized in other comprehensive income; those not measured at fair value are measured at the historical exchange rates at the date of initial transaction.

(2) Translation of foreign operations

A. The results of operations and financial position of all subsidiaries, affiliates and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency in the following manner:

(A) Assets and liabilities expressed in each balance sheet are translated at the closing rate on that balance sheet date.

(B) The income and expenses expressed in each consolidated statement of income are translated at average exchange rates for the period.

(C) All conversion differences arising from the translation are recognized as other comprehensive income.

B. When a foreign operation partially disposed of or sold is a related entity or a jointly controlled entity, the exchange differences under other comprehensive income or loss are proportionately reclassified to profit or loss as part of the gain or loss on disposal. However, when the Company loses significant influence over a foreign operation that is a related entity or loses joint control over a foreign operation that is a jointly controlled entity even though it retains a portion of its interest in the former related entity or jointly controlled entity, the disposal is treated as a disposal of the entire interest in the foreign operation.

C. When a foreign operating entity partially disposed of or sold is a subsidiary, the cumulative translation differences recognized in other comprehensive income or loss are reattributed to the noncontrolling interest in the foreign operating entity on a pro rata basis. However, when the Company loses control over a foreign operating entity that is a subsidiary even though it retains a portion of its interest in the former subsidiary, it is treated as a disposal of its entire interest in the foreign operating entity.

4.4 Classification of Current and Noncurrent Assets and Liabilities

(1) Assets that meet one of the following criteria are classified as current assets:

A. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.

B. Assets held mainly for trading purposes.

C. Assets that are expected to be realized within twelve months from the balance sheet date.

D. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date

The Company classifies all assets that do not meet the above criteria as noncurrent.

(2) Liabilities that meet one of the following criteria are classified as current liabilities:

A. Liabilities that are expected to be paid off within the normal operating cycle.

B. Liabilities arising mainly from trading activities.

C. Liabilities that are to be paid off within twelve months from the balance sheet date, 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.

D. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all liabilities that do not meet the above criteria as noncurrent.

4.5 Cash and cash equivalents

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

4.6 Financial instruments

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

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

(1) Financial Assets

A. Measurement categories

All regular way purchases or sales of financial assets are recognized and derecognized using trade date accounting.

The types of financial assets held by the Company are financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

(A) Financial assets at FVTPL

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

Financial assets are designated as measured at FVTPL on initial recognition if the designation eliminates or significantly reduces the measurement or recognition inconsistency.

Financial assets measured at FVTPL are initially measured at fair value, with the generated dividends recognized in other income, and interest income and gains or losses arising from remeasurements are recognized in other gains or losses. Please refer to Note 12 for the determination of fair value.

(B) Financial assets at amortized cost

Financial assets that meet both of the following conditions are measured at amortized cost

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

Subsequent to initial recognition, financial assets at amortized cost 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:

- a. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets °
- b. Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets.

(C) Debt investments measured at fair value through other comprehensive income

If an investment in debt instruments meets both of the following conditions, it is classified as a financial asset measured at fair value through other comprehensive income:

- a. It is held under a business model whose objective is to collect contractual cash flows and dispose of the financial asset; and
- b. The contractual terms give rise to cash flows on specific dates that are entirely payments of principal and interest on the principal amount outstanding.

Debt instrument investments measured at fair value through other comprehensive income are measured at fair value. Changes in the carrying amount attributable to interest income calculated using the effective interest method, foreign exchange gains or losses, and impairment losses or reversals are recognized in profit or loss, while other changes are recognized in other comprehensive income and reclassified to profit or loss upon disposal of the investment.

(D) Investments in equity instruments measured at FVTOCI

Upon initial recognition, the Company has an irrevocable election to designate investments in equity instruments that are not held for trading and for which there is contingent consideration recognized by the acquirer of the non-business combination to be measured at fair value through other comprehensive income.

Investments in equity instruments measured at FVTOCI are measured at fair value with subsequent changes in fair value reported in other comprehensive income and accumulated in other equity. When an investment is disposed of, the accumulated gain or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

Dividends on investments in equity instruments measured at FVTOCI are recognized in profit or loss when the Company's right to receive

payments is established, unless the dividend clearly represents a partial recovery of the cost of the investment.

B. Impairment of financial assets

- (A) The Company recognizes loss allowances for expected credit losses on financial assets at amortized cost (including accounts receivable), debt investments measured at FVTOCI, lease receivables, and contract assets.
- (B) The Company recognizes loss allowances at an amount equal to lifetime expected credit losses (i.e., ECLs) for accounts receivable, contract assets, and lease receivables. For all other financial instruments, the Company recognizes lifetime ECLs for which 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.
- (C) 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.
- (D) The Company recognizes impairment losses in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

C. Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

- (A) The contractual rights to receive cash flows from the financial asset expire.
- (B) The contractual rights to receive cash flows from the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

- (C) The Company neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it does not retained control of the financial asset.

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 a debt investment measured at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an equity investment 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 being reclassified to 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. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs

(3) Financial Liabilities

A. Subsequent measurement

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

- (A) Financial liabilities at FVTPL are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition. A financial liability is classified as held for trading if it is incurred principally for the purpose of repurchasing it in the near term. Derivatives are also categorized as financial liabilities held for trading unless they are financial guarantee contracts or designated and effective hedging derivatives. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

- a. They are hybrid (combined) contract with embedded derivatives where the host contract is not an asset within the scope of IFRS 9; or
- b. Eliminable or significant reduction of measurement or recognition inconsistencies; or
- c. It is an instrument that is managed on a fair value basis and its performance is evaluated in accordance with the written risk management policy.

(B) Financial liabilities at FVTPL are initially recognized at fair value.

Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured at fair value, and any changes in the fair value of these financial liabilities are recognized in profit or loss.

(C) For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The remaining amount of changes in the fair value of that liability is presented in profit or loss. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the fair value of the liability are presented in profit or loss.

B. Derecognition of financial liabilities

The Company derecognizes a financial liability when, and only when, it is extinguished—i.e., when the obligation is discharged or cancelled or expires. The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-financial assets transferred or liabilities assumed, is recognized in profit or loss.

(4) Modification of Financial Instruments

When the contractual cash flows of a financial instrument are renegotiated or modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Company recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liabilities using the original effective interest rate and recognizes a modification gain or loss in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial instrument and are amortized over the remaining term of the modified financial instrument. If the renegotiation or modification results in that the derecognition of that financial instrument is required, then the financial instrument is derecognized accordingly.

If the basis for determining the contractual cash flows of a financial asset or financial liability changes resulting from interest rate benchmark reform and the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis, the Company applies the practical expedient to account for that change as a change in effective interest rate. If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first applies the practical expedient aforementioned to the changes required by interest rate benchmark reform, and then applies the applicable requirements to any additional changes to which that practical expedient does not apply.

4.7 Inventories

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

4.8 Investments accounted for using equity method

The Company uses equity method for investments in subsidiaries, associates and jointly control entities.

(1) Investment in subsidiaries

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized gains or losses on transactions between the Company and its subsidiaries are eliminated. Necessary adjustments have been performed in accounting policies of subsidiaries to ensure their consistency with the policies adopted by the Company.
- C. The shares of profit and loss which happen after the acquisition of subsidiary by the Company are recognized as profit and loss of the current period, while shares other comprehensive income recognized as other comprehensive income. If the shares of loss recognized exceed equity of the Company in the

subsidiary, the Company recognizes loss continuously to the extent of shareholding.

- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e., transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or fair value on initial recognition of investing associate or the cost on joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

(2) Investment in associates

- A. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly, 20 per cent or more of the voting power of the investee. Investments in associates are initially recognized at cost and are accounted for using the equity method.
- B. The Company's share of its associate's profit or loss after the date of acquisition is recognized in the Company's profit or loss, and its share of changes in the associate's other comprehensive income is recognized in the Company's other comprehensive incomes. When the Company's share of losses of its associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company discontinues recognizing its share of further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

- C. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- D. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- E. Upon loss of significant influence over an associate, the Company remeasures any retained investment in the former associate at its fair value. Any difference between the fair value and carrying amount is recognized in profit or loss
- F. When the Company disposes its investment in an associate, if it loses significant influence over the associate, the Company shall account for all amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associate had directly disposed of the related assets or liabilities. If the it still retains significant influence over the associate, then the Company shall reclassify to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.
- G. When the Company disposes its investment in an associate, if it loses significant influence over the associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it still retains significant influence over the associate, then the amounts

previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

- (3) The Company uses the equity method to recognize its interest in a joint venture. Unrealized gains or losses on transactions between the Company and its equity-method investee are eliminated in proportion to the Company's interest in the equity-method investee. The Company recognizes its share of the post-acquisition gain or loss on the equity-method investee's acquisition of the equity-method investee in the current period and its share of the post-acquisition loss or loss on the equity-method investee's acquisition of the equity-method investee in the Company's other consolidated assets. If there is evidence that the net realizable value of an asset has decreased or an impairment loss on an asset has been incurred, the full amount of the loss is recognized immediately. If the Company's share of loss in any joint venture equals or exceeds its interest in that joint venture (including any other unsecured receivables), the Company does not recognize further loss unless it has incurred legal or constructive obligations or made payments on behalf of that joint venture.
- (4) In accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, the current-period profit or loss and other comprehensive income or loss in the individual financial statements should be the same as the apportionment of the current profit or loss and other comprehensive income or loss attributable to the owners of the parent company in the financial statements prepared on a consolidated basis, and the owners' equity in the individual financial statements should be the same as the equity attributable to the owners of the parent company in the financial statements prepared on a consolidated basis.

4.9 Property, Plant and Equipment

- (1) Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized. For property, plant and equipment under construction, sample produced from testing whether the asset is functioning properly before its intended use are measured at lower of the costs or net realizable value. Proceeds from selling such an item and the cost of the item are recognized in profit or loss.
- (2) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance is recognized in profit or loss as incurred.

- (3) Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each end of reporting year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings	20 ~ 50 years
Machinery	5 ~ 10 years
Transportation equipment	5 ~ 10 years
Miscellaneous equipment	2 ~ 10 years

- (4) An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.10 Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

- (1) The Company as a lessee

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

Right-of-use assets

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, less any lease incentives received, and plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are presented as a separate line item in the parent company only balance sheets, except for those that meet the definition of investment properties.

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. However, if leases transfer ownership of the underlying assets to the Company by the end of the lease terms or if the costs of right-of-use assets reflect that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments that depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the assessment of an option to purchase an underlying asset, a change in the amounts expected to be payable under a residual value guarantee, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The lessee shall recognize in profit or loss any gain or loss relating to the partial or full termination of the lease and (b) making a corresponding adjustment to the right-of-use asset for all other lease modifications. Lease liabilities are presented as a separate line item in the parent company only balance sheets.

The Company negotiated with the lessors for rent concessions as a direct consequence of the covid-19 pandemic and adjusted lease payments originally due on or before 30 June 2022 to be less than, or substantially the same as the payments for the lease immediately preceding the change. There is no substantive change to other terms and conditions of the lease. The Company elected to apply the practical expedient to all of rent concessions met the conditions aforementioned. That is, the Company did not assess whether the change would result in a lease modification. Instead, the Company reduced lease liabilities and recognized the corresponding rent reduction in profit or loss as other income when the event or condition that triggers those reductions occurs.

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

(2) The Company as a 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.

When a lease includes both land and buildings elements, the Company assesses the classification of each element as a finance lease or an operating lease separately allocating lease payments (including any lump-sum upfront payments) between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and buildings element of the lease at the inception date. If the lease payments cannot be allocated reliably between these two elements, the entire lease is 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.

4.11 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes) and include land held for a currently undetermined future use. Investment properties also included right-of-use assets that meet the definition of investment property.

Owned investment properties are initially measured at cost, including transaction costs, and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

All investment properties are depreciated using the straight-line method.

Investment properties under construction are stated at cost less accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Depreciation of these assets commences when the assets are ready for

their intended use.

The amount of gain or loss on derecognition of an investment property is the difference between the net disposal proceeds and the carrying amount of the asset, which is recognized in profit or loss.

4.12 Intangible assets

Separately acquired intangible assets with finite useful lives are measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the estimated lives as follows: Computer software, 2 to 5 years; Trademarks and patents, the period of contractual rights or the future economic benefits flowing to the Company. The estimated useful life and amortization method for an intangible asset are reviewed at each financial year-end. Any changes in estimates is accounted for on a prospective basis.

Goodwill and intangible assets with indefinite useful lives are not amortized, but are tested annually for impairment.

An intangible asset is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the disposal of the assets is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.13 Impairment of non-financial assets

The Company assesses at the end of reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use.

Regarding goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use, their recoverable amounts should be estimated periodically. When the indication of impairment loss recognized in prior years for an asset other than goodwill no longer exists, the impairment loss is reversed to the extent of the loss previously recognized in profit or loss.

4.14 Provisions

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

The discount rate (or rates) shall be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability with amortization of discount recognized as interest expense. Provisions are not recognized for future operating losses.

4.15 Employees benefits

(1) Short-term employees benefits

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

(2) Pension

A. Defined contribution plan

For the defined contribution plan, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund from the plan or a reduction in future contributions to the plan.

B. Defined benefit plan

(A) Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current or prior period(s). The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is estimated annually by independent actuaries using the projected unit credit method. The discount rate is the market yield rate of government bonds (at the balance sheet date) using a currency and period consistent with that of the defined benefit plan at the balance sheet date.

(B) Remeasurements of defined benefit plans are recognized in other comprehensive income as incurred and are recorded as retained earnings.

(C) Past-service costs are recognized immediately in profit or loss.

(3) Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably

estimated. Any difference between the amount accrued and the amount actually distributed is accounted for a change in accounting estimate.

(4) Termination benefits

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

16. Share capital and treasury shares

(1) Share capital

Ordinary shares are classified as equity. The classification of preferred stocks is based on the special rights entitled to preference shares based on the substance of the contract and the definition of financial liabilities and equity instruments. If preferred stocks meet the definition of a financial liability, they are classified as liabilities; otherwise, they are classified as equity.

Incremental costs directly attributable to the issue of new shares or stock options are recognized in equity as a deduction from the proceeds.

(2) Treasury Shares

The Company's treasury shares that have not been disposed or retired are stated at cost and shown as a deduction in stockholders' equity. When treasury shares are sold, if the selling price is above the book value, the difference is credited to the capital surplus—treasury share transactions; if the selling price is below the book value, the difference is first offset against capital surplus from the same class of treasury share transactions, and the remainder, if any, is then debited to retained earnings. The carrying value of treasury shares is calculated using the weighted-average approach in accordance with the purpose of repurchase.

Upon retirement, treasury shares are derecognized against the capital surplus - premium on stocks and capital stock proportionately according to the ratio of shares retired. The carrying value of treasury shares in excess of the sum of the par value and premium on stocks is first offset against capital surplus from the same class of treasury share transactions, and the remainder, if any, is then debited to retained earnings. The sum of the par value and premium on treasury shares in

excess of the carrying value is credited to capital surplus from the same class of treasury share transactions.

4.17 Share-based payment transactions

- (1) For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.
- (2) For the cash-settled share-based payment arrangements, the employee services received and the liability incurred are measured at the fair value of the liability to pay for those services, and are recognized as compensation cost and liability over the vesting period. The fair value of the liability shall be remeasured at each balance sheet date until settled at the settlement date, with any changes in fair value recognized in profit or loss.

4.18 Income tax

- (1) The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- (2) The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax calculated in accordance with Income Tax Act of the Republic of China is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders approve to retain earnings.
- (3) Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and

their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit (tax loss), or doesn't give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

- (4) Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- (5) Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- (6) Tax preference resulted from acquisitions of equipment of technology, research and development expenditures, educations and trainings and equity investments should recognized as tax credit while applying accounting policies.

4.19 Revenue Recognition

The Company applies the following steps for revenue recognition:

- (1) Identifying the contract;
- (2) Identifying performance obligations;
- (3) Determine the transaction price;
- (4) Allocating the transaction price to performance obligations; and
- (5) Recognizing revenue when (or as) a performance obligation is satisfied.

The Company identifies performance obligations in a contract with the customer, 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 within one year, the Company does not adjust the promised amount of consideration for the effect of a significant financing component.

A. Revenue from the sale of goods

The Company recognizes revenue when control of a product is transferred to a customer. Transfer of control of the product means that the product has been delivered to the customer and there are no outstanding obligations that would affect the customer's acceptance of the product. Delivery is the point at which the customer has accepted the product in accordance with the terms of the transaction, the risk of obsolescence and loss has been transferred to the customer, and the Company has objective evidence that all acceptance conditions have been met.

The Company records accounts receivable upon delivery of goods because the Company has the unconditional right to receive the consideration at that point in time.

B. Provision of services

The services provided by the Company are mainly contracted works from customers and revenue is recognized when the promised services are transferred to the customer (i.e., when the customer obtains control of the asset) and there is no subsequent obligation.

4.20 Operating segments

An operating segment is a component unit of an enterprise that engages in operating activities that may generate revenues and expenses, including revenues and expenses from transactions with other components of the enterprise. The operating results of an operating segment are reviewed regularly by the enterprise's operating decision maker to make decisions about the allocation of resources to the segment, to evaluate the performance of the segment, and to have separate financial information.

4.21 Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs is recognized in profit or loss of the period in which it becomes receivable.

5. Critical Accounting Judgments and Major Sources of Estimation and Assumption Uncertainty

The Company takes into account the economic impact of the covid-19 pandemic / changes in climates and related governmental policies and regulations / the conflicts between Ukraine and Russia as well as related international sanctions / inflation and volatility in interest rate on significant accounting estimates and reviews the basic assumptions and estimation on an ongoing basis. If a change in accounting estimate affects only the current period, the effect is recognized in the current period. If a change in accounting estimate affects both current and future periods, the effects are recognized in both periods.

In the preparation of the parent company only financial statements, the critical accounting judgments the Company has made and the major sources of estimation and assumption uncertainty are described as follows:

5.1 Critical judgements in applying accounting policies

(1) Determination of business model for financial asset classification

The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment involves judgment and consideration of all relevant evidence, such as how the performance of the assets is evaluated, the risks that affect the performance of the assets, and how the managers of the assets are compensated. The Company continually evaluates the appropriateness of its business model judgments and monitors financial assets carried at amortized cost and investments in debt instruments measured at fair value through other comprehensive income or loss that are derecognized before maturity to understand the reasons for their disposal to assess whether the disposal is consistent with the objectives of the business model. If a change in the operating model is identified, the Company reclassifies financial assets in accordance with IFRS 9 and defers its application from the date of reclassification.

(2) Revenue recognition

- A. The Company assesses if it controls the specified good or service before that good or service is transferred to a customer to determine whether it is acting

as a principal or as an agent in the transaction in accordance with IFRS 15. Where the Company acts as an agent, revenue is recognized on a net basis.

The Company shall be the principal if any of the following apply.

- (A) Before a commodity or other asset is transferred to a customer, the Company obtains control of the commodity or asset from another party.
 - (B) A right to a service to be performed by the other party, which gives the Company the ability to direct that party to provide the service to the customer on the Company's behalf.
 - (C) A commodity or service from the other party that it then combines with other goods or services in providing the specified good or service to the customer.
- B. Indicators that the Company controls the specified good or service before it is transferred to the customer include, but are not limited to, the following:
- (A) The entity is primarily responsible for fulfilling the promise to provide the specified good or service.
 - (B) The entity has inventory risk before or after the specified good or service has been transferred to a customer.
 - (C) The Company has the right to set prices at its discretion.

(3) Lease terms

In determining a lease term, the Company considers all facts and circumstances that create an economic incentive to exercise or not to exercise an option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Main factors considered include contractual terms and conditions for the optional periods, significant leasehold improvements undertaken (or expected to be undertaken) over the contract term, the importance of the underlying asset to the lessee's operations, etc. The lease term is reassessed if a significant change in circumstances that are within control of the Company occurs.

5.2 Critical accounting estimates and assumptions

(1) Revenue recognition

Sales revenue, excluding related estimated sales returns, discounts and other similar allowance, is recognized when the control of goods or services is transferred to the customer and the Company satisfies its performance obligation. The Company estimates sales returns and allowance based on historical experience and other known factors. The Company reassesses the reasonableness of the estimates periodically.

(2) Estimated impairment of financial assets

The provision for impairment of accounts receivables, debt investments, and financial guarantee contracts is based on assumptions on risk of default and expected loss rates. The Company makes these assumptions and selects inputs for impairment calculation based on the Company's historical experience and existing market conditions, as well as forward looking information. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

(3) Fair value measurements and valuation processes

Where some of the Company's assets and liabilities measured at fair value have no quoted prices in active markets, the Company determines, based on relevant regulations and judgment, whether to engage third party qualified valuers and the appropriate valuation techniques for the fair value measurements. Where Level 1 inputs are not available, the Company determine appropriate inputs by referring to the analyses of the financial position and the operation results of the investees, the most recent transaction prices, prices of the same equity instruments not quoted in active markets, quoted prices of similar instruments in active markets, and valuation multiples of comparable entities. If the actual changes of inputs in the future differ from expectation, the fair value might vary accordingly. The Company updates inputs periodically according to market conditions to monitor the appropriateness of the fair value measurement.

(4) Impairment assessment of tangible and intangible assets

In the course of impairment assessments, the Company determines, based on how assets are utilized and relevant industrial characteristics, the useful lives of assets and the future cash flows of a specific group of the assets. Changes in economic circumstances or the Company's strategy might result in material impairment of assets in the future.

(5) Impairment assessment of investments accounted for using the equity method

The Company assesses the impairment of an investment accounted for using the equity method once there is any indication that it might have been impaired and its carrying amount cannot be recoverable. The Company assesses the recoverable amounts of an investment accounted for using the equity method based on the present value of the Company's share of expected future cash flows of the investee or the present value of expected cash dividends receivable from the investee and expected future cash flows from disposal of the investment, analyzing the reasonableness of related assumptions.

(6) Realizability of deferred income tax assets

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the deferred income tax asset can be utilized. The Company's management assesses the realizability of deferred income tax assets by making critical accounting judgements and significant estimates of expected future revenue growth rate and gross profit rate, the tax exemption period, available tax credits, and tax planning, etc. Changes in global economic environment, industrial environment, and laws and regulations might result in material adjustments to deferred income tax assets.

(7) Valuation of inventories

As inventories are stated at the lower of cost and net realizable value; thus, the Company estimates the net realizable value of inventory for obsolescence and unmarketable items on balance sheet date due to the rapid technology changes and writes down inventories to the net realizable value.

(8) Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Company uses judgments and actuarial assumptions to determine related estimates, including discount rates and future salary increase rate. Changes in these assumptions may have a significantly impact on the carrying amount of defined pension obligations.

(9) Lessees' incremental borrowing rates

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee's credit spread adjustments and lease specific adjustments (such as asset type, guarantees, etc.) are also taken into account.

6. Description of Significant Accounting Items

6.1 Cash and cash equivalents

Item	December 31, 2024	December 31, 2023
Cash	\$ 294	\$ 228
Check deposits	10	10
Demand deposits and foreign currency deposits	325, 821	415, 172
Time deposits	192, 511	-
Cash equivalents		
Short-term notes with original maturities within three months	32, 740	30, 660
Total	<u>\$ 551, 376</u>	<u>\$ 446, 070</u>

- (1) The Company deposits its cash and cash equivalents at several financial institutions that have high credit quality to diversify its risk. Therefore, the possibility of default is expected to be low.
- (2) The Company has no cash and cash equivalents pledged to others.
- (3) The cash equivalents as of December 31, 2024 and 2023 are bonds with repurchase agreements for the periods 2024.12.23 ~ 2025.01.17 and 2023.12.13 ~ 2024.01.15, respectively, with interest rates of 4.50% and 5.50%, respectively.

6.2 Notes receivable, net

Item	December 31, 2024	December 31, 2023
Notes receivable	\$ 1, 591	\$ 1, 273
Less: Loss allowance	(16)	(13)
Notes receivable, net	<u>\$ 1, 575</u>	<u>\$ 1, 260</u>

- (1) As of December 31, 2024 and 2023, none of notes receivable is discounted by the Company.
- (2) As of December 31, 2024 and 2023, none of notes receivable is pledged by the Company.
- (3) For information on loss allowance of notes receivable, please refer to Note 6.3 Accounts receivable.

6.3 Accounts receivable, net

Item	December 31, 2024	December 31, 2023
Gross carrying amount	\$ 293, 815	\$ 281, 286
Less: Loss allowance	(17, 657)	(18, 003)
Accounts receivable, net	<u>\$ 276, 158</u>	<u>\$ 263, 283</u>

The average credit period of sale of goods ranges 60~150 days, which is determined by reference to the credit granting policy based on the counterparties' industrial characteristics, operation scales and profitability.

The Company has no accounts receivable pledged to others.

- (1) Accounts receivable of the Company are measured at amortized cost. As of December 31, 2024 and 2023, none of notes receivable is discounted by the Company.
- (2) The Company uses the simplified approach to recognize the loss allowance at an amount equal to lifetime expected credit losses (i.e., ECLs) for notes receivables and accounts receivables. The expected credit losses are calculated based on loss rates estimated by reference to past default experience and the current financial position of the debtor, adjusted for current and forecast economic conditions of the industry in which the debtors operate as well as for external credit rating. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the following provision matrix for loss allowance based on past due status is not further distinguished according to the Company's different customer base. The loss allowances of notes receivable and accounts receivable, including those from related parties, were detailed below:

December 31, 2024	Expected credit loss rate	Gross carrying amount	Loss allowance (Lifetime ECL)	Amortized cost
Not past due	0%-1%	\$ 146,246	\$ 16	\$ 146,230
Past due 31~90 days	3%	16,602	–	16,602
Past due 91~180 days	20%	9,500	–	9,500
Past due 181~365 days	50%	–	–	–
Past due over 365 days (Note)	100%	127,445	18,547	108,898

December 31, 2023	Expected credit loss rate	Gross carrying amount	Loss allowance (Lifetime ECL)	Amortized cost
Not past due	0%-1%	\$ 165,842	\$ 13	\$ 165,829
Past due 31~90 days	3%	26,463	1	26,462
Past due 91~180 days	20%	12,346	–	12,346
Past due 181~365 days	50%	1,556	345	1,211
Past due over 365 days (Note)	100%	79,327	18,655	60,672

Note: The accounts receivable of Sunset Project of mercury vapor lamp awarded from Taichung City Government is included. Please refer to Note 12.4 for relevant information.

- (3) The movements of the loss allowances of notes receivable and accounts receivable, including those from related parties, were as follows:

Item	2024	2023
Balance on January 1	\$ 19,014	\$ 17,103
Add: Recognition of impairment losses	–	1,911
Less: Reversal of impairment losses	(451)	–
Less: Derecognition	–	–
Less: Uncollectible accounts written off	–	–
Effects from foreign exchange difference	–	–
Others	–	–
Balance on December 31	<u>\$ 18,563</u>	<u>\$ 19,014</u>

- (4) Please refer to Note 12 for information on relevant credit risk management and valuation method.

6.4 Inventories and cost of goods sold

Item	December 31, 2024	December 31, 2023
Raw materials	\$ 34,707	\$ 24,017
Merchandise	2,221	1,073
Work in process	26,352	17,230
Finished goods	43,903	58,670
Net amount	<u>\$ 107,183</u>	<u>\$ 100,990</u>

- (1) Inventory-related losses (gains) recognized as cost of goods sold were as follows:

	2024	2023
Cost of goods sold	\$ 448,881	\$ 444,558
Unallocated overheads	52,512	52,734
Loss on decline (reversal gain) in market value of inventories	(542)	(1,554)
Gain on inventory counts	–	(9)
Total operating costs	<u>\$ 500,851</u>	<u>\$ 495,729</u>

- (2) In 2024 and 2023, the Company wrote down its inventories to net realizable value. The amount of the write-down was reversed from obsolete inventories sold due to growth of the industry. The Company thus recognized inventory valuation loss (reversal gain) of (\$542) thousand and (\$1,554) thousand for 2024 and 2023, respectively.
- (3) The Company has no inventories pledged to others.

6.5 Other financial assets

Item	December 31, 2024	December 31, 2023
Other financial assets - current		
Reserved deposits	\$ 6, 000	\$ 2, 000
Restricted time deposits	175, 159	174, 762
Time deposits over 3 months	6, 548	61, 320
Total	<u>\$ 187, 707</u>	<u>\$ 238, 082</u>

6.6 Financial assets at FVTOCI – noncurrent

Item	December 31, 2024	December 31, 2023
Debt instruments		
Corporate bonds	\$ 65, 444	\$ 15, 499
Valuation adjustment	(3, 268)	(3, 245)
Subtotal	<u>62, 176</u>	<u>12, 254</u>
Equity instruments		
Unlisted shares, domestic & foreign	\$ 137, 447	\$ 137, 447
Valuation adjustment	(49, 556)	(56, 458)
Subtotal	<u>87, 891</u>	<u>80, 989</u>
Total	<u>\$ 150, 067</u>	<u>\$ 93, 243</u>

- (1) The Company invests in the stocks of domestic and foreign companies for medium- to long-term strategic purposes and expects to earn profits from these investments over the long term. The Company's management believes that it would be inconsistent with the aforementioned long-term investment plan to include short-term fair value fluctuations of these investments in profit or loss, and therefore has elected to designate these investments as measured at FVTOCI. The fair values of these investments as of December 31, 2024 and 2023 are \$87,891 thousand and \$80,989 thousand, respectively.
- (2) After evaluation, there is no expected credit impairment loss allowance to be recognized for the above recorded debt instrument investments measured at FVTOCI.
- (3) Please refer to Note 12 for information on relevant management and measurement of credit risk.

6.7 Investments accounted for using the equity method

Investees	December 31, 2024	December 31, 2023
Subsidiary		
Ligitrust Co., Ltd.	\$ 87,459	\$ 86,097
O.H. Technology Co., Ltd.	197,423	201,257
Ligitek (Samoa) Co., Ltd.	64,149	58,646
Ligitek Electronics (Thailand), Ltd.	26,003	–
Total	<u>\$ 375,034</u>	<u>\$ 346,000</u>

Subsidiary:

- (1) For information on subsidiaries, please refer to Note 4.3 in the 2024 consolidated financial statements of the Company.
- (2) Investments accounted for using the equity method with the Company's share of profit and loss and of other comprehensive income are calculated according to financial statements audited by independent auditors.
- (3) For information on the reinvestments through Ligitek (Samoa) Co., Ltd. in the subsidiaries in Mainland China, please refer to Note 13.3 "Disclosures on Investment in Mainland China."
- (4) All subsidiaries invested by the Company are included and reported as component entities of the consolidated financial statements.

6.8 Property, plant and equipment

	December 31, 2024	December 31, 2023
Assets used by the Company	\$ 387,604	\$ 405,894
Assets under operating leases	–	–
Total	<u>\$ 387,604</u>	<u>\$ 405,894</u>

- (1) The amount of capitalization of borrowing costs was \$0 thousand dollar in 2024 and 2023.
- (2) Please refer to Note 8 for information on the Company's property, plant and equipment that were pledged to others.

(3) As there was no indication of impairment in 2024 and 2023, no impairment assessment was performed.

Assets used by the Company

	December 31, 2024	December 31, 2023
Land	\$ –	\$ –
Buildings	624, 556	624, 468
Machinery	318, 294	306, 000
Other equipment	39, 021	42, 438
Total cost	981, 871	972, 906
Less: Accumulated depreciation	(594, 267)	(567, 012)
Accumulated impairment	–	–
Total	\$ 387, 604	\$ 405, 894

	Land	Buildings	Machinery	Other Equipment	Total
Cost					
Balance on January 1, 2024 \$	–	\$ 624, 468	\$ 306, 000	\$ 42, 438	\$ 972, 906
Additions	–	88	7, 978	2, 635	10, 701
Disposals	–	– (492)	(6, 052)	(6, 544)	
Reclassified	–	–	4, 808	–	4, 808
Effect of foreign currency exchange difference	–	–	–	–	–
Transfer to assets under operating leases	–	–	–	–	–
Balance on December 31, 2024	\$ –	\$ 624, 556	\$ 318, 294	\$ 39, 021	\$ 981, 871
Accumulated depreciation and impairment					
Balance on January 1, 2024 \$	–	\$ 311, 183	\$ 226, 525	\$ 29, 304	\$ 567, 012
Depreciation expense	–	11, 329	18, 570	3, 837	33, 736
Disposals	–	– (492)	(5, 989)	(6, 481)	
Effect of foreign currency exchange difference	–	–	–	–	–
Transfer to assets under operating leases	–	–	–	–	–
Balance on December 31, 2024	\$ –	\$ 322, 512	\$ 244, 603	\$ 27, 152	\$ 594, 267

	Land	Buildings	Machinery	Other Equipment	Total
<u>Cost</u>					
Balance on January 1, 2023 \$	–	\$ 624,468	\$ 308,480	\$ 40,350	\$ 973,298
Additions	–	–	2,079	3,382	5,461
Disposals	–	–	(4,559)	(1,294)	(5,853)
Reclassified	–	–	–	–	–
Effect of foreign currency exchange difference	–	–	–	–	–
Transfer to assets under operating leases	–	–	–	–	–
Balance on December 31, 2023	\$ –	\$ 624,468	\$ 306,000	\$ 42,438	\$ 972,906
<u>Accumulated depreciation and impairment</u>					
Balance on January 1, 2023 \$	–	\$ 299,861	\$ 212,221	\$ 27,103	\$ 539,185
Depreciation expense	–	11,322	18,863	3,248	33,433
Disposals	–	–	(4,559)	(1,047)	(5,606)
Effect of foreign currency exchange difference	–	–	–	–	–
Transfer to assets under operating leases	–	–	–	–	–
Balance on December 31, 2023	\$ –	\$ 311,183	\$ 226,525	\$ 29,304	\$ 567,012

6.9 Lease agreements

(1) Right-of-use assets

Item	December 31, 2024	December 31, 2023
Land	\$ 48,570	\$ 44,555
Other equipment	3,135	5,236
Total cost	51,705	49,791
Less: Accumulated depreciation	(33,207)	(27,405)
Accumulated impairment	–	–
Total	\$ 18,498	\$ 22,386

	Land	Other Equipment	Total
<u>Cost</u>			
Balance on January 1, 2024	\$ 44,555	\$ 5,236	\$ 49,791
Increase for the period	4,015	–	4,015
Decrease for the period	–	(2,101)	(2,101)
Effect of foreign currency exchange difference	–	–	–
Balance on December 31, 2024	\$ 48,570	\$ 3,135	\$ 51,705

<u>Accumulated depreciation and impairment</u>			
Balance on January 1, 2024	\$ 25,171	\$ 2,234	\$ 27,405
Depreciation expense	6,381	1,522	7,903
Decrease for the period	–	(2,101)	(2,101)
Effect of foreign currency exchange difference	–	–	–
Balance on December 31, 2024	<u>\$ 31,552</u>	<u>\$ 1,655</u>	<u>\$ 33,207</u>
	<u>Land</u>	<u>Other Equipment</u>	<u>Total</u>
<u>Cost</u>			
Balance on January 1, 2023	\$ 44,555	\$ 8,458	\$ 53,013
Increase for the period	–	4,041	4,041
Decrease for the period	–	(7,263)	(7,263)
Effect of foreign currency exchange difference	–	–	–
Balance on December 31, 2023	<u>\$ 44,555</u>	<u>\$ 5,236</u>	<u>\$ 49,791</u>
<u>Accumulated depreciation and impairment</u>			
Balance on January 1, 2023	\$ 19,884	\$ 6,661	\$ 26,545
Depreciation expense	5,287	2,836	8,123
Decrease for the period	–	(7,263)	(7,263)
Effect of foreign currency exchange difference	–	–	–
Balance on December 31, 2023	<u>\$ 25,171</u>	<u>\$ 2,234</u>	<u>\$ 27,405</u>

(2) Lease liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount of lease liabilities		
Current	<u>\$ 7,630</u>	<u>\$ 6,905</u>
Noncurrent	<u>\$ 11,680</u>	<u>\$ 16,363</u>

The ranges of discount rates for the lease liabilities:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Land	1.873%	1.873%
Other equipment	1.53%	1.419%~1.53%

Please refer to Note 12.2 for information on the maturity analysis of the lease liabilities.

(3) Major lease-in activities and terms

The Company leases state-owned land, certain buildings and other equipment for use as office premises, plant and by vehicles for terms of 1 ~ 20 years, and the Company has recorded the right to renew the leases after the expiry of the lease terms in the lease liabilities. In addition, per the contracts, the Company is prohibited from subleasing the underlying assets without the lessor's consent. As of December 31, 2024 and 2023, there was no indication of impairment for the right-of-use assets. Therefore, no impairment assessment was performed for these assets.

(4) Other lease information

A. Expenses relating to leases for the year is as follows

Item	2024	2023
Expenses relating to short-term leases	\$ 409	\$ 166
Expenses relating to low-value asset leases	\$ 56	\$ -
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ -	\$ -
Total cash outflow for leases (Note)	\$ 8,858	\$ 8,766

Note: Including payments for the principal and interest portions of lease liabilities.

The Company elected to apply the recognition exemption for short-term leases and low-value asset leases and, thus, did not recognize right-of-use assets and lease liabilities for these leases for 2024 and 2023.

6.10 Investment properties

Item	December 31, 2024	December 31, 2023
Land	\$ 24,112	\$ 24,112
Buildings	3,075	3,075
Total cost	27,187	27,187
Less: Accumulated depreciation	(2,298)	(2,211)
Accumulated impairment	-	-
Net amount	\$ 24,889	\$ 24,976

	Land	Buildings	Total
<u>Cost</u>			
Balance on January 1, 2024	\$ 24, 112	\$ 3, 075	\$ 27, 187
Additions	–	–	–
Disposals	–	–	–
Reclassified	–	–	–
Effect of foreign currency exchange difference	–	–	–
Balance on December 31, 2024	<u>\$ 24, 112</u>	<u>\$ 3, 075</u>	<u>\$ 27, 187</u>
<u>Accumulated depreciation and impairment</u>			
Balance on January 1, 2024	\$ –	\$ 2, 211	\$ 2, 211
Depreciation expense	–	87	87
Disposals	–	–	–
Reclassified	–	–	–
(Reversal of) impairment loss	–	–	–
Effect of foreign currency exchange difference	–	–	–
Balance on December 31, 2024	<u>\$ –</u>	<u>\$ 2, 298</u>	<u>\$ 2, 298</u>
	Land	Buildings	Total
<u>Cost</u>			
Balance on January 1, 2023	\$ 24, 112	\$ 3, 075	\$ 27, 187
Additions	–	–	–
Disposals	–	–	–
Reclassified	–	–	–
Effect of foreign currency exchange difference	–	–	–
Balance on December 31, 2023	<u>\$ 24, 112</u>	<u>\$ 3, 075</u>	<u>\$ 27, 187</u>
<u>Accumulated depreciation and impairment</u>			
Balance on January 1, 2023	\$ –	\$ 2, 123	\$ 2, 123
Depreciation expense	–	88	88
Disposals	–	–	–
Reclassified	–	–	–
(Reversal of) impairment loss	–	–	–
Effect of foreign currency exchange difference	–	–	–
Balance on December 31, 2023	<u>\$ –</u>	<u>\$ 2, 211</u>	<u>\$ 2, 211</u>

- (1) Rental income from investment properties and direct operating expenses arising from investment property are shown below:

	2024	2023
Rental income from investment properties	\$ 1, 209	\$ 1, 203
Direct operating expenses arising from the investment properties that generated rental income during the period	\$ 181	\$ 175

- (2) Investment properties are depreciated on a straight-line basis based on the following useful lives:
Buildings 5 ~ 40 years
- (3) On December 31, 2024 and 2023, the fair value of investment properties held by the Company was \$64,531 thousand and \$91,789 thousand, respectively, which was estimated mainly according to the actual transaction prices on the Ministry of the Interior, Actual Selling Price Registration platform and relevant information on the price fluctuations.
- (4) Please refer to Note 8 for the information on the pledged investment properties.
- (5) There is no impairment on the investment properties after careful assessment by the Company.

6.11 Intangible assets

Item	December 31, 2024	December 31, 2023
Patents	\$ 6, 330	\$ 6, 134
Computer cost	2, 605	1, 923
Total cost	8, 935	8, 057
Less: Accumulated amortization	(2, 801)	(2, 314)
Accumulated impairment	–	–
Net amount	\$ 6, 134	\$ 5, 743

	Patents	Computer cost	Total
Cost			
Balance on January 1, 2024	\$ 6, 134	\$ 1, 923	\$ 8, 057
Additions	142	1, 050	1, 192
Disposals or derecognition	(97)	(368)	(465)
Reclassified	151	–	151
Effect of foreign currency exchange difference	–	–	–
Balance on December 31, 2024	\$ 6, 330	\$ 2, 605	\$ 8, 935

<u>Accumulated amortization and impairment</u>			
Balance on January 1, 2024	\$ 1,650	\$ 664	\$ 2,314
Amortization expense	445	507	952
Disposals or derecognition	(97)	(368)	(465)
Effect of foreign currency exchange difference	–	–	–
Balance on December 31, 2024	<u>\$ 1,998</u>	<u>\$ 803</u>	<u>\$ 2,801</u>

	Patents	Computer cost	Total
<u>Cost</u>			
Balance on January 1, 2023	\$ 5,832	\$ 1,348	\$ 7,180
Additions	255	575	830
Disposals or derecognition	(117)	–	(117)
Reclassified	164	–	164
Effect of foreign currency exchange difference	–	–	–
Balance on December 31, 2023	<u>\$ 6,134</u>	<u>\$ 1,923</u>	<u>\$ 8,057</u>

<u>Accumulated amortization and impairment</u>			
Balance on January 1, 2023	\$ 1,254	\$ 415	\$ 1,669
Amortization expense	513	249	762
Disposals or derecognition	(117)	–	(117)
Effect of foreign currency exchange difference	–	–	–
Balance on December 31, 2023	<u>\$ 1,650</u>	<u>\$ 664</u>	<u>\$ 2,314</u>

No impairment is recognized according to the Company's assessment on intangible assets.

6.12 Short-term borrowings

Nature of borrowings	December 31, 2024	
	Amount	Interest rate
Secured borrowings	\$ 316,750	1.70%~1.97%
Credit borrowings	190,000	1.85%~1.95%
Total	<u>\$ 506,750</u>	

Nature of borrowings	December 31, 2023	
	Amount	Interest rate
Secured borrowings	\$ 316,750	1.55%~1.803%
Credit borrowings	130,000	1.70%~1.90%
Total	<u>\$ 446,750</u>	

The Company pledged part of its property, plant and equipment as well as other financial assets as collaterals for short-term borrowings. Please refer to Note 8 for more information.

6.13 Other payables

Item	December 31, 2024	December 31, 2023
Salary and bonus payable	\$ 30,551	\$ 26,666
Pension payable	1,826	1,779
Interest payable	589	463
Directors' and supervisors' compensation payable	1,256	772
Employee's compensation payable	5,022	3,090
Premium payable	2,734	2,793
Utilities expense payable	1,513	964
Processing expense payable	13,896	8,707
Services expense payable	1,551	1,561
Equipment payable	95	1,600
Others	12,791	11,518
Total	<u>\$ 71,824</u>	<u>\$ 59,913</u>

6.14 Provisions — current

Item	December 31, 2024	December 31, 2023
Employee benefits	\$ 3,395	\$ 3,313
Warranty provision	1,580	2,015
Total	<u>\$ 4,975</u>	<u>\$ 5,328</u>

(1) 2024

Item	Employee benefits	Warranty Provision	Total
Balance on January 1	\$ 3,313	\$ 2,015	\$ 5,328
Recognized during the period	6,327	438	6,765
Used during the period	(6,245)	(873)	(7,118)
Balance on December 31	<u>\$ 3,395</u>	<u>\$ 1,580</u>	<u>\$ 4,975</u>

(2) 2023

Item	Employee benefits	Warranty Provision	Total
Balance on January 1	\$ 3,372	\$ 2,192	\$ 5,564
Recognized during the period	5,169	399	5,568
Used during the period	(5,228)	(576)	(5,804)
Balance on December 31	<u>\$ 3,313</u>	<u>\$ 2,015</u>	<u>\$ 5,328</u>

- A. Provision for employee benefits is estimated, based on vested short-service leave.
- B. The warranty provisions of the Company mainly relate to sales of LED products and are estimated with reference of historical data.

6.15 Long-term borrowings and current portion

Lending institution	Loan maturity date	December 31, 2024	December 31, 2023	Repayment method
Taiwan Cooperative Bank	2025. 3. 1	\$ 2, 955	\$ 14, 636	Note(1) 、(2) 、(4)
E.SUN Commercial Bank, Ltd.	2026.10.19	18, 513	28, 371	Note(3) 、(4)
Total		21, 468	43, 007	
Less: Current portion		(12, 900)	(21, 539)	
Long-term borrowings		\$ 8, 568	\$ 21, 468	
Interest rates		1. 74%~1. 928%	1. 62%~2. 563%	

- (1) The principal and interest of Company's secured long-term borrowing of \$250,000 thousand from Taiwan Cooperative Bank are repaid in equal monthly installments from April 1, 2010, over 180 months.
- (2) On February 25, 2011, the Company made additional principal repayments of \$90,000 thousand in addition to the monthly amortization and recalculated the average monthly repayment amounts.
- (3) The principal and interest of Company's secured medium-term borrowing of \$30,000 thousand from E.SUN Commercial Bank, Ltd. are repaid in equal monthly installments from October 20, 2023, over 36 months.
- (4) Please refer to Note 8 for collaterals of borrowings from banks.

6.16 Pension

(1) Defined contribution plan

- A. The employee pension plan under the Labor Pension Act of the Republic of China ("R.O.C.") is a defined contribution plan. Pursuant to the plan, the Company makes monthly contributions of 6% of each individual employee's salary or wage to employees' pension accounts.
- B. A total of \$6,254 thousand and \$6,320 thousand were recognized as expense in comprehensive income and loss by the Company portion which should be contributed pursuant to the plan for 2024 and 2023, respectively.

(2) Defined benefit plan

- A. The Company has a defined benefit pension plan in accordance with the Labor Standards Act of the R.O.C. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to

retirement. The Company contributes monthly an amount equal to 3% of the employees' monthly salaries and wages to the retirement fund deposited in Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of each year. If the account balance is not enough to pay the pension to the labors expected to be qualified for retirement in the following year, the Company will make contribution for the deficit by next March. The pension fund is managed by the government's designated authorities and the Company has no right to influence their investment strategies.

B. The Company's obligations arising from defined benefit plans are presented on the balance sheet as follows:

Item	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	\$ 25,910	\$ 25,060
Fair value of plan assets	(25,255)	(22,146)
Net defined benefit liability (asset)	\$ 655	\$ 2,914

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

Item	2024		
	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Balance on January 1, 2024	\$ 25,060	(\$ 22,146)	\$ 2,914
Service cost:			
Current service cost	—	—	—
Past service cost	—	—	—
Interest expense (revenue)	313	(283)	30
Recorded in profit (loss)	313	(283)	30
Remeasurements:			
Return on plan asset (excluding amounts in net interest)	—	(1,933)	(1,933)
Actuarial (gains) losses —			
Effect of change in demographic assumptions	—	—	—
Effect of change in financial assumptions	(13)	—	(13)
Experience adjustments	550	—	550
Amounts recognized in other comprehensive income	537	(1,933)	(1,396)
Pension fund contribution by employer	—	(893)	(893)
Paid benefits	—	—	—
Balance on December 31, 2024	\$ 25,910	(\$ 25,255)	\$ 655

Item	2023		
	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Balance at January 1, 2023	\$ 23,940	(\$ 20,852)	\$ 3,088
Service cost:			
Current service cost	–	–	–
Past service cost	–	–	–
Interest expense (revenue)	300	(266)	34
Recorded in profit (loss)	300	(266)	34
Remeasurements:			
Return on plan asset (excluding amounts in net interest)	–	(178)	(178)
Actuarial (gains) losses —			
Effect of change in demographic assumptions	–	–	–
Effect of change in financial assumptions	–	–	–
Experience adjustments	820	–	820
Amounts recognized in other comprehensive income	820	(178)	642
Pension fund contribution by employer	–	(850)	(850)
Paid benefits	–	–	–
Balance on December 31, 2023	\$ 25,060	(\$ 22,146)	\$ 2,914

(4) Due to the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

A. Investment risk

The pension funds are invested in equity and debt securities, bank deposits, etc. at the discretion of the Bureau of Labor Funds of Ministry of Labor, or under the mandated management. However, under the Labor Standards Act, the rate of return on plan assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.

B. Interest rate 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 debt investments of the plan assets.

C. Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

- (5) The present value of the Company's defined benefit obligation is actuarially determined by a qualified actuary. Significant assumptions at the measurement date are presented below.

Item	Measurement Date	
	December 31, 2024	December 31, 2023
Discount rate	1.50%	1.25%
Future salary increase rate	3.00%	2.75%
The average duration of the defined benefit obligation	7.5 years	7.9 years

Assumptions on future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

- (6) The amount by which the present value of the defined benefit obligation would increase (decrease) if there were reasonably possible changes in the significant actuarial assumptions, respectively, with all other assumptions held constant, is as follows.

Item	December 31, 2024	December 31, 2023
Discount rate	1.50%	1.25%
0.25% increase	(\$ 479)	(\$ 488)
0.25% decrease	\$ 493	\$ 504
Expected salary increase rate	3.00%	2.75%
0.25% increase	\$ 478	\$ 488
0.25% decrease	(\$ 466)	(\$ 476)

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

- (7) The contribution that the Company expects to actually make to the defined benefit pension plans in 2025 and 2024 is \$916 thousand and \$893 thousand, respectively.

6.17 Share capital

- (1) A reconciliation of the number and amount of shares of our common stock outstanding at the beginning and end of the period is as follows:

	2024	
	Number of shares (in thousands)	Amount
Balance on January 1	109,102	\$ 1,091,022
Balance on December 31	109,102	\$ 1,091,022

	2023	
	Number of shares (in thousands)	Amount
Balance on January 1	109,102	\$ 1,091,022
Balance on December 31	109,102	\$ 1,091,022

- (2) As of December 31, 2024, the Company's authorized capital amount was \$2,000,000 thousand, consisting of 200,000 thousand shares.

6.18 Capital surplus

Item	December 31, 2024	December 31, 2023
Difference between consideration and carrying amount of subsidiaries acquired or disposed	\$ 725	\$ 725
Reorganization	878	878
Uncollected overdue dividends by shareholders	842	842
Treasury shares transaction	4,089	4,089
Total	\$ 6,534	\$ 6,534

Under the Company Act, where the Company incurs no loss, it may distribute its additional paid-in capital and endowments received by the Company by issuing new shares as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient. The capital surplus from long-term investments may not be used for any purpose.

6.19 Retained earnings and dividend policy

(1) Dividend policy of the Company

Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses, and then 10% of the remaining amount shall be set aside as legal reserve, except when the legal reserve has reached the Company's paid-in capital. In addition to distribution of dividends, the remaining earnings are combined with retained earnings at the beginning of the period, then distribute dividends to shareholders after consent by the shareholders.

With the attendance of at least two-thirds of the directors, and over half of which resolves that all or a portion of the dividends, bonuses, capital surplus and legal reserve to be distributed shall be in the form of cash and shall report at the shareholders' meeting.

The Company's dividend policy is to make appropriate dividend distributions in accordance with current and future development plans, taking into account the investment environment, capital requirements and domestic and international competition, as well as taking into account the interests of shareholders. No less than 15% of the distributable earnings shall be distributed annually as dividends to shareholders, except that if the accumulated distributable earnings are less than 15% of the paid-in capital, dividends may not be distributed. Dividends may be distributed to shareholders in cash or in shares, of which cash dividends of not less than 10% of the total dividends.

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

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

B. In accordance with Jin-Guan-Zheng-Fa-Zi No. 1090150022, dated March 31, 2021, the special reserve will be reversed to distributable retained earnings if the Company subsequently uses, disposes of, or reclassifies the related assets in accordance with the proportion of the original special reserve.

- (3) The appropriations of 2023 and 2022 earnings have been approved by the shareholders in its meetings in June 2024 as well as June 2023 and the appropriations as well as dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$ 6,225	\$ 11,380	–	–
Special reserve	3,722	(18,220)	–	–
Cash dividends of ordinary shares	87,281	130,923	0.80	1.20
Total	<u>\$ 97,228</u>	<u>\$ 124,083</u>		

- (4) In the board of directors meeting on March 12, 2025, the appropriation of 2024 earnings is drafted as follows:

	Appropriation of Earnings	Dividend Per Share (NT\$)
Legal reserve	\$ 10,035	
Special reserve	(18,087)	
Cash dividends	98,192	\$ 0.90
Stock dividends	–	–

The appropriation of 2024 earnings is subject to the resolution of the regular shareholders' meeting to be held in June 2025.

- (5) Information on the resolution of the board of directors' and shareholders' meetings regarding the appropriation of earnings is available from the Market Observation Post System on the website of the TWSE.

6.20 Other equity

Item	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on valuation of financial assets at FVTOCI	Total
Balance on January 1, 2024	\$ 22,734	(\$ 61,354)	(\$ 38,620)
Exchange differences on translation of foreign operations	7,484	–	7,484
Unrealized gains (losses) on FVTOCI financial assets	–	6,878	6,878
Share of associates and joint ventures accounted for using equity method	–	3,724	3,724
Balance on December 31, 2024	<u>\$ 30,218</u>	<u>(\$ 50,752)</u>	<u>(\$ 20,534)</u>

Item	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on valuation of financial assets at FVTOCI	Total
Balance on January 1, 2023	\$ 27,503	(\$ 62,402)	(\$ 34,899)
Exchange differences on translation of foreign operations	(4,769)	-	(4,769)
Unrealized gains (losses) on FVTOCI financial assets	-	(1,788)	(1,788)
Share of associates and joint ventures accounted for using equity method	-	2,836	2,836
Balance on December 31, 2023	<u>\$ 22,734</u>	<u>(\$ 61,354)</u>	<u>(\$ 38,620)</u>

6.21 Operating revenue

Item	2024	2023
Revenue from contracts with customers		
Sales revenue	\$ 697,951	\$ 672,450
Total	<u>\$ 697,951</u>	<u>\$ 672,450</u>

(1) Breakdowns of revenue from contracts with customers

The Company's revenue from contracts with customers may be divided into the following major product lines and sales regions:

Segments	2024	2023
<u>Primary geographical market</u>		
Taiwan	\$ 324,540	\$ 357,236
Americas	49,652	43,232
Europe	96,960	70,265
Asia	222,813	199,024
Others	3,986	2,693
Total	<u>\$ 697,951</u>	<u>\$ 672,450</u>
<u>Major goods</u>		
LED modules	\$ 349,454	\$ 340,711
Semiconductor-related products	166,500	113,250
Other products	181,997	218,489
Total	<u>\$ 697,951</u>	<u>\$ 672,450</u>
<u>Timing of revenue recognition</u>		
Goods transferred at a point in time	\$ 697,951	\$ 672,450
Total	<u>\$ 697,951</u>	<u>\$ 672,450</u>

(2) Contract balances

The recognized accounts receivable, contract assets and contract liabilities arising from contracts with customers are as follows:

Item	December 31, 2024	December 31, 2023	January 1, 2023
Notes receivable and accounts receivable	\$ 281,230	\$ 266,520	\$ 261,941
Contract liabilities - current			
Sale of goods	\$ 11,301	\$ 10,204	\$ 4,823

Significant changes in contract assets and contract liabilities:

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

(3) Revenue recognized, during the period, from the beginning contract liabilities is as follows:

	2024	2023
Revenue recognized in the current period from the beginning balance of contract liabilities		
Sale of goods	\$ 10,204	\$ 4,823

(4) Unfulfilled contracts with customer

As of December 31, 2024 and 2023, the Group's unfulfilled contracts with customers are expected to be fulfilled within a year, with the revenue recognized in the following year.

6.22 Employee benefits, depreciation, depletion and amortization expense

By nature	2024		
	Operating costs	Operating expenses	Total
Employee benefits expense			
Salary	\$ 75,326	\$ 78,895	\$ 154,221
Insurance	7,344	7,012	14,356
Pension	2,901	3,384	6,285
Directors' remuneration	–	4,818	4,818
Other employee benefits	3,154	2,409	5,563
Depreciation expense	30,545	11,094	41,639
Amortization expense	–	952	952
Total	\$ 119,270	\$ 108,564	\$ 227,834

By nature	2023		
	Operating costs	Operating expenses	Total
Employee benefits expense			
Salary	\$ 69,813	\$ 71,171	\$ 140,984
Insurance	7,336	7,610	14,946
Pension	2,955	3,399	6,354
Directors' remuneration	–	4,123	4,123
Other employee benefits	3,236	2,384	5,620
Depreciation expense	30,124	11,432	41,556
Amortization expense	–	762	762
Total	<u>\$ 113,464</u>	<u>\$ 100,881</u>	<u>\$ 214,345</u>

- (1) Additional information on number of employees and employee benefits in 2024 and 2023:

	2024	2023
Number of employees	<u>207</u>	<u>207</u>
Number of directors who are not concurrently employees	<u>7</u>	<u>6</u>
Average employee benefits expense	<u>\$ 902</u>	<u>\$ 835</u>
Average employee salary expense	<u>\$ 771</u>	<u>\$ 701</u>
Adjustment on employee salary expense	<u>9.99%</u>	<u>(2.23%)</u>
Compensation for supervisor	<u>\$ –</u>	<u>\$ –</u>

Policies of compensation (including directors, managers and employees) presented as follows:

A. Policies, system and structure of directors and managers:

The Compensation Committee meets at least twice a year and its function is to faithfully perform the following duties and responsibilities with the attention of good stewards and to submit its recommendations to the board of directors for discussion.

(A) To establish and regularly review the policies, systems, standards and structures of performance evaluation standards and compensation for directors and managers of the Company.

(B) To determine the content and amount of personal compensation based on the evaluation results obtained from the performance evaluation standards.

B. The Compensation Committee shall perform the duties in the preceding paragraph in accordance with the following principles.

- (A) The performance evaluation and remuneration of directors and managers should be based on the industry norms, and should also take into account the results of the individual performance evaluation, the time invested, the responsibilities assumed, the achievement of personal goals, the performance of other positions, the remuneration offered by the Company to persons in similar positions in recent years, the achievement of the Company's short-term and long-term business goals, the Company's financial condition, etc. to assess the reasonableness of the connection between the performance of the individual and the Company's operating performance and future risks. The Company also evaluates the reasonableness of the relationship between individual performance and the Company's operating performance and future risks based on the achievement of short-term and long-term business objectives and the Company's financial condition.
- (B) There shall be no incentive for the directors or managerial officers to pursue compensation by engaging in activities that exceed the tolerable risk level of the Company.
- (C) The percentage of compensation for short-term performance of directors and senior managers and the timing of payment of some variable compensation shall be determined by considering the characteristics of the industry and the nature of the Company's business.

C. Policy on employee's compensation:

- (A) Employee bonus: According to the Company's operating condition, if there is any distribution of earnings, bonus will be distributed according to the consideration of employee's position, performance and years of service.
- (B) Year-end bonus: Year-end bonuses are provided in accordance with the company's operating conditions, and employees' performance appraisal results are used as a reference for year-end bonus payments.
- (C) Annual compensation adjustment: According to the company's operation, the annual salary adjustment rate is set according to the individual's performance score, taking into account the domestic economic growth rate, price index and salary adjustment in the industry, etc. The annual salary adjustment is made according to the company's operation.

- (2) The Company contributes no less than 1% and no more than 5% of the pre-tax benefit before employees' and directors' and supervisors' remuneration, respectively, to employees' and directors' and supervisors' remuneration for the year. For the years ended December 31, 2024 and 2023, the estimated compensation to employees and directors and supervisors were \$5,022 thousand and \$3,090 thousand, respectively, and \$1,256 thousand and \$772 thousand, respectively, based on no less than 1% and no more than 5% of the aforementioned pre-tax benefit. If there is any change in the amount of the annual financial report after the date of its issuance, the change in accounting estimate is treated as an adjustment in the following year.
- (3) The employees' compensation and directors' and supervisors' remuneration for 2024 and 2023 were approved in the meetings of the board of directors on March 12, 2025 and March 13, 2024, respectively. The amounts recognized in the financial reports were as follows:

	2024		2023	
	Employees' compensation	Directors' and supervisors' remuneration	Employees' compensation	Directors' and supervisors' remuneration
Amount resolved to be distributed	\$ 5,022	\$ 1,256	\$ 3,090	\$ 772
Amount recognized in financial statements	5,022	1,256	3,090	772
Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The above employees' compensations are all distributed in cash.

- (4) Information on 2024 and 2023 employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the meetings of board of directors is available from the Market Observation Post System on the website of the TWSE.

6.23 Interest income

Item	2024	2023
Interest income		
Bank deposits interest	\$ 24,376	\$ 24,590
Interest income from debt instruments at FVTOCI	999	296
Other interest income	1,740	1,776
Total	<u>\$ 27,115</u>	<u>\$ 26,662</u>

6.24 Other income

Item	2024	2023
Rental income	\$ 1,803	\$ 2,128
Other income - other	4,191	2,879
Total	<u>\$ 5,994</u>	<u>\$ 5,007</u>

6.25 Other gains or losses

Item	2024	2023
Net foreign exchange gains/(losses)	\$ 42,788	(\$ 743)
Gain (loss) on disposal of property, plant and equipment	(24)	(122)
Gains on disposal of other assets	–	786
Others	(674)	(88)
Total	<u>\$ 42,090</u>	<u>(\$ 167)</u>

6.26 Financial costs

Item	2024	2023
Interest expense:		
Bank borrowings	\$ 9,505	\$ 8,485
Interest on lease liabilities	420	463
Others	30	43
Financial costs	<u>\$ 9,955</u>	<u>\$ 8,991</u>

6.27 Income tax

(1) Income tax expense (benefit)

A. Components of income tax expense (benefit):

Item	2024	2023
Current-period income tax		
Income tax generated from current-period income	\$ 4,300	\$ –
Additional income tax on unappropriated earnings	–	–
Adjustments for prior periods	(509)	454
Total income tax for current period	<u>3,791</u>	<u>454</u>
Deferred income tax		
The origination and reversal of temporary differences	16,536	10,037
Total of deferred income tax	<u>16,536</u>	<u>10,037</u>
Income tax expense (benefit)	<u>\$ 20,327</u>	<u>\$ 10,491</u>

B. Income tax expense (benefit) related to other comprehensive income: None.

(2) Reconciliation between accounting profit and income tax expense recognized in profit or loss

Item	2024	2023
Income before income tax	\$ 119,279	\$ 73,387
Income before income tax subject to the statutory tax rate	\$ 23,856	\$ 14,677
Adjustment of effectives on tax :		
Deductible items in determining taxable income	(19,556)	(14,677)
Adjustments for prior periods	(509)	454
Undistributed earnings subjected to additional 5% tax	–	–
Net change in deferred income tax	16,536	10,037
Income tax expense (benefit) recognized in profit or loss	\$ 20,327	\$ 10,491

The corporate income tax rate for entities subject to the R.O.C. Income Tax Act is 20%, and, starting from 2018, the tax rate for unappropriated earnings is 5%. In July 2019, the president of the R.O.C. announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Company only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

(3) Deferred income tax assets or liabilities arising from temporary differences, operating loss carryforward, and investment tax credits:

Item	2024				
	Beginning balance	Recorded in profit (loss)	Recorded in other comprehensive income (loss)	Exchange rate effects	Ending balance
Deferred income tax assets					
Temporary differences					
Unrealized bad-debt allowance over statutory limit	\$ 4,827	(\$ 118)	\$ –	\$ –	\$ 4,709
Unrealized payment on pension	–	–	–	–	–
Unrealized valuation loss on inventories	3,443	(108)	–	–	3,335
Unrealized provision of employment	663	16	–	–	679
Unrealized exchange loss	–	–	–	–	–
Operating loss carryforward	9,747	(9,747)	–	–	–
Subtotal	18,680	(9,957)	–	–	8,723
Deferred income tax liabilities					
Temporary differences					
Unrealized exchange gain	(1,563)	(6,579)	–	–	(8,142)
Subtotal	(1,563)	(6,579)	–	–	(8,142)
Total	\$ 17,117	(\$ 16,536)	\$ –	\$ –	\$ 581

Item	2023				
	Beginning balance	Recorded in profit (loss)	Recorded in other comprehensive income (loss)	Exchange rate effects	Ending balance
Deferred income tax assets					
Temporary differences					
Unrealized bad-debt allowance over statutory limit	\$ 4,458	\$ 369	\$ –	\$ –	\$ 4,827
Unrealized payment on pension	–	–	–	–	–
Unrealized valuation loss on inventories	3,754	(311)	–	–	3,443
Unrealized provision of employment	675	(12)	–	–	663
Unrealized exchange loss	–	–	–	–	–
Operating loss carryforward	23,024	(13,270)	–	–	9,754
Subtotal	\$ 31,911	(\$ 13,224)	\$ –	\$ –	\$ 18,687
Deferred income tax liabilities					
Temporary differences					
Unrealized exchange gain	(4,750)	3,187	–	–	(1,563)
Subtotal	(4,750)	3,187	–	–	(1,563)
Total	\$ 27,161	(\$ 10,037)	\$ –	\$ –	\$ 17,124

(4) Items not recorded as deferred income tax assets:

Item	December 31, 2024	December 31, 2023
Deductible temporary differences	\$ 3,015	\$ 3,607
Operating loss carryforward	–	–
Total	<u>\$ 3,015</u>	<u>\$ 3,607</u>

(5) The Company's income tax returns through 2022 had been assessed and approved by the Tax Authority.

6.28 Other comprehensive income or loss

Item	2024		
	Before tax	Income tax (expense) benefit	After tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	\$ 1,397	\$ –	\$ 1,397
Unrealized gains (losses) on valuation of equity investments at FVTOCI	10,625	–	10,625
Subtotal	<u>12,022</u>	<u>–</u>	<u>12,022</u>
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	7,484	–	7,484
Unrealized gains (losses) on valuation of debt investments at FVTOCI	(23)		(23)
Subtotal	<u>7,461</u>	<u>–</u>	<u>7,461</u>
Recognized other comprehensive income (loss)	<u>\$ 19,483</u>	<u>\$ –</u>	<u>\$ 19,483</u>

Item	2023		
	Before tax	Income tax (expense) benefit	After tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	(\$ 642)	\$ –	(\$ 642)
Unrealized gains (losses) on valuation of equity investments at FVTOCI	997	–	997
Subtotal	<u>355</u>	<u>–</u>	<u>355</u>
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	(4,769)	–	(4,769)
Unrealized gains (losses) on valuation of debt investments at FVTOCI I	51		51
Subtotal	<u>(4,718)</u>	<u>–</u>	<u>(4,718)</u>
Recognized other comprehensive income (loss)	<u>(\$ 4,363)</u>	<u>\$ –</u>	<u>(\$ 4,363)</u>

6.29 Earnings per common share

Item	2024	2023
Basic earnings per share		
Net income (A)	\$ 98,952	\$ 62,896
Weighted average number of shares outstanding for the period (in thousands)(B)	109,102	109,102
Weighted average number of shares after retrieval for the period (in thousands)(C)	109,102	109,102
Basic earnings per share, after tax (in dollars) (A)/(C)	\$ 0.91	\$ 0.58
	2024	2023
Diluted earnings per share		
Net income (A)	\$ 98,952	\$ 62,896
Effect of the dilutive potential ordinary shares	-	-
Net income for calculating diluted earnings per share (D)	\$ 98,952	\$ 62,896
Retrospective adjusted weighted average number of shares (in thousands)	109,102	109,102
Effect of employees' compensation (share in thousands)	123	222
Weighted average number of shares outstanding for diluted earnings per share (share in thousand) (E)	109,225	109,324
Diluted earnings per share, after tax (in dollars) (D)/(E)	\$ 0.91	\$ 0.58

If the Company offered to settle the compensation or bonuses paid to employees in shares or cash at the Company's option, the Company assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the calculation of diluted earnings per share if the effect is dilutive. Such dilutive effect of the potential shares is included in the calculation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

6.30 Reconciliation of liabilities arising from financing activities

Item	January 1, 2024	Cash flows	Non-cash changes New lease and lease changes	December 31, 2024
Short-term borrowings	\$ 446,750	\$ 60,000	\$ –	\$ 506,750
Long-term borrowings (including current portion)	43,007	(21,539)	–	21,468
Lease liabilities	23,268	(7,973)	4,015	19,310
Total liabilities arising from financing activities	\$ 513,025	\$ 30,488	\$ 4,015	\$ 547,528

Item	January 1, 2023	Cash flows	Non-cash changes New lease and lease changes	December 31, 2023
Short-term borrowings	\$ 466,750	(\$ 20,000)	\$ –	\$ 446,750
Long-term borrowings (including current portion)	26,112	16,895	–	43,007
Lease liabilities	27,364	(8,137)	4,041	23,268
Total liabilities arising from financing activities	\$ 520,226	(\$ 11,242)	\$ 4,041	\$ 513,025

7. Related Party Transactions

7.1 Name of the parent company and the ultimate controlling party

The Company is the ultimate controlling party of the group.

7.2 Names of related parties and relationship categories

Names of related parties	Related party categories
O.H. Technology Co., Ltd.	Subsidiary
Ligitrust Co., Ltd.	Subsidiary
LIGICARE Co., Ltd.	Subsidiary
Lapling Ltd.	Subsidiary
Guangzhou Pan Yu Lapling Electronics Co., Ltd.	Subsidiary
O.H. Opto-Electronics (Dong Guan) Co., Ltd.	Subsidiary
LiMart Intelligent Retail Co., Ltd. (Note)	Subsidiary
Sunny Invest Co., Ltd.	Other related parties
Solidlite Corporation	Other related parties

Note : LiMart Intelligent Retail Co., Ltd. is not a related party after Ligitrust Co., Ltd. sold 2,111,250 shares of LiMart Intelligent Retail Co., Ltd. on December 16, 2024, resulting in the loss of control.

7.3 Significant transactions with related parties

(1) Operating revenue

Item	Related party category	2024	2023
Sales revenue	Subsidiary	\$ 42,032	\$ 25,214
	Other related parties	–	65
	Total	<u>\$ 42,032</u>	<u>\$ 25,279</u>

A. Sales price: No significant difference compared to non-related customers.

B. Payment terms:

(A) Solidlite Corporation: 90 days after month closing.

(B) O.H. Technology Co., Ltd.: 90 days after month closing.

(C) The remaining credit periods are approximately 30 days longer than those of non-related customers. Receipts are offset against the debts depending on capital requirements.

(2) Purchases

Item	Related party category /Name	2024	2023
Purchases	O.H. Opto-Electronics (Dong Guan) Co., Ltd.	\$ 36,548	\$ 36,204
	Subsidiary	6,419	3,337
	Total	<u>\$ 42,967</u>	<u>\$ 39,541</u>

A. Purchase price:

(A) O.H. Technology Co., Ltd.: For 2024, the purchase price is partly based on (material + labor + cost)/(1-17%) and partly on case-by-case bargaining ; For 2023, the purchase price is partly based on (material + labor + cost)/115% and partly on case-by-case bargaining.

(B) The remaining prices are not significantly different from those of non-related customers.

B. Payment terms:

(A) O.H. Technology Co., Ltd.: 90 days after monthly closing.

(B) O.H. Opto-Electronics (Dong Guan) Co., Ltd.: 90 days after monthly closing. Receipts are offset against the debts depending on capital requirements.

(3) Property transaction: None.

(4) Various expenses

Related party category	2024	2023
Subsidiary	\$ 4,961	\$ 5,111

(5) Various income (including rental income)

Related party category/name	2024	2023
Subsidiary	\$ 589	\$ 865
Other related party	5	60
Total	\$ 594	\$ 925

The following rental prices are determined by referring to market prices and negotiations between the lessee and the lessor, with monthly or quarterly rental payments. The content of the lease contract is as follows:

Leased Object	Lessee	Deposit	2024		2023	
			Term	Amount	Term	Amount
Part of 5F., No. 238, Bo'ai St., Shulin Dist., New Taipei City	O.H. Technology Co., Ltd.	\$ -	2024. 1. 1 ~ 2024. 12. 31	\$ 504	2023. 1. 1 ~ 2023. 12. 31	\$ 504
Part of 2F. & 3F., No. 238, Bo'ai St., Shulin Dist., New Taipei City	Ligitrust Co., Ltd.	10	2024. 1. 1 ~ 2024. 12. 31	60	2023. 1. 1 ~ 2023. 12. 31	60
Part of No. 238, Bo'ai St., Shulin Dist., New Taipei City	LIGICARE Co., Ltd.	-	-	-	2023. 1. 1 ~ 2023. 6. 30	241
Part of 2F., No. 238, Bo'ai St., Shulin Dist., New Taipei City	Sunny Invest Co., Ltd.	10	2024. 1. 1 ~ 2024. 1. 31	5	2023. 1. 1 ~ 2023. 12. 31	60
Part of No. 238, Bo'ai St., Shulin Dist., New Taipei City	LiMart Intelligent Retail Co., Ltd.	10	2024. 1. 1 ~ 2024. 5. 31	25	2023. 1. 1 ~ 2023. 12. 31	60
Total				\$ 594		\$ 925

(6) Receivables from related parties

Item	Related party category/Name	December 31, 2024	December 31, 2023
Accounts receivable	Subsidiary	\$ 3,497	\$ 1,977
Other receivables (Note)	Subsidiary	\$ 239	\$ 35

In 2024 and 2023, no allowance was recorded for the above receivables from related parties.

Note: Other receivables refer to rent, group management fees, reimbursable expenses, receipts and payments on others' behalf.

(7) Payables to related parties (not including borrowings from related parties)

Item	Related party category	December 31, 2024	December 31, 2023
Accounts payable	O.H. Opto-Electronics (Dong Guan) Co., Ltd. Subsidiary	\$ 9,996	\$ 6,199
	Total	2,335	838
		<u>\$ 12,331</u>	<u>\$ 7,037</u>
Other payables	Subsidiary	\$ 1,818	\$ 1,175
		<u>\$ 1,818</u>	<u>\$ 1,175</u>

(8) Financing : None.

(9) Endorsement

Please refer to Note 13.1 for information on endorsement for related parties.

7.4 Key management compensation

Related party category/Name	2024	2023
Salaries and other short-term employee benefits	\$ 22,575	\$ 18,623
Post-employment benefits	17	10
Total	<u>\$ 22,592</u>	<u>\$ 18,633</u>

8. Pledged Assets

The Company's assets pledged for borrowings and performance guarantees are as follows:

Item	December 31, 2024	December 31, 2023
Property, plant and equipment, net (including investment properties)	\$ 326,932	\$ 338,261
Other financial assets—current	181,159	176,762
Total	<u>\$ 508,091</u>	<u>\$ 515,023</u>

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

9.1 To secure loan facilities, the Company issued guarantee notes of \$1,131,705 thousand and \$1,041,705 thousand as of December 31, 2024 and 2023, respectively, and the corresponding guarantee notes paid and guarantee notes payable were recorded accordingly.

9.2 To ensure collectability for construction performed and goods sold, the Company received guarantee notes of \$10,255 thousand and \$13,157 thousand as of December 31, 2024 and 2023, respectively, and the corresponding guarantee notes received and guarantee notes receivable were recorded accordingly.

9.3 Please refer to Note 13.1 for the information on endorsement of the Company as of

December 31, 2024 and 2023.

9.4 Contracts of \$0 thousand and \$4,885 thousand were set by the Company as of December 31, 2024 and 2023 for the purpose of machinery purchase. The payments already made amounted to \$0 thousand and \$4,500 thousand, respectively, and were recorded under prepayments for equipment.

10. Significant Disaster Losses: None.

11. Significant Subsequent Events: None.

12. Others

12.1 Capital risk management

The Company conducts capital risk management in order to ensure the continuity of the Company, maintain an optimal capital structure for reducing capital cost, and provide benefit to the shareholders

12.2 Financial instruments

(1) Financial risks associated with financial instruments

Financial risk management policies

The Company's activities expose it to a variety of financial risk, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, and liquidity risk. The Company's overall risk management strategy focuses on the unpredictability of financial markets and seeks to mitigate potential adverse effects on the Company's financial position and financial performance.

The Company's material financial activities are approved by the Board of Directors in accordance with relevant requirements and internal control mechanism, which requires the Company to comply with its financial operating policies and procedures that provide guiding principles for the overall financial risk management and accountability and separation of duties.

A. The nature and degree of the significant financial risks

(A) Market Risk

a. Exchange rate risk

(a) The Company is exposed to exchange rate risk arising from sales, purchases and borrowing transactions and net investments in foreign operations that are not denominated in the Company's functional currency. The functional currency of the Company's businesses is primarily NTD, but also includes RNB, USD and HKD. The main currencies of these transactions are USD and RMB. To avoid decrease in the value of foreign-currency assets and the fluctuation of future cash flows due to the exchange rate fluctuations, the Company utilizes foreign-currency borrowings to hedge the exchange rate risk.

The Company's investments in foreign operations present a strategic investment and, thus, are not hedged.

(b) Sensitivity analysis of exchange rate risk

	December 31, 2024					
(Foreign currency: Functional currency)	Foreign Currency	Exchange Rate	Book Value	Sensitivity Analysis		
			(NTD)	Movement	Impact on Profit or Loss	Impact on Equity
Financial assets						
Monetary items						
USD: NTD	\$ 21,305	32.74	\$ 697,535	1%	5,580	\$ -
Non-Monetary items						
USD: NTD	1,963	32.74	64,271	1%	-	514
THB : NTD	27,596	0.9423	26,003	1%	-	208
Financial liabilities						
Monetary items						
USD: NTD	308	32.74	10,080	1%	81	-
RMB: NTD	2,443	4.45	10,871	1%	87	-
	December 31, 2023					
(Foreign currency: Functional currency)	Foreign Currency	Exchange Rate	Book Value	Sensitivity Analysis		
			(NTD)	Movement	Impact on Profit or Loss	Impact on Equity
Financial assets						
Monetary items						
USD: NTD	\$ 21,477	30.66	\$ 658,486	1%	5,268	\$ -
RMB: NTD	97	4.30	417	1%	3	-
Non-Monetary items						
USD: NTD	1,924	30.66	58,977	1%	-	472
Financial liabilities						
Monetary items						
USD: NTD	138	30.66	4,233	1%	34	-
RMB: NTD	1,670	4.30	7,182	1%	57	-

(c) The unrealized exchange gain (loss) arising from significant exchange rate movement on the monetary items held by the Company: None major influence under assessment.

b. Price risk

The Company is exposed to the price risk associated with the equity investments held by the Company. These investments are classified either as financial assets at FVTPL or as financial assets at FVTOCI in Balance Sheets.

The Company mainly invests in domestic and foreign equity instruments. The prices of these equity securities would be affected due to uncertainty in the future value of the underlying investment targets.

If the prices of equity instruments increase or decrease by 1%, the 2024 and 2023 after-tax other comprehensive income, due to increase or decrease in fair value of financial assets measured at FVTOCI, would increase (decrease) by \$879 thousand and \$810 thousand, respectively.

c. Interest rate risk

(a) The Company's interest rate risk is primarily attributable to its investment positions and financial liabilities. The carrying amounts of financial assets and financial liabilities exposed to interest rate risk at the reporting date were as follows.

Item	Carrying Amounts	
	December 31, 2024	December 31, 2023
Fair value interest rate risk:		
Financial assets	\$ 469, 134	\$ 432, 296
Financial liabilities	(254, 000)	(282, 371)
Net amount	\$ 215, 134	\$ 149, 925
Cash flow interest rate risk:		
Financial assets	\$ 331, 821	\$ 263, 872
Financial liabilities	(274, 218)	(207, 386)
Net amount	\$ 57, 603	\$ 56, 486

(b) Sensitivity analysis of fair value interest rate risk:

The Company's holding of financial assets with fixed interest rates exposes the Company to fair value interest rate risk. If the interest rate on borrowings had increased or decreased by 1%, with all other factors held constant, other comprehensive income would decrease or increase by \$622 thousand and \$123 thousand in 2024 and 2023, respectively. The decrease or increase in other comprehensive income would be mainly due to the fact that the fixed-rate bond investments, which are classified as financial assets at FVTOCI, are exposed to fair value interest rate risk because of changes in fair value of bond investments due to fluctuations in market interest rates.

(c) Sensitivity analysis of cash flow interest rate risk:

The Company's variable-rate financial instruments are floating-rate assets (liabilities). Therefore, changes in market interest rates will result in fluctuations in the effective interest

rates and hence in future cash flows. Each 1% increase (decrease) in market interest rates would result in an increase (decrease) in net income of \$461 thousand and \$452 thousand for the years ended December 31, 2024 and 2023, respectively.

(B) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from operating activities, primarily trade receivables, and from investing activities, primarily bank deposits and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

a. Business-related credit risk

In order to maintain the credit quality of trade receivables, the Company has established procedures to monitor and limit exposure to credit risk on trade receivables. Credit evaluation is performed taking into account relevant factors that may affect a customer's paying ability such as the customer's financial condition and historical transaction records, external and internal credit rating, and economic conditions.

b. Financial credit risk

The Company's exposure to financial credit risk pertaining to bank deposits and other financial instruments was evaluated and monitored by the Company's treasury function. The Company only transacts with creditworthy counterparties and banks; therefore, no significant financial credit risk was identified. The Company has no debt investments classified as at amortized cost or as at FVTOCI. Please refer to Note (d) for information on investment related credit grading.

(a) Credit concentration risk

The proportion of the accounts receivable from the ten largest customers to the total balance of accounts receivable as of December 31, 2024 and December 31, 2023 was 72.24% and 72.95%, respectively. The credit concentration risk associated with the remaining accounts receivable is insignificant.

(b) Measurement of loss on expected credit impairment

Accounts receivable: The Company uses the simplified approach

to measure the expected credit losses of accounts receivable. Please refer to Note 6.3 for more information.

The basis for determining whether there is a significant increase in credit risk: None.

- (c) The financial assets held by the Company do not contain any collaterals or other credit enhancement protection to hedge the credit risk of financial assets.
- (d) Credit risk grading information on the debt investments at FVTOCI held by the Company present as follows:

a. Credit risk grading

Grading	Risk	Basis for Recognizing Expected Credit Losses
Normal	Contractual payments are within 30 days past due and the counterparty has a low risk of default and a strong capacity to meet the contractual cash flows.	12 months ECL
Abnormal	Contractual payments are more than 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
Default	Contractual payments are more than 90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence that the debtor is in severe financial difficulty and the Group cannot reasonably anticipate recovery, for example, if the debt is overdue for more than 365 days	Amount is written off

- b. The gross carrying amounts of debt investments grouped by credit risk grading and related expected credit losses were as follows:

December 31, 2024:

Credit risk grading	Expected credit loss rate	Gross Carrying Amounts	
		Financial assets at FVTOCI	Financial assets at amortized cost
Normal	0%–1%	\$ 62,176	\$ –
Abnormal	3%	–	–
Default	20%–50%	–	–
Write-off	100%	–	–

December 31, 2023:

Credit risk grading	Expected credit loss rate	Gross Carrying Amounts	
		Financial assets at FVTOCI	Financial assets at amortized cost
Normal	0%–1%	\$ 12,254	\$ –
Abnormal	3%	–	–
Default	20%–50%	–	–
Write-off	100%	–	–

(C) Liquidity risk

a. Overview

The objective of the Company's management of liquidity risk is to maintain sufficient cash and cash equivalents, highly liquid securities, and banking facilities to ensure that the Company has sufficient financial flexibility for its operations.

b. Maturity analysis for financial liabilities:

The following table summarizes the analysis of the Company's financial liabilities by maturity date and undiscounted maturity amount over the contractual repayment period:

Non-derivative financial liabilities	December 31, 2024						Carrying amount
	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flows	
Short-term borrowings	\$ 509,151	\$ –	\$ –	\$ –	\$ –	\$ 509,151	\$ 506,750
Notes payable (including related parties)	79	–	–	–	–	79	79
Accounts payable (including related parties)	105,187	587	72	70	–	105,916	105,916
Other payables (including related parties)	70,951	633	625	499	934	73,642	73,642
Long-term borrowings (including those due within one year or one business cycle)	8,098	5,134	8,556	–	–	21,788	21,468
Guarantee deposits received	586	332	3,137	1,909	10	5,974	5,974
Total	\$ 694,052	\$ 6,686	\$ 12,390	\$ 2,478	\$ 944	\$ 716,550	\$ 713,829

Further information on maturity analysis for lease liabilities:

	Less than 1 year	1~5 years	5~10 years	10~15 years	15~20 years	More than 20 years	Total undiscounted lease payments
Lease liabilities	\$ 7,911	\$11,849	\$ –	\$ –	\$ –	\$ –	\$ 19,760

Non-derivative financial liabilities	December 31, 2023						Carrying amount
	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flows	
Short-term borrowings	\$ 197,473	\$ 251,763	\$ –	\$ –	\$ –	\$ 449,236	\$ 446,750
Notes payable (including related parties)	79	–	–	–	–	79	79
Accounts payable (including related parties)	60,833	118	71	422	414	61,858	61,858
Other payables (including related parties)	58,736	654	383	1,315	–	61,088	61,088
Long-term borrowings (including those due within one year or one business cycle)	11,063	11,075	21,769	–	–	43,907	43,007
Guarantee deposits received	3,202	1,606	1,922	1,210	10	7,950	7,950
Total	<u>\$ 331,386</u>	<u>\$ 265,216</u>	<u>\$ 24,145</u>	<u>\$ 2,947</u>	<u>\$ 424</u>	<u>\$ 624,118</u>	<u>\$ 620,732</u>

Further information on maturity analysis for lease liabilities:

	Less than 1 year	1 ~ 5 years	5 ~ 10 years	10 ~ 15 years	15 ~ 20 years	More than 20 years	Total undiscounted lease payments
Lease liabilities	<u>\$ 7,260</u>	<u>\$16,741</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 24,001</u>

The Company does not expect the timing and amount of cash flows in the above maturity analysis would be significantly different than that of the actual condition.

(2) Categories of financial instruments

The carrying amounts of the financial assets and financial liabilities as of December 31, 2024 and December 31, 2023 are as follows:

	December 31, 2024	December 31, 2023
Financial Assets		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 551,376	\$ 446,070
Notes receivable and accounts receivable (including related parties)	281,230	266,520
Other receivables (including related parties)	6,070	6,803
Other financial assets — current	187,707	238,082
Refundable deposits	51,395	41,219
Financial assets at FVTOCI — noncurrent	150,067	93,243

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	506, 750	446, 750
Notes payable and accounts payable (including related parties)	105, 995	61, 937
Other payables (including related parties)	73, 642	61, 088
Guaranteed deposits received	5, 974	7, 950
Long-term borrowing, including current portion	21, 468	43, 007

12.3 Fair value information

- (1) Details of the fair values of the Company's financial assets and financial liabilities not measured at fair value are provided in Note 12.3(3).
- (2) Fair value measurements are grouped into Levels 1 to 3 as follows:

Level 1

Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks and beneficiary certificates with quoted market prices are included in this level.

Level 2

Inputs in this level include observable prices other than publicly quoted prices in an active market, including observable inputs obtained directly (e.g., prices) or indirectly (e.g., derived from prices) from an active market. The Company's investment in emerging stocks is included in this level. °

Level 3

Inputs in this level represent inputs to measure fair value that are not based on observable inputs available in the market. The Company's investments in unlisted equity instruments are classified as such.

- (3) Financial instruments that are not measured at fair value

The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets, refundable deposits, short-term borrowings, notes payable, accounts payable, other payables and guaranteed deposits received) approximate to their fair values.

(4) Fair value hierarchy information on financial instruments that are measured at fair value

The information on the Company's assets and liabilities that are measured at fair value on a recurring or non-recurring basis is as follows:

Item	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI	\$ –	\$ 71,500	\$ 78,567	\$150,067
Total	<u>\$ –</u>	<u>\$ 71,500</u>	<u>\$ 78,567</u>	<u>\$150,067</u>

Item	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI	\$ –	\$ 20,947	\$ 72,296	\$ 93,243
Total	<u>\$ –</u>	<u>\$ 20,947</u>	<u>\$ 72,296</u>	<u>\$ 93,243</u>

(5) Fair value valuation techniques for instruments measured at fair value.

A. The Company measures the fair values of its financial instruments with an active market using their quoted prices in the active market. The market prices announced by the major exchanges and the central government bond counter trading centers, which are judged to be popular, are the basis for the fair value of listed equity instruments and debt instruments with active market quotations.

A financial instrument has an active market for public quotations if public quotations are obtained from an exchange, broker, underwriter, industry association, pricing service or competent authority in a timely manner and on a regular basis, and if the prices represent actual and frequent arm's-length market transactions. If these conditions are not met, the market is not considered active. In general, a very large bid-ask spread, a significant increase in the bid-ask spread, or a very low trading volume are all indicators of an inactive market.

The instruments the Company uses market quoted prices as their fair values are listed below by characteristics:

(A) Listed shares: Closing price

(B) Open-end funds: Net value

Except for the above-mentioned financial instruments with active markets, the fair values of the remaining financial instruments are obtained using valuation techniques or by reference to quoted prices from counterparties. The fair values obtained through valuation techniques are

calculated by reference to the current fair values of other financial instruments with substantially similar conditions and characteristics, the discounted cash flow method, or other valuation techniques, including the use of models with market information available at the date of the consolidated balance sheets.

The fair value of the Company's shares in unlisted companies with no active market is estimated mainly by the market approach, which is based on the evaluation of similar companies, third-party quotes, net worth and operating conditions.

(6) Transfer between Level 1 and Level 2 of the fair value hierarchy: None.

(7) Changes in level 3 instruments are shown in the table below:

Financial assets at fair value	Equity securities
January 1, 2024	\$ 72, 296
Gains or losses recognized in profit or loss	—
Gains or losses recognized in other comprehensive income	
Unrealized gains or losses through equity instruments at FVTOCI	6, 271
Acquired during the period	—
Disposed of during the period	—
Transferred into level 3	—
Transferred out of level 3	—
December 31, 2024	<u>\$ 78, 567</u>

Financial assets at fair value	Equity securities
January 1, 2023	\$ 79, 997
Gains or losses recognized in profit or loss	—
Gains or losses recognized in other comprehensive income	
Unrealized gains or losses through equity instruments at FVTOCI	(7, 701)
Acquired during the period	—
Disposed of during the period	—
Transferred into level 3	—
Transferred out of level 3	—
December 31, 2023	<u>\$ 72, 296</u>

(8) Quantitative information of significant unobservable inputs used in Level 3 fair value measurement is shown below:

	Fair value at December 31, 2024	Valuation Technique	Significant Unobservable Inputs	Relationship Between Input and Fair Value
Non-derivative financial assets:				
Unlisted shares	\$ 78,567	Market approach	Price-book multiplier Liquidity discount	Price-book multiplier The higher the price-book multiplier, the higher the fair value; The higher the liquidity discount, the lower the fair value

	Fair value at December 31, 2023	Valuation Technique	Significant Unobservable Inputs	Relationship Between Input and Fair Value
Non-derivative financial assets:				
Unlisted shares	\$ 72,296	Market approach	Price-book multiplier Liquidity discount	Price-book multiplier The higher the price-book multiplier, the higher the fair value; The higher the liquidity discount, the lower the fair value

(9) Valuation procedures for fair value measurements being categorized within Level 3:

The Company's financial and accounting department is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value. Investment property is valued regularly by the Company's Financial and Accounting Department based on the valuation methods and assumptions announced by the Financial Supervisory Commission, Securities and Futures Bureau or through outsourced appraisal performed by the external valuer.

(10) The Company carefully evaluates the valuation models and valuation parameters it chooses to use so that the fair value measurements are reasonable; however, the use of different valuation models or valuation parameters may result in different valuation results. For financial assets and financial liabilities classified as Level 3, if the valuation parameters changed by 3% basis points, the impact on the current period's profit or loss or other comprehensive profit or loss would be as follows.

			December 31, 2024			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets						
Equity instrument						
Unlisted shares	Price-book ratio multiplier Liquidity discount	+3%	\$ -	\$ -	\$ 2,928	\$ 2,928
			December 31, 2023			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets						
Equity instrument						
Unlisted shares	Price-book ratio multiplier Liquidity discount	+3%	\$ -	\$ -	\$ 2,633	\$ 2,633

12.4 The Company was awarded the tender for the Taichung City Mercury Street Lamp Sunset Renewal Project (the eighth project area) on April 20, 2016 and completed the project on August 31, 2016 and was inspected and accepted on December 22, 2016. After the acceptance, the Company attached the settlement data and requested the Taichung City Government for payment. However, due to the differences in the understanding of the government's budget and the improvement status of the projects to be improved after the acceptance, the payment collection progress, which totaled \$83,943 thousand, had not yet been completed as of December 31, 2024. For the protection of the related debts, the Company had filed a civil lawsuit with the Taichung District Court on August 20, 2018. The Company had recorded expected credit loss of \$15,651 thousand on this receivable for possible impairment ; This case was adjudicated by the Taiwan Taichung District Court on December 3, 2020 and December 27, 2024, respectively. In addition to the first trial judgment of \$44,496 thousand, the second trial judgment of \$32,619 thousand and interest calculated at 5% per annum from August 28, 2018 to the date of settlement. Therefore, the Company did not need to

estimate any additional loss. However, the Company and the Taichung City Government had filed appeals against part of the ruling and the related litigation is still in progress as of the field date.

13. Supplementary Disclosures

13.1 Significant transactions information

- (1) Loans to others: None.
- (2) Endorsements and guarantees provided to others: Table 1.
- (3) Marketable securities held at the end of the period: Table 2.
- (4) Marketable securities acquired and 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 properties at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- (6) Disposal of individual real estate properties 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 of 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) Information about the derivative financial instruments transaction: None.

13.2 Information on investees (excluding information on investment in mainland China): Table 3.

13.3. Information on investment in mainland China: Table 4.

13.4. Information on major shareholders (Names of shareholders, amount and percentage of shareholding with 5% or more shareholding): Table 5.

Table 1

Ligitek Electronics Co., Ltd.
Endorsements and guarantees provided
December 31, 2024

In thousands of NTD

Number (A)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsement/ guarantees provided for a single party (C)	Maximum balance for the period (D)	Ending balance (E)	Amount actually drawn (F)	Amount of endorsement/ guarantees collateralized by properties	Ratio of accumulated endorsement/ guarantee to net equity per latest financial statement	Maximum endorsement/ guarantee allowable (C)	Guarantee provided by parent company to subsidiary (G)	Guarantee provided by a subsidiary to parent company (G)	Guarantee provided to subsidiaries in Mainland China (G)
		Company name	Relationship with the endorser/ guarantor (B)										
0	Ligitek Electronics Co., Ltd.	O.H. Opto-Electronics (Dong Guan) Co., Ltd.	2	135, 475	30	29	29	–	–	270, 949	Yes	No	Yes

A: Rules of code set as follows:

- (1) 0 for issuer.
- (2) The invested companies are sequentially numbered.

B: A public company may make endorsements/guarantees for the following companies:

- (1) A company with which it does business.
- (2) A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
- (3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
- (4) Companies in which the public company holds, directly or indirectly, 90% or more of the voting shares.
- (5) Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) Where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
- (7) Where companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

C: Endorsement provided to specific endorsee shall not exceed 10% of current net worth of capital shares of the Company. Total amount of endorsement provided shall not exceed 20% of current net worth of capital shares of the Company.

D: The limit of endorsement provided in current year.

E: The amount of endorsement approved by Board of Directors. Yet if Board of Directors authorizes chairman as decider in accordance with No. 8 of Article 12 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the amount refers to decision of the chairman.

F: The amount of actual expenditure which does not exceed balance of endorsements/guarantees of the endorsee.

G: Indicator for listed parent company endorsing subsidiary, subsidiary endorsing listed parent company, and endorser in Mainland China.

H: Regarding the calculation of limits in this table, the quoted net Amount is based on the Company's most recent (2024Q3) CPA-reviewed financial statements.

Table 2

Ligitek Electronics Co., Ltd.
Marketable securities held at the end of the period (excluding investments in subsidiaries, associates and joint ventures)
December 31, 2024

In thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	End of the period				Note
				Number of shares	Book value	Ownership (%)	Fair value	
Ligitek Electronics Co., Ltd.	Stocks- unlisted							
	Feedpool Technology Co., Ltd.	—	Financial assets measured at FVTOCI	500,000	\$ 16,765	2.222	\$16,765	
	IV Technologies co., Ltd	—	Financial assets measured at FVTOCI	315,000	—	4.846	—	
	Supa Technology Co., Ltd.	—	Financial assets measured at FVTOCI	1,000,000	—	2.016	—	
	Solidlite Corporation	Other related parties	Financial assets measured at FVTOCI	3,516,000	33,332	16.026	33,332	
	LE System Inc.	—	Financial assets measured at FVTOCI	1,000	—	1.660	—	(Note A)
	Sea Mild Biotechnology Co., Ltd.	—	Financial assets measured at FVTOCI	769,280	9,324	3.984	9,324	
	Huai I Precision Technology Co., Ltd.	Other related parties	Financial assets measured at FVTOCI	2,914,000	28,470	10.000	28,470	
	Bond - TAISEM overseas corporate Bonds	—	Financial assets measured at FVTOCI	—	13,335	—	13,335	
	Bond - General Motors overseas corporate bonds	—	Financial assets measured at FVTOCI	—	18,412	—	18,412	
O.H. Technology Co., Ltd.	Bond - UnitedHealth Group overseas corporate bond	—	Financial assets measured at FVTOCI	—	15,071	—	15,071	
	Bond - Gaci First Investment Co overseas corporate bond	—	Financial assets measured at FVTOCI	—	15,358	—	15,358	
	Channel Well Technology Co., Ltd.	—	Financial assets measured at FVTPL - current	30,000	2,124	—	2,124	
	Acer Incorporated	—	Financial assets measured at FVTPL - current	100,000	3,980	—	3,980	
	Shanghai Commercial and Savings Bank	—	Financial assets measured at FVTPL - current	30,000	1,188	—	1,188	
	Elite Material Co., Ltd.	—	Financial assets measured at FVTPL - current	20,000	12,360	—	12,360	
	Wistron Neweb Corporation	—	Financial assets measured at FVTPL - current	78,000	10,725	—	10,725	
	AP Memory Technology Corporation	—	Financial assets measured at FVTPL - current	22,000	6,963	—	6,963	
	Hwang Chang General Contractor Co., Ltd.	—	Financial assets measured at FVTPL - current	127,000	9,335	—	9,335	
	Yuanta Japan Leaders Equity Fund-TWD(A)	—	Financial assets measured at FVTPL - current	1,000,000	10,590	—	10,590	
Ligitrust Co., Ltd.	Taishin ESG Emerging Markets Bond Fund A USD	—	Financial assets measured at FVTPL - current	4,984.35	1,429	—	1,429	
	Yuanta Global Aerospace and Defense Technology ETF	—	Financial assets measured at FVTPL - current	330,000	4,802	—	4,802	
	NCCU Star Venture Capital Co., Ltd.	—	Financial assets measured at FVTOCI	1,000,000	10,726	2.34	10,726	
Guangzhou Pan Yu Lapling Electronics Co., Ltd.	Green Source Technology Co., Ltd.	—	Financial assets measured at FVTOCI	500,000	11,130	1.371	11,130	
	LiMart Intelligent Retail Co., Ltd.	—	Financial assets measured at FVTOCI	300,000	—	10.000	—	(Note B)
	Hui Zhong Daily-Purchase-Weekly-Redeem Open Products	—	Financial assets measured at FVTPL - current	2,595,462.97	12,584	—	12,584	

Note A: LE System Inc. was resolved to be liquidated at the provisional shareholders' meeting on November 24, 2023 due to operational difficulties, and the liquidation procedures have not been completed as of December 31, 2024.

Note B: Ligitrust Co., Ltd. has sold 2,111,250 shares of LiMart Intelligent Retail Co., Ltd. on December 16, 2024, resulting in a decrease in its equity interest to 10%. Accordingly, the investment has been reclassified to Financial assets measured at FVTOCI.

Table 3

Ligitek Electronics Co., Ltd.
Information on investees (excluding information on investment in mainland China)
December 31, 2024

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held at the end of period			In thousands of foreign currency and NTD		
				End of period	End of last year	Number of shares (thousand)	Percentage of ownership	Carrying value	Net income (losses) of the investee	Share of profits/losses of investee (Note)	Note
Ligitek Electronics Co., Ltd.	Ligitek (Samoa) Co., Ltd.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road Apia, Samoa	Holding business	190,322 (USD 4,750)	190,322 (USD 4,750)	100,000	100%	\$64,149	\$ 2,796	\$ 3,005	Subsidiary(A)
	O.H. Technology Co., Ltd.	No. 238, Bo'ai St., Shulin Dist., New Taipei City, Taiwan, R.O.C.	Production and sale of various electronic components	166,579	166,579	11,856,899	98.751%	197,423	11,384	11,242	Subsidiary
	Ligitrust Co., Ltd.	No. 238, Bo'ai St., Shulin Dist., New Taipei City, Taiwan, R.O.C.	Engaged in leasing business, piping work, electrical appliances installation, etc.	414,195	414,195	9,169,107	88.92%	87,459	42	38	Subsidiary
	Ligitek Electronics (Thailand), Ltd.	58/117 Soi Ramkhamhaeng 3, Suang Luang, Suan Luang Bangkok 10250	Manufacturing, processing, and trading of various electronic components, lighting equipment, batteries, and other electrical and electronic machinery and equipment.	22,767 (THB27,645)	–	2,764,500	100%	26,003	(44)	(44)	
Ligitek (Samoa) Co., Ltd.	Lapling Ltd.	Room 20, 15 F., 11-19, Sha Tsui Rd, Chai Wan Kok, Hong Kong (International Trade Centre)	Holding business	83,830 (USD 1,900)	83,830 (USD 1,900)	–	100%	52,491	2,251	2,251	Indirect subsidiary
O.H. Technology Co., Ltd.	O.H. Technology Co., Ltd. (Hong Kong)	Room 20, 15 F., 11-19, Sha Tsui Rd, Chai Wan Kok, Hong Kong (International Trade Centre)	Holding business	57,535 (HKD14,094)	57,535 (HKD14,094)	–	100%	62,270	9,830	9,830	Indirect subsidiary
	Ligitrust Co., Ltd.	5 F., No. 238, Bo'ai St., Shulin Dist., New Taipei City, Taiwan, R.O.C.	Engaged in leasing business, piping work, electrical appliances installation, etc.	11,000	11,000	1,100,000	10.67%	10,495	42	4	Indirect subsidiary
	Ligicare Co., Ltd.	3 F., No. 238, Bo'ai St., Shulin Dist., New Taipei City, Taiwan, R.O.C.	Production and sale of various medical equipment	10,000	10,000	1,000,000	100%	5,464	(41)	(41)	Indirect subsidiary
Ligitrust Co., Ltd.	LiMart Intelligent Retail Co., Ltd.	3F., No. 74, Sec. 2, Changsha St., Wanhua Dist., Taipei City, Taiwan, R.O.C.	Retail sale of food, groceries and beverages, others	–	24,113	–	–	–	(4,390)	(3,528)	Indirect subsidiary (B)

A: Profit or loss of Ligitek (Samoa) Co., Ltd. of the period includes realized revenue of \$332 thousand at the start and unrealized revenue of \$123 thousand at the end of the period.

B: Ligitrust Co., Ltd. has sold 2,111,250 shares of LiMart Intelligent Retail Co., Ltd. on December 16, 2024, resulting in a decrease in its equity interest to 10%. Accordingly, the investment has been reclassified to Financial assets measured at FVTOCI.

Table 4

Ligitek Electronics Co., Ltd.
Information on investment in mainland China
December 31, 2024

In thousands of foreign currency and NTD

Investee in Mainland China	Main business activities	Total Amount of Paid-in Capital	Investment Method (A)	Accumulated Outflow of Investment from Taiwan as of Beginning of Period	Investment Flows		Accumulated Outflow of Investment from Taiwan as of End of Period	Net Income (Losses) of the Investee	Ownership Held by the Company (direct or indirect) (%)	Investment Profits/Losses Recorded (B)	Carrying Amount as of End of Period	Accumulated Inward Remittance of Earnings as of End of Period
					Outflow	Inflow						
Guangzhou Pan Yu Lapling Electronics Co., Ltd.	Production and sale of various electronic components (LED & monitors)	\$ 83, 830 (USD 1, 900)	(2)	\$ 83, 830 (USD 1, 900)	\$ -	\$ -	\$ 83, 830 (USD 1, 900)	\$ 2, 089	100.000	\$ 2, 089 (2).2	\$ 50, 577	\$ -
O.H. Opto-Electronics (Dong Guan) Co., Ltd.	Production and sale of flat-panel display and electronic components	57, 535 (HKD 14, 094)	(2)	57, 535 (HKD 14, 094)	-	-	57, 535 (HKD 14, 094)	10,112	98.751	9, 986 (2).2	60, 675	-

Accumulated Investment in Mainland China as of End of Period (E)	Investment Amounts Authorized by Investment Commission, MOEA (F)	Upper Limit on Investment authorized by Investment Commission, MOEA
NT\$141, 365 (USD 1, 900) (HKD 14, 094)	NT\$428, 198 (USD 11, 990) (HKD 14, 094)	NT\$844, 421

A: Category of investment methods:

- (1) Direct investment in Mainland China;
- (2) Reinvestment through investment on third region company; or
- (3) Other method.

B: Regarding investment profit/loss recorded:

- (1) In the case of investment in preparation and not yet resulting in profit or loss, remarks shall be made.
- (2) Basis of recognition of investment shall be remarked.
 1. Financial statements from international accounting firms which cooperate with accounting firms in ROC.

2. Financial statement audited by independent certified public accountant of parent company in Taiwan.

3. Others. (The financial statement of the investee is not audited by accountant.)

C: Amounts in the Table shall be listed in NTD. Foreign currency shall be exchanged to NTD with the exchange rate at date of occurrence.

D: In accordance with regulation of Investment Commission, MOEA, accumulated investment in Mainland China is limit to 60% of net worth or consolidated net worth, whichever is greater. (Amendment at 2008.8.29)

E: Inclusive of outflow and amount submit for approval of Ligitek Electronics Co., Ltd., O.H. Technology Co., Ltd.

F: The investment on Guangzhou Pan Yu Lapling Electronics Co., Ltd. in Mainland China from Ligitek Electronics Co., Ltd. is through the reinvestment of Ligitek (Samoa) Co., Ltd. in third region with 100% shareholding, arranged in parent company only financial statement. The investment on Mainland China O.H. Opto-Electronics (Dong Guan) Co., Ltd. in Mainland China from O.H. Technology Co., Ltd. is through the through the reinvestment of O.H. Technology Co., Ltd. (Hong Kong) in third region with 100% shareholding, arranged in consolidated financial statement. Major transactions between all aforementioned company and parent company only company are all eliminated from parent company only financial statement.

(2) Major transactions with Investee in Mainland China through third region:

Please refer to "Information on Significant Transactions" and "The business relationship between the parent and the subsidiaries and significant transactions between them" in the Consolidated Financial Statements for details of the significant transactions (direct/indirect), between the Company and its investees in Mainland China from January to December of 2024.

Table 5

Ligitek Electronics Co., Ltd.
Information on major shareholders
December 31, 2024

Name of Major Shareholders	Number of Shares Held	Percentage of Ownership (%)
Tung, I-Hsin	10, 675, 543	9.78%
Chien Jung Investment Development Co., Ltd.	7, 640, 007	7.03%

A: The information on major shareholders in this schedule includes shareholders who held at least 5% of common shares and special shares combined and had been registered (including treasury shares) with the stock depository company on the last business day of each season. There may be different in the recorded share capital in the financial statements and the actually registered shares due to different preparation and computation basis.

B: If the above data relate trusted shares by shareholders, the principals are separately disclosed based on the trust accounts opened by the trustees. As to filings by internal shareholders with over 10% holding percentage according Securities and Exchange Act regulations, there the shares include shares held by principals and trusted shares with controlling power retained, please refer to Market Observation Post System.

14. Segment Information

The Company has disclosed relevant segment information in consolidated financial statement, and thus it remains undisclosed in parent company only financial statements.

Ligitek Electronics Co., Ltd.
Schedule of Significant Accounting Items
December 31, 2024

(Amounts In thousands of NTD, unless otherwise specified)

Table of Content

Item	No./Index
Schedule of Assets, Liabilities, and Equity Items	
Schedule of Cash and Cash Equivalents	Schedule I
Schedule of Accounts Receivable	Schedule II
Schedule of Inventories	Schedule III
Schedule of Prepayments	Schedule IV
Schedule of Changes in Financial Assets Measured at FVTOCI - noncurrent	Schedule V
Schedule of Changes in Investments Accounted for Using Equity Method	Schedule VI
Schedule of Changes in Property, Plant and Equipment	Note 6.8 “Property, Plant and Equipment”
Schedule of Changes in Accumulated Depreciation of Property, Plant and Equipment	Note 6.8 “Property, Plant and Equipment”
Schedule of Lease Agreements	Note 6.9 “Lease Agreements”
Schedule of Changes in Investment Properties	Note 6.10 “Investment Properties”
Schedule of Deferred Income Tax Assets	Note 6.27 “Income Tax”
Schedule of Short-term Borrowings	Schedule VII
Schedule of Accounts Payable	Schedule VIII
Schedule of Long-term borrowings	Schedule IX
Schedule of Profit and Loss	
Schedule of Net Operating Revenue	Schedule X
Schedule of Operating Costs	Schedule XI
Schedule of Direct Labor and Overhead	Schedule XII
Schedule of Operating Expenses	Schedule XIII

Schedule I

Ligitek Electronics Co., Ltd.
Schedule of Cash and Cash Equivalents
December 31, 2024

In thousands of NTD and foreign currency

Item	Amount		Note
	Subtotal	Total	
Cash on hand		\$ 294	Including JPY 24 thousand, EUR 2 thousand, RMB 7 thousand, HKD 1 thousand, USD 1 thousand, THB 19 thousand
Cash in banks		518,342	
Check deposits	\$ 10		
Demand deposits	155,656		
Time deposits	192,511		
Foreign currency deposits	170,165		Including JPY 6 thousand, EUR 54 thousand, HKD 103 thousand, USD 5,129 thousand
Cash equivalents		32,740	Including USD 1,000 thousand
Total		\$ 551,376	

Schedule 2

Ligitek Electronics Co., Ltd.

Schedule of Financial Assets Measured at FVTPL - current

December 31, 2024

In thousands of NTD

Counter Party	Amount	Note
Company A	\$ 78,253	Amounts less than 5% are shown on a consolidated basis.
Company B	50,296	
Company C	19,349	
Company D	15,807	
Others	130,110	
Subtotal	293,815	
Less: Loss allowance	(17,657)	
Net amount	\$ 276,158	

Schedule III

Ligitek Electronics Co., Ltd.

Schedule of Inventories

December 31, 2024

In thousands of NTD

Item	Summary	Amount			Note
		Cost	Total	Market price	
Raw materials			\$ 39,474	\$ 36,752	Net realizable value as market price
	Chips	\$ 6,671			
	REF/PCB	8,817			
	Wires	788			
	Packaging materials	1,088			
	Frames	3,452			
	Bonding wires	4,206			
	Lamp parts	552			
	A/B glue	1,708			
	IC/Resistors	10,627			
	Ceramic substrates	394			
	Others	1,171			
Work in process			26,789	40,560	Net realizable value as market price
	Application	12,210			
	SMD	3,415			
	Semiconductor industry – IC products	5,640			
	Others	5,524			
Finished goods			55,324	77,269	Net realizable value as market price
	SMD	19,216			
	PLCC	13,066			
	Application	9,011			
	LAMP	257			
	ARRAY	278			
	BACKLIGHT	1,349			
	Semiconductor industry – IC products	12,124			
	Others	23			
Merchandise inventory			2,272	3,226	Net realizable value as market price
	DISPLAY	729			
	LAMP	277			
	Semiconductor industry – IC products	–			
	Others	1,266			
Subtotal			123,859		
Less: Allowance for decline in value and loss on obsolescence			(16,676)		
Net amount			\$ 107,183	\$ 157,807	

Schedule IV

Ligitek Electronics Co., Ltd.

Schedule of Prepayments

December 31, 2024

In thousands of NTD

Item	Summary	Amount	Note
Prepaid premiums		\$ 732	
Other prepaid expenses		2, 825	
Prepayments for purchases		1, 242	
Other prepayments		3, 491	
Total		\$ 8, 290	

Schedule V

Ligitek Electronics Co., Ltd.

Schedule of Financial Assets measured at FVTOCI - noncurrent

For the year ended December 31. 2024

In thousands of shares and thousands of NTD

Investee	Beginning balance		Increase for the period		Decrease for the period		Ending balance		Pledged as collaterals	Note
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount		
Domestic non-listed companies										
Feedpool Technology Co., Ltd.	500,000	\$ 15,345	–	\$ 1,420	–	\$ –	500,000	\$ 16,765	None	
IV Technologies Co., Ltd	315,000	–	–	–	–	–	315,000	–	None	
Solidlite Corporation	3,516,000	35,125	–	–	–	1,793	3,516,000	33,332	None	
Supa Technology Co., Ltd.	1,000,000	–	–	–	–	–	1,000,000	–	None	
LE System Inc.	1,000	–	–	–	–	–	1,000	–	None	
Sea Mild Biotechnology Co., Ltd.	769,280	8,693	–	631	–	–	769,280	9,324	None	
Huai I Precision Technology Co., Ltd.	2,914,000	21,826	–	6,644	–	–	2,914,000	28,470	None	
Subtotal		80,989		8,695		1,793		87,891		
Overseas Corporate Bonds										
TAISEM Overseas Corporate Bonds	–	\$ 12,254	–	\$ 1,081	–	–	–	13,335	None	
General Motors overseas corporate bonds	–	–	–	18,412	–	–	–	18,412	None	
UnitedHealth Group overseas corporate bond	–	–	–	15,519	–	448	–	15,071	None	
Gaci First Investment Co overseas corporate bond	–	–	–	15,358	–	–	–	15,358	None	
Subtotal		12,254		50,370		448		62,176		
Total		\$ 93,243		\$ 59,065		\$ 2,241		\$ 150,067		

Schedule VI

Ligitek Electronics Co., Ltd.

Schedule of Changes in Investments Accounted for Using Equity Method

For the year ended December 31, 2024

In thousands of shares and thousands of NTD

Investee	Beginning balance		Increase for the period		Decrease for the period		Ending balance			Market price/net equity		Pledged as collaterals	Note
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Shareholding ratio	Amount	Unit price	Total price		
Ligitek (Samoa) Co., Ltd	100,000	\$ 58,646	–	\$ 5,503	–	\$ –	100,000	100%	\$ 64,149	642.71	\$ 64,271	None	
O.H. Technology Co., Ltd.	11,624,399	201,257	232,500	15,346	–	19,180	11,856,899	98.751%	197,423	16.03	190,032	None	
Ligitrust Co., Ltd.	9,169,107	86,097	–	1,362	–	–	9,169,107	88.92%	87,459	9.54	87,459	None	
Ligitek Electronics (Thailand), Ltd.	–	–	2,764,500	26,003	–	–	2,764,500	100.00%	26,003	9.40	\$ 26,003	None	
Total		\$ 346,000		\$ 48,214		\$ 19,180			\$ 375,034				

Schedule VII

Ligitek Electronics Co., Ltd.
Schedule of Short-term Borrowings
December 31, 2024

Type of loan	Ending balance	Contract Period	Range of Interest Rates	Financing Limit	Pledged As Collaterals	Note
Secured loan	\$ 316, 750	2024.05.03~2025.05.03	1.70%~1.97%	\$ 690, 000	Property, plant and equipment Pledged time deposit	
Credit loan	190, 000	2024.10.03~2025.06.27	1.85%~1.95%	220, 000	No pledge	
Total	\$ 506, 750					

Schedule VIII

Ligitek Electronics Co., Ltd.
Schedule of Accounts Payable
December 31, 2024

In thousands of NTD

Summary	Amount	Note
Company A	\$ 13,486	USD 224 thousand
Company B	5,747	
Company C	10,668	
Company D	11,935	
Company E	7,336	
Company F	8,018	
Others	36,395	Amounts less than 5% are shown on a consolidated basis.
Total	\$ 93,585	

Schedule IX

Ligitek Electronics Co., Ltd.
Schedule of Long-term Borrowings
December 31, 2024

Creditor	Summary	Borrowing Balance	Contract Period	Interest rate	Pledged as collaterals	Note
Taiwan Cooperative Bank Shulin Branch	Long-term bank loan	\$ 2, 955	2010.3.1~2025.3.1	1.928%	Property, plant and equipment	
E.SUN Commercial Bank, Ltd.	Long-term bank loan	18, 513	2023.10.20~2026.10.19	1.74%	USD time deposit, investment properties	
Less: Long-term borrowings due within one year		(12, 900)				
Total		\$ 8, 568				

Schedule X

Ligitek Electronics Co., Ltd.
Schedule of Net Operating Revenue
December 31, 2024

In thousands of NTD

Product name	Amount	Note
Sales revenue		
LAMP	\$ 34,508	
DISPLAY	2,580	
SMD	303,003	
ARRAY	9,363	
Semiconductor industry IC products	166,500	
Other finished goods	130,312	
Merchandise	51,685	
Net sales	\$ 697,951	

Schedule XI

Ligitek Electronics Co., Ltd.

Schedule of Operating Costs

2024

In thousands of NTD

Summary	Subtotal	Total
Cost of sales of self-manufactured products		\$ 230, 579
Raw materials, beginning of the period	\$ 27, 218	
Add: Raw materials purchased for the year	244, 663	
Gain (loss) on inventory counts	–	
Less: Transfer of expenses	560	
Raw materials, end of the period	(39, 473)	
Sale of raw materials	(2, 389)	
Direct labor		45, 649
Overhead		135, 109
Unallocated fixed overhead		(52, 512)
Manufacturing cost		358, 825
Add: Work in process, beginning of the period		17, 387
Purchase of work in process		93
Less: Work in process, end of the period		(26, 789)
Transfer to expenses		(65)
Sales of work in process		(169)
Cost of finished goods		349, 282
Add: Finished goods, beginning of the period		72, 404
Purchase of finished goods		40, 521
Less: Finished goods, end of the period		(55, 323)
Transfer to expense		(837)
Cost of sales, self-manufactured products		406, 047
Cost of sales, buying and selling of goods		
Goods, beginning of period		1, 199
Add: Goods purchased for the year		41, 360
Less: Goods, end of the period		(2, 272)
Transfer to expenses		(11)
Cost of sales, buying and selling of goods		40, 276
Cost to sell raw materials and work in process		2, 558
Loss on (reversal of) inventory write-down		(542)
(Gain) loss on inventory counts, net		–
Unallocated fixed overhead		52, 512
Operating expense		\$ 500, 851

Schedule XII

Ligitek Electronics Co., Ltd.
Schedule of Direct Labor and Overhead
2024

In thousands of NTD

Summary	Amount	Note
Direct Labor	\$ 45,649	
Salaries and wages	42,490	
Meal expense	1,625	
Pension	1,534	
Overhead	135,109	
Salaries and wages	32,837	
Rent expense	46	
Stationeries supplies	140	
Traveling expense	15	
Freight	41	
Postage and telecommunication expense	140	
Repairs and maintenance expense	3,249	
Packing expense	296	
Utilities expense	9,197	
Insurance expense	7,609	
Processing expense	36,442	
Taxes	1,194	
Depreciations	30,545	
Amortization expense	–	
Meal expense	1,171	
Employees benefits	357	
Training expenses	27	
Transportation expenses	20	
Pension	1,367	
Consumables	5,506	
Import/export expenses	1,900	
Miscellaneous purchases	461	
Entertainment expense	19	
Miscellaneous expense	2,530	
Total	\$ 180,758	

Schedule XIII

Ligitek Electronics Co., Ltd.
Schedule of Operating Expenses
2024

In thousands of NTD

Item	Selling expense	Administrative expense	R&D expense
Salaries and wages	\$ 22,824	\$ 35,876	\$ 21,614
Rent expense	128	287	5
Stationery supplies	33	92	5
Traveling expense	324	805	121
Freight	4,331	4	15
Postage and telecommunication expense	593	360	46
Repairs and maintenance expense	146	1,915	139
Advertisement expense	94	28	–
Utilities expense	1,429	2,757	3,110
Insurance expense	2,533	3,382	1,851
Entertainment expense	732	601	15
Donation	–	100	–
Taxes	220	282	227
Depreciation	1,266	6,020	3,808
Amortization	–	90	862
Meal expense	641	769	657
Employee benefits	103	138	99
Commission expense	6,485	–	–
Training expense	53	245	55
Pension	1,276	1,110	998
Import/export expense	1,839	–	3
Services expense	80	3,790	481
Miscellaneous purchases	68	117	634
Transportation expense	803	113	46
Transportation expense of directors and supervisors	–	3,400	–
Expensed materials	457	–	854
Sample expense	401	–	391
Miscellaneous expense	1,289	8,952	2,339
Total	\$ 48,148	\$ 71,233	\$ 38,375