

Stock Code: 8111

Ligitek Electronics Co., Ltd. and Subsidiaries
Consolidated 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
Declaration Statement	3
Independent Auditors' Report	4
Consolidated Balance Sheets	5
Consolidated Statements of Comprehensive Income	6
Consolidated Statements of Changes in Equity	7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	
1. General Information	9
2. The Authorization of the Consolidated Financial Statements	9
3. Application of Newly Issued and Amended Standards and Interpretations	9~15
4. Summary of Significant Accounting Policies	16~37
5. Critical Accounting Judgments and Major Sources of Estimation and Assumption Uncertainty	38~41
6. Details of Significant Accounting Items	41~74
7. Related Party Transactions	74~76
8. Pledged Assets	76
9. Significant Contingent Liabilities and Unrecognized Contract Commitments	76~77
10. Significant Disaster Losses	77
11. Significant Subsequent Events	77
12. Other	78~89
13. Supplementary Disclosures	
13.1 Information on Significant Transactions	90
13.2 Information on investees	90
13.3 Information on Investments in Mainland China	90
13.4 Information on Major Shareholders	90
14. Segment Information	98~100

Ligitek Electronics Co., Ltd.

Declaration Statement

December 31, 2024

The entities that are required to be included in the consolidated financial reports of affiliated enterprises of Ligitek Electronics Co., Ltd. as of and for the year ended December 31, 2024, under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards 10 (“IFRS 10”). In addition, the information required to be disclosed in the above consolidated financial reports of affiliated enterprises has been included in the consolidated financial statements per IFRS 10. Consequently, Ligitek Electronics Co., Ltd. and Subsidiaries do not prepare a separate set of consolidated financial reports of affiliated enterprises.

Declared herein,

Company name: Ligitek Electronics Co., Ltd.

Responsible person: Tung, I-Hsin

March 12, 2025

Independent Auditors' Report

To: Ligitek Electronics Co., Ltd.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), IFRIC Interpretations ("IFRIC"), and SIC Interpretations ("SIC") endorsed and issued into effect by the Financial Supervisory Commission R.O.C. (Taiwan).

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 Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.



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

Revenue Recognition

Please refer to Note 4.20 "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 Group 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 consolidated 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 Group.
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.

Valuation of Expected Credit Losses on Receivables

Please refer to Note 4.7 of the financial statements for details of the accounting policies regarding evaluation of expected credit losses on receivables and Note 6.4 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 consolidated 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.

Cash and Cash Equivalents

Please refer to Note 4.6 of the consolidated financial statements for details of the accounting policies for cash and cash equivalents and Note 6.1, Note 6.6 for the related disclosures.

Description on the key audit matter:

Due to existing inherent risk of cash and cash equivalents and bank time deposits with original maturity over 3 months, and the fact that cash and cash equivalents and bank time deposits with original maturity over 3 months accounted for approximately 43% of the total consolidated assets and were material to the consolidated financial statements as a whole, cash and cash equivalents and bank time deposits with original maturity over 3 months are considered key audit matters.

Audit procedures in response

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

1. Evaluated and tested the internal controls governing management of cash and cash equivalents and bank time deposits with original maturities of more than 3 months.
2. For significant cash receipts and disbursements, we verified the related transaction documents, obtained the breakdowns for the balances of recorded bank deposits and reconciled to the bank statements. In addition, we reconciled the recorded balances of bank deposits to the amounts in the bank confirmations and examined whether the bank deposits in the bank confirmations are subjected to restrictions and properly disclosed in the financial statements.

Other Matters

We have also audited the parent company only financial statements of Ligitek Electronics Co., Ltd. as of and for the years ended December 31, 2024 and 2023 on which we have issued an unqualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission R.O.C. (Taiwan), and for such internal controls as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is also responsible for assessing



the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance of the Group, including members of its audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities



or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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.

A handwritten signature in black ink that reads "Lin, Chih-Lung, Wang, Wu-Chang".

Crowe (TW) CPAs
Taipei, Taiwan
Republic of China

March 12, 2025

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements shall prevail.

Ligitek Electronics Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
December 31, 2024 and 2023

Code	Assets	December 31, 2024		In thousands of NTD December 31, 2023	
		Amount	%	Amount	%
	Current Assets				
1100	Cash and cash equivalents (Note 6.1)	\$ 741,746	34	\$ 666,722	32
1110	Financial assets at FVTPL - current (Note 6.2)	76,080	4	46,100	2
1150	Notes receivable, net (Note 6.3)	1,582	–	1,263	–
1170	Accounts receivable, net (Note 6.4)	312,591	14	286,629	14
1200	Other receivables	8,755	–	9,250	–
1220	Current-period income tax assets	2,839	–	2,533	–
130x	Inventories (Note 6.5)	131,564	6	123,077	6
1410	Prepayments	11,978	1	19,991	1
1476	Other financial assets - current (Note 6.6)	196,087	9	238,082	12
1479	Other current assets - other	3	–	114	–
11xx	Total current assets	1,483,225	68	1,393,761	67
	Noncurrent Assets				
1517	Financial assets at FVTOCI - noncurrent (Note 6.7)	171,922	8	111,338	5
1600	Property, plant and equipment (Note 6.8, Note 8)	410,904	19	435,277	21
1755	Right-of-use assets (Note 6.9)	22,591	1	33,109	2
1760	Investment properties, net (Note 6.10, Note 8)	24,889	1	24,976	1
1780	Intangible assets (Note 6.11)	6,243	–	5,900	–
1840	Deferred income tax assets (Note 6.27)	11,889	1	21,566	1
1915	Prepayments for equipment	2,041	–	6,849	–
1920	Refundable deposits	52,854	2	43,128	2
1990	Other noncurrent assets - other	9,404	–	12,313	1
15xx	Total noncurrent assets	712,737	32	694,456	33
1xxx	Total Assets	\$ 2,195,962	100	\$ 2,088,217	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	21
2130	Contract liabilities - current (Note 6.21)	12, 410	1	13, 273	1
2150	Notes payable	79	–	103	–
2170	Accounts payable	105, 068	5	63, 015	3
2200	Other payables	85, 113	4	74, 135	4
2220	Other payables - related parties (Note 7)	–	–	16	–
2230	Current-period income tax liabilities (Note 6.27)	1, 640	–	5, 184	–
2250	Provisions - current (Note 6.13)	5, 939	–	6, 469	–
2280	Lease liabilities - current (Note 6.9)	12, 088	–	12, 702	1
2320	Long-term liabilities, including those due within one year or one business cycle (Note 6.14)	12, 900	1	22, 513	1
2399	Other current liabilities - other	4, 089	–	3, 966	–
21xx	Total current liabilities	746, 076	34	648, 126	31
	NONCURRENT LIABILITIES				
2540	Long-term borrowings (Note 6.14)	8, 568	–	24, 999	1
2570	Deferred income tax liabilities (Note 6.27)	15, 566	1	5, 965	–
2580	Lease liabilities - noncurrent (Note 6.9)	11, 680	1	21, 969	1
2640	Net defined benefit liabilities - noncurrent (Note 6.15)	655	–	2, 914	–
2645	Guarantee deposits received	6, 048	–	8, 098	1
25xx	Total noncurrent liabilities	42, 517	2	63, 945	3
2xxx	TOTAL LIABILITIES	788, 593	36	712, 071	34
	EQUITY				
	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT				
3100	Share capital (Note 6.16)	1, 091, 022	50	1, 091, 022	52
3200	Capital surplus (Note 6.17)	6, 534	–	6, 534	–
3300	Retained earnings (Note 6.18)	327, 508	15	314, 440	16
3310	Legal reserve	86, 778	4	80, 553	4
3320	Special reserve	38, 621	2	34, 899	2
3350	Unappropriated retained earnings	202, 109	9	198, 988	10
3400	Other equity interest (Note 6.19)	(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)
31xx	Total equity attributable to owners of the parent	1, 404, 530	64	1, 373, 376	66
36xx	Non-controlling interests (Note 6.20)	2, 839	–	2, 770	–
3xxx	Total Equity	1, 407, 369	64	1, 376, 146	66
	Total Liabilities and Equity	\$ 2, 195, 962	100	\$ 2, 088, 217	100

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

Ligitek Electronics Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2024 and 2023

Code	Item	2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (Note 6.21)	\$ 809,094	100	\$ 783,057	100
5000	Operating costs (Note 6.5)	(567,734)	(70)	(576,457)	(74)
5900	Gross profit (loss) from operations	241,360	30	206,600	26
6000	Operating expenses	(203,352)	(25)	(199,986)	(25)
6100	Selling expenses	(62,259)	(8)	(65,084)	(8)
6200	Administrative expenses	(99,917)	(12)	(94,630)	(12)
6300	Research and development expenses	(41,627)	(5)	(38,451)	(5)
6450	Expected credit (impairment losses) reversal gains	451	–	(1,821)	–
6900	Net operating income (loss)	38,008	5	6,614	1
7000	Non-operating income and expenses	83,183	10	67,700	9
7100	Interest income (Note 6.23)	31,649	4	30,511	4
7010	Other income (Note 6.24)	7,605	1	7,236	1
7020	Other gains and losses (Note 6.25)	54,084	6	39,176	5
7050	Financial costs (Note 6.26)	(10,155)	(1)	(9,223)	(1)
7900	INCOME (LOSS) BEFORE INCOME TAX	121,191	15	74,314	10
7950	INCOME TAX (EXPENSE) BENEFIT (Note 6.27)	(22,958)	(3)	(12,728)	(2)
8200	NET INCOME (LOSS)	98,233	12	61,586	8
	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 or losses on valuation of equity instruments measured at FVTOCI	10,661	1	1,001	–
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences arising from translation of foreign operations	7,506	1	(4,797)	(1)
8367	Unrealized gains or losses on valuation of debt instruments measured at FVTOCI	(23)	–	51	–
8300	Other comprehensive income (loss), net	19,541	2	(4,387)	(1)
8500	TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	\$ 117,774	14	\$ 57,199	7
8600	NET INCOME (LOSS) ATTRIBUTABLE TO:				
8610	Owners of the parent	\$ 98,952		\$ 62,896	
8620	Non-controlling interests	(719)		(1,310)	
		\$ 98,233		\$ 61,586	
8700	TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
8710	Owners of the parent	\$ 118,435		\$ 58,533	
8720	Non-controlling interests	(661)		(1,334)	
		\$ 117,774		\$ 57,199	
	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 consolidated financial statements.)

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

In thousands of NTD

Item	Equity attributable to owners of parent									
	Retained earnings					Other equity items				
	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign operations	Unrealized gains (losses) on valuation of financial assets at FVTOCI	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance on January 1, 2023	\$ 1,091,022	\$ 6,534	\$ 69,173	\$ 53,119	\$ 260,817	\$ 27,503	(\$ 62,402)	\$ 1,445,766	\$ 4,104	\$ 1,449,870
Appropriation and distribution of earnings:										
Legal reserve	-	-	11,380	-	(11,380)	-	-	-	-	-
Cash dividends of common shares	-	-	-	-	(130,923)	-	-	(130,923)	-	(130,923)
Reversal of special reserve	-	-	-	(18,220)	18,220	-	-	-	-	-
Net profit (loss) for 2023	-	-	-	-	62,896	-	-	62,896	(1,310)	61,586
Other comprehensive income (loss), net of tax, for 2023	-	-	-	-	(642)	(4,769)	1,048	(4,363)	(24)	(4,387)
Total comprehensive income (loss) for 2023	-	-	-	-	62,254	(4,769)	1,048	58,533	(1,334)	57,199
Balance on December 31, 2023	\$ 1,091,022	\$ 6,534	\$ 80,553	\$ 34,899	\$ 198,988	\$ 22,734	(\$ 61,354)	\$ 1,373,376	\$ 2,770	\$ 1,376,146
Balance on January 1, 2024	\$ 1,091,022	\$ 6,534	\$ 80,553	\$ 34,899	\$ 198,988	\$ 22,734	(\$ 61,354)	\$ 1,373,376	\$ 2,770	\$ 1,376,146
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)	-	(87,281)
Net profit (loss) for 2024	-	-	-	-	98,952	-	-	98,952	(719)	98,233
Other comprehensive income (loss), net of tax, for 2024	-	-	-	-	1,397	7,484	10,602	19,483	58	19,541
Total comprehensive income (loss) for 2024	-	-	-	-	100,349	7,484	10,602	118,435	(661)	117,774
Increase (decrease) in non-controlling interests	-	-	-	-	-	-	-	-	730	730
Balance on December 31, 2024	\$ 1,091,022	\$ 6,534	\$ 86,778	\$ 38,621	\$ 202,109	\$ 30,218	(\$ 50,752)	\$ 1,404,530	\$ 2,839	\$ 1,407,369

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

Ligitek Electronics Co., Ltd. and Subsidiaries
Consolidated 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	\$ 121,191	\$ 74,314	
Adjustments:			
Income/gain and expense/loss items			
Depreciation expense	53,297	54,057	
Amortization expense	1,259	1,266	
Expected credit impairment loss (reversal gain)	(451)	1,821	
Net loss (gain) on financial assets and liabilities measured at FVTPL	(100)	11,439	
Interest expense	10,155	9,223	
Interest income	(31,649)	(30,511)	
Dividend income	(588)	(365)	
Loss (gain) on disposal and scrapping of property, plant and equipment	531	(1,337)	
Loss (gain) on disposal of other assets	-	(786)	
Loss (gain) on disposal of investments	(4,315)	(46,844)	
Loss (gain) on disposal of investments using equity method	(1,340)	-	
Other items	(803)	(240)	
Total income/gain and expense/loss items	<u>25,996</u>	<u>(2,277)</u>	
Changes in operating assets / liabilities			
Net changes in operating assets			
Decrease (increase) in notes receivable	(322)	93	
Decrease (increase) in accounts receivable	(26,032)	2,513	
Decrease (increase) in accounts receivable - related parties	(294)	350	
Decrease (increase) in other receivables	(152)	(1,094)	
Decrease (increase) in inventories	(8,626)	55,251	
Decrease (increase) in prepayments	7,847	6,490	
Decrease (increase) in other current assets	109	87	
Decrease (increase) in other operating assets	107	127	
Total net changes in operating assets	<u>(27,363)</u>	<u>63,817</u>	
Net changes in operating liabilities			
Increase (decrease) in contract liabilities	(862)	4,406	
Increase (decrease) in notes payable	(24)	(4)	
Increase (decrease) in accounts payable	43,073	(14,002)	
Increase (decrease) in accounts payable – related parties	-	(74)	
Increase (decrease) in other payables	13,369	(5,843)	
Increase (decrease) in other payables – related parties	110	(3)	
Increase (decrease) in provisions	(282)	(234)	
Increase (decrease) in other current liabilities	199	(49)	
Increase (decrease) in net defined benefit liabilities	(862)	(816)	
Total net changes in operating liabilities	<u>54,721</u>	<u>(16,619)</u>	
Total net changes in operating assets and liabilities	<u>27,358</u>	<u>47,198</u>	
Total adjustments	<u>53,354</u>	<u>44,921</u>	
Cash generated from (used in) operations	174,545	119,235	
Interest received	32,222	26,606	
Dividend received	588	365	
Interest paid	(10,030)	(9,214)	
Income taxes refunded (paid)	(7,592)	(8,620)	
Net cash flows from (used in) operating activities	<u>189,733</u>	<u>128,372</u>	

(continued to next page)

(continued from previous page)

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of FVTOCI financial assets	(	49,092)	(	10,000)
Acquisition of FVTPL financial assets	(	44,768)	(	60,698)
Disposal of FVTPL financial assets		19,961		92,286
Disposal of investments using equity method		21		-
Acquisition of property, plant and equipment	(	13,242)	(	10,196)
Disposal of property, plant and equipment		747		3,649
Increase in refundable deposits	(	9,741)	(	5,782)
Acquisition of intangible assets	(	1,192)	(	856)
Decrease (increase) in other financial assets		41,995	(	53,702)
Increase in other prepayments		-	(	335)
Other investing activities	(	43)		1,286
Net cash flows from (used in) investing activities	(	55,354)	(	44,348)

CASH FLOWS FROM FINANCING ACTIVITIES

Decrease (increase) in short-term borrowings		60,000	(	20,000)
Decrease (increase) in long-term borrowings	(	22,512)		21,401
Increase (decrease) in guarantee deposits received	(	2,050)		3,771
Lease principal repayments	(	13,277)	(	13,959)
Distribution of cash dividends	(	87,282)	(	130,923)
Change in non-controlling interests	(	243)		-
Net cash flows from (used in) financing activities	(	65,364)	(	139,710)

Effects on cash and cash equivalents from changes of exchange rates

		6,009	(4,123)
--	--	-------	---	--------

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

		75,024	(59,809)
--	--	--------	---	---------

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

		666,722		726,531
--	--	---------	--	---------

CASH AND CASH EQUIVALENTS, END OF YEAR

\$		741,746	\$	666,722
----	--	---------	----	---------

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

Ligitek Electronics Co., Ltd. and Subsidiaries

Notes to Consolidated 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. For the main business activities of the Company and its subsidiaries (together, the “Group”), please refer to descriptions in Note 4.3(3).

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

In addition, the Company is the Group’s ultimate parent company.

These consolidated financial statements are presented in the Company's functional currency, New Taiwan Dollars.

2. The Authorization of the Consolidated Financial Statements

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

3. Application of New Standards, Amendments, 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 Group’s assessment, the application of the New IFRSs above will not have significant impact on the Group’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 Group’s assessment, the application of the New IFRSs above will not have significant impact on the Group’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 Group’s assessment, the application of the New IFRSs above will not have significant impact on the Group’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 consolidated financial statements, the Group is continuously evaluating the impact of the above standards and interpretations on the Group'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 consolidated 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 consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs.

4.2 Basis of Preparation

- (1) Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - A. Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - B. Financial assets measured at fair value through other comprehensive income.
 - C. Liabilities on cash-settled share-based payment arrangements measured at fair value.
 - D. Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- (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 Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

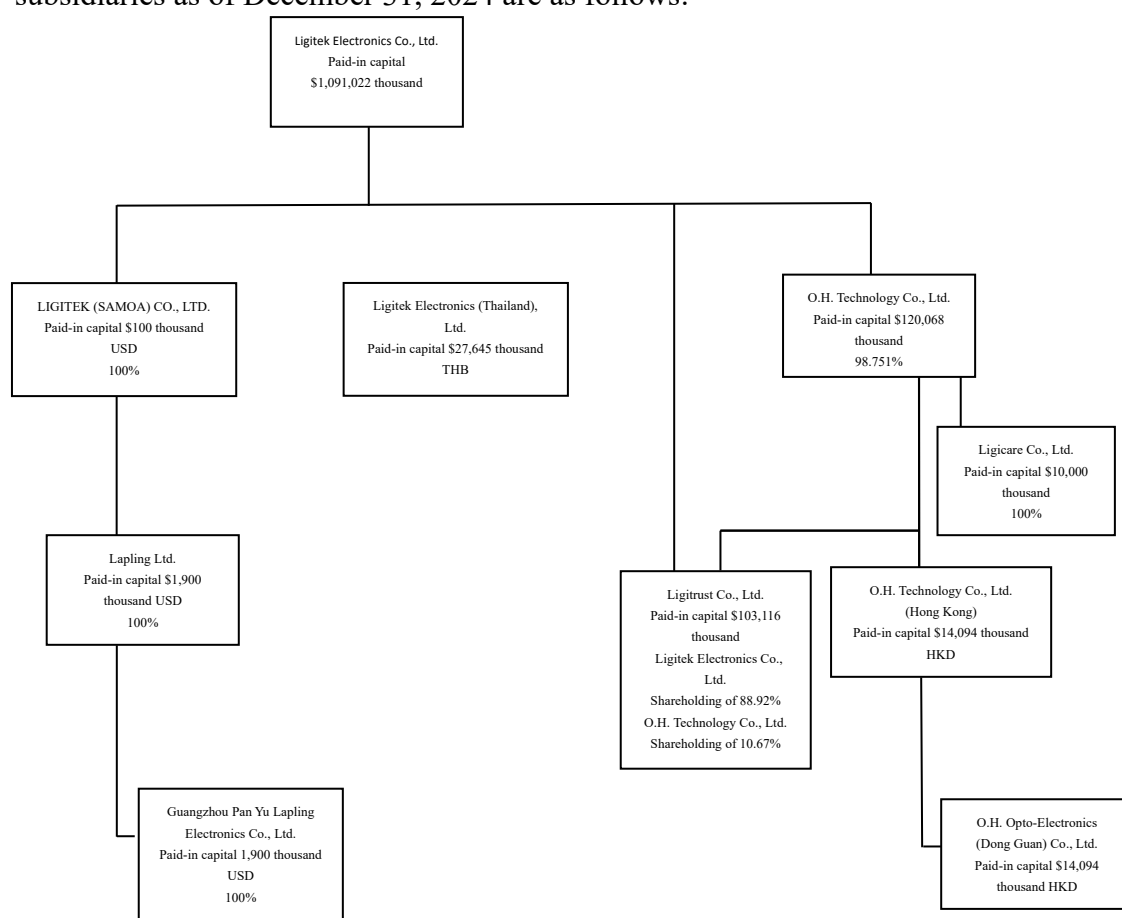
4.3 Basis of Consolidation

- (1) The basis for the consolidated financial statements:
 - A. All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group 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. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - B. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - C. Profit or loss and each component of other comprehensive income are attributed

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

- 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 Group loses control of a subsidiary, the Group 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 the cost on initial recognition of the associate or 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 Group 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 relationship and shareholding ratio between the Company and its subsidiaries as of December 31, 2024 are as follows:



1. On April 26, 2023, board of directors of Ever Ease Limited approved to dissolve the entity with the dissolution approved by the shareholders' meeting on May 2, 2023. Therefore, Ever Ease Limited is no longer included as a component entity in the consolidated financial statements since May 2, 2023; In addition, the refunds from the dissolution were transferred to the investor, Ligitrust Co., Ltd., on May 4, 2023.
2. Ligitek Electronics (Thailand), Ltd. was established on April 11, 2024.
3. 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. Therefore, LiMart Intelligent Retail Co., Ltd. is no longer included as a component entity in the consolidated financial statements since December 16, 2024.

(3) Subsidiaries included in the consolidated financial statements:

			Percentage of Ownership	
Investor/Subsidiaries		Main Business	2024.12.31	2023.12.31
Ligitek Electronics Co., Ltd.	Ligitek (Samoa) Co., Ltd.	Holding business	100%	100%
Ligitek (Samoa) Co., Ltd.	Lapling Ltd.	Holding business	100%	100%
Lapling Ltd.	Guangzhou Pan Yu Lapling Electronics Co., Ltd.	Production and sale of various electronic components (LED & monitors)	100%	100%
Ligitek Electronics Co., Ltd.	O.H. Technology Co., Ltd.	Conducts research and development, manufacture, processing, and trading of various electronic components, printed circuit board and LED monitors	98.751%	98.751%
O.H. Technology Co., Ltd.	O.H. Technology Co., Ltd. (Hong Kong)	Holding business	100%	100%
O.H. Technology Co., Ltd. (Hong Kong)	O.H. Opto-Electronics (Dong Guan) Co., Ltd.	Production and sale of flat-panel display and electronic components	100%	100%
Ligitek Electronics Co., Ltd.	Ligitrust Co., Ltd.	Engaged in leasing business, piping work, electrical appliances installation, etc.	88.92%	88.92%
Ligitrust Co., Ltd.	LiMart Intelligent Retail Co., Ltd.	Retail sale of food, groceries and beverages, others	-	80.375%
O.H. Technology Co., Ltd.	Ligitrust Co., Ltd.	Engaged in leasing business, piping work, electrical appliances installation, etc.	10.67%	10.67%
O.H. Technology Co., Ltd.	Ligicare Co., Ltd.	Production and sale of various medical equipment	100%	100%
Ligitek Electronics Co., Ltd.	Ligitek Electronics (Thailand), Ltd.	Manufacturing, processing, and trading of various electronic components, lighting equipment, batteries, and other electronic and mechanical equipment.	100%	-

All of the financial statements of above consolidated component subsidiaries have been audited.

A. Changes in the consolidation subsidiaries :

(A) Ever Ease Limited was excluded since May 2, 2023.

(B) Ligitek Electronics (Thailand), Ltd. was added since April 11, 2024.

(C) LiMart Intelligent Retail Co., Ltd. was excluded since December 16, 2024.

B. Subsidiaries not included in the consolidated financial statements : None.

C. Adjustments for subsidiaries with different balance sheet dates : None.

D. Significant restrictions :

As of December 31, 2024 and 2023, the cash and bank deposits in Mainland China (including time deposits recorded as financial assets at FVTPL) totaled \$37,912 thousand and \$48,644 thousand, respectively, are under local foreign exchange controls which restrict the capital to be remitted outside the borders (except for normal dividend distribution).

E. The parent company's securities held by subsidiaries : None.

F. Information on subsidiaries with material non-controlling interests :

After assessment, the Group does not have subsidiary with material non-controlling interest.

4.4 Foreign Exchange

- (1) Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars (NT\$), which is the Company's functional currency.
- (2) In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.
- (3) For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

4.5 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; or

- 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.

Assets that do not meet the above criteria are classified 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 consolidated financial statements are authorized for issue; and
- 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.

Liabilities that do not meet the above criteria are classified as noncurrent.

4.6 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.)

4.7 Financial instruments

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

Financial assets and financial liabilities are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Transaction costs directly attributable to the acquisition of financial assets or 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.

Financial assets are classified into the following categories: Financial assets measured at fair value through profit or loss (“FVTPL”), financial assets

measured at amortized cost, and equity investments measured at fair value through other comprehensive income (“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; and
- 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 in subsequent reporting periods.

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

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

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

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

(D) Equity investments measured at fair value through other comprehensive income

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

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

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

B. Impairment of financial assets

- (A) The Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group has transferred substantially all risks and rewards of ownership of the financial asset.
- (C) The Group 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 Group 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 a group entity 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 fair value through profit or loss 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) contracts; or
- b. They eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases; or
- c. They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

(B) Financial liabilities at fair value through profit or loss 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 Group 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 Group 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 Group 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 Group 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.

4.8 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 progress 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.

4.9 Investments accounted for using equity method

- (1) Associates are all entities over which the Group 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% 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.
- (2) The Group's share of its associate's profit or loss after the date of acquisition is recognized in the Group's profit or loss, and its share of changes in the associate's other comprehensive income is recognized in the Group's other comprehensive income. When the Group's share of losses of its associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group discontinues recognizing its share of further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- (3) Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group'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 Group.
- (4) In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group'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 Group'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.

- (5) Upon loss of significant influence over an associate, the Group 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.
- (6) When the Group disposes its investment in an associate, if it loses significant influence over the associate, the Group 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 Group 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.
- (7) When the Group 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.

4.10 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 Group 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.

4.11 Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. For a contract that contains a lease component and non-lease components, the Group 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 Group 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 Group 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 consolidated 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 Group by the end of the lease terms or if the costs of right-

of-use assets reflect that the Group will exercise a purchase option, the Group 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 Group 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 Group 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 Group 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 Group 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 consolidated balance sheets.

The Group 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 Group elected to apply the practical expedient to all of rent concessions met the conditions aforementioned. That is, the Group did

not assess whether the change would result in a lease modification. Instead, the Group 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 Group 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 Group 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.

4.12 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.

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

4.13 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 Group. 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.

4.14 Impairment of non-financial assets

The Group 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.

4.15 Provisions

Provisions are recognized when the Group 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.

4.16 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 Group 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 used is determined by using the market yields (at the end of the reporting period) on government bonds denominated in the currency in which the benefits are to be paid. The currency and term of the government bonds are consistent with the currency and estimated term of the obligation.

(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 Group'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 Group 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.

4.17 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 Group'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.

4.18 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.

4.19 Income tax

- (1) The tax expense for the period comprises current and deferred income 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 consolidated balance sheet. However, the deferred income 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 income 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 Group and it is probable that the temporary difference will not

reverse in the foreseeable future. Deferred income 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 income tax asset is realized or the deferred income 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.

4.20 Revenue Recognition

The Group 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 Group 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 Group 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 Group does not adjust the promised amount of consideration for the effect of a significant financing component.

A. Revenue from the sale of goods

The Group 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 Group has objective evidence that all acceptance conditions have been met.

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

B. Provision of services

The services provided by the Group 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.

4.21 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.

4.22 Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group 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 Group 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 Group 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 Group 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 consolidated financial statements, the critical accounting judgments the Group has made and the major sources of estimation and assumption uncertainty are described as follows:

5.1 Critical judgements in applying accounting policies

(1) Business model assessment for financial assets

The Group 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 Group constantly assess the adequacy of its business model and monitors financial assets measured at amortized cost and debt investments measure at fair value through other comprehensive income. When these assets are derecognized prior to their maturity, the Group reviews the reasons for their disposal and whether the reasons are consistent with the objective of the business for which the assets were held. If the objective of the business for an asset is changed, the classification of the asset is prospectively changed accordingly.

(2) Revenue recognition

A. The Group 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 Group acts as an agent, revenue is recognized on a net basis.

When another party is involved in providing goods or services to a customer, the Group is a principal if the group obtains control of any one of the following:

(A) Before a commodity or other asset is transferred to a customer, the Group 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

Group the ability to direct that party to provide the service to the customer on the Group'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 Group 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 entity has discretion in establishing the price for the specified good or service.

(3) Lease terms

In determining a lease term, the Group 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 Group 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 Group satisfies its performance obligation. The Group estimates sales returns and allowance based on historical experience and other known factors. The Group 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 Group makes these assumptions and selects inputs for impairment calculation based on the Group'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 Group's assets and liabilities measured at fair value have no quoted prices in active markets, the Group 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 Group 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 Group 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 Group 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 Group's strategy might result in material impairment of assets in the future.

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

The Group 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 Group assesses the recoverable amounts of an investment accounted for using the equity method based on the present value of the Group'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 Group'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 Group 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 Group 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	\$ 800	\$ 986
Check deposits	10	10
Demand deposits and foreign currency deposits	455, 837	635, 066
Time deposits	252, 359	–
Cash equivalents		
Short-term notes with original maturities within three months	32, 740	30, 660
Total	<u>\$ 741, 746</u>	<u>\$ 666, 722</u>

- (1) The Group deposits its cash and cash equivalents at several financial institutions that have high credit quality to diversify its risk. Therefore, the Group considers its cash and cash equivalents to have low credit risk.
- (2) The Group has no cash and cash equivalents pledged to others.
- (3) Cash equivalents on 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 Financial instruments at FVTPL – current

	December 31, 2024	December 31, 2023
Financial assets - current		
Financial assets designated as measured at FVTPL		
Domestic and foreign listed (or OTC) stocks	\$ 63,496	\$ 24,538
Financial products	12,584	21,562
Total	<u>\$ 76,080</u>	<u>\$ 46,100</u>

- (1) The Group has no financial assets at FVTPL pledged to others.
- (2) Please refer to Note 12 for information on relevant credit risk management and valuation method.

6.3 Notes receivable, net

Item	December 31, 2024	December 31, 2023
Notes receivable	\$ 1,598	\$ 1,276
Less: Loss allowance	(16)	(13)
Notes receivable, net	<u>\$ 1,582</u>	<u>\$ 1,263</u>

- (1) As of December 31, 2024 and 2023, none of notes receivable is discounted by the Group.
- (2) As of December 31, 2024 and 2023, none of notes receivable is pledged by the Group.
- (3) For information on loss allowance of notes receivable, please refer to Note 6.4.

6.4 Accounts receivable, net

Item	December 31, 2024	December 31, 2023
Gross carrying amount	\$ 330,247	\$ 304,632
Less: Loss allowance	(17,656)	(18,003)
Accounts receivable, net	<u>\$ 312,591</u>	<u>\$ 286,629</u>

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

The Group has no accounts receivable pledged to others.

- (1) Accounts receivable of the Group are measured at amortized cost. As of December 31, 2024 and 2023, none of notes receivable is discounted by the Group.
- (2) The Group 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 Group'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 Group'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%	\$ 179, 189	\$ 16	\$ 179, 173
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	100%	128, 869	19, 971	108, 898

December 31, 2023	Expected credit loss rate	Gross carrying amount	Loss allowance (Lifetime ECL)	Amortized cost
Not past due	0%–1%	\$ 187, 215	\$ 13	\$ 187, 202
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%	80, 702	20, 031	60, 671

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	\$ 20, 390	\$ 56, 319
Add: Recognition of impairment losses	–	1, 821
Less: Reversal of impairment losses	(451)	–
Less: Derecognition	–	–
Less: Uncollectible accounts written off	–	(37, 711)
Effects from foreign exchange difference	48	(39)
Others	–	–
Balance on December 31	\$ 19, 987	\$ 20, 390

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

6.5 Inventories and cost of goods sold

Item	December 31, 2024	December 31, 2023
Raw materials	\$ 37,827	\$ 27,983
Merchandise	8,499	7,558
Work in process	28,421	20,257
Finished goods	56,817	67,279
Net amount	<u>\$ 131,564</u>	<u>\$ 123,077</u>

- (1) The cost of inventories recognized as expense (gain) for 2024 and 2023:

	2024	2023
Cost of goods sold	\$ 515,824	\$ 524,101
Unallocated overheads	52,512	52,734
Loss on decline (reversal gain) in market value of inventories	(603)	(370)
Gain (loss) from inventory take	1	(8)
Total operating costs	<u>\$ 567,734</u>	<u>\$ 576,457</u>

- (2) In 2024 and 2023, the Group 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 Group thus recognized inventory valuation loss (reversal gain) of (\$603) thousand and (\$370) thousand for 2024 and 2023, respectively.

- (3) The Group has no inventories pledged to others.

6.6 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	14,928	61,320
Total	<u>\$ 196,087</u>	<u>\$ 238,082</u>

6.7 Financial assets at fair value through other comprehensive income

Item	December 31, 2024	December 31, 2023
Debt instruments		
Corporate bonds	\$ 65,444	\$ 15,499
Valuation adjustment	(3,268)	(3,245)
Subtotal	62,176	12,254
Equity instruments		
Unlisted shares, domestic & foreign	\$ 157,447	\$ 157,446
Valuation adjustment	(47,701)	(58,362)
Subtotal	109,746	99,084
Total	\$ 171,922	\$ 111,338

- (1) The Group 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 Group'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 \$109,746 thousand and \$99,084 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.

6.8 Property, plant and equipment

	December 31, 2024	December 31, 2023
Assets used by the Group	\$ 409,704	\$ 433,185
Assets under operating leases	1,200	2,092
Total	\$ 410,904	\$ 435,277

- (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 Group'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 Group

	December 31, 2024	December 31, 2023
Land	\$ –	\$ –
Buildings	642, 045	641, 365
Machinery	329, 785	320, 275
Other equipment	63, 056	67, 130
Total cost	1, 034, 886	1, 028, 770
Less: Accumulated depreciation	(625, 182)	(595, 585)
Accumulated impairment	–	–
Total	\$ 409, 704	\$ 433, 185

	Land	Buildings	Machinery	Other Equipment	Total
Cost					
Balance on January 1, 2024	\$ –	\$ 641, 365	\$ 320, 275	\$ 67, 130	\$ 1, 028, 770
Additions	–	87	8, 254	3, 395	11, 736
Disposals	–	– (	3, 731) (	8, 235) (	11, 966)
Reclassified	–	–	4, 808	–	4, 808
Effect from written-off subsidiaries	–	– (	190)	– (	190)
Effect of foreign currency exchange difference	–	593	369	766	1, 728
Transfer to assets under operating leases	–	–	–	–	–
Balance on December 31, 2024	\$ –	\$ 642, 045	\$ 329, 785	\$ 63, 056	\$ 1, 034, 886
Accumulated depreciation and impairment					
Balance on January 1, 2024	\$ –	\$ 313, 750	\$ 237, 977	\$ 43, 858	\$ 595, 585
Depreciation expense	–	11, 766	19, 590	8, 216	39, 572
Disposals	–	– (	3, 530) (	7, 214) (	10, 744)
Reclassified	–	–	–	–	–
Effect from written-off subsidiaries	–	– (	74)	– (	74)
Effect of foreign currency exchange difference	–	91	287	465	843
Transfer to assets under operating leases	–	–	–	–	–
Balance on December 31, 2024	\$ –	\$ 325, 607	\$ 254, 250	\$ 45, 325	\$ 625, 182

	Land	Buildings	Machinery	Other Equipment	Total
<u>Cost</u>					
Balance on January 1, 2023	\$ –	\$ 641,834	\$ 322,726	\$ 66,143	\$ 1,030,703
Additions	–	–	2,402	3,463	5,865
Disposals	–	–	(4,559)	(1,864)	(6,423)
Reclassified	–	–	–	–	–
Effect of foreign currency exchange difference	–	(469)	(294)	(612)	(1,375)
Transfer to assets under operating leases	–	–	–	–	–
Balance on December 31, 2023	<u>\$ –</u>	<u>\$ 641,365</u>	<u>\$ 320,275</u>	<u>\$ 67,130</u>	<u>\$ 1,028,770</u>

<u>Accumulated depreciation and impairment</u>					
Balance on January 1, 2023	\$ –	\$ 302,065	\$ 222,866	\$ 38,056	\$ 562,987
Depreciation expense	–	11,751	19,884	7,517	39,152
Disposals	–	–	(4,559)	(1,407)	(5,966)
Reclassified	–	–	–	–	–
Effect of foreign currency exchange difference	–	(66)	(214)	(308)	(588)
Transfer to assets under operating leases	–	–	–	–	–
Balance on December 31, 2023	<u>\$ –</u>	<u>\$ 313,750</u>	<u>\$ 237,977</u>	<u>\$ 43,858</u>	<u>\$ 595,585</u>

Assets under operating leases

	December 31, 2024	December 31, 2023
Other Equipment	\$ 4,135	\$ 4,245
Less: Accumulated depreciation	(2,935)	(2,153)
Accumulated impairment	–	–
Total	<u>\$ 1,200</u>	<u>\$ 2,092</u>

Cost	Other Equipment
Balance on January 1, 2024	\$ 4, 245
Additions	–
Disposals	(110)
Reclassified	–
Transfer to assets used by the Group	–
Effect of foreign currency exchange difference	–
Balance on December 31, 2024	<u>\$ 4, 135</u>

Accumulated depreciation and impairment	
Balance on January 1, 2024	\$ 2, 153
Depreciation expense	836
Disposals	(54)
Reclassified	–
Transfer to assets used by the Group	–
Effect of foreign currency exchange difference	–
Balance on December 31, 2024	<u>\$ 2, 935</u>

Cost	Other equipment
Balance on January 1, 2023	\$ 6, 220
Additions	–
Disposals	(2, 771)
Reclassified	796
Transfer to assets used by the Group	–
Effect of foreign currency exchange difference	–
Balance on December 31, 2023	<u>\$ 4, 245</u>

Accumulated depreciation and impairment	
Balance on January 1, 2023	\$ 1, 811
Depreciation expense	1, 257
Disposals	(915)
Reclassified	–
Transfer to assets used by the Group	–
Effect of foreign currency exchange difference	–
Balance on December 31, 2023	<u>\$ 2, 153</u>

- (4) The Group leased out other equipment under operating leases and the lease terms are 1~3 years. All operating lease contracts contain market rent review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the assets at the end of the lease terms.
- (5) The maturity analysis of operating lease payments for owned plant, property and equipment is as follows:

	December 31, 2024	December 31, 2023
Year 1	\$ 114	\$ 490
Year 2	48	359
Year 3	–	103
Total	<u>\$ 162</u>	<u>\$ 952</u>

- (6) As there was no indication of impairment as of December 31, 2024 and 2023, no impairment loss was recognized for the year.

6.9 Lease agreements

(1) Right-of-use assets

	December 31, 2024	December 31, 2023
Land	\$ 48,570	\$ 44,555
Buildings	23,306	26,746
Other equipment	3,135	5,686
Total cost	75,011	76,987
Less: Accumulated depreciation	(52,420)	(43,878)
Accumulated impairment	–	–
Total	<u>\$ 22,591</u>	<u>\$ 33,109</u>

	Land	Buildings	Other Equipment	Total
Cost				
Balance on January 1, 2024	\$ 44,555	\$ 26,746	\$ 5,686	\$ 76,987
Increase for the year	4,015	–	–	4,015
Decrease for the year	–	(4,256)	(2,551)	(6,807)
Effect of foreign currency exchange difference	–	816	–	816
Balance on December 31, 2024	<u>\$ 48,570</u>	<u>\$ 23,306</u>	<u>\$ 3,135</u>	<u>\$ 75,011</u>

Accumulated depreciation and impairment				
Balance on January 1, 2024	\$ 25,171	\$ 16,436	\$ 2,271	43,878
Depreciation expense	6,381	4,874	1,635	12,890
Decrease for the year	–	(2,620)	(2,251)	(4,871)
Reclassified	–	–	–	–
Effect of foreign currency exchange difference	–	523	–	523
Balance on December 31, 2024	\$ 31,552	\$ 19,213	\$ 1,655	\$ 52,420
	Land	Buildings	Other Equipment	Total
Cost				
Balance on January 1, 2023	\$ 44,555	\$ 26,754	\$ 8,458	\$ 79,767
Increase for the year	–	2,084	4,491	6,575
Decrease for the year	–	(1,464)	(7,263)	(8,727)
Effect of foreign currency exchange difference	–	(628)	–	(628)
Balance on December 31, 2023	\$ 44,555	\$ 26,746	\$ 5,686	\$ 76,987
Accumulated depreciation and impairment				
Balance on January 1, 2023	\$ 19,885	\$ 12,771	\$ 6,660	\$ 39,316
Depreciation expense	5,286	5,487	2,874	13,647
Decrease for the year	–	(1,464)	(7,263)	(8,727)
Reclassified	–	–	–	–
Effect of foreign currency exchange difference	–	(358)	–	(358)
Balance on December 31, 2023	\$ 25,171	\$ 16,436	\$ 2,271	\$ 43,878

(2) Lease liabilities

	December 31, 2024	December 31, 2023
Carrying amount of lease liabilities		
Current	\$ 12,088	\$ 12,702
Noncurrent	\$ 11,680	\$ 21,969

The ranges of discount rates for the lease liabilities:

	December 31, 2024	December 31, 2023
Land	1.873%	1.873%
Buildings	1.683%~1.7748%	1.527%~1.7748%
Other equipment	1.530%	1.419%~1.660%

Please refer to Note 12.3 for information on the maturity analysis of the lease liabilities.

(3) Major lease-in activities and terms

The Group 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 Group 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 Group 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

Cash outflow relating to leases for the year is as follows:

	2024	2023
Expenses relating to short-term leases	\$ 815	\$ 542
Expenses relating to low-value asset leases	\$ 94	\$ 259
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ –	\$ –
Total cash outflow for leases (Note A)	\$ 14,742	\$ 15,435

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

The Group 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	
Cost						
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	\$	24,112	\$	3,075	\$	27,187

Accumulated depreciation and impairment						
Balance on January 1, 2024	\$	–	\$	2,211	\$	2,211
Depreciation expense		–		87		87
Disposals		–		–		–
Reclassified		–		–		–
Record (reversal of) impairment loss		–		–		–
Effect of foreign currency exchange difference		–		–		–
Balance on December 31, 2024	\$	–	\$	2,298	\$	2,298

	Land	Unfinished construction	Total
Cost			
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	\$ 24, 112	\$ 3, 075	\$ 27, 187
Accumulated depreciation and impairment			
Balance on January 1, 2023	\$ –	\$ 2, 123	\$ 2, 123
Depreciation expense	–	88	88
Disposals	–	–	–
Reclassified	–	–	–
Record (reversal of) impairment loss	–	–	–
Effect of foreign currency exchange difference	–	–	–
Balance on December 31, 2023	\$ –	\$ 2, 211	\$ 2, 211

- (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 Group 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 Group.

6.11 Intangible assets

Item	December 31, 2024	December 31, 2023
Patents	\$ 6,330	\$ 6,133
Computer software	3,209	2,507
Total cost	9,539	8,640
Less: Accumulated amortization	(3,296)	(2,740)
Accumulated impairment	–	–
Net amount	<u>\$ 6,243</u>	<u>\$ 5,900</u>

	Patents	Computer software	Total
Cost			
Balance on January 1, 2024	\$ 6,133	\$ 2,507	\$ 8,640
Additions	142	1,050	1,192
Disposals or derecognition	(97)	(368)	(465)
Reclassified	152	–	152
Effect of foreign currency exchange difference	–	20	20
Balance on December 31, 2024	<u>\$ 6,330</u>	<u>\$ 3,209</u>	<u>\$ 9,539</u>
Accumulated amortization and impairment			
Balance on January 1, 2024	\$ 1,650	\$ 1,090	\$ 2,740
Amortization expense	445	561	1,006
Disposals or derecognition	(97)	(368)	(465)
Effect of foreign currency exchange difference	–	15	15
Balance on December 31, 2024	<u>\$ 1,998</u>	<u>\$ 1,298</u>	<u>\$ 3,296</u>

	Patents	Computer software	Total
<u>Cost</u>			
Balance on January 1, 2023	\$ 5,831	\$ 1,922	\$ 7,753
Additions	255	601	856
Disposals or derecognition	(117)	–	(117)
Reclassified	164	–	164
Effect of foreign currency exchange difference	–	(16)	(16)
Balance on December 31, 2023	<u>\$ 6,133</u>	<u>\$ 2,507</u>	<u>\$ 8,640</u>
<u>Accumulated amortization and impairment</u>			
Balance on January 1, 2023	\$ 1,254	\$ 760	\$ 2,014
Amortization expense	513	341	854
Disposals or derecognition	(117)	–	(117)
Effect of foreign currency exchange difference	–	(11)	(11)
Balance on December 31, 2023	<u>\$ 1,650</u>	<u>\$ 1,090</u>	<u>\$ 2,740</u>

6.12 Short-term borrowings

	December 31, 2024	
Nature of borrowings	Amount	Interest rate
Secured borrowings	\$ 316,750	1.70%~1.97%
Credit borrowings	190,000	1.85%~1.95%
Total	<u>\$ 506,750</u>	
	December 31, 2023	
Nature of borrowings	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 Group 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 Provisions — current

Item	December 31, 2024	December 31, 2023
Employee benefits	\$ 4,359	\$ 4,454
Warranty provision	1,580	2,015
Total	<u>\$ 5,939</u>	<u>\$ 6,469</u>

(1) 2024

Item	Employee benefits	Warranty Provision	Total
Balance on January 1	\$ 4,454	\$ 2,015	\$ 6,469
Recognized during the period	7,470	438	7,908
Used during the period	(7,316)	(873)	(8,189)
Effect from written-off subsidiaries	(249)	—	(249)
Balance on December 31	<u>\$ 4,359</u>	<u>\$ 1,580</u>	<u>\$ 5,939</u>

(2) 2023

Item	Employee benefits	Warranty Provision	Total
Balance on January 1	\$ 4,511	\$ 2,192	\$ 6,703
Recognized during the period	6,426	399	6,825
Used during the period	(6,483)	(576)	(7,059)
Balance on December 31	<u>\$ 4,454</u>	<u>\$ 2,015</u>	<u>\$ 6,469</u>

A. Provision for employee benefits is estimated, based on vested long-service leave.

B. The warranty provisions of the Group mainly relate to sales of LED products and are estimated with reference of historical data.

6.14 Long-term borrowings and current portion

Lending institution	Loan maturity date	December 31, 2024	December 31, 2024	Repayment method
Taiwan Cooperative Bank	2025.03.01	\$ 2,955	\$ 14,636	Note (1), (2), (5)
E.SUN Commercial Bank	2026.10.19	18,513	28,371	Note (3), (5)
Taiwan Cooperative Bank	2028.06.05	—	4,505	Note (4), (5)
Total		21,468	47,512	
Less: Long-term liabilities, due within one year		(12,900)	(22,513)	
Long-term borrowings		<u>\$ 8,568</u>	<u>\$ 24,999</u>	
Interest rates		<u>1.74%~1.928%</u>	<u>0.5%~2.595%</u>	

- (1) The principal and interest of Group'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 Group 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 Group's secured long-term borrowing of \$30,000 thousand from E.SUN Commercial Bank are repaid in equal monthly installments from October 20, 2023, over 36 months.
- (4) The principal and interest of the Group's secured long-term borrowing of \$5,000 thousand from Taiwan Cooperative Bank are repaid in equal monthly installments from July 5, 2023, over 60 months ; the aforementioned loan is a loan of the originally consolidated subsidiary, LiMart Intelligent Retail Co., Ltd., since the Group had 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%, LiMart Intelligent Retail Co., Ltd. is no longer a consolidated subsidiary of the Group.
- (5) Please refer to Note 8 for collaterals of borrowings from banks.

6.15 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 and its domestic subsidiaries make monthly contributions of 6% of each individual employee's salary or wage to employees' pension accounts. Pension benefits for employees of subsidiaries overseas were provided in accordance with the local regulations.
- B. A total of \$6,889 thousand and \$7,141 thousand were contributed by the Group for 2024 and 2023, respectively.

(2) Defined benefit plan

- A. The Company and its domestic subsidiaries have 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 and its domestic subsidiaries 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 Group has no right to influence their investment strategies.

B. Amounts recognized in the consolidated balance sheets are 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 Group 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 main actuarial assumptions used were as follows:

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 (TSO).

(6) Reasonably possible changes on December 31, 2024 and 2023 to one of the relevant actuarial assumptions, holding other assumptions constant, would have caused the defined benefit obligation to increase (decrease) by the amounts shown below:

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 Group expects to / actually make to the defined benefit pension plans in 2025 and 2024 is \$916 thousand and \$893 thousand, respectively.

6.16 Share capital

(1) The movements in the number of the Company's ordinary shares outstanding are as follows:

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

	2023	
	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.

6.17 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.

6.18 Retained earnings and dividend policy

(1) Dividend policies

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, and if new shares are to be issued, the proposal shall be submitted to the shareholders' meeting for approval and distribution.

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 plannings 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.
- (3) 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. The amounts previously set aside by the Company as special reserve in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1090150022, announced on

March 31, 2021, shall be reversed proportionately to retain earnings when the relevant assets are used, disposed of or reclassified subsequently.

- (4) 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 common shares	87,281	130,923	0.80	1.20
Total	<u>\$ 97,228</u>	<u>\$ 124,083</u>		

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

	Appropriation of Earnings	Dividends 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.

- (6) 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.

6.19 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>

6.20 Non-controlling interests

Item	2024	2023
Balance on January 1	\$ 2,770	\$ 4,104
Share attributable to non-controlling interests:		
Net income (loss)	(719)	(1,310)
Other comprehensive income (loss)	58	(24)
Acquisition or disposal shares from subsidiary	–	–
Difference from consideration and carrying amount	–	–
Increase (decrease) in non-controlling interest	730	–
Balance on December 31	<u>\$ 2,839</u>	<u>\$ 2,770</u>

6.21 Operating revenue

Item	2024	2023
Revenue from contracts with customers		
Sales revenue	\$ 809,094	\$ 783,057
Total	<u>\$ 809,094</u>	<u>\$ 783,057</u>

(1) Breakdowns of revenue from contracts with customers

The Group'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	\$ 338,799	\$ 385,607
Americas	50,523	44,510
Europe	105,909	77,629
Asia	309,876	272,618
Others	3,987	2,693
Total	<u>\$ 809,094</u>	<u>\$ 783,057</u>
<u>Major goods/service lines</u>		
LED modules	\$ 465,967	\$ 441,852
Semiconductor-related products	149,740	98,189
Other products	193,387	243,016
Total	<u>\$ 809,094</u>	<u>\$ 783,057</u>
<u>Timing of revenue recognition</u>		
Goods transferred at a point in time	\$ 809,094	\$ 783,057
Total	<u>\$ 809,094</u>	<u>\$ 783,057</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 and accounts receivable	<u>\$ 314,173</u>	<u>\$ 287,892</u>	<u>\$ 292,796</u>
Contract liabilities - current			
Sale of goods	<u>\$ 12,410</u>	<u>\$ 13,273</u>	<u>\$ 8,867</u>

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 Group'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 opening balance of contract liabilities		
Sale of goods	\$ 13,273	\$ 8,867

- (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	\$ 90,895	\$ 108,715	\$ 199,610
Labor/health insurance	9,998	10,333	20,331
Pension	2,927	3,993	6,920
Directors' remuneration	–	5,990	5,990
Other employee benefits	4,049	3,493	7,542
Depreciation expense	38,510	14,787	53,297
Amortization expense	25	1,234	1,259
Total	\$ 146,404	\$ 148,545	\$ 294,949

By nature	2023		
	Operating costs	Operating expenses	Total
Employee benefits expense			
Salary	\$ 86,390	\$ 104,811	\$ 191,201
Labor/health insurance	10,201	11,158	21,359
Pension	3,031	4,144	7,175
Directors' remuneration	–	5,483	5,483
Other employee benefits	4,068	3,676	7,744
Depreciation expense	38,769	15,288	54,057
Amortization expense	139	1,127	1,266
Total	\$ 142,598	\$ 145,687	\$ 288,285

- (1) The Company shall allocate not lower than 1% and not higher than 5% of annual profits during the period to employees' compensation and directors' and supervisors' remuneration, respectively. The estimated employees' compensation, not lower than 1% of the annual profits, for 2024 and 2023 are \$5,022 thousand and \$3,090 thousand, respectively and the estimated directors' and supervisors'

remuneration, not higher than 5%, for 2024 and 2023 are \$1,256 thousand and \$772 thousand, respectively. If there is a change in the proposed amount after the annual consolidated financial statement are authorized for issue, the difference is recorded as a change in accounting estimate next year.

- (2) 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 reports	5,022	1,256	3,090	772
Difference	\$ -	\$ -	\$ -	\$ -

The employees' compensation aforementioned is distributed in cash.

- (3) 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	\$ 28,752	\$ 28,047
Interest income from debt instruments at FVTOCI	999	296
Interest income	-	
Other interest income	1,898	2,168
Total	\$ 31,649	\$ 30,511

6.24 Other income

Item	2024	2023
Rental income	\$ 1, 216	\$ 1, 795
Dividend income	588	365
Government grants	–	–
Other income - other	5, 801	5, 076
Total	<u>\$ 7, 605</u>	<u>\$ 7, 236</u>

6.25 Other gains or losses

Item	2024	2023
Gain (loss) on disposal of financial assets		
Financial assets at FVTPL	\$ 4, 315	\$ 46, 844
Gain (loss) on value of financial assets		
Financial assets designated as at FVTPL	100	(11, 439)
Gain (loss) on disposal of subsidiaries	–	–
Net foreign exchange gains (losses)	50, 050	(98)
Gain (loss) on disposal of property, plant and equipment	(531)	1, 337
Gains on disposal of other assets	–	786
Gain (loss) on disposal of investments accounted for using equity method	1, 340	–
Others	(1, 190)	1, 746
Total	<u>\$ 54, 084</u>	<u>\$ 39, 176</u>

6.26 Financial costs

Item	2024	2023
Interest expense:		
Bank borrowings	\$ 9, 567	\$ 8, 498
Interest on lease liabilities	556	675
Others	32	50
Financial costs	<u>\$ 10, 155</u>	<u>\$ 9, 223</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	\$ 5,201
Additional income tax on unappropriated earnings	–	–
Adjustments for prior periods	(562)	398
Total income tax for current period	3,738	5,599
Deferred income tax		
The origination and reversal of temporary differences	19,220	7,129
Total deferred income tax	19,220	7,129
Income tax expense (benefit)	\$ 22,958	\$ 12,728

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	\$ 121,191	\$ 74,314
Income before income tax subject to the statutory tax rate	\$ 24,238	\$ 14,863
Adjustment of effectives on tax		
Deductible items in determining taxable income	(19,938)	(9,662)
Adjustments for prior periods	(562)	398
Undistributed earnings subjected to additional 5% tax	–	–
Net change in deferred income tax	19,220	7,129
Income tax expense (benefit) recognized in profit or loss	\$ 22,958	\$ 12,728

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%. For entities located in other jurisdictions, taxes are calculated using the applicable tax rate for each individual jurisdiction.

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 Group 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:

	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	(\$ 119)	\$ –	\$ –	\$ 4,708
Unrealized foreign exchange losses	44	(44)	–	–	–
Unrealized payment on pension	–	–	–	–	–
Unrealized valuation loss on inventories	3,623	(65)	–	–	3,558
Unrealized provision of employment	727	15	–	–	742
Operating loss carryforward	12,287	(9,406)	–	–	2,881
Subtotal	21,508	(9,619)	–	–	11,889
Deferred income tax liabilities					
Temporary differences					
Unrealized foreign exchange gains	2,046	7,635	–	–	9,681
Gain on foreign investments accounted for using the equity method	3,919	1,966	–	–	5,885
Subtotal	5,965	9,601	–	–	15,566
Total	\$ 15,543	(\$ 19,220)	\$ –	\$ –	(\$ 3,677)

	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 foreign exchange losses	345	(301)	–	–	44
Unrealized payment on pension	–	–	–	–	–
Unrealized valuation loss on inventories	3,917	(294)	–	–	3,623
Unrealized provision of employment	772	5	–	–	777
Operating loss carryforward	24,686	(12,391)	–	–	12,295
Subtotal	34,178	(12,612)	–	–	21,566
Deferred income tax liabilities					
Temporary differences					
Unrealized foreign exchange gains	5,427	(3,381)	–	–	2,046
Gain on foreign investments accounted for using the equity method	6,021	(2,102)			3,919
Subtotal	11,448	(5,483)	–	–	5,965
Total	\$ 22,730	(\$ 7,129)	\$ –	\$ –	\$ 15,601

(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	21,299	29,867
Total	\$ 24,314	\$ 33,474

(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	10,661	–	10,661
Subtotal	12,058	–	12,058
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	7,506	–	7,506
Unrealized gains (losses) on valuation of debt investments at FVTOCI	(23)	–	(23)
Subtotal	7,483	–	7,483
Recognized other comprehensive income (loss)	\$ 19,541	\$ –	\$ 19,541

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	1,001	–	1,001
Subtotal	359	–	359
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	(4,797)	–	(4,797)
Unrealized gains (losses) on valuation of debt investments at FVTOCI	51	–	51
Subtotal	(4,746)	–	(4,746)
Recognized other comprehensive income (loss)	(\$ 4,387)	\$ –	(\$ 4,387)

6.29 Earnings per common share

	2024	2023
Basic earnings per share		
Net income attributable to shareholders of the parent (A)	\$ 98,952	\$ 62,896
Net income attributable to ordinary shareholders of the parent (B)	98,952	62,896
Weighted average number of shares outstanding 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 attributable to shareholders of the parent (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 Group offered to settle the compensation or bonuses paid to employees in shares or cash at the Group's option, the Group 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		December 31, 2024
			New leases, change in leases and acquisition of subsidiaries	Change in Exchange Rate	
Short-term borrowings	\$ 446,750	\$ 60,000	\$ –	\$ –	\$ 506,750
Long-term borrowings (including current portion)	47,512	(22,512)	(3,532)	–	21,468
Lease liabilities	34,671	(13,277)	2,041	333	23,768
Total liabilities arising from financing activities	\$ 528,933	\$ 24,211	(\$ 1,491)	\$ 333	\$ 551,986

Item	January 1, 2023	Cash flows	Non-cash changes		December 31, 2023
			New leases, and change in leases	Change in Exchange Rate	
Short-term borrowings	\$ 466,750	(\$ 20,000)	\$ –	\$ –	\$ 446,750
Long-term borrowings (including current portion)	26,112	21,400	–	–	47,512
Lease liabilities	42,409	(13,959)	6,575	(354)	34,671
Total liabilities arising from financing activities	\$ 535,271	(\$ 12,559)	\$ 6,575	(\$ 354)	\$ 528,933

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
Sunny Invest Co., Ltd.	Other related parties
Solidlite Corporation	Other related parties
Jfetek Technology Co., Ltd.	Other related parties
Zhen Xuan Co., Ltd.	Other related parties

7.3 Significant transactions with related parties

All transactions and account balances among the Company and subsidiaries (that is, the related parties of the Company) had been eliminated, therefore, not disclosed in these notes. Transaction details between the Group and other related parties disclosed as follows:

(1) Operating revenue

Item	Related party category	2024	2023
Sales revenue	Other related parties	\$ 400	\$ 65

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

B. Payment terms: no significant difference compared to non-related customers.

(2) Purchases

Item	Related party category	2024	2023
Purchases	Other related parties	\$ –	\$ 26

Note: Purchase terms (price, payment) are the same with those of non-related parties.

(3) Property transactions:

A. Disposal of financial assets

2024 :

Item	Related party category /Name	Number of shares traded	Subject of transaction	disposal proceeds	Gain (loss) on disposal
Investments accounted for using equity method	Other related parties	2, 111, 250	Equity interest of LiMart Intelligent Retail Co., Ltd.	\$ 21	\$ 1, 340

2023 : None.

(4) Various income (including rental income)

Item	Related party category	2024	2023
Rental income	Other related parties	\$ 5	\$ 60

- A. 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:

The leasing premises	Deposit	2024		2023	
		Lease term	Amount	Lease term	Amount
2F., No. 238, Bo'ai St., Shulin Dist., New Taipei City	\$ -	2024. 1. 1~2024. 1. 31	\$ 5	2023. 1. 1~2023. 12. 31	\$ 60

The Group leased out office space under operating lease to its associate, Sunny Invest Co., Ltd., with a 1-year lease term. As of December 31, 2024 and 2023, the total lease payments expected to be received in the future is \$0 thousand and \$12 thousand, respectively. The recorded lease income in 2024 and 2023 was \$5 thousand and \$60 thousand, respectively.

(5) Various expenses (including rental cost)

Item	Related party category/Name	2024	2023
Operating expense	Other related parties	\$ 46	\$ 559
Non-operating expenses	Other related parties	\$ 160	\$ -

- A. The above 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:

The leasing premises	2024		2023	
	Lease term	Amount	Lease term	Amount
3F., No. 74, Sec. 2, Changsha St., Wanhua Dist., Taipei City	2024. 1. 1~2024. 12. 31/\$15	\$ 46	2023.1.1~2023.12.31/\$15	\$ 183

The consolidated entity, LiMart Intelligent Retail Co., Ltd., leased an office from Jfetek Technology Co., Ltd. under an operation lease with a 1-year lease term. As of December 31, 2024 and 2023, the total lease payments expected to be received in the future is \$0 thousand and \$0 thousand, respectively. The recorded lease expense in 2024 and 2023 was \$46 thousand and \$183 thousand, respectively.

(6) Accounts receivable from related parties and accounts payable to related parties

Item	Related party category/Name	December 31, 2024	December 31, 2023
Other payables	Other related parties	\$ –	\$ 16

7.4 Key management compensation

Related party category / Name	2024	2023
Salaries and other short-term employee benefits	\$ 30,686	\$ 25,430
Post-employment benefits	17	10
Total	\$ 30,703	\$ 25,440

8. Pledged Assets

The Group'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	\$ 508,091	\$ 515,023

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

9.1 To secure loan facilities, the Group 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 goods sold and construction performed, the Group received guarantee notes of \$10,255 thousand and \$13,517 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 by the Group as of December 31, 2024 and 2023.

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

10. Significant Disaster Losses: None.

11. Significant Subsequent Events: None.

12. Others

12.1 Capital risk management

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

12.2 Financial instruments

(1) Financial risks associated with financial instruments

Financial risk management policies

The Group's activities expose it to a variety of financial risks: (1) market risk, including foreign exchange risk, interest rate risk and price risk, (2) credit risk, and (3) liquidity risk. The Group's overall risk management strategy focuses on the unpredictability of financial markets and seeks to mitigate potential adverse effects on the Group's financial position and financial performance.

The Group's material financial activities are approved by the Board of Directors in accordance with relevant requirements and internal control mechanism, which requires the Group 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. Foreign exchange risk

- (a) The Group operates globally and is exposed to foreign exchange risk that arises from commercial transactions, borrowing transactions and net investments in foreign operations which are denominated or require to be settled in foreign currency such as RMB, USD and HKD from the major functional currency NTD. To protect against reductions in value and the volatility of future cash flows resulting from changes in foreign exchange rates, the Group hedges its foreign exchange risk exposure by using foreign currency borrowings.

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

(b) Sensitivity analysis of foreign currency risk

December 31, 2024						
	Foreign Currency	Exchange Rate	Book Value	Sensitivity Analysis		
			(NTD)	Movement	Impact on Profit or Loss	Impact on Equity
<hr/>						
Financial assets						
<hr/>						
Monetary items						
<hr/>						
USD: NTD	\$ 23,497	32.74	\$ 769,282	1%	\$ 6,154	\$ -
USD: RMB	303	7.3573	\$ 9,911	1%	79	-
<hr/>						
Non-Monetary items						
<hr/>						
USD: NTD	1,963	32.74	64,271	1%	-	514
RMB: NTD	13,635	4.45	60,675	1%	-	485
THB: NTD	27,596	0.9423	26,004	1%	-	208
<hr/>						
Financial liabilities						
<hr/>						
Monetary items						
<hr/>						
USD: NTD	556	32.74	18,198	1%	146	-
RMB: NTD	2,443	4.45	10,871	1%	87	-
<hr/>						
December 31, 2023						
<hr/>						
	Foreign Currency	Exchange Rate	Book Value	Sensitivity Analysis		
			(NTD)	Movement	Impact on Profit or Loss	Impact on Equity
<hr/>						
(Foreign currency: functional currency)						
Financial assets						
<hr/>						
Monetary items						
<hr/>						
USD: NTD	\$ 23,465	30.66	\$ 719,432	1%	\$ 5,755	\$ -
RMB: NTD	97	4.30	417	1%	3	-
USD: RMB	95	7.1302	2,909	1%	23	-
<hr/>						
Non-Monetary items						
<hr/>						
USD: NTD	1,924	30.66	58,977	1%	-	472
RMB: NTD	11,357	4.30	48,836	1%	-	391
<hr/>						
Financial liabilities						
<hr/>						
Monetary items						
<hr/>						
USD: NTD	189	30.66	5,789	1%	46	-
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 Group:
None major influence under assessment.

b. Price risk

The Group is exposed to the price risk associated with the equity investments held by the Group. These investments are classified either as financial assets

at FVTPL or as financial assets at FVTOCI in Balance Sheets.

The Group 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 net income and after-tax other comprehensive income, due to increase or decrease in fair value of financial assets measured at FVTPL and financial assets measured at FVTOCI, would increase (decrease) by \$645 thousand, \$245 thousand and \$1,097 thousand, \$991 thousand, respectively.

c. Interest rate risk

- (a) The Group's interest rate risk is mainly 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 are as follows:

Item	Carrying Amounts	
	December 31, 2024	December 31, 2023
Fair value interest rate risk:		
Financial assets	\$ 537,362	\$ 484,418
Financial liabilities	(254,000)	(282,371)
Net amount	<u>\$ 283,362</u>	<u>\$ 202,047</u>
Cash flow interest rate risk		
Financial assets	\$ 461,837	\$ 431,644
Financial liabilities	(274,218)	(211,891)
Net amount	<u>\$ 187,619</u>	<u>\$ 219,753</u>

- (b) Sensitivity analysis for instruments with fair value interest rate risk:

The Group's holding of financial assets with fixed interest rates exposes the Group 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 increase (decrease) by \$622 thousand and \$123 thousand in 2024 and 2023, respectively, primarily due to the changes in fair value of fixed-rate bond investments, which are classified as financial assets measured at fair value through other comprehensive income, as a result of the changes in fair value of bond investments due to changes in market interest rates.

- (c) Sensitivity analysis for instruments with cash flow interest rate risk:

The effective interest rates for the Group's floating interest rate financial instruments are susceptible to the market interest rate, affecting the Group's future cash flows. If the market interest rate

increases (decreases) by 1%, the Group's net income will increase (decrease) by \$1,501 thousand and \$1,758 thousand for 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 Group 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 Group 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 Group's exposure to financial credit risk pertaining to bank deposits and other financial instruments was evaluated and monitored by the Group's treasury function. The Group only transacts with creditworthy counterparties and banks; therefore, no significant financial credit risk was identified. The Group 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 66.99% and 67.99%, respectively. The credit concentration risk associated with other accounts receivable is insignificant.

(b) Measurement of expected credit losses

Accounts receivable: The Group uses the simplified approach to measure the expected credit losses of accounts receivable. Please refer to Note 6.4 for more information.

The basis for determining whether there is a significant increase in

credit risk: None.

(c) Collaterals held by the Group contains no security and other credit enhancements to mitigate the credit risk associated with financial assets.

(d) Credit risk grading information on the debt investments cost and at FVTOCI held by the Group 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 indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery, for example contractual payments are more than 365 days past due.	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. Liquidity risk management

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

b. Maturity analysis for financial liabilities:

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	79	–	–	–	–	79	79
Accounts payable (including related parties)	104,340	587	71	70	–	105,068	105,068
Other payables including related parties)	83,218	587	374	–	934	85,113	85,113
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	670	332	3,137	1,909	–	6,048	6,048
Total	\$ 705,556	\$ 6,640	\$ 12,138	\$ 1,979	\$ 934	\$ 727,247	\$ 724,526

Further information on maturity analysis for lease liabilities:

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
	\$ 12,405	\$ 11,849	\$ –	\$ –	\$ –	\$ –	\$ 24,254

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	103	–	–	–	–	103	103
Accounts payable (including related parties)	61,990	118	71	422	414	63,015	63,015
Other payables (including related parties)	72,514	638	–	999	–	74,151	74,151
Long-term borrowings (including those due within one year or one business cycle)	11,559	11,554	22,746	2,554	–	48,413	47,512
Guarantee deposits received	3,350	1,606	1,922	1,210	10	8,098	8,098
Total	\$ 346,989	\$265,679	\$ 24,739	\$ 5,185	\$ 424	\$ 643,016	\$ 639,629

Further information on maturity analysis for lease liabilities:

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
	\$ 13,201	\$ 22,395	\$ –	\$ –	\$ –	\$ –	\$ 35,596

The Group 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	\$ 741,746	\$ 666,722
Notes receivable and accounts receivable (including related parties)	314,173	287,892
Other receivables	8,755	9,250
Other financial assets (including noncurrent ones)	196,087	238,082
Refundable deposits	52,854	43,128
Financial assets at FVTPL—current	76,080	46,100
Financial assets at FVTOCI—noncurrent	171,922	111,338

	December 31, 2024	December 31, 2023
Financial liabilities		
Financial liabilities at amortized cost		
Short-term borrowings	506, 750	446, 750
Notes payable and accounts payable (including related parties)	105, 147	63, 118
Other payable (including related parties)	85, 113	74, 151
Guaranteed deposits received	6, 048	8, 098
Long-term borrowing, including current portion	21, 468	47, 512

12.3 Fair value information

- (1) Details of the fair values of the Group'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 Group's investment in listed stocks and beneficiary certificates with quoted market prices are included in this level.

Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in conditional certificate of deposit is included in this level.

Level 3

Unobservable inputs for the asset or liability. The fair value of the Group's investment in unlisted equity instrument is included in this level.

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

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivable, other financial assets, guaranteed deposits paid, short-term borrowing, notes payable, accounts payable, other payable 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 Group'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	\$100,422	\$171,922
Financial assets at FVTPL	63,496	12,584	–	76,080
Total	<u>\$63,496</u>	<u>\$84,084</u>	<u>\$100,422</u>	<u>\$248,002</u>
Item	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI	\$ –	\$20,947	\$90,391	\$ 111,338
Financial assets at FVTPL	24,538	21,562	–	46,100
Total	<u>\$24,538</u>	<u>\$42,509</u>	<u>\$90,391</u>	<u>\$ 157,438</u>

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

A. The Group 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 Group uses market quoted prices as their fair values are listed below by characteristics:

(A) Listed shares: Closing price

(B) Open-end funds: Net asset 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 Group'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	\$ 90,391
Gains or losses recognized in profit or loss	–
Gains or losses recognized in other comprehensive income	10,031
Acquired during the period	–
Disposed of during the period	–
Transferred into level 3	–
Transferred out of level 3	–
December 31, 2024	<u>\$ 100,422</u>

Financial assets at fair value	Equity securities
January 1, 2023	\$ 85,252
Gains or losses recognized in profit or loss	–
Gains or losses recognized in other comprehensive income	(4,861)
Acquired during the period	10,000
Disposed of during the period	–
Transferred into level 3	–
Transferred out of level 3	–
December 31, 2023	<u>\$ 90,391</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	\$ 100, 422	Market approach	Price-book multiplier Liquidity discount	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	\$ 90, 391	Market approach	Price-book multiplier Liquidity discount	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 Group's fair value measurement process for financial instruments classified in Level 3 is conducted by the finance and accounting department, which verifies the fair value of financial instruments using independent sources to ensure that the valuation results are consistent with market conditions, confirm that the data sources are independent, reliable, consistent with other data sources, and representative of observable prices. The department also regularly calibrates valuation models, performs back-testing, updates the inputs and data required for valuation models, and makes any other necessary fair value adjustments to ensure that the valuation results are reasonable.

- (10) The Company has carefully evaluated the valuation models and valuation parameters that it has chosen to adopt, and therefore the fair value measurements are reasonable. However, when using 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 parameter changes by 3% basis points, the impacts on the current period's profit or loss or other comprehensive profit or loss are 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 Control discount	±3%	\$ -	\$ -	\$ 3,724	\$ 3,724
			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 Control discount	±3%	\$ -	\$ -	\$ 3,284	\$ 3,284

12.4 The Group 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 Group attached the settlement document 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 Group had filed a civil lawsuit with the Taichung District Court on August 20, 2018. The Group had recorded expected credit loss of \$15,651 thousand on this receivable for possible impairment. This case was separately adjudicated by the Taichung District Court of Taiwan on December 3, 2020, and the Taichung Branch of the Taiwan High Court on December 27, 2024. The second-instance judgment, in addition to upholding the first-instance judgment requiring the defendant to pay the Company \$44,496 thousand, the second-instance judgment further ordered the defendant to pay an additional \$32,619 thousand to the Company, along with interest calculated at an annual rate of 5% from August 28, 2018, until the date of full payment. Therefore, based on this judgment, the Group does not need to recognize any additional losses. However, both the Group and the Taichung City Government have filed appeals against certain portions of the judgment 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.
- (10) The business relationship between the parent and the subsidiaries and significant transactions between them: Table 3.

13.2 Information on investees (excluding information on investment in mainland China): Table 4.

13.3 Information on investment in mainland China: Table 5.

13.4 Information on major shareholders (Names of shareholders, amount and percentage of shareholding with 5% or more shareholding): Table 6.

Table 1

Ligitek Electronics Co., Ltd. and Subsidiaries
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. Technology 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; or
- (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: The limits related with net worth of the Company refers to the latest (2024Q3) financial statements audited by independent auditors.

Table 2

Ligitek Electronics Co., Ltd. and Subsidiaries
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	
	Bond - UnitedHealth Group overseas corporate bond	—	Financial assets measured at FVTOCI	—	15,071	—	15,071	
O.H. Technology Co., Ltd.	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	
	Taishin ESG Emerging Markets Bond Fund A USD	—	Financial assets measured at FVTPL - current	4,984.35	1,429	—	1,429	
Ligitrust Co., Ltd.	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	
	Green Source Technology Co., Ltd.	—	Financial assets measured at FVTOCI	500,000	11,130	1,371	11,130	
Guangzhou Pan Yu Lapling Electronics Co., Ltd.	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. and Subsidiaries
The business relationship between the parent and the subsidiaries and significant transactions between them
December 31, 2024

In thousands of NTD

Number (A)	Company name	Counter-party	Nature of relationships (B)	Transaction details			
				Account	Amount	Transaction terms	% to Total consolidated revenue or assets
0	Ligitek Electronics Co., Ltd.	O.H. Technology Co., Ltd.	Parent to subsidiary	Sales revenue Account receivable Rental income	\$ 394 174 504	90 days after monthly closing	0.05% 0.01% 0.06%
0	Ligitek Electronics Co., Ltd.	Guangzhou Pan Yu Lapling Electronics Co., Ltd.	Parent to subsidiary	Sales revenue Account receivable	41,638 3,323	No material difference with non-related parties	5.15% 0.15%
1	Ligitrust Co., Ltd.	Ligitek Electronics Co., Ltd.	Subsidiary to parent	Refundable deposit Other income	10 3,000	—	— 0.37%
2	O.H. Technology Co., Ltd.	Ligitek Electronics Co., Ltd.	Subsidiary to parent	Sales revenue Account receivable	6,423 2,335	No material difference with non-related parties; 90 days after monthly closing	0.79% 0.11%
3	O.H. Opto-Electronics (Dong Guan) Co., Ltd.	Ligitek Electronics Co., Ltd.	Subsidiary to parent	Sales revenue Account receivable Other receivables	36,548 9,995 870	Direct materials + direct labor + manufacturing overhead /115% Independent bargain for particular transactions.	4.52% 0.46% 0.04%
3	O.H. Opto-Electronics (Dong Guan) Co., Ltd.	O.H. Technology Co., Ltd.	Subsidiary to parent	Sales revenue Account receivable	65,271 21,734	Around 90% of generally transaction	8.07% 0.99%

A: Information on business contact between parent company and its subsidiaries is referred to column "Number":

- (1) 0 for parent company.
- (2) Subsidiaries are sequentially numbered by their parent.

B: Categories of nature of relationships:

- (1) Parent to its subsidiary
- (2) Subsidiary to its parent
- (3) Subsidiary to subsidiary

C: Regarding the portion of transaction amount in total consolidated revenue or assets, accounts at Balance Sheet will be calculated according to total consolidated assets, while accounts at Statements of Comprehensive Income will be calculated according to total consolidated revenue.

D: The Company may decide if major transactions are listed or not according to materiality.

Table 4

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

Unit: NTD thousand/USD thousand/HKD thousand

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held at the end of period			Net income (losses) of the investee	Share of profits/losses of investee (Note)	Footnote
				End of period	End of last year	Number of shares (thousand)	Percentage of ownership	Carrying value			
Ligitek Electronics Co., Ltd.	Ligitek (Samoa) Co., Ltd.	Visira 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, Suang 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	100.00%	26,004	(44)	(44)	
Ligitek (Samoa) Co., Ltd.	Lapling Ltd.	Room 20, 5 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.	Room 20, 5 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.	5F, 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.	3F, No. 238, Bo'ai St., Shulin Dist., New Taipei City, Taiwan, R.O.C.	Production and sale of various electronic components	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 5

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

Unit: 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. (2008.8.29 revised)

E: Inclusive of accumulated outflow and amount submit for approval of Ligitek Electronics Co., Ltd., O.H. Technology Co., Ltd. and Ligitrust 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 consolidated 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 consolidated company are all eliminated from consolidated 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 6

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

Shares 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, 670, 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

14.1 Financial information of the segments

(1) 2024

Item	LED First Business Unit	LED Second Business Unit	Other Unit	Adjustment & elimination	Total
Operating income					
Income from external customer	\$ 655,919	\$ 98,101	\$ 55,074	\$ –	\$ 809,094
Interdepartmental income	42,032	44,878	1,952	(88,862)	–
Total income	<u>\$ 697,951</u>	<u>\$ 142,979</u>	<u>\$ 57,026</u>	<u>(\$ 88,862)</u>	<u>\$ 809,094</u>
Interest income	27,115	866	3,668	–	31,649
Interest expense	9,955	111	89	–	10,155
Depreciation and amortization	42,591	9,242	2,723	–	54,556
Investment (profit) lost account for using equity method	14,240	5	–	(14,245)	–
Profit and loss of the segment	<u>\$ 119,279</u>	<u>\$ 13,308</u>	<u>\$ 2,640</u>	<u>(\$ 14,036)</u>	<u>\$ 121,191</u>
Assets					
Long-term investment of shares account for using equity method	375,034	10,495	–	(385,529)	–
Expense of noncurrent assets	13,398	314	722	–	14,434
Assets of the segment	<u>\$ 1,793,216</u>	<u>\$ 216,155</u>	<u>\$ 198,096</u>	<u>(\$ 11,505)</u>	<u>\$2,195,962</u>
Liability					
Liability of the segment	<u>\$ 763,720</u>	<u>\$ 34,214</u>	<u>\$ 9,464</u>	<u>(\$ 18,805)</u>	<u>\$ 788,593</u>

(2) 2023

Item	LED First Business Unit	LED Second Business Unit	Other Unit	Adjustment & elimination	Total
Operating income					
Income from external customer	\$ 647,236	\$ 84,906	\$ 50,915	\$ –	\$ 783,057
Interdepartmental income	25,214	40,805	1,854	(67,873)	–
Total income	<u>\$ 672,450</u>	<u>\$ 125,711</u>	<u>\$ 52,769</u>	<u>(\$ 67,873)</u>	<u>\$ 783,057</u>
Interest income	26,661	375	3,515	(40)	30,511
Interest expense	8,991	225	47	(40)	9,223
Depreciation and amortization	42,317	9,585	3,421	–	55,323
Investment (profit) lost account for using equity method	22,389	27	–	(22,416)	–
Profit and loss of the segment	<u>\$ 73,387</u>	<u>\$ 28,061</u>	<u>(\$ 4,548)</u>	<u>(\$ 22,586)</u>	<u>\$ 74,314</u>
Assets					
Long-term investment of shares account for using equity method	346,000	10,331	–	(356,331)	–
Expense of noncurrent assets	10,622	408	357	–	11,387
Assets of the segment	<u>\$ 1,695,037</u>	<u>\$ 221,982</u>	<u>\$ 175,596</u>	<u>(\$ 4,398)</u>	<u>\$2,088,217</u>
Liability					
Liability of the segment	<u>\$ 667,660</u>	<u>\$ 35,994</u>	<u>\$ 19,906</u>	<u>(\$ 11,489)</u>	<u>\$ 712,071</u>

(3) The consolidated company owns two reportable segments: First LED Business Unit and Second LED Business Unit.

Main operating business

LED First Business Unit — manufacture and sales of various electronic components (LEDs & monitors) alongside the distribution, bidding, import and export business on related product as well as raw materials.

LED Second Unit — Toys-related (excluding computer games) hardware plastic, electronic component, printed circuit board, flexible printed circuit, diaphragm switch, integrate circuit, electronic clock, electronic watch, calculator, floppy disc, LED monitor along with others.

(4) Basis of main reportable segment of the Group:

Separate management teams provide different product and service with the basis of strategic business unit. Considering every strategic business unit is in need of different technic and marketing strategies, each unit is managed and reported to operating decision makers separately.

(5) Loss (profit) of tax and other unusual profit or loss are not allocated to reportable segments. Furthermore, not all of profit or loss of reportable segments contain major non-cash factor except for depreciation and amortization. Amounts reported are identical to those reported to operating decision makers.

Accounting policies of segments are identical to afforested significant accounting policies.

(6) Segment performance is evaluated based on measurement of profit or loss before tax, exclusive of unusual profit or loss and exchange gains and losses. Sales and transfers within segments are recognized as transactions with third parties and evaluated by current market price.

14.2 Geographical information

	In thousands of NTD			
	Sales from external customers		Noncurrent assets	
	2024	2023	2024	2023
Taiwan	\$ 338,799	\$ 385,607	\$ 505,886	\$ 536,090
US	50,523	44,510	–	–
Europe	105,909	77,629	–	–
Asia	309,876	272,618	15,650	15,403
Others	3,987	2,693	–	–
Total	\$ 809,094	\$ 783,057	\$ 521,536	\$ 551,493

14.3 Product information

Product	In thousands of NTD	
	2024	2023
LED modules	\$ 465,967	\$ 441,852
Semiconductor-related products	149,740	98,189
Other products	193,387	243,016
Total	\$ 809,094	\$ 783,057

14.4 Major customer information

Single customer that accounted for more than 10 percent of consolidated net operating revenues: None.