

LFA CO., LTD.
(Former name Topower Co., Ltd.)

Financial Statements for the
Year Ended December 31, 2024
and 2023 and Certified Public
Auditor's Report

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CERTIFIED PUBLIC AUDITOR'S REPORT

To LFA CO., LTD.

Opinion

We have audited the accompanying financial statements of LFA CO., LTD. (the "Company", former name Topower Co., Ltd.), which comprise the balance sheets as of December 31, 2024 and 2023, and the statements of comprehensive income, changes in equity and cash flows for the whole year ended December 31, 2024 and 2023, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31,

2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the Company's financial statements for the year ended December 31, 2024 is as follows:

Authenticity of Sales Revenue Recognition

The Company's main business is the manufacturing and sale of automotive components, and electronic components. However, when comparing the revenue of the main customers between 2024 and 2023, some customers (hereinafter referred to as the key audit customers) had an increase in sales amount in 2024, which had a significant impact on the overall financial statements. Therefore, the auditor has designated the authenticity of revenue recognition for these key audit customers as a key audit matter for this year.

Refer to Note 4(12) for the accounting policies regarding revenue recognition, and refer to Note 24 for the relevant disclosure of operating revenues.

The auditor has designed relevant internal control audit procedures to address the risks associated with revenue recognition based on an understanding of the internal control procedures related to sales. In addition, the auditor has obtained basic information and transaction details of the key audit customers from management and reviewed and analyzed their relevant industry background information. The auditor has also confirmed the existence of these customers by analyzing credit limits, credit conditions, actual sales, and accounts receivable turnover days. The auditor has also confirmed the completeness of transaction details, selected appropriate samples, and examined whether orders, export declarations, and payment recipients are consistent with the trading parties to understand whether there are any abnormalities in the transactions. The auditor has also investigated whether significant sales returns and allowances occurred after the period, and if so, the auditor has investigated the reasons and whether appropriate handling has been done to ensure that there is no significant misstatement in the recognition of revenue.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China
CPA YU,MENG-KUEI

CPA Chang, Keng-Hsi

Financial Supervision Commission
No.Financial-Supervisory-Securities-
Auditing-1130357402

Securities and Futures Bureau
No.Taiwan-Financial-Securities-VI-
0920123784

March 14, 2025

Notice to Readers

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

For the convenience of readers, the certified public auditor's report and the accompanying 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 certified public auditor's report and financial statements shall prevail.

LFA CO., LTD.
(Former name Topower Co., Ltd.)

BALANCE SHEETS

December 31, 2024 and 2023

In Thousands of New Taiwan Dollars

Code	Asset	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 4 and 6)	\$ 781,991	30	\$ 493,224	21
1110	Financial assets at fair value through profit or loss-current (Note 4 and 7)	2,356	-	2,646	-
1136	Financial assets at amortized cost-current (Note 4, 8 and 32)	-	-	112,918	5
1150	Notes receivable (Note 4, 10 and 24)	12,459	1	12,523	-
1160	Notes receivable-related parties (Note 4, 10, 24 and 31)	11,491	-	22,759	1
1170	Accounts-receivable (Note 4, 10 and 24)	449,655	17	512,357	22
1180	Accounts receivable-related parties (Note 4, 10, 24 and 31)	11,964	1	7,959	-
1200	Other receivables-related parties (Note 4, 10, 28 and 31)	11,666	-	2,346	-
1310	Inventories (Notes 4 and 11)	179,064	7	181,495	8
1410	Prepayments (Notes 12)	18,825	1	16,502	1
1479	Other current assets	5,399	-	7,344	-
11XX	Total current assets	<u>1,484,870</u>	<u>57</u>	<u>1,372,073</u>	<u>58</u>
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income-noncurrent(Note 4 and 9)	2,924	-	2,924	-
1600	Property, plant and equipment (Notes 4, 13 and 31)	636,818	25	596,681	25
1755	Right-of-use assets (Notes 4 and 14)	6,984	-	16,245	1
1760	Investments property (Notes 4 and 15)	51,528	2	52,156	2
1780	Other intangible assets (Notes 4 and 16)	470	-	1,296	-
1840	Deferred income tax assets (Notes 4 and 26)	11,340	1	15,720	1
1975	Net defined benefit assets (Notes 4 and 22)	10,425	-	9,422	-
1990	Other non-current assets (Notes 4, 17 and 31)	391,831	15	300,471	13
15XX	Total non-current assets	<u>1,112,320</u>	<u>43</u>	<u>994,915</u>	<u>42</u>
1XXX	TOTAL	<u>\$ 2,597,190</u>	<u>100</u>	<u>\$ 2,366,988</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term loans (Notes 18)	\$ 199,650	8	\$ 255,000	11
2130	Contract liabilities (Notes 4 and 24)	3,403	-	1,255	-
2170	Accounts payable (Notes 19)	185,580	7	209,219	9
2180	Accounts payable-related parties (Note 19 and 31)	150,621	6	185,315	8
2219	Other payables (Notes 20 and 31)	73,066	3	68,135	3
2250	Provisions for liabilities-current (Notes 4 and 21)	30,106	1	24,077	1
2280	Lease liabilities-current (Note 4, 14 and 31)	6,650	-	9,415	-
2230	Current income tax liabilities (Notes 4 and 26)	44,643	2	34,205	1
2300	Other current liabilities	1,155	-	1,130	-
21XX	Total current liabilities	<u>694,874</u>	<u>27</u>	<u>787,751</u>	<u>33</u>
	NON-CURRENT LIABILITIES				
2570	Deferred income tax liabilities (Notes 4 and 26)	4,908	-	1,885	-
2580	Lease liabilities-noncurrent (Note 4, 14 and 31)	526	-	7,176	1
2645	Guarantee deposits	628	-	628	-
25XX	Total non-current liabilities	<u>6,062</u>	<u>-</u>	<u>9,689</u>	<u>1</u>
2XXX	Total liabilities	<u>700,936</u>	<u>27</u>	<u>797,440</u>	<u>34</u>
	EQUITY (Note 23)				
3110	Share Capital-Common stock	644,306	25	644,306	27
3200	Capital surplus	14,883	-	14,878	1
	Retained earnings				
3310	Legal reserve	223,149	9	197,123	8
3320	Special reserve	3,950	-	3,950	-
3350	Unappropriated earnings	1,013,916	39	713,241	30
3400	Other components of equity	(3,950)	-	(3,950)	-
3XXX	Total equity	<u>1,896,254</u>	<u>73</u>	<u>1,569,548</u>	<u>66</u>
	TOTAL	<u>\$ 2,597,190</u>	<u>100</u>	<u>\$ 2,366,988</u>	<u>100</u>

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

Chairman : Lin, Chong-Yi

Manager : Lin, Chong-Yi

Accounting Manager : Kang, Chih-He

LFA CO., LTD.
(Former name Topwer Co., Ltd.)

STATEMENTS OF COMPREHENSIVE INCOME

Year 2024 and 2023

In Thousands of New Taiwan Dollars,
Except Earnings Per Share

Code		2024		2023	
		Amount	%	Amount	%
4000	OPERATING REVENUE (Notes 4, 24 and 31)	\$ 2,128,343	100	\$ 2,159,806	100
5000	OPERATING COSTS (Notes 4, 11, 25 and 31)	(1,596,363)	(75)	(1,619,717)	(75)
5900	GROSS PROFIT	<u>531,980</u>	<u>25</u>	<u>540,089</u>	<u>25</u>
	OPERATING EXPENSE (Notes 4, 10, 25 and 31)				
6100	Selling expenses	61,333	3	60,078	3
6200	Administrative expenses	52,307	2	48,188	2
6300	Research and development	63,929	3	57,025	3
6450	Expected credit losses reversing gain	<u>-</u>	<u>-</u>	(68,102)	(3)
6000	Total operating expenses	<u>177,569</u>	<u>8</u>	<u>97,189</u>	<u>5</u>
6900	OPERATING INCOME	<u>354,411</u>	<u>17</u>	<u>442,900</u>	<u>20</u>
	NON-OPERATING INCOME AND EXPENSES (Notes 4, 25 and 31)				
7100	Interest income	25,029	1	20,045	1
7010	Other income	11,668	1	7,385	-
7020	Other gains and losses	71,177	3	(106,614)	(5)
7050	Finance costs	(4,685)	-	(9,896)	-
7000	Total non-operating income and expenses	<u>103,189</u>	<u>5</u>	(89,080)	(4)
7900	EARNINGS BEFORE TAX	457,600	22	353,820	16
7950	INCOME TAX EXPENSE (Notes 4 and 26)	(99,398)	(5)	(93,590)	(4)
8200	NET INCOME	<u>358,202</u>	<u>17</u>	<u>260,230</u>	<u>12</u>

(Continued)

(Continued)

Code		2024		2023	
		Amount	%	Amount	%
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 22, and 26)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurements of defined benefit plans	\$ 894	-	\$ 42	-
8349	Income tax benefit (expense) related to items that will not be reclassified subsequently	(179)	-	(9)	-
8300	Total other comprehensive income (loss), net of income tax	715	-	33	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 358,917</u>	<u>17</u>	<u>\$ 260,263</u>	<u>12</u>
	EARNINGS PER SHARE (Note 27)				
9710	Basic earnings per share	<u>\$ 5.56</u>		<u>\$ 4.04</u>	
9810	Diluted earnings per share	<u>\$ 5.55</u>		<u>\$ 4.04</u>	

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

Chairman : Lin, Chong-Yi

Manager : Lin, Chong-Yi

Accounting Manager : Kang, Chih-He

LFA CO., LTD.
(Former name Topower Co., Ltd.)
STATEMENTS OF CHANGES IN EQUITY
January 1st to December 31st, 2024 and 2023

		In Thousands of New Taiwan Dollars						
							Others	
							Unrealized Gain (Loss) on Financial	
Code				Retained Earnings				
		Capital Stock	Capital Surplus	Legal capital reserve	Special capital reserve	Unappropriated Earnings	Through Other Comprehensive Income	Total Equity
A1	BALANCE, JANUARY 1, 2023	\$ 644,306	\$ 14,872	\$ 165,137	\$ 5,166	\$ 644,824	(\$ 3950)	\$ 1,470,355
	Appropriations of 2022 earnings (Note 23)							
B1	Provision of legal reserve	-	-	31,986	-	(31,986)	-	-
B17	Reversal of special reserve	-	-	-	(1,216)	1,216)	-	-
B5	Cash dividends to shareholders	-	-	-	-	(161,076)	-	(161,076)
	Changes in other capital surplus							
C17	Shareholders fail to claim dividends overdue	-	6	-	-	-	-	6
D1	Net income of 2023	-	-	-	-	260,230	-	260,230
D3	Other comprehensive income (loss), net of income tax of 2023	-	-	-	-	33	-	33
D5	Total comprehensive income (loss) of 2023	-	-	-	-	260,263	-	260,263
Z1	BALANCE, DECEMBER 31, 2023	644,306	14,878	197,123	3,950	713,241	(3,950)	1,569,548
	Appropriations of earnings of 2023 (Note 23)							
B1	Provision of legal reserve	-	-	26,026	-	(26,026)	-	-
B5	Cash dividends to shareholders	-	-	-	-	(32,215)	-	(32,215)
	Changes in other capital surplus							
C17	Shareholders fail to claim dividends overdue	-	5	-	-	-	-	5
D1	Net income of 2024	-	-	-	-	358,202	-	358,202
D3	Other comprehensive income (loss), net of income tax of 2024	-	-	-	-	714	-	714
D5	Total comprehensive income (loss) of 2024	-	-	-	-	358,916	-	358,916
Z1	BALANCE, DECEMBER 31, 2024	\$ 644,306	\$ 14,883	\$ 223,149	\$ 3,950	\$ 1,013,916	(\$ 3,950)	\$ 1,896,254

LFA CO., LTD.
(Former name Topower Co., Ltd.)
STATEMENTS OF CASH FLOWS

January 1st to December 31st, 2024 and 2023

In Thousands of New Taiwan Dollars

<u>Code</u>		<u>2024</u>	<u>2023</u>
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Earnings before tax	\$ 457,600	\$ 353,820
A20010	Income expense item		
A20100	Depreciation expense	188,478	164,386
A20200	Amortization expense	826	1,060
A20300	Gain on reversal of expected credit losses	-	(68,102)
A20400	Loss on financial instruments at fair value through profit or loss	290	701
A20900	Finance costs	4,685	9,896
A21200	Interest income	(25,029)	(20,045)
A22500	Loss (gain) on disposal of property, plant and equipment	(23)	(58)
A23700	Impairment loss on property, plant and equipment	1,626	968
A24100	Loss (gain) on foreign exchange	(41,800)	20,107
A29900	Profit from lease modification	-	(8)
A29900	Reduce inventory to market	-	1,722
A29900	Provision for liabilities	11,874	4,256
A30000	Changes in operating assets and liabilities		
A31115	Financial assets compulsory at fair value through profit or loss	-	1,637
A31130	Note receivables	64	(4,295)
A31140	Note receivables-related parties	11,268	(8,850)
A31150	Account receivables	71,207	3,198
A31160	Account receivables-related parties	(4,005)	(3,037)
A31180	Other receivables	(9)	245
A31200	Inventories	1,172	1,670
A31230	Prepayments	(2,323)	828
A31240	Other current assets	1,945	(3,185)
A31990	Net defined benefit asset	(109)	(148)
A32125	Contract liabilities	2,148	133
A32130	Notes Payable	-	(116)
A32150	Accounts payable	(23,666)	46,076
A32160	Accounts payable-related parties	(34,694)	50,484
A32180	Other payable	(9,529)	10,506
A32200	Provision for liabilities	(5,845)	(16,378)
A32230	Other current liabilities	25	20
A33000	Cash generated from operations	606,176	547,491
A33100	Interest received	25,513	18,252

(Continued)

(Continued)

Code		2024	2023
A33300	Interest paid	(\$ 4,612)	(\$ 9,902)
A33500	Income tax paid	(81,737)	(97,200)
AAAA	Net cash generated by operating activities	<u>545,340</u>	<u>458,641</u>
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00040	Acquisition of financial assets measured at amortized cost	-	(29,166)
B00050	Disposal of financial assets measured at amortized cost	112,918	-
B02700	Acquisitions of Property, plant and equipment	(214,843)	(226,096)
B02800	Disposal of Property, plant and equipment	795	593
B03700	Decrease in refundable deposits	2,042	708
B07100	Increase in advance payment for equipment	(93,821)	(51,580)
BBBB	Net cash used in investing activities	<u>(192,909)</u>	<u>(305,541)</u>
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Decrease in short-term loans	(55,350)	(35,000)
C04020	Repayment of the principal portion of lease liabilities	(9,415)	(9,439)
C04500	Cash dividend	(32,215)	(161,076)
C09900	Dividends not claimed by shareholders overdue	<u>5</u>	<u>6</u>
CCCC	Net cash generated by (used in) financing activities	<u>(96,975)</u>	<u>(205,509)</u>
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>33,311</u>	<u>(908)</u>
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	288,767	(53,317)
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>493,224</u>	<u>546,541</u>
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 781,991</u>	<u>\$ 493,224</u>

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

Chairman : Lin, Chong-Yi

Manager : Lin, Chong-Yi

Accounting Manager : Kang, Chih-He

LFA CO., LTD.
(Former name Topower Co., Ltd.)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED

DECEMBER 31, 2024 AND 2023

(Expressed in Thousands of New Taiwan Dollars, Unless Specified otherwise)

1. Company history

LFA CO., LTD. (referred to as "The Company") was established in September 1986, with main business activities including manufacturing, processing, and trading of automotive components, and electronic components. The former name of the Company was Topower Co., LTD., and was changed to LFA CO., LTD. on December 12th, 2024. The Company's stock has been listed on the Taiwan OTC market since June 16th, 2004.

This financial report is presented in the functional currency of the Company, which is New Taiwan Dollars.

2. Date and procedures of approval of financial statements

The financial statements were authorized for issue by the Board of Directors on March 14, 2025.

3. Application of new, amended and revised standards and interpretations

- (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).

Except the following explanation, the initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Company's accounting policies.

Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
(Amendments issued in 2020) and "Non-current Liabilities with Covenants"
(Amendments issued in 2022)

The 2020 amendments clarify that when determining whether a liability is classified as non-current, an entity should assess its right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If an entity has that right at the end of the reporting period, the liability is classified as non-current, regardless of whether the entity expects to exercise that right.

The 2020 amendments also stipulate that if an entity's right to defer settlement of a liability is subject to compliance with specified conditions, the entity must have complied with those conditions at the end of the reporting period, even if the lender tests compliance at a later date. The 2022 amendments further clarify that only covenants that the entity is required to comply with on or before the end of the reporting period affect the classification of a liability. Covenants that the entity is required to comply with within twelve months after the reporting period do not affect the classification of a liability, but information about those covenants should be disclosed to enable users of financial statements to understand the risk that the liability could become repayable within twelve months after the reporting period.

The 2020 amendments state that, for the purpose of liability classification, settlement refers to the transfer of cash, other economic resources or the entity's own equity instruments to the counterparty that would result in the extinguishment of the liability. However, if the terms of a liability could, at the option of the counterparty, result in its settlement by a transfer of the entity's own equity instruments, and if that option is classified separately as equity in accordance with IAS 32, "Financial Instruments: Presentation," those terms do not affect the classification of the liability.

- (2) The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2025.

<u>New Issued / Amended / Revision IFRS or Explanation</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" regarding the revised application guidance for the classification of financial assets	January 1, 2026 (Note 2)

Note 1: These amendments are applicable to annual reporting periods beginning on or after January 1, 2025.
Upon initial application, comparative periods shall not be restated. Instead, the effects of the amendments shall be recognized in retained earnings or the cumulative other comprehensive income (OCI) relating to foreign operations (as appropriate) and the related affected assets and liabilities at the date of initial application.

Note 2: These amendments are applicable to annual reporting periods beginning on or after January 1, 2026. Entities may also elect to apply these amendments early, beginning on or after January 1, 2025.

Upon initial application, these amendments shall be applied retrospectively without restating comparative periods, and the cumulative effect of initially applying the amendments shall be recognized at the date of initial application. However, entities may

elect to restate comparative periods if, and only if, they can do so without the use of hindsight.

As of the date these financial statements were authorized for issue, the Company assessed that the aforementioned amendments to standards and interpretations would not have a material impact on its financial position and financial performance.

- (3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New Issued / Amended / Revision IFRS or Explanation	Effective Date Announced by IASB (Note)
Annual Improvement of IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" regarding the revised application guidance for the classification of financial assets	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Involving Energy-Dependent Electricity"	January 1, 2026
Amendments to IFRS10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without public accountability: Disclosures"	January 1, 2027

Note: Unless otherwise specified, the aforementioned newly issued/ amended/ revised standards or interpretations are effective for annual reporting periods beginning on or after the respective dates.

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will replace IAS 1 "Presentation of Financial Statements." The main changes in this standard include:

- The statement of profit or loss should classify income and expenses into operating, investing, financing, income tax, and discontinued operations categories.
- The statement of profit or loss should present subtotals and totals for operating profit or loss, profit or loss before financing and income tax, and profit or loss.
- Guidance is provided to enhance aggregation and disaggregation requirements: The Company is required to identify assets, liabilities, equity,

income, expenses, and cash flows arising from individual transactions or other events and classify and aggregate them based on shared characteristics to ensure that each line item presented in the primary financial statements has at least one similar characteristic. Items with different characteristics should be disaggregated in the primary financial statements and the notes. The Company should only label such items as "other" when a more informative label cannot be found.

- Increased disclosure of management-defined performance measures: When the Company communicates publicly outside the financial statements, and when communicating with users of financial statements about management's views of a particular aspect of the Company's overall financial performance, it should disclose information about management-defined performance measures in a single note to the financial statements. This includes a description of the measure, how it is calculated, a reconciliation to the subtotals or totals specified by IFRS Accounting Standards, and the income tax and non-controlling interest effects of the related reconciling items.

In addition to the above impacts, as of the date these financial statements were authorized for issue, the Company is still in the process of assessing the other impacts of the amendments to various standards and interpretations on its financial position and financial performance. The relevant impacts will be disclosed when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The Company's financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

(2) Basis of Preparation

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

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

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

- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- c. Level 3 inputs are unobservable inputs for an asset or liability.

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

Current assets include:

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

Current liabilities include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within 12 months after the reporting period, and
- c. Liabilities for which there is no substantive right as of the balance sheet date to defer the settlement beyond at least 12 months after the balance sheet date.

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

(4) Foreign Currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at historical cost in foreign currencies are retranslated using the exchange rate at the date of transaction.

(5) Inventories

Inventories consist of raw materials, supplies, finished goods, and work-in-progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group

similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

(6) Property, plant and equipment

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

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

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

(7) Investment properties

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

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

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

(8) Intangible assets

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

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

(9) Impairment of property, plant and equipment, investment properties, right-of-use assets, and intangible assets

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

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

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

(10) Financial Instruments

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

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

a. Financial assets

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

(a) Measurement categories

Financial assets possessed by the Company are classified into financial assets at fair value through profit or loss (FVTPL), financial assets at amortized cost, and FVTPL through other comprehensive income (FVTOCI).

i. Financial assets at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include equity instrument investments that the Company has not specified to be measured at FVTPL through other comprehensive income and investments in debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with dividends, interest and any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 30.

ii. Financial assets at amortized cost

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may irrevocably designate investments in equity investments that are not held for trading nor merging and acquisition as at FVTOCI.

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

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

(b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

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

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

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

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

The impairment losses of the aforementioned financial assets are reduced by the allowance account.

(c) Derecognition of financial assets

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

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

b. Financial liabilities

(a) Subsequent measurement

The Company's financial liabilities are measured at amortized cost using the effective interest method.

(b) Derecognition of financial liabilities

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

(11) Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the

reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranty

The warranty obligation to ensure that the product conforms to the agreed specifications is based on the management's best estimate of the expenditure required to pay off the company's obligations, and is recognized when the relevant products are recognized as revenue.

(12) Revenue recognition

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

Revenue from sale of auto parts, electronic parts and environmentally friendly high-end power supplies is measured at the fair value of the consideration received or receivable. When the goods are delivered in accordance with the terms of the transaction between the two parties, the customer has the right to set the price and use of the goods and bears the main responsibility for reselling the goods, and bears the risk of obsolescence of the goods. The company recognizes revenue and accounts receivable at this point payment. Advance receipts from sales of goods are recognized as contract liabilities before the goods are transferred.

The Company does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

(13) Leases

At the inception of a contract, the Corporation and its subsidiaries assess whether the contract is, or contains, a lease.

a. The Company as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

b. The Company as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

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

(14) Employee benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

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

Net defined benefit liability represents the actual deficit in the Corporation and its subsidiaries' defined benefit plan.

(15) Taxation

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

a. Current tax payable

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction. According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain the earnings. Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation and its subsidiaries expect, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

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

The Company has considered the inflation and interest rate fluctuation on critical accounting estimates and will continue evaluating the impact on cash flow estimation, growth rate, discount rate, and profitability. The estimates and underlying assumptions are reviewed on an ongoing basis.

The accounting policies, estimates and basic assumptions adopted by the company have not been subject to uncertainty in major accounting judgments, estimates and assumptions after evaluation by the company's management.

6. Cash and cash equivalent

	December 31 st , 2024	December 31 st , 2023
Cash on hand	\$ 241	\$ 552
Bank deposit		
Check and demand deposit	125,367	102,479
Foreign currency deposit	247,057	190,610
Cash equivalent (Investments with original maturity within 3 months)		
Bank foreign currency time deposit	319,326	199,583
Repurchase Bond	90,000	-
	<u>\$ 781,991</u>	<u>\$ 493,224</u>

Market interest rate range:

	December 31 st , 2024	December 31 st , 2023
Checkings and savings	0.01% ~ 4.35%	0.01% ~ 5%
Foreign currency time deposit	4.68% ~ 4.75%	5.4% ~ 5.55%
Repurchase Bond	1.32%	-

7. Loss (gain) on financial instruments at fair value through profit or loss

	December 31 st , 2024	December 31 st , 2023
<u>Financial assets – current</u>		
Mandatory fair value through profit or loss for non-derivative financial assets		
— Mutual fund beneficiary certificate	<u>\$ 2,356</u>	<u>\$ 2,646</u>

8. Financial assets measured at amortized cost

	December 31 st , 2024	December 31 st , 2023
<u>Current</u> (note)		
Domestic investment		
Limited time deposit	-	\$ 82,213
Time deposit over 3 months	-	30,705
	<u>-</u>	<u>\$112,918</u>

Note: The Company considers the debtor's history of default, current financial situation, to assess the expected credit losses over the next 12 months or expected credit losses over the remaining period of creditworthiness for financial assets - current measured at amortized cost. As of December 31st,

2023, the company assessed that no expected credit losses need to be recognized for financial assets - current measured at amortized cost.

Interest rate range of limited time deposit as of December 31st, 2023 are as follows:

	December 31 st , 2023
USD	5.40%
RMB	2.65%

For information on the pledge of financial assets measured at cost after amortization, please refer to Note 32.

9. Financial assets at fair value through other comprehensive income

Equity instrument investment

	December 31 st , 2024	December 31 st , 2023
<u>Non-current</u>		
Domestic investment		
Unlisted Share	\$ 2,924	\$ 2,924

The Company invests in common shares of domestic unlisted (over-the-counter) companies in accordance with its mid-to-long-term strategic objectives, anticipating profits through long-term investment.

The management believes that including short-term fair value fluctuations of these investments in profit or loss is inconsistent with the aforementioned long-term investment plan. Therefore, we have elected to designate these investments as fair value through other comprehensive income (FVOCI).

10. Notes receivable, accounts receivable and other receivables

	December 31 st , 2024	December 31 st , 2023
<u>Notes receivable</u>		
Measured at amortized cost		
Total book value		
Non-related party	\$ 12,459	\$ 12,523
Related party	\$ 11,491	\$ 22,759
<u>Accounts receivable</u>		
Measured at amortized cost		
Total book value		
Non-related party	\$449,655	\$512,357
Less: Allowance for losses	-	-

	December 31 st , 2024	December 31 st , 2023
	<u>\$449,655</u>	<u>\$512,357</u>
Related party	<u>\$ 11,964</u>	<u>\$ 7,959</u>
<u>Other receivables</u>		
Interest receivable	\$ 1,862	\$ 2,346
Other receivables - related parties	9,795	-
Others	<u>9</u>	<u>-</u>
	<u>\$ 11,666</u>	<u>\$ 2,346</u>

(1) Notes and accounts receivable

To reduce credit risk, the management of The Company has assigned a dedicated team to monitor the process and ensure that appropriate actions have been taken to collect overdue receivables. In addition, on the balance sheet date, The Company reviews the recoverable amount of each receivable item to ensure that the appropriate impairment loss has been recognized for any unrecoverable receivables. Based on these measures, the management of The Company believes that our credit risk has significantly decreased.

The Company recognizes the allowance for credit losses on receivables based on expected credit losses over the lifetime of the receivables. Lifetime expected credit losses are calculated using a provision matrix, which considers customers' past default records and current financial conditions, as well as GDP forecasts. Given that the Company's historical credit loss experience indicates no significant difference in loss patterns among different customer segments, the provision matrix does not further segment customer groups but only determines the expected credit loss rates based on the aging of the receivables.

If there is evidence that the counterparty is facing severe financial difficulties and the company cannot reasonably expect to recover the receivables, we will write off the relevant receivables. However, we will continue to pursue recovery activities, and any amount recovered will be recognized in the income statement.

The Company measures the provision for impairment losses on receivables (accounts receivable and notes receivable) according to the probability matrix as follows:

December 31st, 2024

	Non-overdue	Overdue 1-90 days	Overdue 91-180 days	Overdue Over 181 days	Total
expected credit loss rate	-	-	-	100%	-
Total book value	\$ 445,575	\$ 39,994	\$ -	\$ -	\$ 485,569
Allowance for losses (Expected credit losses during the duration)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 445,575</u>	<u>\$ 39,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 485,569</u>

December 31st, 2023

	Non-overdue	Overdue 1-90 days	Overdue 91-180 days	Overdue Over 181 days	Total
expected credit loss rate	-	-	4.35%~4.55%	100%	
Total book value	\$ 536,184	\$ 19,414	\$ -	\$ -	\$ 555,598
Allowance for losses (Expected credit losses during the duration)	-	-	-	-	-
Amortized cost	<u>\$ 536,184</u>	<u>\$ 19,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 555,598</u>

Most of the overdue accounts have been collected. The management of The Company has assessed that there is no expected credit loss for accounts receivable as of December 31st, 2024 and 2023.

The information regarding changes in the provision for account receivable is as follows:

	2023
Beginning balance	\$ 68,102
Less: Reversal of Impairment loss for the year	(<u>68,102</u>)
Ending balance	<u>\$ -</u>

(2) Other receivables

The Company's other receivables mainly consist of accrued interest and other receivables from related parties. The Company's policy is to transact only with counterparties with good credit standing. The Company continuously monitors and refers to the counterparties' past default records and analyzes their current financial conditions to assess whether the credit risk of other receivables has significantly increased since initial recognition and to measure expected credit losses. As of December 31, 2024 and 2023, the Company has assessed that no allowance for expected credit losses is required for other receivables.

11. Inventory

	December 31 st , 2024	December 31 st , 2023
Raw material	\$ 58,826	\$ 75,060
Finished products	63,729	52,015
Semi-finished products	34,608	33,673
Work in progress	<u>21,901</u>	<u>20,747</u>
	<u>\$ 179,064</u>	<u>\$ 181,495</u>

The amounts of cost of goods sold related to inventories are NT\$1,596,363 thousand and NT\$1,619,717 thousand for 2024 and 2023, respectively. The cost of goods sold for 2023 included inventory write-down losses of NT\$1,722 thousand.

12. Prepayments

	December 31 st , 2024	December 31 st , 2023
Overpaid VAT	\$ 4,774	\$ 5,379
Other prepayments	<u>14,051</u>	<u>11,123</u>
	<u>\$ 18,825</u>	<u>\$ 16,502</u>

13. Property, plant and equipment - own use

	Machine equipment	Mold equipment	Transportation equipment	Office equipment	Lease improvement	Total
<u>Cost</u>						
Balance as of January 1, 2024	\$ 54,154	\$1,117,825	\$ 11,691	\$ 3,232	\$ 27,960	\$1,214,862
Increase	2,941	222,495	3,715	90	-	229,241
Disposal	(2,734)	(12,152)	-	-	-	(14,886)
Balance as of December 31, 2024	<u>\$ 54,361</u>	<u>\$1,328,168</u>	<u>\$ 15,406</u>	<u>\$ 3,322</u>	<u>\$ 27,960</u>	<u>\$1,429,217</u>
<u>Accumulated depreciation and impairment</u>						
Balance as of January 1, 2024	\$ 38,164	\$ 550,532	\$ 7,622	\$ 2,991	\$ 18,872	\$ 618,181
Depreciation	4,886	168,324	1,770	129	3,480	178,589
Impairment	-	1,626	-	-	-	1,626
Disposal	(1,962)	(4,035)	-	-	-	(5,997)
Balance as of December 31, 2024	<u>\$ 41,088</u>	<u>\$ 716,447</u>	<u>\$ 9,392</u>	<u>\$ 3,120</u>	<u>\$ 22,352</u>	<u>\$ 792,399</u>
Net balance of December 31, 2024	<u>\$ 13,273</u>	<u>\$ 611,721</u>	<u>\$ 6,014</u>	<u>\$ 202</u>	<u>\$ 5,608</u>	<u>\$ 636,818</u>
<u>Cost</u>						
Balance of January 1, 2023	\$ 50,096	\$ 903,501	\$ 11,691	\$ 3,139	\$ 27,960	\$ 996,387
Increase	8,779	214,874	-	93	-	223,746
Disposal	(4,721)	(550)	-	-	-	(5,271)
Balance as of December 31, 2023	<u>\$ 54,154</u>	<u>\$1,117,825</u>	<u>\$ 11,691</u>	<u>\$ 3,232</u>	<u>\$ 27,960</u>	<u>\$1,214,862</u>
<u>Accumulated depreciation and impairment</u>						
Balance of January 1, 2023	\$ 38,791	\$ 404,754	\$ 6,216	\$ 2,821	\$ 15,004	\$ 467,586
Depreciation	4,094	144,825	1,406	170	3,868	154,363
Disposal	-	968	-	-	-	968
Balance of December 31, 2023	(4,721)	(15)	-	-	-	(4,736)
	<u>\$ 38,164</u>	<u>\$ 550,532</u>	<u>\$ 7,622</u>	<u>\$ 2,991</u>	<u>\$ 18,872</u>	<u>\$ 618,181</u>
Net balance of December 31, 2023	<u>\$ 15,990</u>	<u>\$ 567,293</u>	<u>\$ 4,069</u>	<u>\$ 241</u>	<u>\$ 9,088</u>	<u>\$ 596,681</u>

After conducting impairment assessments in 2024 and 2023, the Company recognized impairment losses on property, plant and equipment – mold equipment of NT\$1,626 thousand and NT\$968 thousand, respectively. These losses were due to the actual market sales of the automotive lighting products falling short of expectations. The Company anticipates a decrease in future cash inflows from these products, resulting in the recoverable amount of the equipment being less than its carrying amount. The recoverable amount of these products was determined using value in use, and the discount rates applied in 2024 and 2023 were 11% and 10%, respectively. These impairment losses have been included under the 'Other gains and losses, net' line item in the statement of comprehensive income. Please refer to note 25(2) for more information.

Depreciation expense is provided on a straight-line basis over the following useful years:

Machine equipment	3-6 years
Mold equipment	2-5 years
Transportation equipment	5 years
Office equipment	2-5 years
Lease improvement	3-5 years

14. Lease agreement

(1) Right-of-use assets

	December 31 st , 2024	December 31 st , 2023
Carrying amounts of right-of-use assets		
Building	\$ 5,587	\$ 13,965
Transportation equipment	<u>1,397</u>	<u>2,280</u>
	<u>\$ 6,984</u>	<u>\$ 16,245</u>
	2024	2023
Increase amounts of right-of-use assets	<u>\$ -</u>	<u>\$ 2,649</u>
Depreciation expense on right-of-use assets		
Building	\$ 8,378	\$ 8,378
Transportation equipment	<u>883</u>	<u>1,016</u>
	<u>\$ 9,261</u>	<u>\$ 9,394</u>

(2) Lease liabilities

	December 31 st , 2024	December 31 st , 2023
Carrying amounts of lease liabilities		
Current	<u>\$ 6,650</u>	<u>\$ 9,415</u>
Non-current	<u>\$ 526</u>	<u>\$ 7,176</u>

The discount rate range for the lease liability is as follows:

	December 31 st , 2024	December 31 st , 2023
Building	1.39%	1.39%
Transportation equipment	1.80%	1.80%

(3) Important leasing activities and terms:

The Company leases buildings and transportation equipment for use as factories, offices, and company vehicles for a period of 3 to 5 years. At the end of the lease term, The Company does not have any preferential purchase rights for the leased buildings and transportation equipment.

(4) For information on the company's business leasing of investment properties, please refer to Note 15.

(5) Other leasing information.

	2024	2023
Short-term lease expense	<u>\$ 8,400</u>	<u>\$ 8,400</u>
Low-value asset lease expense	<u>\$ -</u>	<u>\$ 18</u>
Total amount (outflows) from leases	<u>(\$ 17,992)</u>	<u>(\$ 18,143)</u>

(6) All lease commitments for which the lease period begins after the balance sheet date are as follows:

	December 31 st , 2024	December 31 st , 2023
Lease commitments	<u>\$ 8,400</u>	<u>\$ 8,400</u>

15. Investment property

	Land	Buildings	Total
<u>Cost</u>			
Balance of January 1 st , 2024	<u>\$ 34,813</u>	<u>\$ 32,060</u>	<u>\$ 66,873</u>
Balance of December 31 st , 2024	<u>\$ 34,813</u>	<u>\$ 32,060</u>	<u>\$ 66,873</u>
<u>Accumulated depreciation</u>			
Balance of January 1 st , 2024	\$ -	\$ 14,717	\$ 14,717
Depreciation	-	628	628
Balance of December 31 st , 2024	<u>\$ -</u>	<u>\$ 15,345</u>	<u>\$ 15,345</u>
Net balance of December 31 st , 2024	<u>\$ 34,813</u>	<u>\$ 16,715</u>	<u>\$ 51,528</u>
<u>Cost</u>			
Balance of January 1 st , 2023	<u>\$ 34,813</u>	<u>\$ 32,060</u>	<u>\$ 66,873</u>
Balance of December 31 st , 2023	<u>\$ 34,813</u>	<u>\$ 32,060</u>	<u>\$ 66,873</u>
<u>Accumulated depreciation</u>			
Balance of January 1 st , 2023	\$ -	\$ 14,088	\$ 14,088
Depreciation	-	629	629
Balance of December 31 st , 2023	<u>\$ -</u>	<u>\$ 14,717</u>	<u>\$ 14,717</u>
Net balance of December 31 st , 2023	<u>\$ 34,813</u>	<u>\$ 17,343</u>	<u>\$ 52,156</u>

The lease period for the investment property for rent is 2-3 years. The lessee does not have the option to purchase the investment property at the end of the lease period.

The total lease payments to be received in the future for leasing investment property under operating leases are as follows:

	December 31 st , 2024	December 31 st , 2023
First year	\$ 2,469	\$ 3,589
Second year	1,349	1,907
Third year	<u>674</u>	<u>-</u>
	<u>\$ 4,492</u>	<u>\$ 5,496</u>

Investment properties are depreciated on a straight-line basis based on the following useful lives:

Building and structures - 50 years.

As of December 31st, 2024 and 2023, the fair value of the Company's investment properties was NT\$217,637 thousand and NT\$183,091 thousand, respectively. The fair value was evaluated by the Company's management based on the actual

transaction prices of similar properties in the adjacent area selected from the Ministry of the Interior's real estate transaction website in the recent period.

16. Other intangible assets

	Patent	Computer software	Total
<u>Cost</u>			
Balance of January 1 st , 2024	\$ -	\$ 14,171	\$ 14,171
Balance of December 31 st , 2024	-	14,171	14,171
<u>Accumulated amortization</u>			
Balance of January 1 st , 2024	\$ -	\$ 12,875	\$ 12,875
Amortization	-	826	826
Balance of December 31 st , 2024	\$ -	\$ 13,701	\$ 13,701
Net balance of December 31 st , 2024	\$ -	\$ 470	\$ 470
<u>Cost</u>			
Balance of January 1 st , 2023	\$ 577	\$ 14,171	\$ 14,748
Disposal	(577)	-	(577)
Balance of December 31 st , 2023	\$ -	\$ 14,171	\$ 14,171
<u>Accumulated amortization</u>			
Balance of January 1 st , 2023	\$ 577	\$ 11,815	\$ 12,392
Amortization	-	1,060	1,060
Disposal	(577)	-	(577)
Balance of December 31 st , 2023	\$ -	\$ 12,875	\$ 12,875
Net balance of December 31 st , 2023	\$ -	\$ 1,296	\$ 1,296

Amortization is charged on a straight-line basis over the following useful years:

Patent	5 years
Computer software	3 years

17. Other non-current assets

	December 31 st , 2024	December 31 st , 2023
Prepaid equipment	\$ 387,580	\$ 294,178
Refundable deposits	4,251	6,293
	<u>\$ 391,831</u>	<u>\$ 300,471</u>

18. Short-term loan

	December 31 st , 2024	December 31 st , 2023
<u>Secured loan</u> (Note 32)		
Bank loan	\$ -	\$ 70,000
<u>Unsecured loan</u>		
Line of credit loan	<u>199,650</u>	<u>185,000</u>
	<u>\$ 199,650</u>	<u>\$ 255,000</u>

The interest rates for the bank's revolving loans as of December 31st, 2024 and 2023 were 1.775% to 1.9% and 0.5% to 1.95%, respectively.

19. Accounts Payable

The Company's accounts payable primarily consist of amounts due for purchases of goods. The Company has established financial risk management policies to ensure that all payables are settled within the predetermined credit terms.

20. Other accounts payable

	December 31 st , 2024	December 31 st , 2023
Payable salary and bonus	\$ 23,971	\$ 22,942
Payable for equipment	22,442	8,044
Payable for mold repair	3,376	8,577
Payable processing fee	4,322	7,560
Payable test fee—related party	3,101	2,814
Others	<u>15,854</u>	<u>18,198</u>
	<u>\$ 73,066</u>	<u>\$ 68,135</u>

21. Liability provision

	December 31 st , 2024	December 31 st , 2023
<u>Current</u>		
Warranty	<u>\$ 30,106</u>	<u>\$ 24,077</u>
	<u>2024</u>	<u>2023</u>
<u>Warranty</u>		
Beginning balance	\$ 24,077	\$ 36,199
Add: Addition this year	11,874	4,256
Less: Usage this year	(<u>5,845</u>)	(<u>16,378</u>)
Ending balance	<u>\$ 30,106</u>	<u>\$ 24,077</u>

The warranty liability reserve is based on the sales contract for goods. The management of the Company estimates the present value of the best estimate of future economic benefits that will flow out due to warranty obligations. This estimate is based on historical warranty experience and takes into account adjustments for new raw materials, process changes, or other factors affecting product quality.

22. Retirement benefit plan

(1) Defined Contribution Plan

The retirement benefit system of The Company, which is governed by the "Labor Retirement Pension Act," is a defined contribution retirement plan managed by the government. The Company contributes 6% of an employee's monthly salary to their personal account at the Labor Insurance Bureau.

(2) Defined Benefit Plan

The retirement benefit system of The Company, which is based on the "Labor Standards Act" of Republic of China, is a defined benefit retirement plan managed by the government. Retirement benefits are calculated based on the employee's years of service and the average salary for the 6 months prior to the approved retirement date. The Company originally contributed 5% of an employee's monthly salary to the retirement plan, which was deposited in a special account at Taiwan Bank under the name of the Labor Retirement Reserve Supervisory Commission. However, The Company has already received approval from the Tainan City Labor Bureau to suspend contributions to the Labor Retirement Reserve Fund. The special account is managed by the Labor Fund Supervisory Board of the Ministry of Labor, and the company does not have the right to influence investment management strategies.

The amount of defined benefit plan included in the balance sheet is listed below:

	December 31 st , 2024	December 31 st , 2023
Determining the present value of benefit obligations	(\$ 283)	(\$ 324)
Fair value of project assets	<u>10,708</u>	<u>9,746</u>
Net defined benefit assets	<u>\$ 10,425</u>	<u>\$ 9,422</u>

Changes in net defined benefit liabilities (assets) are as follows:

	Determining the present value of benefit obligations	Fair value of project assets	Net defined benefit assets
January 1 st , 2024	<u>\$ 324</u>	<u>(\$ 9,746)</u>	<u>(\$ 9,422)</u>
Interest expense (income)	<u>4</u>	<u>(113)</u>	<u>(109)</u>
recognized in profit or loss	<u>4</u>	<u>(113)</u>	<u>(109)</u>
Return on project assets (except the amount included in net interest)	\$ -	(\$ 849)	(\$ 849)
Actuarial losses - changes in financial losses	(39)	-	(39)
Actuarial loss - experience adjustment	(6)	-	(6)
Recognized in other comprehensive income	(45)	(849)	(894)
December 31 st , 2024	<u>\$ 283</u>	<u>(\$ 10,708)</u>	<u>(\$ 10,425)</u>

	Determining the present value of benefit obligations	Fair value of project assets	Net defined benefit assets
January 1 st , 2023	<u>\$ 311</u>	<u>(\$ 9,543)</u>	<u>(\$ 9,232)</u>
Interest expense (income)	<u>5</u>	<u>(153)</u>	<u>(148)</u>
recognized in profit or loss	<u>5</u>	<u>(153)</u>	<u>(148)</u>
Return on project assets (except the amount included in net interest)	-	(50)	(50)
Actuarial losses - changes in financial losses	12	-	12
Actuarial loss - experience adjustment	(4)	-	(4)
Recognized in other comprehensive income	<u>8</u>	<u>(50)</u>	<u>(42)</u>
December 31 st , 2023	<u>\$ 324</u>	<u>(\$ 9,746)</u>	<u>(\$ 9,422)</u>

The Company is exposed to the following risks due to the retirement pension system under the "Labor Standards Act":

- Investment risk: The Ministry of Labor's Labor Pension Fund is invested in domestic (foreign) equity securities, debt securities, bank deposits, and other assets through self-operation and commission management. However, the amount of the plan assets distributed by The Company is calculated based on earnings that are not lower than the local bank's 2-year fixed deposit interest rate, which may be subject to investment risks.
- Interest rate risk: A decrease in the interest rates of government bonds/corporate bonds will increase the present value of the defined benefit obligation. However, the debt investment return of the plan assets will also increase, partially offsetting the impact on the net defined benefit liability.
- Salary risk: The calculation of the present value of the defined benefit obligation is based on the future salary of plan members. Therefore, an increase in plan members' salaries will increase the present value of the defined benefit obligation.

The present value of The Company's defined benefit obligation is calculated by qualified actuaries, and the major assumptions are as follows:"

	December 31 st , 2024	December 31 st , 2023
Discount rate	1.4468%	1.1580%
Salary expected increase rate	2.0%	3.5%

If significant actuarial assumptions change reasonably and all other assumptions remain unchanged, the increase (decrease) in the present value of the defined benefit obligation would be as follows:

	December 31 st , 2024	December 31 st , 2023
Discount rate		
Increase 0.5%	(\$ 10)	(\$ 13)
Decrease 0.5%	\$ 11	\$ 14
Salary expected increase rate		
Increase 0.5%	\$ 10	\$ 13
Decrease 0.5%	(\$ 10)	(\$ 13)

Since actuarial assumptions may be interrelated and the possibility of a single assumption changing is unlikely, the above sensitivity analysis may not reflect the actual changes in the present value of the defined benefit obligation.

	December 31 st , 2024	December 31 st , 2023
Expected amount allocated within 1 year	\$ -	\$ -
Determining the average benefit obligation due period	7.41 年	8.34 年

23. Equity

(1) Share capital

Common stock

	December 31 st , 2024	December 31 st , 2023
Number of shares authorized (thousand shares)	88,000	88,000
Authorized capital	\$ 880,000	\$ 880,000
Number of issued and fully paid shares (thousand shares)	64,431	64,431
Paid-in capital	\$ 644,306	\$ 644,306

The issued common stock has a par value of NTD 10 per share, and each share has one voting right and the right to receive dividends.

(2) Capital surplus

	December 31 st , 2024	December 31 st , 2023
<u>Can be used to make up for losses, distribute cash or allocate capital (Note 1)</u>		
Additional paid-in capital	\$ 14,705	\$ 14,705
<u>Can be used only to make up losses</u>		
Dividends not collected by shareholders overdue (Note 2)	178	173
	\$ 14,883	\$ 14,878

Note 1: This type of capital surplus can be used to offset losses, and can also be used to distribute cash or allocate to share capital when the company has no losses, but the allocation to share capital is limited to a certain percentage of the paid-in share capital each year.

Note 2: According to the Ruling No. 10602420200 issued by the Ministry of Economic Affairs on September 21st, 2017, dividends that shareholders fail to collect within the statute of limitations shall be recognized as capital surplus.

(3) Retained earnings and dividend policy

In accordance with the Company's amended Articles of Association resolved by the shareholders' meeting at June 27, 2024, if there are surplus earnings before tax upon the final settlement of account of each fiscal year, the Company shall, accrue income tax payable first, offset any previous accumulated losses, and then set aside 10% of such profits as a legal reserve. However, when the legal reserve equals to the paid-in capital, the company may cease further appropriations and, after considering operational needs or in accordance with laws and regulations or directives from competent authorities regarding the appropriation or reversal of special surplus reserves, determine the distributable earnings for the current year. Together with the undistributed earnings from prior years, the Board of Directors shall prepare a profit distribution proposal to submit to the shareholders' meeting for resolution on the distribution of dividends to shareholders. When dividends or legal surplus reserves and capital reserves are distributed in cash, the Board of Directors is authorized to execute such distribution with the presence of at least two-thirds of the directors and approval by a majority of the directors present, and to report the same to the shareholders' meeting.

The Company, upon considering factors such as future funding needs, financial structure, and profits, for the purpose of sustainable management and steady company growth, in the future, the dividends of the Company will depend on the Company's operation situation, the Board of Directors shall prepare a profit distribution proposal to submit to the shareholders' meeting for resolution on the distribution of dividends to shareholders. The distributed dividend in the form of cash shall not be less than 30% of the total amount of dividend allocable in the year.

For the employee and director remuneration distribution policy, please refer to Note 25 (7) of the employee and director remuneration.

The legal reserve fund can be used to offset for losses. When The Company has no losses, the part of the legal reserve that exceeds 25% of the total paid-in capital may be distributed to shareholders as dividends either in shares or cash.

The Company's profit distribution proposals for 2023 and 2022 are as follows:

	2023	2022
Legal reserve	<u>\$ 26,026</u>	<u>\$ 31,986</u>
Special earnings reserve	<u>\$ -</u>	<u>(\$ 1,216)</u>
cash dividend	<u>\$ 32,215</u>	<u>\$ 161,076</u>
Cash dividend per share (NTD)	\$ 0.5	\$ 2.5

The above-mentioned cash dividends have been resolved by the board of directors at March 15, 2024 and March 10, 2023, respectively. And the rest distribution plan had been recognized by the general meeting of shareholders at June 27, 2024 and June 16, 2023, respectively.

On March 14, 2025, the Company's Board of Directors proposed the 2024 earnings distribution plan as follows:

	2024
Legal reserve	<u>\$ 35,892</u>
cash dividend	<u>\$ 32,215</u>
Cash dividend per share (NTD)	\$ 0.5

The above-mentioned cash dividends have been resolved by the board of directors, and the rest are yet to be recognized by the general meeting of shareholders expected to be held on June 20, 2025.

(4) Special earnings reserve

	2024	2023
Beginning balance	\$ 3,950	\$ 5,166
Reverse of special reserve		
Reversal of deductions of other equity items	<u>-</u>	<u>(1,216)</u>
Ending balance	<u>\$ 3,950</u>	<u>\$ 3,950</u>

(5) Other equity items

Unrealized valuation gains and losses on financial assets measured at fair value through other comprehensive income.

	2024	2023
Beginning & Ending Balance	<u>(\$ 3,950)</u>	<u>(\$ 3,950)</u>

24. Revenue

(1) Revenue details

Product category	2024	2023
Automobile component	\$ 2,034,733	\$ 2,053,797
Electronics component	<u>93,610</u>	<u>106,009</u>
	<u>\$ 2,128,343</u>	<u>\$ 2,159,806</u>

Region	2024	2023
America	\$ 1,650,086	\$ 1,712,243
Asia	389,990	363,481
Europe	86,219	81,231

Region	2024	2023
Oceania	<u>2,048</u>	<u>2,851</u>
	<u>\$ 2,128,343</u>	<u>\$ 2,159,806</u>

(2) Contract balance

	December 31 st , 2024	December 31 st , 2023	January 1 st , 2023
Notes receivable (including related parties) (Note 10 and 31)	<u>\$ 23,950</u>	<u>\$ 35,282</u>	<u>\$ 22,137</u>
Accounts receivable (including related parties) (Note 10 and 31)	<u>\$ 461,619</u>	<u>\$ 520,316</u>	<u>\$ 471,738</u>
Contract liabilities	<u>\$ 3,403</u>	<u>\$ 1,255</u>	<u>\$ 1,122</u>

The change in contract liabilities mainly comes from the difference between the timing of fulfilling contractual obligations and the timing of customer payments.

The number of contract liabilities recognized as revenue for 2024 and 2023 at the beginning of the year was NT\$1,049 thousand and NT\$778 thousand, respectively.

25. Net income

(1) Other income

	2024	2023
Rent	\$ 3,598	\$ 3,597
Insurance Compensation Income	3,258	-
Other income	<u>4,812</u>	<u>3,788</u>
	<u>\$ 11,668</u>	<u>\$ 7,385</u>

(2) Other gains and losses

	2024	2023
Penalty on VAT	\$ -	(\$166,837)
Return penalty on VAT	-	52,793
Net foreign currency exchange gain	73,702	9,661
Net gain (loss) on financial assets at fair value through profit or loss	(290)	(701)
Gain on lease modification	-	8
Disposal of net interest in property, plant and equipment	23	58
Impairment loss on property, plant and equipment	(1,626)	(968)
Miscellaneous expense	(<u>632</u>)	(<u>628</u>)
	<u>\$ 71,177</u>	<u>(\$106,614)</u>

In May 2023, the Company voluntarily filed and paid a tax amount of NT\$166,837 thousand for business tax violations related to transactions after April 2018, which was recorded under the caption of Other Gains and Losses.

Furthermore, on July 19, 2023, the National Tax Administration of Southern Taiwan, Ministry of Finance, retroactively reduced a penalty of NT\$52,793 thousand for business tax violations related to transactions from November 2014 to March 2018, which the Company has included under the caption of Other Gains and Losses.

(3) Financial costs

	2024	2023
Input VAT interest	\$ -	\$ 4,782
Bank loan interest	4,480	4,796
Interest on the lease liabilities	177	286
Imputed interest on deposits received	28	32
	<u>\$ 4,685</u>	<u>\$ 9,896</u>

(4) Depreciation and amortization

	2024	2023
Property, plant and equipment	\$178,589	\$154,363
Right-of-use assets	9,261	9,394
Investment property	628	629
Intangible property	826	1,060
Total	<u>\$189,304</u>	<u>\$165,446</u>

Summary of depreciation expense by function

Operating cost	\$182,450	\$158,300
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	2024	2023
Operating expense	5,400	5,457
Non-operating expense	628	629
	<u>\$188,478</u>	<u>\$164,386</u>

Amortization expenses summarized by function

Marketing expense	\$ 87	\$ 209
R&D expense	739	851
	<u>\$ 826</u>	<u>\$ 1,060</u>

(5) Direct operating expenses of investment property

	2024	2023
Generate rental income		
Depreciation expense	\$ 628	\$ 629
Taxes	125	124
	<u>\$ 753</u>	<u>\$ 753</u>

(6) Employee benefits expense

	2024	2023
Short-term employee benefits	\$120,182	\$118,584
Post-employment benefits (Note 22)		
Confirm allocation plan	4,628	4,650
Defined benefit plans	(109)	(148)
	<u>\$124,701</u>	<u>\$123,086</u>
Summary by function		
Operating cost		
Operating expense	\$ 55,821	\$ 57,698
	<u>68,880</u>	<u>65,388</u>
	<u>\$124,701</u>	<u>\$123,086</u>

(7) Employee compensation and director and supervisor compensation

The Company allocates employee compensation and director and supervisor compensation by setting aside a portion of the pre-tax profits of the current year, which shall not be less than 1% and not more than 5% before deducting such compensation. The employee compensation and director and supervisor compensation for 2024 and 2023 were respectively resolved by the Board of Directors on March 14, 2025 and March 15, 2024 as follows:

Estimated ratio

	2024	2023
Employee compensation	1%	1%
Compensations of directors	0.52%	0.51%

Amounts

	2024	2023
Employee compensation	\$ 4,654	\$ 3,592
Compensations of directors	2,420	1,835

After the release date of the annual financial report, if there are still changes in the amounts, they will be handled according to accounting estimates and adjusted in the next year's accounts.

The actual distribution amounts of employee compensation and director and supervisor compensation for 2023 and 2022 are not different from the recognized amounts in the 2023 and 2022 financial reports.

For information regarding employee compensation and director and supervisor compensation decisions made by The Company's board of directors, please refer to the "Public Information Observation Station" of the Taiwan Stock Exchange.

(8) Foreign exchange gain and loss

	2024	2023
Total foreign exchange gain	\$ 99,683	\$ 80,142
Total foreign exchange (loss)	(25,981)	(70,481)
Net gain	<u>\$ 73,702</u>	<u>\$ 9,661</u>

26. Income tax

(1) Income tax recognized in profit or loss

The main components of income tax expenses (benefits) are as follows:

	2024	2023
Income tax of current year		
In respect of the current year	\$ 84,355	\$ 84,492
Surtax on undistributed earnings	5,051	-
Prior year adjustments	<u>2,769</u>	<u>5</u>
	<u>92,175</u>	<u>84,497</u>
Deferred income tax		
In respect of the current year	<u>7,223</u>	<u>9,093</u>
Income tax expense recognized in profit and loss	<u>\$ 99,398</u>	<u>\$ 93,590</u>

The adjustment of accounting income and income tax expense is as follows:

	2024	2023
Earnings before tax	<u>\$457,600</u>	<u>\$353,820</u>
Income tax expense calculated at statutory tax rate	\$ 91,520	\$ 70,764
Non-deductible expense losses	58	22,809
Tax-free income	-	12
Surtax on Undistributed Retained Earnings	5,051	-
Adjustment for previous year's income tax	<u>2,769</u>	<u>5</u>
Income tax expense recognized in profit or loss	<u>\$ 99,398</u>	<u>\$ 93,590</u>

(2) Recognized in other comprehensive income tax

	2024	2023
<u>Deferred income tax</u>		
Generated in the current year		
- Defined benefit plan remeasurement number	<u>\$ 180</u>	<u>\$ 9</u>
Income tax recognized in other comprehensive profit or loss	<u>\$ 180</u>	<u>\$ 9</u>

(3) Current income tax liabilities

	December 31 st , 2024	December 31 st , 2023
Current income tax liabilities		
Income tax payable	<u>\$ 44,643</u>	<u>\$ 34,205</u>

(4) Deferred income tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

2024

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
<u>Deferred tax assets</u>				
Temporary difference				
Unrealized loss on inventory decline	4,834	(72)	-	4,762
Property, plant and equipment	543	14	-	557
Liability provision	4,816	1,205	-	6,021
Unrealized exchange loss	<u>5,527</u>	<u>(5,527)</u>	<u>-</u>	<u>-</u>
	<u>\$ 15,720</u>	<u>(\$ 4,380)</u>	<u>\$ -</u>	<u>\$ 11,340</u>
<u>Deferred tax liabilities</u>				
Temporary difference				
Defined benefit Retirement Plan	1,885	21	180	2,086
Unrealized exchange gain	<u>-</u>	<u>2,822</u>	<u>-</u>	<u>2,822</u>
	<u>\$ 1,885</u>	<u>\$ 2,843</u>	<u>\$ 180</u>	<u>\$ 4,908</u>

2023

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
<u>Deferred tax assets</u>				
Temporary difference				
Allowance for losses	\$ 12,496	(\$ 12,496)	\$ -	\$ -
Unrealized loss on inventory decline	4,490	344	-	4,834
Property, plant and equipment	524	19	-	543
Liability provision	7,240	(2,424)	-	4,816
Unrealized exchange loss	<u>37</u>	<u>5,490</u>	<u>-</u>	<u>5,527</u>
	<u>\$ 24,787</u>	<u>(\$ 9,067)</u>	<u>\$ -</u>	<u>\$ 15,720</u>
<u>Deferred tax liabilities</u>				
Temporary difference				
Financial assets at fair value through profit or loss	\$ 4	(\$ 4)	\$ -	\$ -
Defined benefit Retirement Plan	<u>1,846</u>	<u>30</u>	<u>9</u>	<u>1,885</u>
	<u>\$ 1,850</u>	<u>\$ 26</u>	<u>\$ 9</u>	<u>\$ 1,885</u>

(5) Income tax verification situation

The profit-seeking enterprise income tax return of the Company has been assessed by the tax authority until 2022, and the audited amount is the same as the declared amount.

27. Earnings per share (EPS)

Earnings and weighted average number of ordinary shares used to calculate earnings per share are as follows:

Net profit for the year

	2024	2023
Net income used to calculate basic and diluted earnings per share	<u>\$358,202</u>	<u>\$260,230</u>
<u>Number of shares</u>	(Unit Thousand shares)	
	2024	2023
Weighted average number of common shares used to calculate basic earnings per share	64,431	64,431
Effect on dilutive potential ordinary shares:		
Employee compensation	<u>60</u>	<u>42</u>
Weighted average number of common shares used to calculate diluted earnings per share	<u>64,491</u>	<u>64,473</u>

If the Company may choose to distribute employee compensation in the form of stocks or cash, when calculating diluted earnings per share, we assume that the employee compensation will be distributed in the form of stocks and include the weighted average number of outstanding shares with dilution effects of such potential common stocks to calculate diluted earnings per share. When calculating diluted earnings per share before deciding on the number of shares to be issued as employee compensation in the following year, we will continue to consider the dilutive effects of such potential common stocks.

28. Cash flow information

(1) Non-cash transactions

In addition to disclosures made in other notes, the following investment and financing activities involving non-cash transactions were carried out by the company in 2024 and 2023:

- a. The Company acquired properties, plants, and equipment which were not yet paid as of December 31st, 2024 and 2023, respectively, and were accounted for as other payables of NT\$22,442 thousand and NT\$8,044 thousand, respectively (refer to Note 20).
- b. On July 26, 2024, a fire occurred at EE Co., Ltd., a significant supplier of the Company, which affected some of the Company's tooling and inventory. Consequently, the Company adjusted and decreased Property, Plant and

Equipment by NT\$8,117 thousand, Inventory by NT\$1,259 thousand, and Prepaid Equipment (unaccepted molds) by NT\$419 thousand. The Company expects to negotiate a claim of NT\$9,795 thousand from the significant supplier, which is recorded under Other Receivables – Related Parties (refer to Notes 10 and 31).

(2) Liability change from financing activities

2024

	January 1 st , 2024	Cash flow	Non-cash changes				December 31 st , 2024
			New lease	Lease modification	Interest expense Amortized	Others	
Short-term loan	\$ 255,000	(\$ 55,350)	\$ -	\$ -	\$ -	\$ -	\$199,650
Lease liability	16,591	(9,415)	-	-	177	(177)	7,176
Deposits							
Received	628	-	-	-	-	-	628
	<u>\$ 272,219</u>	<u>(\$ 64,765)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 177</u>	<u>(\$ 177)</u>	<u>\$207,454</u>

2023

	January 1 st , 2023	Cash flow	Non-cash changes				December 31 st , 2023
			New lease	Lease modification	Interest expense Amortized	Others	
Short-term loan	\$ 290,000	(\$ 35,000)	\$ -	\$ -	\$ -	\$ -	\$255,000
Lease liability	23,821	(9,439)	2,649	(440)	286	(286)	16,591
Deposits							
Received	628	-	-	-	-	-	628
	<u>\$ 314,449</u>	<u>(\$ 44,439)</u>	<u>\$ 2,649</u>	<u>(\$ 440)</u>	<u>\$ 286</u>	<u>(\$ 286)</u>	<u>\$272,219</u>

29. Capital risk management

The Company conducts capital management to ensure the maximization of shareholder returns by optimizing debt and equity balances while continuing operations. Our overall strategy remains unchanged.

The Company's capital structure consists of equity (including share capital, capital reserves, retained earnings, and other equity items).

We are not required to comply with external capital regulations.

30. Financial instruments

(1) Fair value information - financial instruments not measured at fair value

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

(2) Fair value information - financial instruments measured at fair value on a recurring basis.

a. Fair value level

December 31st, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
- Fund beneficiary certificate	\$ 2,356	\$ -	\$ -	\$ 2,356
<u>Financial assets at fair value through other comprehensive income</u>				
Equity instrument investment				
- Domestic unlisted (counter) stocks	\$ -	\$ -	\$ 2,924	\$ 2,924

December 31st, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
- Fund beneficiary certificate	\$ 2,646	\$ -	\$ -	\$ 2,646
<u>Financial assets at fair value through other comprehensive income</u>				
Equity instrument investment				
- Domestic unlisted (counter) stocks	\$ -	\$ -	\$ 2,924	\$ 2,924

In 2024 and 2023, there was no transfer between level 1 and level 2 at fair value measurement.

b. Reconciliation of financial instruments measured at level 3 fair value

Financial assets at fair value through other comprehensive income - equity instruments

	2024	2023
Beginning Balance	\$ 2,924	\$ 2,924
Recognized in other comprehensive profit or loss (unrealized gains or losses on financial assets measured at fair value through other comprehensive profit or loss)	-	-
Ending Balance	\$ 2,924	\$ 2,924

c. Valuation techniques and inputs applied for level 3 fair value Measurement

For domestic unlisted equity investments, the fair value of the investment is determined using the comparable listed companies method, taking into account the trading price of stocks of companies engaged in similar or related businesses in an active market, the implied value multiplier of such prices, and the liquidity discount to determine the value of the target

company. The significant unobservable input value is the liquidity discount.

(3) Financial instruments category

	December 31 st , 2024	December 31 st , 2023
<u>Financial assets</u>		
Fair value through profit or loss		
Mandatory fair value through profit or loss	\$ 2,356	\$ 2,646
Financial assets measured at amortized cost (Note 1)	1,283,477	1,170,379
Financial assets at fair value through other comprehensive income		
Equity instrument investment	2,924	2,924
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	585,574	695,355

Note 1: The balance includes cash and cash equivalents, financial assets measured at amortized cost-current, accounts receivable, other receivables, and deposits paid measured at amortized cost.

Note 2: The balance includes short-term borrowings, bills payable, accounts payable, other payable (excluding salaries and bonuses payable), and deposits received measured at amortized cost.

(4) The purpose and policy of financial risk management

The Company's primary financial instruments include foreign currency deposits, equity instrument investments, accounts receivable, accounts payable, borrowing, and lease liabilities. Our financial management department provides services to various business units, coordinating and supervising the operation of entering domestic and international financial markets. By analysing internal risk reports of unexpected risks according to the degree and breadth of risk, we manage the financial risks related to the Company's operations. Such risks include market risk (including exchange rate risk, interest rate risk, and other price risks), credit risk, and liquidity risk.

a. Market Risk

The main financial risks of the Company assumes in its operating activities are foreign exchange rate risk, interest rate risk, and other price volatility risk.

There is no change in the Company's market risk and its management and measurement methods regarding financial instruments.

(a) Exchange Rate Risk

Please refer to Note 37 for the book value of monetary assets and monetary liabilities denominated in non-functional currencies on the balance sheet date.

Sensitivity Analysis

The Company is mainly affected by fluctuations in the exchange rates of the US dollar, RMB, and Euro.

The following table shows the sensitivity analysis of The Company when the New Taiwan Dollar (the functional currency) increases or decreases by 5% against each relevant currency. 5% is the sensitivity ratio used by the Company's management to report exchange rate risks to the top management and represents the evaluation of a reasonable possible range of exchange rate changes by the management.

Negative numbers in the table indicate that when the New Taiwan Dollar appreciates by 5% against each relevant currency, it will result in a decrease in profit before tax. When the New Taiwan Dollar depreciates by 5% against each relevant foreign currency, the impact on profit before tax will be the same amount but positive.

	2024	2023
USD	(\$ 49,684)	(\$ 45,705)
RMB	(\$ 193)	(\$ 4,199)
EUR	(\$ 548)	(\$ 333)

The above mainly comes from the evaluation of the Company's cash and cash equivalents, financial assets measured at amortized cost, accounts receivable, and accounts payable denominated in USD, CNY, and EUR that were still outstanding and not hedged for cash flows on the balance sheet date.

The Company's sensitivity to USD exchange rates increased during the current year mainly due to the increase in the net assets held in USD. The sensitivity to CNY exchange rates decreased mainly because of the decrease in the net assets held in CNY, while the sensitivity to EUR exchange rates increased due to the increase in the assets held in EUR.

(b) Interest rate risk

The carrying amounts of the financial assets and financial liabilities of the Company subject to interest rate exposure on the balance sheet date are as follows:

	December 31 st , 2024	December 31 st , 2023
Fair value interest rate risk		
- Financial assets	\$ 409,326	\$ 312,501
- Financial liabilities	206,826	271,591
Cash flow interest rate risk		
- Financial asset	370,377	290,091

Sensitivity Analysis

The following sensitivity analysis is based on the Company's exposure to interest rate for non-derivative instruments on the balance sheet date. The fluctuation rate used by the Company's management to report interest rates internally is an increase or decrease of 25 basis points, which also represents their assessment of the reasonable range of interest rate changes.

If the interest rate increases or decreases by 25 basis points, with all other variables remaining constant, the pre-tax profits for 2024 and 2023 will increase or decrease by NT\$ 926 thousand and NT\$ 725 thousand, respectively. This is mainly due to the interest rate risk of the Company's floating-rate current deposits and foreign exchange deposits.

The Company's sensitivity to interest rates has increased in this period mainly due to the increase in bank deposits with floating interest rates.

(c) Other price risk

The Company has experienced equity price volatility due to domestic and foreign equity securities investments. These equity investments are not held for trading but rather for strategic purposes. The Company has not actively traded these investments and manages the risk by holding low-risk portfolio products.

Sensitivity Analysis

The following sensitivity analysis is based on the equity securities price exposure as of the balance sheet date.

If equity prices increase/decrease by 5%, the profit before tax for the years 2024 and 2023 will increase/decrease by NT\$118 thousand and NT\$132 thousand, respectively, due to the fair value changes of financial assets measured at fair value through profit or loss.

If equity prices increase/decrease by 5%, the profit before tax in other comprehensive income for the years 2024 and 2023 will increase/decrease by NT\$146 thousand each, due to the fair value changes of financial assets measured at fair value through other comprehensive income.

b. Credit risk

Credit risk refers to the risk of financial loss that The Company may incur when the counterparty fails to fulfil its contractual obligations. As of the balance sheet date, the maximum credit risk of financial loss that The Company may suffer from the counterparty's failure to fulfil its obligations mainly comes from the carrying amount of financial assets recognized in the balance sheet.

The Company's policy is to only engage in transactions with reputable counterparties and to obtain collateral when necessary to mitigate the risk

of financial loss due to defaults.

The Company's credit risk is mainly concentrated on our top three customers. As of December 31, 2024 and 2023, the total amount of accounts receivable from these customers accounted for 78% and 77% of the total amount of accounts receivable, respectively.

c. Liquidity risk

The Company manages and maintains sufficient cash positions to support its operations and mitigate the impact of cash flow fluctuations. The Company's management oversees the use of bank financing facilities and ensures compliance with loan contract terms.

(a) Liquidity and interest rate risk table

The following table shows the remaining contractual maturities of non-derivative financial liabilities that The Company has agreed to repay. The analysis is based on the earliest possible date The Company may be required to repay and is prepared based on the undiscounted cash flows of the financial liabilities.

December 31, 2024

	Less than 1 month	1-3 months	3 months - 1 year	1-5 years
<u>Non- derivative financial liabilities</u>				
Liability with no interest	\$ 145,778	\$ 222,621	\$ 17,525	\$ -
Lease liability	799	1,599	4,299	529
Fixed rate instrument	<u>199,792</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 346,369</u>	<u>\$ 224,220</u>	<u>\$ 21,824</u>	<u>\$ 529</u>

December 31, 2023

	Less than 1 month	1-3 months	3 months - 1 year	1-5 years
<u>Non- derivative financial liabilities</u>				
Liability with no interest	\$ 167,751	\$ 248,760	\$ 23,844	\$ -
Lease liability	799	1,599	7,194	7,225
Fixed rate instrument	<u>150,248</u>	<u>70,079</u>	<u>35,014</u>	<u>-</u>
	<u>\$ 318,798</u>	<u>\$ 320,438</u>	<u>\$ 66,052</u>	<u>\$ 7,225</u>

(b) Financing amount

	December 31 st , 2024	December 31 st , 2023
Unsecured bank overdraft facility		
- Used amount	\$ 199,650	\$ 185,000
- Unused amount	<u>266,743</u>	<u>295,705</u>
	<u>\$ 466,393</u>	<u>\$ 480,705</u>
Secured bank overdraft facility		

	December 31 st , 2024	December 31 st , 2023
- Used amount	\$ -	\$ 70,000
- Unused amount	-	130,000
	<u>\$ -</u>	<u>\$ 200,000</u>

31. Related party transactions

The ultimate parent company and ultimate controller of the company are Zhicheng Investment Co., Ltd., which held 52.76% of the company's ordinary shares on December 31, 2024 and 2023.

Except as disclosed in Notes, the transactions between the company and related parties are as follows.

(1) Related party and relationship

Related party	Relationship to the company
Eagle Eyes Traffic Industrial Co., Ltd. ("EE Co., Ltd.")	Substantive related party

(2) Revenue

Related party	2024	2023
EE Co., Ltd.	<u>\$ 60,497</u>	<u>\$ 76,611</u>

There is no significant difference between The Company's trading conditions for sales to related parties and general customers.

(3) Operating cost

Related party	Nature	2024	2023
EE Co., Ltd.	Purchase	<u>\$ 583,115</u>	<u>\$ 652,651</u>
EE Co., Ltd.	Utility expense	<u>\$ 3,463</u>	<u>\$ 3,321</u>
EE Co., Ltd.	Other expenses	<u>\$ 749</u>	<u>\$ 33</u>

The Company's transaction prices for purchases from related parties do not significantly differ from those of regular suppliers, and payment terms are determined by mutual agreement. Please refer to Note 38, Appendix 2 for details.

(4) General and administrative

Related party	Nature	2024	2023
EE Co., Ltd.	Maintenance expense	<u>\$ 20</u>	<u>\$ 40</u>

The Company pays for maintenance expense.

(5) Research and development

Related party	Nature	2024	2023
EE Co., Ltd.	Testing fee	<u>\$ 9,379</u>	<u>\$ 9,490</u>

The Company pays for mold testing.

(6) Other income

Related party	2024	2023
EE Co., Ltd.	<u>\$ 1,623</u>	<u>\$ 135</u>

(7) Accounts receivable to related party

Category	Related party	December 31 st , 2024	December 31 st , 2023
Notes receivable	EE Co., Ltd.	<u>\$ 11,491</u>	<u>\$ 22,759</u>
Accounts receivable	EE Co., Ltd.	<u>\$ 11,964</u>	<u>\$ 7,959</u>
Other receivables	EE Co., Ltd.	<u>\$ 9,795</u>	<u>\$ -</u>

There is no guarantee for the outstanding receivables from related parties. The amount receivable from a related party is evaluated and no provision for loss is required.

(8) Refundable deposits (accounted for in other non-current assets)

Related party	December 31 st , 2024	December 31 st , 2023
EE Co., Ltd.	<u>\$ 1,520</u>	<u>\$ 1,520</u>

(9) Amount payable to related party

Accounts	Related party	December 31 st , 2024	December 31 st , 2023
Accounts payable	EE Co., Ltd.	<u>\$ 150,621</u>	<u>\$ 185,315</u>
Other payables	EE Co., Ltd.	<u>\$ 3,101</u>	<u>\$ 2,814</u>

The outstanding balance of payables to related parties has not been guaranteed.

(10) Disposal of property, plant and equipment

Related party category / name of a company	Disposal price		Gain (loss) on disposal	
	2024	2023	2024	2023
EE Co., Ltd.	<u>\$ 795</u>	<u>\$ -</u>	<u>\$ 23</u>	<u>\$ -</u>

(11) Lease agreement

Category	Related party category / name of a company	December 31 st , 2024	December 31 st , 2023
Lease liabilities	EE Co., Ltd.	<u>\$ 5,760</u>	<u>\$ 14,302</u>

Related party category / The name of a company	2024	2023
Interest expense		
EE Co., Ltd.	<u>\$ 144</u>	<u>\$ 262</u>

The rental fee for the plant leased from a related party due to operational needs is determined with reference to market prices and paid monthly.

(12) Trademark use

The company sells some products using the trademark of EE Co., Ltd. According to the agreement, a royalty of 1% of the selling price per unit of the licensed trademark should be paid. The trademark usage fees for the years 2024 and 2023 were NT\$777 thousand and NT\$492 thousand, respectively.

(13) Salary of major managerial position

	2024	2023
Short-term employee benefits	\$ 8,118	\$ 8,095
Retirement benefits	123	120
	<u>\$ 8,241</u>	<u>\$ 8,215</u>

The salary of directors and major managerial position is determined by the remuneration committee in accordance with individual performance and market trends.

32. Assets pledged as collateral or for security

The following assets were provided as collateral for short-term loan:

	December 31 st , 2024	December 31 st , 2023
Pledged time deposits (accounted for as financial assets measured at amortized cost - current)	\$ -	<u>\$ 82,213</u>

33. Significant contingent liabilities and unrecognized commitments

As of December 31, 2024, the unpaid amount of the contracted mold and construction payment of the Company was NT\$ 132,461 thousand, USD\$ 75 thousand and RMB\$ 19,374 thousand.

34. Significant disaster loss

The company's significant supplier, EE Co., Ltd., experienced a fire on July 26, 2024. This unexpected event is expected to impact the company's shipping arrangements for approximately two months, with the actual impact depending on customer pick-up demand. Additionally, some of the company's tooling and inventory were affected by this event. The amount of damage before deducting insurance claims is NT\$ 13,000 thousand. The company is proceeding with the outsourcing of damaged tooling based on order status to expedite the resumption of production. Furthermore, we will be jointly filing an insurance claim with our significant supplier, EE Co., Ltd., and will negotiate with the supplier for compensation for any uncovered losses.

35. Significant subsequent events

None

36. Other significant events

None

37. Significant assets and liabilities denominated in foreign currencies

The following information is summarized and expressed in terms of foreign currencies other than The Company's functional currency, and the disclosed exchange rates refer to the exchange rates converted from these foreign currencies to the functional currency. Assets and liabilities denominated in foreign currencies with significant impact are as follows:

Each foreign currency / New Taiwan Dollars in thousands

December 31 st , 2024			
	Foreign exchange	Exchange Rate	Amount
Foreign currency assets			
<u>Monetary item</u>			
USD	\$ 30,344	32.785(USD : NTD)	\$ 994,828
RMB	1,514	4.478(RMB : NTD)	6,781
EUR	321	34.14(EUR : NTD)	10,953
Foreign currency liabilities			
<u>Monetary item</u>			
USD	35	32.785(USD : NTD)	1,158
RMB	653	4.478(RMB : NTD)	2,926

Each foreign currency / New Taiwan Dollars in thousands

December 31 st , 2023			
	Foreign exchange	Exchange Rate	Amount
Foreign currency assets			
<u>Monetary item</u>			
USD	\$ 29,863	30.705(USD : NTD)	\$ 916,935
RMB	19,647	4.327(RMB : NTD)	85,011
EUR	196	33.98(EUR : NTD)	6,669
Foreign currency liabilities			
<u>Monetary item</u>			
USD	92	30.705(USD : NTD)	2,830
RMB	237	4.327(RMB : NTD)	1,024

Unrealized foreign exchange gains and losses with significant impacts are as follows :

Foreign exchange	2024	Net unrealized Exchange (loss) loss	2023	Net unrealized Exchange (loss) loss
	Exchange rate		Exchange rate	
USD	1 : 32.112 (USD : NTD)	\$ 14,068	1: 31.155 (USD : NTD)	(\$ 26,628)
RMB	1 : 4.454 (RMB : NTD)	33	1: 4.396 (RMB : NTD)	(937)
EUR	1 : 34.74 (EUR : NTD)	11	1:33.697 (EUR : NTD)	(71)
		<u>\$ 14,112</u>		<u>(\$ 27,636)</u>

38. Separately disclosure items

(1) Information about significant transaction:

- a. Loans to others: None.
- b. Endorsements and guarantees for others: None.
- c. Holdings of securities at the end of the period (excluding investments in subsidiaries, associated companies, and joint venture equity): see Appendix 1.
- d. Cumulative purchases or sales of the same securities reaching NT\$300 million or 20% of paid-in capital: None.
- e. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital: None.
- f. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital: None.
- g. Sales and purchases with related parties reaching NT\$100 million or 20% of paid-in capital: see Appendix 2.
- h. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital: None.
- i. Trading in derivative instruments: None.
- j. Other: No significant business relationships or important transactions between the parent company, subsidiaries, and among subsidiaries with significant amounts.

(2) Information on investees: None

(3) Information on investments in China

- a. Information on invested companies in Mainland China, including their names, main business activities, paid-up capital, investment methods, inflow and outflow of funds, shareholding ratios, investment gains and losses, year-end book value of investments, realized investment gains and losses, and investment quotas in Mainland China: None.
- b. Significant transactions directly or indirectly carried out with invested companies in Mainland China via third-party countries, along with their prices, payment terms, and unrealized gains and losses: None.

- (4) Information on major shareholders: Names, shareholding amounts, and ratios of shareholders with a stake of 5% or more are listed in Appendix 3.

39. Segment information

- (1) Information by segment

The Company primarily engages in the production and sales of automotive components and has no other segments to report.

- (2) Information on major customers

The following is a disclosure of the revenue from the Company's major customers in 2024 and 2023, which exceeded 10% of the total revenue:

	2024	2023
Customer A	\$ 613,273	\$ 665,221
Customer B	540,786	601,206
Customer C	<u>274,072</u>	<u>227,594</u>
	<u>\$ 1,428,131</u>	<u>\$ 1,494,021</u>

Appendix 1

LFA CO., LTD.
(Former name Topower Co., Ltd.)
Securities held at the end of the period
December 31st, 2024

In Thousands of New Taiwan Dollars, unless specified otherwise								
Holding company	Type and name of securities	Issuer of securities relationship	Accounts	End of year				Notes
				Number of thousand shares or thousand equity units	Amount	Share percentage %	Fair value (note)	
LFA CO., LTD.	<u>Fund</u> Franklin Templeton Global Bond Fund	None	Financial assets at fair value through profit or loss-current	7	2,356		2,356	
	<u>Stocks</u> Domestic unlisted (counter) stocks ACT-RX Technology Corp.	None	Financial assets at fair value through other comprehensive income-noncurrent	328	\$ 2,924	1.425	\$ 2,924	

Note: The fair value of domestic unlisted (over-the-counter) stocks have no public quotations, so their fair value can be evaluated and reasonably estimated by the method of analogous listed OTC companies; the fair value of open-end funds is based on the balance sheet Calculate the net value of the fund on the day.

Appendix 2

LFA CO., LTD.
(Former name Topower Co., Ltd.)

The amount of goods purchased and sold with related parties reaches NT\$100 million or more than 20% of the paid-in capital

For the Year Ended December 31, 2024

In Thousands of New Taiwan Dollars

Purchasing (selling) goods company	Trading partners	Relation	Transaction situation				Situations and reasons of transaction conditions are different from general transactions		Notes/ Accounts payable or receivable		Note
			Purchasing (selling) goods	Amount	% of total purchase (sales)	Payment Terms	Unit price	Payment Terms	Ending Balance	% of total notes and accounts receivable (payable) (Note 1)	
LFA CO., LTD.	EE Co., Ltd.	Substantial related party	Purchasing Goods	\$ 583,115	46%	Net 77 days from the end of the month of when the invoice is issued for finished goods purchased; and except finished goods is Net 107 days	-	Net 90 days from the end of the month of when the invoice is issued	(\$ 150,621)	(45%)	

Note 1: The above ratio is calculated based on the ratio of the balance of notes/accounts payable or receivable of the transaction partner to the total balance of notes/accounts payable or receivable of the purchasing (selling) company.

Appendix 3

LFA CO., LTD.
(Former name Topower Co., Ltd.)

Major shareholders information

December 31, 2024

Major shareholder	Shares	
	Numbers of share holding	Holding percentage %
Zhicheng Investment Co., Ltd.	34,000,000	52.76

Note: The information on major shareholders in this table is calculated by Taiwan Depository & Clearing Corporation based on the total number of common shares held by shareholders who have completed the delivery of shares without physical registration (including treasury stocks) as of the last business day of the quarter. The number of shares recorded in The Company's financial report and the actual number of shares delivered without physical registration may differ due to differences in calculation methods.

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LFA CO., LTD.
(Former name Topower Co., Ltd.)

Cash and Cash Equivalents

December 31, 2024

Table 1

(Amounts in Thousands of New Taiwan
Dollars, Unless Specified Otherwise)

Content	Summary		Amount
Cash			
Cash on hand			\$ <u>241</u>
Cash in banks			
Checking and savings			
Checking deposits			2,047
Demand deposits			<u>123,320</u>
			<u>125,367</u>
Foreign currency deposits	USD	7,175 thousand	235,217
	RMB	1,506 thousand	6,743
	EUR	149 thousand	5,091
	Others		<u>6</u>
			<u>247,057</u>
Cash equivalents			
Time deposits	USD	9,740 thousand	<u>319,326</u>
Repurchase Agreement			<u>90,000</u>
			<u>\$ 781,991</u>

Note:

Foreign currency deposits are based on the spot exchange rate of US\$1 to NT\$32.785 on the balance sheet date.

Foreign currency deposits are based on the spot exchange rate of RMB 1 to NT\$ 4.478 on the balance sheet date.

Foreign currency deposits are based on the spot exchange rate of EUR 1 to NT\$ 34.14 on the balance sheet date.

Table 2

LFA CO., LTD.
(Former name Topower Co., Ltd.)
Financial Assets at Fair Value Through Profit or Loss - Current
December 31, 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Financial instruments	Summary	Unit in thousand	Carrying amount	Total amount	Interest rate (%)	Cost	Fair value		Note
							Unit price	Total amount	
Mutual fund									
Franklin Templeton Investment Funds	-	7	USD 10	<u>\$ 2,209</u>	-	<u>\$ 4,823</u>	USD9.99	<u>\$ 2,356</u>	None

Note: The fair value of the open-end fund is calculated based on the net value of the fund on the balance sheet date.

Table 3

LFA CO., LTD.
(Former name Topower Co., Ltd.)

Notes Receivable

December 31, 2024

Amounts in Thousands of New Taiwan Dollars

Customer	Summary	Amount
Non-related parties		
Customer A	Payment	\$ 11,714
Others (Note)	Payment	<u>745</u>
		<u>\$ 12,459</u>
Related parties		
EE Co., Ltd.	Payment	<u>\$ 11,491</u>

Note: The balance of each account does not exceed 5% of the balance of this subject.

Table 4

LFA CO., LTD.
(Former name Topower Co., Ltd.)

Accounts Receivable

December 31, 2024

Amounts in Thousands of New Taiwan Dollars

Customer	Summary	Amount
Non-related party :		
Customer B	Payment	\$ 167,846
Customer C	Payment	105,887
Customer A	Payment	105,402
Customer D	Payment	34,786
Others (Note)	Payment	<u>35,734</u>
		<u>\$ 449,655</u>
Related party		
EE Co., Ltd.	Payment	<u>\$ 11,964</u>

Note: The balance of each account does not exceed 5% of the balance of this subject.

Table 5

LFA CO., LTD.
(Former name Topower Co., Ltd.)

Inventories

December 31, 2024

Amounts in Thousands of New Taiwan Dollars

Category	Summary	Amount	
		Cost	Net realizable value
Material	LED circuit, radiator and adapter	\$ 69,495	\$ 69,595
Finished goods	Headlights, power supply and LED	69,117	99,866
Semi-finished goods	Headlight lens, etc.	42,368	42,208
Work in process	Bulb	21,901	23,235
Less: Allowance to reduce inventory to market		(<u>23,817</u>)	<u>-</u>
		<u>\$ 179,064</u>	<u>\$ 234,904</u>

Table 6

LFA CO., LTD. (Former name Topower Co., Ltd.) Statement of Changes in Financial Assets at Fair Value Through Other Comprehensive Income - Noncurrent January 1 st to December 31, 2024											
Amounts in Thousands of New Taiwan Dollars											
Category	Beginning of the year		Increase this year		Decrease this year		End of the year		Cumulative impairment	Guarantee or Pledge Situation	Note
	Unit (1000 shares)	Fair value	Unit (1000 shares)	Carrying amount	Unit (1000 shares)	Guarantee or Pledge Situation	Unit (1000 shares)	Fair value			
Domestic investment											
Unlisted (counter) stocks											
ACT-RX Technology Corp.	328	<u>\$ 2,924</u>	-	<u>\$ -</u>	-	<u>\$ -</u>	328	<u>\$ 2,924</u>	<u>\$ -</u>	None	

Table 7

LFA CO., LTD.
(Former name Topower Co., Ltd.)
Statement of Changes in Right-of-Use Assets
For the Year Ended December 31, 2024

Amounts in Thousands of New Taiwan Dollars

Category	Balance in the beginning of the year	Increase	Decrease	Balance in the end of the year	Note
Building	\$ 56,123	\$ -	\$ -	\$ 56,123	
Transportation equipment	<u>2,649</u>	<u>-</u>	<u>-</u>	<u>2,649</u>	
	<u>\$ 58,772</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,772</u>	

Table 8

LFA CO., LTD.
(Former name Topower Co., Ltd.)

Statement of Changes in Accumulated Depreciation of Right-of-Use Assets

For the Year Ended December 31, 2024

Amounts in Thousands of New Taiwan Dollars

Category	Balance in the beginning of the year	Increase	Decrease	Balance in the end of the year	Note
Building	\$ 42,158	\$ 8,378	\$ -	\$ 50,536	
Transportation equipment	<u>369</u>	<u>883</u>	<u>-</u>	<u>1,252</u>	
	<u>\$ 42,527</u>	<u>\$ 9,261</u>	<u>\$ -</u>	<u>\$ 51,788</u>	

Table 9

LFA CO., LTD.
(Former name Topower Co., Ltd.)
Short-term Loans
December 31, 2024

Amounts in Thousands of New Taiwan Dollars

<u>Types of loan</u>	<u>Description</u>	<u>Ending balance</u>	<u>Contract period</u>	<u>Interest rate</u>	<u>Credit amount</u>	<u>Mortgage or guarantee</u>
Credit loan	First Bank	\$ 70,000	2024/12/18-2025/01/18	1.775%	\$ 200,000	None
Credit loan	DBS Bank	129,650	2024/10/08-2025/01/06	1.9%	166,393	None
Credit loan	E Sun Commercial Bank	<u>-</u>			<u>100,000</u>	None
		<u>\$ 199,650</u>			<u>\$ 466,393</u>	

Table 10

LFA CO., LTD.
(Former name Topower Co., Ltd.)

Accounts Payable

December 31, 2024

Amounts in Thousands of New Taiwan Dollars

Customer	Summary	Amount
Non-related parties		
Customer A	Payment	\$ 117,636
Others (Note)	Payment	<u>67,944</u>
		<u>\$ 185,580</u>
Related parties		
EE Co., Ltd.	Payment	<u>\$ 150,621</u>

Note: The balance of each account does not exceed 5% of the balance of this subject.

Table 11

LFA CO., LTD.
(Former name Topower Co., Ltd.)

Lease Liabilities

December 31, 2024

Amounts in Thousands of New Taiwan Dollars

<u>Category</u>	<u>Summary</u>	<u>Leasing period</u>	<u>Discount rate</u>	<u>Ending balance</u>	<u>Note</u>
Building	Factory and office	2020/09/01~2025/08/31	1.39%	\$ 5,760	
Transportation equipment	Company cars	2023/08/25~2026/07/31	1.80%	1,416	
Less: current				(<u>6,650</u>)	
Leasing liabilities - Non-current				<u>\$ 526</u>	

Table 12

LFA CO., LTD.
(Former name Topower Co., Ltd.)

Operating Revenue

January 1st to December 31st, 2024

Amounts in Thousands of New Taiwan Dollars

Category	Units	Amount
Sales revenue		
Automobile component	1,709,994 Pcs	\$ 2,059,905
Electrical component	617,798 Pcs	<u>93,612</u>
		2,153,517
Sales return and allowance		(<u>25,174</u>)
		<u>\$ 2,128,343</u>

Table 13

LFA CO., LTD.
(Former name Topower Co., Ltd.)

Operating Costs

January 1st to December 31st, 2024

Amounts in Thousands of New Taiwan Dollars

Category	Amount
Cost of goods sold	
Cost of goods sold on self-made products and outsourced products	
Raw materials	
Beginning raw material	\$ 86,963
Add: Net Purchases	253,922
Less : Ending raw materials	(69,495)
Relocate to expenses	(956)
Raw materials for sale	(3,089)
	<u>267,345</u>
Direct labor	<u>38,300</u>
Manufacturing overhead	<u>274,038</u>
Semi-finished goods	
Beginning Semi-finished goods	40,592
Add: Net purchase amount of semi-finished product	154,544
Less: Ending semi-finished goods	(42,368)
Relocate to expenses	(3,331)
Semi-finished product for sale	(2,685)
	<u>146,752</u>
Work in process	
Beginning work in process	20,747
Less : Ending work in process	(21,901)
	<u>(1,154)</u>
Cost of goods manufactured	725,281
Beginning finished goods	57,366
Add : Purchase of finished products	871,497
Less : finished goods at the end of the period	(69,117)
Transfer of Sample	(790)
Semi-finished products for sale	2,685
Sale of raw materials	3,089
Reversal of inventory write-down	(357)
Loss for obsolete inventories	<u>6,709</u>
	<u>\$ 1,596,363</u>

Table 14

LFA CO., LTD.
(Former name Topower Co., Ltd.)

Manufacturing Expenses

January 1st to December 31st, 2024

In Thousands of New Taiwan Dollars

Items	Amount
Depreciation	\$182,450
Processing Expense	22,579
Salary Expense	18,619
Others (Note)	<u>50,390</u>
	<u>\$274,038</u>

Note: The balance of each item does not exceed 5% of the subject amount, and will not be listed separately.

Table 15

LFA CO., LTD.
(Former name Topower Co., Ltd.)
Schedule of Operating Expenses
January 1st to December 31st, 2024

In Thousands of New Taiwan Dollars

Item	Marketing expenses	ADM expenses	R&D Expenses
Salary Expense	\$ 8,603	\$ 29,646	\$ 20,899
Rent Expense	8,400	23	-
Freight	7,935	2	346
Insurance Expense	1,845	2,717	2,448
Entertainment expense	1,460	5,537	-
Depreciation	34	1,449	3,917
Export Expense	16,451	-	-
R&D Expense	-	-	10,232
Sample Expense	8,652	-	-
Service Expense	37	4,261	5,452
Test Expense	-	-	10,841
Security Expense	-	2,090	-
Others (Note)	<u>7,916</u>	<u>6,582</u>	<u>9,794</u>
	<u>\$ 61,333</u>	<u>\$ 52,307</u>	<u>\$ 63,929</u>

Note: The balance of each item does not exceed 5% of the subject amount, and will not be listed separately.

Table 16

LFA CO., LTD.
(Former name Topower Co., Ltd.)
Statement of Employee Benefits, Depreciation and Amortization Expenses by Function
January 1st to December 31st, 2024

In Thousands of New Taiwan Dollars

	2024				2023			
	Belonging to operating costs	Belonging to business expenses	Belonging to non- operating expenses	Total	Belonging to operating costs	Belonging to business expenses	Belonging to non- operating expenses	Total
Employee benefits expenses								
Salary	\$ 43,302	\$ 50,920	\$ -	\$ 94,222	\$ 45,038	\$ 48,270	\$ -	\$ 93,308
Labor and health insurance	5,662	5,472	-	11,134	5,918	5,285	-	11,203
Pension	2,028	2,491	-	4,519	2,146	2,356	-	4,502
Directors remuneration	-	5,737	-	5,737	-	5,726	-	5,726
Other employee benefits	4,829	4,260	-	9,089	4,596	3,751	-	8,347
	<u>\$ 55,821</u>	<u>\$ 68,880</u>	<u>\$ -</u>	<u>\$ 124,701</u>	<u>\$ 57,698</u>	<u>\$ 65,388</u>	<u>\$ -</u>	<u>\$ 123,086</u>
Depreciation	<u>\$ 182,450</u>	<u>\$ 5,400</u>	<u>\$ 628</u>	<u>\$ 188,478</u>	<u>\$ 158,300</u>	<u>\$ 5,457</u>	<u>\$ 629</u>	<u>\$ 164,386</u>
Amortization	<u>\$ -</u>	<u>\$ 826</u>	<u>\$ -</u>	<u>\$ 826</u>	<u>\$ -</u>	<u>\$ 1,060</u>	<u>\$ -</u>	<u>\$ 1,060</u>

Notes:

- The number of employees in this year and the previous year was 196 and 202, respectively, of which the number of directors who were not concurrently employees was 5 and 5, respectively.
- A company whose stock is listed on a stock exchange or traded on an OTC securities trading center shall additionally disclose the following information:
 - The average employee benefit expense for this year was NTD 623 thousand (calculated as "total employee benefit expense for this year minus total director remuneration for this year" divided by "total number of employees for this year minus the number of directors who are not employees").
The average employee benefit expense for the previous year was NTD 596 thousand (calculated as "total employee benefit expenses for the previous year minus total director remuneration for the previous year" divided by "total number of employees for the previous year minus the number of directors who are not employees"). °
 - The average employee salary cost for this year is NTD493 thousand (total salary cost for this year/"Number of employees for this year - number of directors who are not concurrently employees").
The average salary cost of employees in the previous year was NTD 474 thousand (total salary cost in the previous year/"Number of employees in the previous year - number of directors who did not serve concurrently as employees").
 - Changes in the adjustment of average employee salary expenses 4% ("Average employee salary expenses for the current year - average employee salary expenses for the previous year"/average employee salary expenses for the previous year).
 - The company's salary policy
Directors: Primarily includes transportation allowances for each attendance at board meetings and directors' remuneration allocated based on the company's annual profitability, with consideration given to the results of the board's performance evaluation, contribution to the company's benefits, and attendance rate. The proposal for the allocation of directors' remuneration is put forward by the Compensation Committee in accordance with the company's Articles of Incorporation and resolved by the Board of Directors.
Independent Directors: Receive transportation allowances based on their actual attendance at board meetings, compensation committee meetings, and audit committee meetings. Additionally, they receive directors' remuneration based on their level of participation and contribution.

Managers: The compensation policy for managers is based on the company's salary structure rules, profitability, performance, job contributions, and reference to market salary levels. Recommendations are made by the Compensation Committee and implemented after approval by the Board of Directors.

Employees: Employee compensation primarily includes base salary (including basic pay, position allowance, other allowances), performance bonuses, employee salary adjustments, year-end bonuses, and employee remuneration allocated by the Board of Directors based on the company's annual profitability. Salary levels are determined with reference to industry salary market conditions, job category, academic background and experience, professional knowledge and skills, and professional seniority.

Employee Salary Adjustments: The Company adjusts employee salaries in accordance with the basic wage adjustments promulgated by the Ministry of Labor, taking into account employees' work ability, work attitude, job performance, attendance records, disciplinary records, etc., to determine the adjustment amount. The timing and amount of salary adjustments are determined by the company based on the operating environment.

Relationship between Operating Performance and Compensation:

If the company has profits in a given year, it shall allocate no less than one percent as employee remuneration, which will be distributed by the Board of Directors in the form of shares or cash. The distribution recipients include employees of subsidiary companies who meet certain conditions. The company may, based on the aforementioned profit amount and upon resolution by the Board of Directors, allocate no more than five percent as directors' remuneration. The distribution plans for employee remuneration and directors' remuneration shall be reported to the shareholders' meeting. However, if the company still has accumulated losses, the amount needed for covering these losses shall be reserved first before allocating employee remuneration and directors' remuneration according to the aforementioned percentages.