

GIA TZOONG ENTERPRISE CO., LTD.
PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
WITH INDEPENDENT AUDITORS' REPORT

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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INDEPENDENT AUDITORS' REPORT

NO.16931130EA

To GIA TZOONG ENTERPRISE CO., LTD.

Opinion

We have audited the accompanying parent company only financial statements of GIA TZOONG ENTERPRISE CO., LTD. (the “Company”), which comprise the parent company only balance sheets as of December 31, 2024 and 2023, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

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

The descriptions of the key audit matters of the Company's parent company financial statements for the year ended December 31, 2024 are as follows:

1. Revenue recognition

Description of key audit matters

For details on the accounting policy for revenue recognition, refer to Note 4 (11) on the parent company only financial report; for a detailed description of the revenue of the current period, refer to Note 6 (17) on the parent company only financial report.

The sales locations of the Company include markets in Taiwan, China, Asia, the United States, Europe, etc. Different clients apply rather different trade conditions, and it is necessary to determine the transaction terms and conditions based on client orders and other documents. Since the recognition of relevant revenue involves more manual operations in determining the timing of transfer of risk and rewards of ownership of sold goods, it is likely to cause inconsistent timing of revenue recognition. In addition, the transaction amount prior to and subsequent to the balance sheet date has a relatively direct effect on parent company only financial statements. Therefore, revenue recognition is one of the most important matters to be audited.

Audit procedures in response

Our audit procedures regarding to the above key audit matters included:

- (1) We acquired understanding of the internal sales cycle control system and conducted a test on the effectiveness of the internal controls; this resulted in the finding that the Company has properly implemented internal controls.
- (2) We carried out the cut-off test on revenue recognition aimed at a certain period prior to and subsequent to the balance sheet date, including verifying client orders, reviewing their transaction terms and conditions, and confirming whether the timing of revenue recognition was consistent with the timing of the performance of obligations and transfer of risk and rewards as stated in the purchase order.

2. Property, plant, and equipment impairment assessment

Description of key audit matters

For details on the accounting policy for property, plant, and equipment impairment, refer to Note 4 (7) in the parent company only financial report; for a detailed description of significant accounting judgments, estimates and assumption uncertainty that are involved in impairment assessment of property, plant, and equipment, refer to Note 5 (3) in the parent company only financial report.

The property, plant, and equipment of the Company accounted for about 31% of total parent company only assets. In addition, due to factors such as market maturity and saturation of panels and consumer electronic products, competition in the printed circuit board industry to which the Company belong is relatively fierce. Where signs of impairment exist, assessments of recoverable amounts must be carried out. The Company commissioned the external expert to assess assets' recoverable amounts based on the net fair value, and found after the assessment that there was no impairment. However, this assessment used valuation techniques to measure the recoverable amount of related assets. The adoption of these assumptions and parameters is prone to subjective judgments, which may have a significant effect on measurement of net fair value, which would in turn affect property, plant, and equipment test result. Therefore, the assessment of the impairment of property, plant, and equipment is one of the most important matters to be audited.

Audit procedures in response

Our audit procedures regarding to the above key audit matters included:

- (1) Obtained written documents regarding signs of asset impairment and impairment testing for the Company, and conducted discussions with said company' management.
- (2) Inquired about the professional qualifications, experience and reputation of external valuation specialists hired by the Company, in order to ascertain whether such specialists were reliable in terms of their skills and abilities, and to ascertain factors that may affect external experts' objectivity.
- (3) Obtained information provided by the management of the Company to external experts, to ascertain the appropriateness as well as the consistency of assumptions compared with those in the previous year.
- (4) Learned the basis upon which external experts adopted methods, so as to assess their appropriateness and consistency.
- (5) Assessed the reasonableness of assumptions made by the management of the Company, and its external experts, through the literature on related industries, market information, or historical results.

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

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

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

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

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

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Hsien-Hsiu Cheng and Chia-Yu, Lai.

Baker Tilly Clock & Co
March 12, 2025

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flow 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 independent auditors' 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 independent auditors' report and financial statements shall prevail.

GIA TZOONG ENTERPRISE CO., LTD.

Parent Company Only Balance Sheets December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

Code	Assets	Note	December 31, 2024		December 31, 2023	
			Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4.6(1)	\$ 191,820	17	\$ 145,847	11
1110	Financial assets at fair value through profit or loss - current	4.6(2)	102,235	9	202,247	16
1136	Financial assets at amortized cost - current	4.6(3).8	134,579	12	224,506	18
1150	Notes receivable	4.6(4)	2,077	—	1,086	—
1170	Accounts receivable	4.6(4)	78,715	7	113,114	9
1180	Receivables from related parties	4.6(4).7	27,307	2	11,634	1
1200	Other receivables	4	3,506	—	4,413	—
1220	Current income tax assets	4.6(22)	2,410	—	1,695	—
130X	Inventories	4.6(5)	73,357	6	80,693	6
1479	Other current assets		985	—	988	—
11XX	Total current assets		616,991	53	786,223	61
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	4.6(2)	46,630	4	688	—
1550	Investments accounted for using equity method	4.6(6)	100,347	9	81,828	6
1600	Property, plant and equipment	4.6(7).8	356,660	31	366,520	28
1755	Right-of-use assets	4.6(8)	2,943	—	4,834	1
1780	Intangible assets	4.6(9)	1,227	—	2,258	—
1840	Deferred income tax assets	4.6(22)	34,021	3	34,663	3
1915	prepayments for equipment		4,694	—	13,238	1
1920	Other noncurrent assets		4,429	—	3,699	—
15XX	Total noncurrent assets		550,951	47	507,728	39
1XXX	Total assets		\$ 1,167,942	100	\$ 1,293,951	100

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

(Continued)

GIA TZOONG ENTERPRISE CO., LTD.
Parent Company Only Balance Sheets December 31, 2024 and 2023
(In Thousands of New Taiwan Dollars)

Code	LIABILITIES AND EQUITY	Note	December 31, 2024		December 31, 2023	
			Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	6(10).8	\$ 60,000	5	\$ —	—
2170	Accounts payable	6(11)	49,264	4	59,233	5
2180	Payables to related parties	6(11).7	6,063	1	2,259	—
2200	Other payables	6(12)	78,943	7	76,839	6
2281	Lease liabilities - current	6(8)	2,183	—	2,293	—
2322	Current portion of long-term borrowings	6(13)	12,247	1	20,170	2
2300	Other current liabilities		3,864	—	4,242	—
21XX	Total current liabilities		212,564	18	165,036	13
	Non-current liabilities					
2540	Long-term borrowings	6(13)	—	—	12,253	1
2570	Deferred income tax liabilities	4.6(22)	14,225	2	11,925	1
2581	Lease liabilities - non-current	6(8)	881	—	2,615	—
2640	Defined benefit liabilities	4.6(14)	—	—	12,279	1
2645	Guarantee deposits received		1,773	—	1,773	—
25XX	Total noncurrent liabilities		16,879	2	40,845	3
2XXX	Total liabilities		229,443	20	205,881	16
	Equity attributable to owners of the parent	6(15)				
3100	Capital					
3110	Common stock		1,661,228	142	1,661,228	129
3200	Capital surplus					
3230	Capital surplus, difference between consideration and carrying amount of subsidiaries acquired		474	—	474	—
3300	Retained earnings					
3350	Accumulated deficit		(700,623)	(60)	(547,143)	(43)
3400	Other equity					
3410	Exchange differences on translating the financial statements of foreign operations	4.6(15)	(22,580)	(2)	(26,489)	(2)
3XXX	Total equity		938,499	80	1,088,070	84
	Total liabilities and equity		\$ 1,167,942	100	\$ 1,293,951	100

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

GIA TZOONG ENTERPRISE CO., LTD.

Parent Company only Statements of Comprehensive Income for The Years Ended

December 31, 2024 And 2023

(In Thousands of New Taiwan Dollars)

Code	Item	Note	2024		2023	
			Amount	%	Amount	%
4000	Operating revenues	4.6(17).7	\$ 446,920	100	\$ 478,991	100
5000	Operating costs	6(5).7	(570,851)	(128)	(555,597)	(116)
5900	Gross operating loss		(123,931)	(28)	(76,606)	(16)
6000	Operating expenses					
6100	Selling and marketing expenses		(18,444)	(4)	(19,124)	(4)
6200	General and administrative expenses		(44,257)	(10)	(45,049)	(9)
6300	Research and development expenses		(16,188)	(4)	(14,119)	(3)
6450	Expected credit impairment (losses) gains	6(4)	(2,067)	—	1,178	—
6000	Total operating expenses		(80,956)	(18)	(77,114)	(16)
6900	Net operating loss		(204,887)	(46)	(153,720)	(32)
7000	Non-operating income and expenses					
7100	Interest income	6(18)	9,944	2	14,260	3
7010	Other income	6(19)	3,614	1	3,835	—
7020	Other gains and losses	6(20)	25,546	5	(4,964)	(1)
7050	Finance costs	6(21)	(1,014)	—	(1,233)	—
7070	Investment income recognized under equity method		16,258	4	7,206	2
7000	Total non-operating income and expenses		54,348	12	19,104	4
7900	Loss from continuing operations before income tax		(150,539)	(34)	(134,616)	(28)
7950	Income tax expenses	4.6(22)	(2,852)	—	(1,717)	—
8200	Net loss		(153,391)	(34)	(136,333)	(28)
	Other comprehensive income/(loss)					
8310	Items that will not be reclassified subsequently to profit or loss					
8311	Remeasurements of defined benefit plans	4.6(14)	—	—	2,503	—
8349	Income tax relating to items that will not be reclassified subsequently to loss	4.6(22)	(89)	—	(501)	—
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translating the financial statements of foreign operations	4	3,909	1	(223)	—
8300	Other comprehensive income, net of income tax		3,820	1	1,779	—
8500	Total comprehensive income		\$ (149,571)	(33)	\$ (134,554)	(28)
	Loss per share	6(16)				
9710	Basic loss per share		\$ (0.92)		\$ (0.82)	
9810	Diluted loss per share		\$ (0.92)		\$ (0.82)	

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

GIA TZOONG ENTERPRISE CO., LTD.

Parent Company Only Statements of Changes in Equity for The Years Ended December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

	Share capital	Capital Surplus	Accumulated deficit	Exchange differences on translating the financial statements of foreign operations	Total equity
Balance on January 1, 2023	\$ 1,661,228	\$ —	\$ (412,812)	\$ (26,266)	\$ 1,222,150
Net loss	—	—	(136,333)	—	(136,333)
Other comprehensive income, net of income tax	—	—	2,002	(223)	1,779
Total comprehensive income (loss)	—	—	(134,331)	(223)	(134,554)
Capital surplus, difference between consideration and carrying amount of subsidiaries acquired	—	474	—	—	474
Balance, December 31, 2023	1,661,228	474	(547,143)	(26,489)	1,088,070
Net loss	—	—	(153,391)	—	(153,391)
Other comprehensive income (loss), net of income tax	—	—	(89)	3,909	3,820
Total comprehensive income (loss)	—	—	(153,480)	3,909	(149,571)
Balance, December 31, 2024	\$ 1,661,228	\$ 474	\$ (700,623)	\$ (22,580)	\$ 938,499

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

GIA TZOONG ENTERPRISE CO., LTD.

Parent Company Only Statements of Cash Flows for The Years Ended December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from operating activities		
Loss before income tax	\$ (150,539)	\$ (134,616)
Adjustments for:		
Depreciation expense	38,419	38,652
Amortization expense	2,800	3,006
Expected credit impairment loss (gain)	2,067	(1,178)
Net profit on financial assets at fair value through profit or loss	(6,046)	(1,090)
Finance costs	1,014	1,233
Interest income	(9,944)	(14,260)
Dividend income	—	(14)
Share of loss of subsidiaries	(16,258)	(7,206)
Loss on disposal or retirement of property, plant and equipment, net	10	8,812
Change in operating assets and liabilities:		
Financial assets at fair value through profit or loss	60,116	(119,925)
Notes receivable	(991)	(562)
Accounts receivable	32,332	(7,773)
Receivables from related parties	(15,673)	(10,383)
Other receivables	(173)	556
Inventories	7,336	1,952
Other current assets	3	2,067
Accounts payable	(9,969)	2,212
Payables to related parties	3,804	1,303
Other payable	2,135	11,722
Other current liabilities	(378)	(265)
Net defined benefit liabilities	(12,368)	219
Cash generated from operations	(72,303)	(225,538)
Interest received	11,024	13,810
Dividend received	1,648	37,348
Interest paid	(1,020)	(1,220)
Income tax refunded	(625)	(533)
Net cash used in operating activities	(61,276)	(176,133)

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

(Continued)

GIA TZOONG ENTERPRISE CO., LTD.

Parent Company Only Statements of Cash Flows for The Years Ended December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from investing activities		
Acquisition of equity interest in subsidiary	\$ —	\$ (12,199)
Acquisition of property, plant and equipment	(17,310)	(20,339)
Acquisition of intangible assets	(1,769)	(1,745)
Increase in refundable deposits	(730)	(1,810)
Proceeds from disposal of financial assets at amortized cost	89,927	117,920
Net cash generated by investing activities	70,118	81,827
Cash flows from financing activities		
Increase in short-term borrowings	60,000	—
Repayment of long-term borrowings	(20,176)	(19,317)
Repayment of lease liabilities	(2,693)	(2,128)
Net cash generated by (used in) financing activities	37,131	(21,445)
Net increase (decrease) in cash and cash equivalents	45,973	(115,751)
Cash and cash equivalents, beginning year	145,847	261,598
Cash and cash equivalents, end of year	\$ 191,820	\$ 145,847

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

GIA TZOONG ENTERPRISE CO., LTD.
NOTE TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. HISTORY AND ORGANIZATION

GIA TZOONG ENTERPRISE CO., LTD. (the “Company”) was approved for establishment on September 19, 1988, in accordance with the Company Act of the Republic of China, and started business on April 3, 1989. The main business is the manufacturing, processing, and trading of printed circuit boards. The Company's stock began to be listed and traded on the Taipei Exchange on June 23, 1998.

The parent company only financial report is presented in the Thousands of New Taiwan dollars, the Company's functional currency.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying parent company only financial statements were approved and authorized for issue by the Board of Directors on March 12, 2025.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS 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 referred herein as the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

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

(2) The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New Standards, Interpretations and Amendments	Effective Date Announced by IASB (Note 1)
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Corporation shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

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

(3) New IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

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

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

1) IFRS 18 "Presentation and Disclosures in Financial Statements"

IFRS 18 will supersede LAS I" Presentation of Financial Statements". The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as "other" only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax effects of related reconciliation items.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below.

(1) Statement of compliance

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

(2) Basis of preparation

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

When preparing the parent company only financial statements, the Company uses the equity method to account for its investments in subsidiaries.

The profit or loss of the period and other comprehensive income presented in parent company only financial statements shall be the same as the allocations of profit or loss of the period and other comprehensive income attributable to owners of the parent presented in the financial statements prepared on a consolidated basis, and the owners' equity presented in the parent company only financial statements shall be the same as the equity attributable to owners of the parent presented in the financial statements prepared on a consolidated basis, and without accounting treatment difference.

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within twelve months after the reporting period; and

- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the opinion of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

(4) Foreign currencies

In preparing the parent company only financial report, transactions in currencies other than the Company's functional currency (foreign currency) 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.

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

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

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

(5) Inventories

Inventories consist of raw materials, supplies, work in process, finished goods and merchandises. Inventories are measured 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 the necessary costs to sale. Inventories are recorded at the weighted-average cost at the end of the reporting period.

(6) Investments using the equity method

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

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

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

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

When the Company assesses impairment, it considers the cash-generating unit as a whole based on the financial report and compares its recoverable amount with the carrying amount. If the asset's recoverable amount subsequently increases, the reversal of the impairment loss is recognized as profit. However, the carrying amount of an asset after the reversal of the impairment loss shall not exceed the carrying amount of the asset, after deducting the required provision for amortization, if no impairment loss is recognized. Impairment losses attributable to goodwill shall not be reversed in subsequent periods.

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

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

(7) 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 on 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 net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(8) Intangible assets

1) Separately acquired

Intangible assets with finite useful life that 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, and the estimated useful lives, residual values and amortization methods are reviewed at the end of each reporting period. The salvage value of an intangible asset with finite useful life is estimated to be zero except the Company expects to dispose of the asset before the economic life of the intangible asset expires. The effect of changes in accounting estimates was dealt with in a deferred manner. The effect of any changes is in the estimates accounted for on a prospective basis.

2) Derecognition

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, right-of-use asset, intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, excluding goodwill, 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.

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

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

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

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

1) Financial assets

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

a. Measurement categories

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

(a) Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. For the detailed method of determining the fair value, refer to the description in Note 6 (25), Financial Instruments.

(b) Financial assets at amortized cost

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

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

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

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

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

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.

b. Impairment of financial assets

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

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

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-months 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.

The impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account. The loss allowance is a charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangement and the definition of financial liabilities and equity instruments.

The equity instruments issued by the Company are recognized at the amount of the proceeds acquired after deducting the direct issuance costs.

The recaptured equity instruments of the Company itself are recognized and deducted as equity items. The purchase, sale, issuance or cancellation of equity instruments of the Company itself are not recognized in profit or loss.

3) Financial liabilities

a. Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method, except in the following circumstances:

(a) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include the ones held-for-trading and designated at fair value through profit or loss.

Financial liabilities held for trading are measured at fair value; and the gain or loss arising from remeasurement thereof, not including any dividends or interest paid on the financial liabilities, are recognized in profit or loss.

b. Derecognition of financial liabilities

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

(11) Revenue recognition

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

(12) Lease

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

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

C. The Company as a lessor

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

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.

D. 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 by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

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

(13) 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

Defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

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

The net defined benefit liability (asset) is the contribution deficit (surplus) of defined benefit pension plans. Net defined benefit assets cannot exceed the present value of contribution refunds from the plan or reduction in future plan contributions.

(14) Taxation

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

A. Current tax

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

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

B. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the parent company only financial statements 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, net operating loss carryforwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

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

C. Current and deferred tax 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. SIGNIFICANT ACCOUNTING ASSUMPTIONS AND JUDGMENTS, AND MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The application in Note 4 of the Company's accounting policies, the Company is required to make judgments, estimates and assumptions about 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 relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are continuously reviewed by the management. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following information on major assumptions made about the future and other major sources of estimation uncertainty at the end of reporting period that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

A. Estimated impairment of financial assets (accounts receivable)

The estimated impairment of accounts receivable is based on the Company's assumptions about the default ratio and expected loss ratio. The Company considers historical experience, current market conditions, and forward-looking information to make assumptions and select inputs for impairment assessments. For the detailed material assumptions and input values adopted, refer to the description in Note 6 (4), Notes Receivable and Accounts Receivable. If the actual future cash flow is less than expected, significant impairment losses may arise.

B. Impairment of inventories

Inventories are stated at the lower of cost or net realizable value, and the Company uses estimate to determine the net realizable value of inventory at the end of each reporting period. Due to rapid changes in the industry, the Company evaluates the amount of inventory due to normal wear and tear, obsolescence, or a lack of market value at the end of the financial reporting period and writes down the inventory cost to the net realizable value. This inventory valuation is primarily based on the estimated demand for products in a specific period in the future, and thus there may be major changes.

For details on the carrying amount of the Company's inventories, refer to Note 6 (5).

C. Impairment of Tangible Assets, Right-of-use Assets and Intangible Assets Other than Goodwill

In the process of asset impairment assessment, the Company need to rely on subjective judgments, and on asset usage patterns and industry characteristics, to determine the independent cash flow and asset lifespan in specific asset groups as well as possible future income and expenses. Any changes due to economic conditions or changes in estimates brought about by corporate strategies may cause material impairment in the future.

The Company did not recognize any impairment loss for tangible or intangible assets in 2024 or 2023.

6. EXPLANATION OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand	\$ 459	\$ 481
Cash in banks	191,361	145,366
Total	\$ 191,820	\$ 145,847

(2) Financial assets at fair value through profit or loss

	December 31, 2024	December 31, 2023
Financial assets - current		
Mandatorily at fair value through profit or loss		
Beneficiary certificate of fund	\$ 102,235	\$ 202,247
Financial assets - non-current		
Mandatorily at fair value through profit or loss		
Non-listed stocks	\$ 46,630	\$ 688

For the years ended December 31, 2024 and 2023, the Company recognized net loss (profit) on financial assets at fair value through profit or loss for NT\$6,046 thousand and NT\$1,090 thousand, respectively.

(3) Financial assets at amortized cost

	December 31, 2024	December 31, 2023
<u>Current</u>		
Time deposits with an original maturity of more than 3 months	\$ 116,387	\$ 204,150
Corporate bonds	12,808	11,996
Other	5,384	8,360
Total	\$ 134,579	\$ 224,506
Current	\$ 134,579	\$ 224,506

A. The interest rates for time deposits were 1%~4.8% and 1%~5.38% for the years ended December 31, 2024 and 2023, respectively.

B. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge.

(4) Notes and Accounts receivables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Notes receivables</u>		
Notes receivables - from operating	\$ 2,077	\$ 1,086
Less: Loss allowance	—	—
	<u>\$ 2,077</u>	<u>\$ 1,086</u>
<u>Accounts receivables</u>		
At amortized cost		
Accounts receivable	\$ 111,173	\$ 127,832
Less: Loss allowance	(5,151)	(3,084)
	<u>\$ 106,022</u>	<u>\$ 124,748</u>

A. The Company's average credit period for product sales ranges from 90 to 120 days, and receivables are non-interest-bearing. The Company's policy is to transact only with counterparties rated at or above the investment grade, and to obtain adequate guarantees where necessary to mitigate the risk of financial loss arising from default. Credit rating information is provided by independent rating agencies. If such information is not available, the Company uses other publicly available financial information and historical transaction records to rate its major customers. The Company consistently monitors credit exposures and counterparty credit ratings and spreads the total transaction amount among different customers with qualified credit ratings. The Company also manages credit exposure by the business department and the chairman counterparty credit limits annually.

To mitigate credit risks, the Company's management has assigned a dedicated team responsible for credit limit determination, credit approval and other monitoring procedures to ensure that appropriate actions have been taken to collect overdue receivables. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been recognized for uncollectible receivables. Accordingly, the Company's management believes that the Company's credit risk has been significantly reduced.

B. The Company applies the simplified approach to allowing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss allowances for all trade receivables. The expected credit losses on trade receivables are estimated using an allowance matrix with reference to past default experiences of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate, and an assessment of both the current as well as the forecasted direction of economic conditions. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

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

C. The loss allowance of trade receivables based on the Company's allowance matrix was as follow:

December 31, 2024

	Non-pass due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	Over 90 Days Past Due	Total
Expected credit loss rate	0%	0.05%	3.47%	39.59%	100%	
Gross carrying amount	\$ 107,424	\$ —	\$ 699	\$ —	\$ 5,127	\$ 113,250
Loss allowance	—	—	(24)	—	(5,127)	(5,151)
Amortized cost	\$ 107,424	\$ —	\$ 675	\$ —	\$ —	\$ 108,099

December 31, 2023

	Non-pass due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	Over 90 Days Past Due	Total
Expected credit loss rate	0%	0.04%	3.25%	37.69%	100%	
Gross carrying amount	\$ 125,020	\$ —	\$ 834	\$ 11	\$ 3,053	\$ 128,918
Loss allowance	—	—	(27)	(4)	(3,053)	(3,084)
Amortized cost	\$ 125,020	\$ —	\$ 807	\$ 7	\$ —	\$ 125,834

D. The movements in the allowance for accounts receivables were as follows:

	Years ended December 31	
	2024	2023
Balance at January 1	\$ 3,084	\$ 4,262
Allowance for impairment loss (reversed)	2,067	(1,178)
Amounts written off	—	—
Balance at December 31	\$ 5,151	\$ 3,084

(5) Inventories

	December 31, 2024	December 31, 2023
Merchandise	\$ 1,138	\$ 959
Finished goods	16,865	23,775
Work in process	37,446	36,256
Raw materials	11,683	13,630
Supplies	6,225	6,073
Total	<u>\$ 73,357</u>	<u>\$ 80,693</u>

A. As of December 31, 2024 and 2023, the Company writes off allowance for inventory obsolescence were NT\$24,244 thousand and NT\$21,473 thousand, respectively.

B. The details of the cost of goods sold were as follows:

	Years ended December 31	
	2024	2023
Cost of inventories sold	\$ 402,007	\$ 407,900
Write-down of inventories	8,420	2,363
Cost of idle capacity	172,338	157,862
Others	(11,914)	(12,528)
Total	<u>\$ 570,851</u>	<u>\$ 555,597</u>

(6) Investments accounted for using equity method

A. Investments accounted for using the equity method consisted of the following:

	December 31, 2024	December 31, 2023
Non-Listed stocks		
PSC ENTERPRISE CO., LTD.	\$ 50,095	\$ 40,098
ENRICH NATIONALS TRADE LIMITED	19,420	10,884
PU-YU INVESTMENT CO., LTD.	24,508	25,978
PSC (H.K.) ELECTRONICS LIMITED	6,324	4,868
Total	<u>\$ 100,347</u>	<u>\$ 81,828</u>

B. The Company's ownership interest in subsidiaries and the percentage of voting rights as of the balance sheet date were as follows:

Company Name	December 31, 2024	December 31, 2023
PSC ENTERPRISE CO., LTD.	100%	100%
ENRICH NATIONALS TRADE LIMITED	100%	100%
Pu-Yu Investment Co., Ltd.	100%	100%
PSC (H.K.) ELECTRONICS LIMITED	100%	100%

C. The Company's share of subsidiaries' profit and loss recognized using the equity method for the years ended December 31, 2024 and 2023 were based on the audited financial statements of the subsidiaries for the same periods.

D. For the year ended December 31, 2024 and 2023, the cash dividends received from subsidiaries were NT\$1,648 thousand and NT\$37,334 thousand, respectively. In accordance with the provisions of International Accounting IAS 28 "(Investments in Associates)", the amount of investment accounted for using the equity method is offset when received.

(7) Property, plant and equipment

For the year ended December 31, 2024					
	Balance at January 1, 2024	Additions	Disposals	Reclassification	Balance at December 31, 2024
<u>Cost</u>					
Land	\$ 99,170	\$ —	\$ —	\$ —	\$ 99,170
Land-revaluation increment	36,656	—	—	—	36,656
Buildings	251,122	145	(123)	5,180	256,324
Machinery and equipment	553,828	849	(1,890)	17,647	570,434
Transportation equipment	3,858	—	—	—	3,858
Office equipment	6,739	92	—	—	6,831
Other equipment	137,484	586	(1,602)	1,330	137,798
Subtotal	1,088,857	1,672	(3,615)	24,157	1,111,071
<u>Accumulated depreciation</u>					
Buildings	133,017	8,577	(123)	—	141,471
Machinery and equipment	452,425	22,873	(1,890)	—	473,408
Transportation equipment	3,842	16	—	—	3,858
Office equipment	4,800	545	—	—	5,345
Other equipment	128,253	3,668	(1,592)	—	130,329
Subtotal	722,337	35,679	(3,605)	—	754,411
Net value	\$ 366,520	\$ (34,007)	\$ (10)	\$ 24,157	\$ 356,660

For the year ended December 31, 2023					
	Balance at January 1, 2024	Additions	Disposals	Reclassification	Balance at December 31, 2024
<u>Cost</u>					
Land	\$ 99,170	\$ —	\$ —	\$ —	\$ 99,170
Land-revaluation increment	36,656	—	—	—	36,656
Buildings	263,694	250	(13,032)	210	251,122
Machinery and equipment	531,675	4,869	(6,725)	24,009	553,828
Transportation equipment	3,858	—	—	—	3,858
Office equipment	5,931	808	—	—	6,739
Other equipment	137,411	523	(450)	—	137,484
Subtotal	1,078,395	6,450	(20,207)	24,219	1,088,857
<u>Accumulated depreciation</u>					
Buildings	129,076	8,235	(4,294)	—	133,017
Machinery and equipment	435,467	23,609	(6,651)	—	452,425
Transportation equipment	3,804	38	—	—	3,842
Office equipment	4,334	466	—	—	4,800
Other equipment	124,568	4,135	(450)	—	128,253
Subtotal	697,249	36,483	(11,395)	—	722,337
Net value	\$ 381,146	\$ (30,033)	\$ (8,812)	\$ 24,219	\$ 366,520

A. The amount of capitalized interests and interest rates are as follows:

	Years ended December 31	
	2024	2023
Amount of capitalized interests	\$ —	\$ —
The interest rate of borrowing cost capitalization	2.29%	2.4%

B. The significant part of the Company's buildings includes main plants, ancillary equipment, and the related depreciation is calculated using the estimated useful lives of 45 to 50 years and 3 to 10 years, respectively.

C. As of December 31, 2024 and 2023, the property, plant and equipment were pledged as collateral, please refer to Note 8.

(8) Lease arrangements

A. Right-of-use assets

	December 31, 2024	December 31, 2023
Carrying amounts		
Machine equipment	\$ —	\$ 500
Transportation equipment	2,943	4,334
Total	\$ 2,943	\$ 4,834

	Years ended December 31	
	2024	2023
Additions to right-of-use assets	\$ 849	\$ 5,796
Lease modification	\$ —	\$ —
The depreciation charge for right-of-use assets		
Machine equipment	\$ 500	\$ 588
Transportation equipment	2,240	1,581
Total	\$ 2,740	\$ 2,169

B. Lease liabilities

	December 31, 2024	December 31, 2023
Carrying amounts		
Current	\$ 2,183	\$ 2,293
Non-current	\$ 881	\$ 2,615

Range of discount rate for lease liabilities was as follows:

	December 31, 2024	December 31, 2023
Machine equipment	—	1.77%~1.933%
Transportation equipment	5.246%~5.781%	4.972%~5.781%

C. Other lease information

	Years ended December 31	
	2024	2023
Expenses relating to short-term leases	\$ 90	\$ —
Expenses relating to low-value asset leases	\$ 203	\$ 211
Total cash outflow for leases	\$ 3,222	\$ 2,511

The Company chose to apply the recognition exemption to equipment leases that qualify for low-value assets and short-term leases of vehicles and house leases, etc. and did not recognize the right-of-use assets and lease liabilities for these leases.

(9) Intangible assets

For the year ended December 31, 2024				
	Balance at January 1, 2024	Additions	Disposals	Balance at December 31, 2024
<u>Cost</u>				
Software	\$ 7,741	\$ 1,769	\$ —	\$ 10,115
Professional technique	2,000	—	—	3,140
Subtotal	9,741	1,769	—	13,255
<u>Accumulated amortization</u>				
Software	4,889	2,103	—	8,888
Professional technique	1,333	697	—	3,140
Subtotal	6,222	2,800	—	12,028
Net value	\$ 3,519	\$ (1,031)	\$ —	\$ 1,227

For the year ended December 31, 2023				
	Balance at January 1, 2024	Additions	Disposals	Balance at December 31, 2024
<u>Cost</u>				
Software	\$ 7,741	\$ 605	\$ —	\$ 8,346
Professional technique	2,000	1,140	—	3,140
Subtotal	9,741	1,745	—	11,486
<u>Accumulated amortization</u>				
Software	4,889	1,896	—	6,785
Professional technique	1,333	1,110	—	2,443
Subtotal	6,222	3,006	—	9,228
Net value	\$ 3,519	\$ (1,261)	\$ —	\$ 2,258

For the years ended December 31, 2024 and 2023, The amortization expenses recognized by the Company were incorporated into the statements of comprehensive income, at NT\$2,800 thousand and NT\$3,006 thousand, respectively.

(10) Short-term borrowings

	December 31, 2024	December 31, 2023
Secured borrowings	\$ 40,000	\$ —
Unsecured borrowings	20,000	—
Total	\$ 60,000	\$ —
Interest Rate Range	2.1%~2.87%	—
Unused credit line	\$ 58,831	\$ 112,531

For the collateral of the short-term borrowings, please refer to Note 8.

(11) Notes and accounts payable

	December 31, 2024	December 31, 2023
Accounts payable	\$ 55,327	\$ 61,492
Current	\$ 55,327	\$ 61,492

A. The terms of the Company's transactions with suppliers are 90 to 120 days. The Company has a financial risk management policy to ensure that all payables are paid within the agreed credit terms.

B. Refer to Note 6 (25) for disclosures related to the Company's payables and other payables that are exposed to exchange rate and liquidity risks.

(12) Other payables

	December 31, 2024	December 31, 2023
Other payables to non-related parties		
Wages and salaries payable	\$ 19,120	\$ 19,833
Payable on machinery and equipment	4,422	4,447
Interest payable	39	45
payment in lieu of annual leave	5,450	5,780
Payable on processing expense	21,519	20,535
Payable on repairs and maintenance expense	6,548	7,110
Other	21,845	19,089
Total	\$ 78,943	\$ 76,839
Current	\$ 78,943	\$ 76,839

(13) Long-term borrowings

Redemption	December 31, 2024	December 31, 2023
Loan against land and buildings - monthly repayments from October 2020 to September 2025 with floating interest rates. The interest rates on December 31, 2024 and 2023 were 2.115% and 2.053%, respectively.	\$ 6,247	\$ 15,096
Loan against land and buildings - quarterly repayments from February 2021 to November 2025 with floating interest rates. The interest rates on December 31, 2024 and 2023 were 2.675% and 2.55%, respectively.	6,000	12,000
Loan against machinery - monthly repayments from January 2020 to December 2024, with floating interest rates. The interest rates on December 31, 2023 were 2.053%.	—	5,327
Total	\$ 12,247	\$ 32,423
Current	\$ 12,247	\$ 20,170
Non-current	\$ —	\$ 12,253
Credit not used yet	\$ —	\$ —

For the collateral of the long-term borrowings, please refer to Note 8.

(14) Retirement benefit plans

A. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the LPA), which is a stated-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employee's individual pension accounts at 6% of monthly salaries and wages. The Company recognized retirement cost in 2024 and 2023 was NT\$6,836 thousand and NT\$6,946 thousand, respectively.

B. Defined benefit plans

The Company formulated the Employee Pension Guideline which is applicable to appointed managers for their service seniority after the start-work date. Based on the Guideline, employee pensions were calculated based on years of service and the average salary of the six months prior to retirement. Additionally, 8% of the total paid salary will be contributed annually to the labor retirement reserve fund. The guideline was resolved by the Board of Directors on April 11, 2007 and by the general shareholder meeting on June 28, 2007. However, after the appointed managers have completed the seniority settlement, the Company has no further obligation to make contributions in 2024. The remaining balance in the designated account was withdrawn on February 2, 2024, and the account was successfully closed.

(a) The expenses recognized in profit or loss for the Company in 2024 and 2023 were as follows:

	For the year ended December 31	
	2024	2023
Service cost	\$ —	\$ 640
Net interest expense	—	96
Recognized in profit or loss	—	736
Remeasurement:		
Return on plan assets	—	271
Actuarial gains (loss) - Experience adjustments	—	(1,324)
Actuarial loss - Changes in financial assumptions	—	(1,450)
Recognized in other comprehensive income	—	(2,503)
Total	\$ —	\$ (1,767)

(b) The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31, 2024	December 31, 2023
Present value of funded defined benefit obligation	\$ —	\$ (19,721)
Fair value of plan assets	—	7,442
Net defined benefit liabilities	<u>\$ —</u>	<u>\$ (12,279)</u>

(c) Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Years ended December 31, 2024			
Balance at January 1	\$ (19,721)	\$ 7,442	\$ (12,279)
Service cost	—	—	—
Net interest (expense) income	—	—	—
	—	—	—
Remeasurement:			
Return on plan assets	—	—	—
Changes in financial assumptions	—	—	—
Experience adjustments	—	—	—
	—	—	—
Contributions from the employer	—	—	—
Benefits paid	19,721	(7,442)	12,279
Balance at December 31	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Years ended December 31, 2023			
Balance at January 1	\$ (30,369)	\$ 15,807	\$ (14,562)
Service cost	(640)	—	(640)
Net interest (expense) income	(425)	329	(96)
	(1,065)	329	(736)
Remeasurement:			
Return on plan assets	—	(271)	(271)
Changes in financial assumptions	1,450	—	1,450
Experience adjustments	1,324	—	1,324
	2,774	(271)	2,503
Contributions from the employer	—	516	516
Benefits paid	8,939	(8,939)	—
Balance at December 31	<u>\$ (19,721)</u>	<u>\$ 7,442</u>	<u>\$ (12,279)</u>

- (d) The Company's defined benefit pension plan fund is deposited in an account under the Trust Department of the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. The Labor Pension Fund Supervisory Committee, Council of Labor Affairs of the Executive Yuan regularly monitors and reviews the investment portfolio, prudently constructs the investment portfolio, diversifies the form of outsourcing, strengthens risk control, and adjusts the investment strategy in accordance with market changes to enhance the stable income of the fund. In conjunction with the Finance Department, the competent authority shall engage financial institutions to conduct the receipt, custody and use of plan assets. The minimum return shall not be less than the interest rate of a two-year time deposit in a local bank. Any loss shall be covered by the national treasury. The competent authority shall stipulate the rules for the receipt, custody and use of plan assets, and the Company has no right to participate in the operation and management of the fund. The fair value of the total assets of the fund as of December 31, 2023 was shown in the annual reports on the use of the labor pension fund as announced by the government.
- (e) The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	2023
Discount rate	1.30%
Expected rate of salary increase	3.50%

(15) Equity

A. Common stock

	December 31, 2024	December 31, 2023
Number of stocks authorized (in thousands)	250,000	250,000
Stocks authorized	\$ 2,500,000	\$ 2,500,000
Stocks issued (in thousands)	166,123	166,123
Stocks issued	\$ 1,661,228	\$ 1,661,228

B. Capital surplus

In accordance with the law and regulations, the capital reserve shall not be used except to make up for the Company's losses. However, the excess from the issuance of stocks exceeding the par value (including issuance of ordinary shares in excess of par value, share premium of shares issued due to merger, conversion premium of corporate bonds, treasury stock transactions, etc.) and the capital reserve generated from the receipt of gifts may be set aside as equity capital every year up to a certain percentage of the paid-in capital, provided that unrealized employee stock options and the capital reserve generated from stock options shall not be used for any purpose.

C. Retained earnings and dividend policy

- (a) The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior year's deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as a legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholder's meeting for approval.
- (b) Legal reserve appropriation shall continue until its total amount reaches the total paid-in capital. Legal reserve may be used to offset losses. If the Company has no deficit, the portion of legal reserve in excess of 25% of the paid-in capital may be distributed in the form of new shares or cash in proportion to the shareholders' original shares.
- (c) The Company is part of the electronic manufacturing industry. Although the Company can retain funds to engage in research and development as well as business expansion activities, when it distributes stock dividends to shareholders for a year in which it has made a profit, doing so will also cause the inflation of share capital. In view of this fact, if the profit does not increase proportionally, it will cause a decrease in earnings per share, thereby causing damage to shareholder equity. Therefore, the Company currently upholds a policy of cash dividends. The method of implementing this is to evaluate the capital needs of the future year based on the Company's future capital budget planning, and to distribute cash dividends to the greatest extent possible. With regard to the implementation ratio of the aforementioned cash dividend policy, the dividends to be distributed are primarily cash dividends, and stock dividends (including stock dividends from retained earnings and stock dividend from capital reserve) account for 50% or less thereof.
- (d) The Company incurred net loss for the years ended December 31, 2024 and 2023, and the general shareholder meeting resolved the appropriation of loss on June 14, 2024 and June 16, 2023, respectively.

(e) Information on the appropriation of the earnings of the Company is available at the Market Observation Post System website of the Taiwan Stock Exchange.

D. Other equity

Exchange differences on translating the financial statements of foreign operations

	Year Ended December 31	
	2024	2023
Beginning balance	\$ (26,489)	\$ (26,266)
Occurred in current period		
Exchange differences on foreign operations	3,909	(223)
Ending balance	\$ (22,580)	\$ (26,489)

(16) Loss per share

	Year Ended December 31	
	2024	2023
Basic loss per share	\$ (0.92)	\$ (0.82)
Diluted loss per share	\$ (0.92)	\$ (0.82)

A. Basic loss per share

The calculation of basic loss per share and the weighted average number of ordinary shares were as follows:

	Year Ended December 31	
	2024	2023
Loss of the Company for the year (in thousands)	\$ (153,391)	\$ (136,333)
Weighted-average number of ordinary shares (thousand shares)	166,123	166,123
Basic earnings per share (dollars)	\$ (0.92)	\$ (0.82)

B. Diluted loss per share

The capital structure of the Company is non-complicated, and thus only the basic loss per share is disclosed.

(17) Operating revenue

Details of revenue:

	Year Ended December 31	
	2024	2023
Revenue from contracts		
Revenue from the sale of goods		
Revenue from the sale of goods	\$ 463,231	\$ 487,969
Processing Fees Income	21	—
Revenue from other operation	—	14
Less: sales returns and discounts	(16,332)	(8,992)
Net	\$ 446,920	\$ 478,991

(18) Interest income

	Year Ended December 31	
	2024	2023
Interest income	\$ 9,944	\$ 14,260

(19) Other income

	Year Ended December 31	
	2024	2023
Dividend revenue	\$ —	\$ 14
Rent Income	36	36
Gain on write-off in payables	348	1,349
Other income	3,230	2,436
Total	\$ 3,614	\$ 3,835

(20) Other gains and losses

	Year Ended December 31	
	2024	2023
Loss on disposals of property, plant and equipment	\$ (10)	\$ (8,812)
Foreign exchange gains	20,296	3,312
Gain on financial assets at fair value through profit or loss	6,046	1,090
Compensation losses	(415)	(539)
Other losses	(371)	(15)
Total	\$ 25,546	\$ (4,964)

(21) Finance costs

	Year Ended December 31	
	2024	2023
Interest		
Bank borrowing	\$ 778	\$ 1,061
Lease liabilities	236	172
Total	<u>\$ 1,014</u>	<u>\$ 1,233</u>

(22) Income taxes

A. A reconciliation of accounting profit and income tax expenses was as follows:

	Year Ended December 31	
	2024	2023
Income tax expense calculated at the statutory rate	\$ (30,108)	\$ (26,923)
Nondeductible expenses in determining taxable income	(3,088)	(2,532)
Unrecognized temporary differences	(3,216)	(1,150)
Unrecognized loss carrying forwards	39,752	27,825
Adjustment in respect of deferred tax of prior periods	668	4,497
Adjustment in respect of temporary differences of prior periods	(1,156)	—
Income tax recognized in profit or loss	<u>\$ 2,852</u>	<u>\$ 1,717</u>

B. Major components of tax expense recognized in profit or loss:

	Year Ended December 31	
	2024	2023
Deferred tax expense		
Current period	\$ 3,340	\$ (2,780)
Adjustment for prior period	(488)	4,497
Total	<u>\$ 2,852</u>	<u>\$ 1,717</u>

C. Income tax recognized in other comprehensive income:

	Year Ended December 31	
	2024	2023
Deferred tax		
Current period		
Remeasurements of defined benefit plan	\$ (89)	\$ (501)
Total	<u>\$ (89)</u>	<u>\$ (501)</u>

D. Current tax assets and liabilities

	December 31, 2024	December 31, 2023
Current tax assets		
Tax refund receivable	<u>\$ 2,410</u>	<u>\$ 1,695</u>

E. Deferred tax assets and liabilities

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

Years Ended December 31, 2024				
	Balance at January 1, 2024	Recognized in profit or loss	Recognized in other comprehensiv e income	Balance at December 31, 2024
<u>Deferred tax assets</u>				
Temporary differences				
Bad debts	\$ 359	\$ 445	\$ —	\$ 804
Sales discounts	—	1	—	1
Inventory loss from the falling price	4,295	554	—	4,849
Actuarial losses on defined benefit plans	89	—	(89)	—
Unrealized pension expense	2,529	(2,529)	—	—
Loss carryforwards	25,146	(668)	—	24,478
Other	2,245	1,644	—	3,889
	<u>\$ 34,663</u>	<u>\$ (553)</u>	<u>\$ (89)</u>	<u>\$ 34,021</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
land value increment tax	\$ 10,367	\$ —	\$ —	\$ 10,367
Unrealized exchange gains	1,558	2,300	—	3,858
	<u>\$ 11,925</u>	<u>\$ 2,300</u>	<u>\$ —</u>	<u>\$ 14,225</u>
Years Ended December 31, 2023				
	Balance at January 1, 2024	Recognized in profit or loss	Recognized in other comprehensiv e income	Balance at December 31, 2024
<u>Deferred tax assets</u>				
Temporary differences				
Bad debts	\$ 632	\$ (273)	\$ —	\$ 359
Sales discounts	2	(2)	—	—
Inventory loss from the falling price	3,822	473	—	4,295
Actuarial losses on defined benefit plans	590	—	(501)	89
Unrealized pension expense	2,485	44	—	2,529
Loss carryforwards	29,643	(4,497)	—	25,146
Other	1,879	366	—	2,245
	<u>\$ 39,053</u>	<u>\$ (3,889)</u>	<u>\$ (501)</u>	<u>\$ 34,663</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
land value increment tax	\$ 10,367	\$ —	\$ —	\$ 10,367
Unrealized exchange gains	3,731	(2,173)	—	1,558
	<u>\$ 14,098</u>	<u>\$ (2,173)</u>	<u>\$ —</u>	<u>\$ 11,925</u>

F. Unrecognized deferred tax assets:

	December 31, 2024	December 31, 2023
Investment loss	\$ 88,413	\$ 91,629
Operating loss carryforwards	143,879	110,672
	<u>\$ 232,292</u>	<u>\$ 202,301</u>

As of December 31, 2024, the information of Components within the Company unused tax losses was as follows:

Year of occurrence	Unused tax loss	Expiry date
2017(Approved)	\$ 48,683	2027
2018(Approved)	63,956	2028
2019(Approved)	54,242	2029
2020(Approved)	120,351	2030
2021(Approved)	126,791	2031
2022(Approved)	125,399	2032
2023(Declaration)	103,602	2033
2024(Estimation)	198,760	2034
Total	<u>\$ 841,784</u>	

G. Assessment of tax

The Company tax returns for the years through 2022 were assessed by Taipei National Tax Administration.

(23) Additional information of expense by nature

A. The Company of employee benefit expenses, depreciation and amortization as of December 31, 2024 and 2023 were as follow:

By function By nature	2024			2023		
	Recognized in cost of revenue	Recognized in operating expenses	Total	Recognized in cost of revenue	Recognized in operating expenses	Total
Employee welfare expenses						
Salary and bonus	\$ 147,256	\$ 34,110	\$ 181,366	\$ 139,565	\$ 34,986	\$ 174,551
Labor and Health Insurance	15,725	3,215	18,940	15,670	3,134	18,804
Pension	5,425	1,444	6,869	5,728	1,954	7,682
Directors' remuneration	—	3,490	3,490	—	4,005	4,005
Other employees benefit expenses	11,235	1,184	12,419	10,604	1,236	11,840
Depreciation	\$ 31,370	\$ 7,049	\$ 38,419	\$ 33,532	\$ 5,120	\$ 38,652
Amortization	\$ 1,195	\$ 1,605	\$ 2,800	\$ 1,398	\$ 1,608	\$ 3,006

Note 1: As of the years ended December 31, 2024 and 2023, the Company had 351 and 358 employees, respectively. Furthermore, non-employees' directors are all 4 and 5 persons, respectively.

Note 2: (a) The Company's average employee benefit expenses in 2024 and 2023 were NT\$633 thousand and NT\$603 thousand, respectively.

(b) The Company's average employee salary expenses in 2024 and 2023 were NT\$523 thousand and NT\$494 thousand, respectively.

(c) The adjustments and changes in the Company's average employee salary in 2024 and 2023 were 5.7% and 3.8%, respectively.

(d) The Company's compensation and remuneration policy (including directors, managers and employees):

(i) Remuneration for directors: Transport allowances were paid by the Company's remuneration guidelines; dividends were handled in accordance with the Company's Articles of Incorporation; and pensions were handled by with the Company's employee pension guidelines.

(ii) Managers and employees: Salaries were paid following the employee salary system, and salary was determined and distributed by the employee's education background, work experience, performance, and work seniority; in the event of bonus distribution, both managers and employees are paid per the employee bonus distribution percentage; pensions are handled in accordance with the Labor Standards Act and Labor Pension Act; and dividends are handled in accordance with the Company's Articles of Incorporation.

B. In accordance with the provisions of the Company Act and the Articles of Incorporation, the Company uses the profit before tax that is prior to the deduction of distribution of employee compensation as well as director remuneration in the current year to retain the amount to make up for accumulated losses. After that, if there is still any balance, no less than 3% thereof shall be appropriated for employee compensation, nor more than 2% thereof for director remuneration. The Company had losses before tax both in 2024 and 2023, and thus did not recognize estimated employee compensation, nor director remuneration.

(24) Capital's risk management

Based on the characteristics of the industry and the future development of the Company, and taking into account factors such as changes in the external environment, the Company plans its operating capital requirements for the future in order to ensure sustainable operations, to reward its shareholders while taking into account the interests of other stakeholders, and to maintain an optimal capital structure to enhance shareholder value. The Company generally adopts prudent risk management strategies.

(25) Financial instruments

A. Fair value of financial instruments

- (a) Except for those financial instruments that need not disclose fair value since carrying amounts of financial instruments measured at fair value is a reasonable approximation of the fair value and since investments in equity instruments that do not have a quoted price in an active market for measuring fair value, the carrying amounts and fair value of the Company's other financial assets and financial liabilities are as follows:

December 31, 2024				
	Level 1	Level 2	Level 3	Total
Recurring fair value :				
<u>Financial assets measured at fair value through profit or loss</u>				
Beneficiary certificate of fund	\$ 102,235	\$ —	\$ —	\$ 102,235
Non-listed stocks	—	—	46,630	46,630
Total	\$ 102,235	\$ —	\$ 46,630	\$ 148,865

December 31, 2023				
	Level 1	Level 2	Level 3	Total
Recurring fair value :				
<u>Financial assets measured at fair value through profit or loss</u>				
Beneficiary certificate of fund	\$ 202,247	\$ —	\$ —	\$ 202,247
Non-listed stocks	—	—	688	688
Total	\$ 202,247	\$ —	\$ 688	\$ 202,935

- (b) The methods and assumptions used by the Company to measure the fair value are as follows:

The Company adopted market quotations as the input value for fair value (that is, the first level), which are set out by nature of the instrument as follows:

	Shares of TWSE (TPEX) listed companies	Fund
Market quotation	Closing price	Net value on the date of balance sheet

- (c) There were no transfers between Level 1 and 2 for the years ended December 31, 2024 and 2023.

(d) Reconciliation of Level 3 fair value measurements of financial instruments.

Financial assets at fair value through other comprehensive incomes

	Years ended December 31,	
	2024	2023
Balance at January 1	\$ 688	\$ 1,147
Acquisition for current period	42,000	—
Recognized as profit or loss for current period	3,942	(459)
Balance at December 31	<u>\$ 46,630</u>	<u>\$ 688</u>

1) The Company Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follow:

As of December 31 2024 :

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relation between input value and fair value	Sensitivity analysis of relation between input value and fair value
Financial assets: Fair value measurement through profit or loss					
Non-listed stocks	Market approach	The ratio of enterprise value to EBITDA and the ratio of total enterprise market capitalization to net profit after tax for similar companies	1.01~6.23	The higher the enterprise value to EBITDA ratio and the higher the total enterprise market capitalization to post-tax net income ratio of similar companies, the higher the fair value estimate	10% increase (decrease) in the P/E ratio of similar entities would result in increase (decrease) in the Company's profit or loss by NT\$5,317 thousand /(NT\$5,317 thousand). 10% increase (decrease) in the percentage of illiquidity would result in increase (decrease) in the Company's profit or loss by NT\$1,367 thousand /(NT\$1,367 thousand).

As of December 31 2023 :

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relation between input value and fair value	Sensitivity analysis of relation between input value and fair value
Financial assets: Fair value measurement through profit or loss					
Non-listed stocks	Market approach	The ratio of enterprise value to EBITDA and the ratio of total enterprise market capitalization to net profit after tax for similar companies	0.76~2.79	The higher the enterprise value to EBITDA ratio and the higher the total enterprise market capitalization to post-tax net income ratio of similar companies, the higher the fair value estimate	10% increase (decrease) in the P/E ratio of similar entities would result in increase (decrease) in the Company's profit or loss by NT\$69 thousand /(NT\$69 thousand). 10% increase (decrease) in the percentage of illiquidity would result in increase (decrease) in the Company's profit or loss by NT\$15 thousand /(NT\$15 thousand).

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices.

The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

B. Categories of financial instruments

	December 31, 2024	December 31, 2023
<u>Financial Assets</u>		
Financial assets at fair value through profit or loss	\$ 148,865	\$ 202,935
Financial assets measured at amortized cost (Note 1)	442,433	504,299
<u>Financial Liabilities</u>		
Measured at amortized cost (Note 2)	211,354	177,435

Note 1: Balance includes cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivable, other receivables, refundable deposits, and other financial assets measured at amortized cost.

Note 2: Balance includes short-term borrowings, accounts payable, other payables, lease liabilities, long-term loans, refundable deposits, and other financial liabilities measured at amortized cost.

C. Financial risk management objectives

The Company's financial risk management objective is to manage foreign exchange rate risk, interest rate risk, credit risk and liquidity risk associated with operating activities. To reduce financial risks, the Company is committed to identifying, evaluating and hedging market uncertainties in order to reduce the potential adverse effects of market changes on the Company's financial performance.

The significant financial activities of the Company are reviewed by the Board of Directors in accordance with relevant regulations and the internal control system. While executing its financial plans, the Company must comply with relevant financial operating procedures regarding overall financial risk management and segregation of duties and responsibilities.

D. Market risk

The Company is primarily exposed to market risks such as changes in foreign currency exchange rates and changes in interest rates. It uses certain derivative financial instruments to manage related risks.

(a) Foreign exchange rate risks

The Company's operating activities and foreign operations' net investment are primarily conducted in foreign currencies. As a result of this, foreign currency exchange rate risks arise. In order to avoid a decrease in the value of foreign currency assets and the fluctuation of future cash flow due to said exchange rate changes, the Company took out short-term loans to avoid exchange rate risks.

The purpose of the Company's taking out short-term loans was primarily to engage in natural hedging of USD accounts receivable. Since the Company's accounts receivable was primarily in US dollars, the use of US dollar short-term loans naturally avoids risks from US dollar accounts receivable that would arise from changes in foreign currency exchange rates.

Information on the Company's foreign currency assets and liabilities that are subject to significant exchange rate fluctuations is as follows:

Amount Unit: (in thousands)					
December 31, 2024					
	Foreign currency	Exchange rate	Carrying amount (NT\$)	Sensitivity analysis	
				Range of change	Impact on profit or loss
<u>Financial assets</u>					
US\$	\$ 7,240	32.785	\$ 237,362	10%	\$ 23,736
RMB	304	4.5608	1,388	10%	139
<u>Financial liabilities</u>					
US\$				10%	
RMB	184	32.785	6,047	10%	605
December 31, 2023					
	Foreign currency	Exchange rate	Carrying amount (NT\$)	Sensitivity analysis	
				Range of change	Impact on profit or loss
<u>Financial assets</u>					
US\$	\$ 10,485	30.705	\$ 321,933	10%	\$ 32,193
RMB	1,053	4.3352	4,563	10%	456
<u>Financial liabilities</u>					
US\$	200	30.705	6,126	10%	613
RMB	113	4.3352	488	10%	49

(b) Interest rate risk

Interest rate risk represents the risk of fluctuations in future cash flows due to changes in market interest rates. The Company's interest rate risk arises mainly from fixed-rate bond investments and floating-rate bank loans.

The sensitivity analysis of interest rate risk was calculated based on the change in floating interest rates on floating rate borrowings as of the end of the financial reporting period and was assumed to be held for one quarter. If interest rates increase/decrease by 1yd (0.25%), the Company's profit or loss will increase/decrease by approximately NT\$197 thousand and NT\$208 thousand as of December 31, 2024 and 2023, respectively.

(c) Other market price risk

The price risk of the Company primarily arose from financial assets classified as mandatory fair value measurement through profit or loss, in addition to equity instruments and investments measured at fair value through other comprehensive income. Except for investments made through venture capital funds, all other major investments in equity instruments were approved by the Company's boards of directors before the implementation thereof.

The sensitivity analysis of financial asset price risk measured by fair value through profit and loss was calculated based on changes in the fair value of TWSE (TPEX) listed shares and other investments held by the Company at the end of the financial reporting period. If the price of equity instruments had increased/decreased by 5%, the profit and loss of the Company on December 31, 2024 and 2023 would have increased/decreased NT\$5,111 thousand and NT\$10,113 thousand, respectively.

For details on the sensitivity analysis of other equity instruments measured by Level 3 of the fair value hierarchy, refer to the description in Note 6 (25) A.

E. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's concentration of credit risk arises principally from its accounts receivables of operating activities. Operational credit risk and financial credit risk are management separately.

In order to mitigate credit risks, the Company's management assigned a dedicated team to be in charge of determining credit limit extensions, credit approvals, and other monitoring procedures, to ensure that appropriate actions have been taken to recover overdue accounts receivables. In addition, the Company reviewed the recoverable amounts of accounts receivable one by one as of the balance sheet date, to ensure that appropriate impairment losses on unrecoverable accounts receivable had been recognized. In view of this, the Company's management believed that the credit risk of the Company had been significantly reduced.

Furthermore, since the counterparties in liquid funds and derivatives were banks with high credit ratings given by an international credit rating agency, the credit risks were not high.

As of December 31, 2024 and 2023, the accounts receivable balance of the Company's top ten clients accounted for 48% and 61%, respectively, of the accounts receivable balances. As the top ten clients were all well-known enterprises without major payment collection abnormalities, there was no concern of credit risk.

F. Liquidity risk

The Company managed and maintained sufficient cash and cash equivalents to support the operations and mitigate the impact of cash flow fluctuations. The management of the Company supervised the usage of bank financing facilities, and ensured compliance with loan contract terms and conditions.

Bank loans were the Company's major source of liquidity. For details on the Company's unused loan limits as of December 31, 2024 and 2023, refer to Notes 6 (10) and Notes 6 (13).

The remaining contractual maturity analysis of non-derivative financial liabilities was prepared based on the undiscounted cash flows of financial liabilities (including principal and estimated interest), on the earliest date on which the Company might have been required to make repayments. Therefore, the bank loans that the Company could have been required to make immediate repayment are listed in the earliest period in the table below, regardless of the probability of the bank's immediate exercise of the right; the maturity analysis for other non-derivative financial liabilities was prepared based on the agreed repayment date.

	December 31, 2024				
	Within 1 year	Over 2 years to 3 years	Over 4 years to 5 years	More than 5 years	Total
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 60,000	\$ —	\$ —	\$ —	\$ 60,000
Notes payables	55,327	—	—	—	55,327
Other payable	78,943	—	—	—	78,943
Lease liabilities	2,183	881	—	—	3,064
Long-term borrowings	12,247	—	—	—	12,247
Deposits received	1,773	—	—	—	1,773
Total	<u>\$ 210,473</u>	<u>\$ 881</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 211,354</u>

	December 31, 2023				
	Within 1 year	Over 2 years to 3 years	Over 4 years to 5 years	More than 5 years	Total
<u>Non-derivative financial liabilities</u>					
Notes payables	\$ 61,492	\$ —	\$ —	\$ —	\$ 61,492
Other payable	76,839	—	—	—	76,839
Lease liabilities	2,293	2,615	—	—	4,908
Long-term borrowings	20,170	12,253	—	—	32,423
Deposits received	1,773	—	—	—	1,773
Total	<u>\$ 162,567</u>	<u>\$ 14,868</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 177,435</u>

7. TRANSACTIONS WITH RELATED PARTIES

(1) Related party name and categories:

Related Party Name	Related Party Categories
PSC ENTERPRISE CO., LTD. (hereinafter referred to as PSC)	The Company's subsidiary
PSC (H.K.) ELECTRONICS LIMITED (hereinafter referred to as PSC (H.K.))	The Company's subsidiary
Pu-Yu Investment Co., Ltd. (hereinafter referred to as Pu-Yu Investment)	The Company's subsidiary
ENRICH NATIONALS TRADE LIMITED	The Company's subsidiary
GIA TZOONG (Shen Zhen) Ltd.	The Company's subsidiary

(2) Details of transactions between the Company and related parties are disclosed below.

A. Purchase

Related Party Categories	Years ended December 31, 2024	Years ended December 31, 2023
Subsidiary	<u>\$ 14,734</u>	<u>\$ 7,572</u>

The Company's purchase terms and conditions with its subsidiaries were determined through negotiation between both parties.

B. Sales

Related Party Categories	Years ended December 31, 2024	Years ended December 31, 2023
PSC	<u>\$ 66,906</u>	<u>\$ 17,309</u>
Subsidiary	<u>6,171</u>	<u>4,422</u>
Total	<u>\$ 73,077</u>	<u>\$ 21,731</u>

The Company's sales terms and conditions with its subsidiaries were determined through negotiation between both parties.

C. Receivable (payable) from related parties:

	December 31, 2024	December 31, 2023
Category of related parties	Amount	Amount
Accounts receivable		
Subsidiary	\$ 27,307	\$ 11,634
Accounts payable		
Subsidiary	\$ 6,063	\$ 2,259

D. Rental Agreement

The Company rents out offices to related parties, the details are as follows:

Category of related parties	Lease term	Total Rent revenue	Ending Balance of Rent Receivable	Deposit
Pu-Yu Investment	113.4.1~114.3.31	\$ 36	\$ —	\$ —

Category of related parties	Lease term	Total Rent revenue	Ending Balance of Rent Receivable	Deposit
Pu-Yu Investment	112.4.1~113.3.31	\$ 36	\$ —	\$ —

E. Compensation of key management personnel

Compensation of directors and key management personnel are as below:

	Years ended December 31, 2024	Years ended December 31, 2023
Short-term benefits	\$ 16,526	\$ 17,656
Post-employment benefits	249	815
Total	\$ 16,775	\$ 18,471

The Company provided a car to the key management personnel for using. As of December 31, 2024 and 2023, the carrying amount thereof was NT\$1,962 thousand and NT\$3,201 thousand, respectively.

Remuneration to directors and other key management personnel was determined by the Compensation and Remuneration Committee, in accordance with individual performance and market trends.

8. PLEDGED ASSETS

As of December 31, 2024 and 2023, the carrying values of pledge assets were as follows:

Name	Purpose of guarantee	Book value	
		December 31, 2024	December 31, 2023
Land	Long-term borrowings	\$ 135,826	\$ 135,826
House and Building		114,853	118,105
Machine equipment		17,070	20,762
Limited assets (Financial assets measured at amortized costs in the statements)	Long/Short-term loans	5,384	8,360
Total		\$ 273,133	\$ 283,053

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

(1) As of December 31, 2024 and 2023, unused letters of credit already issued to the Company were NT\$9,000 thousand and NT\$12,000 thousand, respectively.

(2) As of December 31, 2024 and 2023, Company's contracted but unpaid amounts for the purchase of property, plant, and equipment were approximately NT\$1,833 thousand and NT\$13,777 thousand, respectively.

10. SIGNIFICANT DISASTER LOSS: None;

11. SIGNIFICANT SUBSEQUENT EVENTS: None;

12. OTHERS: None;

13. ADDITIONAL DISCLOSURES

(1) Following are the additional disclosures required by the Securities and Futures Bureau for the Company:

(2) Information on investees

No	Item	Explanation
1	Lending funds to others.	None
2	Providing endorsements or guarantees for others.	None
3	Holding of securities at the end of the period.	Table 1
4	Aggregate purchases or sales of the same securities reaching NT\$300 million or 20 percent of paid-in capital or more.	None
5	Acquisition of real estate reaching NT\$300 million or 20 percent of paid-in capital or more.	None
6	Disposal of real estate reaching NT\$300 million or 20 percent of paid-in capital or more.	None
7	Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent of paid-in capital or more.	None
8	Accounts receivable from related parties reaching NT\$100 million or 20 percent of paid-in capital or more.	None
9	Trading in derivative instruments.	None
10	Information on investee company (If the issuer directly or indirectly exercises significant influence or control over, or has a joint venture interest in, an investee company not in the Mainland Area)	Table 2

(3) Information on investments in Mainland China

- 1) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, the share of profits/losses of an investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please refer to table 3 attached;
- 2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss: Please refer to table 4 attached;
 - (a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Please refer to table 4 attached;
 - (b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Please refer to table 4 attached;
 - (c) Amount of property transactions and the amount of profit or loss arising therefrom: None;

- (d) Closing balance of endorsements and guarantees on notes or provision of collateral and the purpose thereof: None;
 - (e) Maximum balance of financing, ending balance, interest rate collar, and total interest of the current period: None;
 - (f) Other transactions that have a significant impact on the current profit or loss or financial status, such as the provision or receipt of labor services: None;
- (4) Information of main shareholders
- List of all shareholders with ownership of 5% or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Please refer to table 5 attached.

14. OPERATING SEGMENT INFORMATION

In accordance with the provisions of Article 22 of Regulations Governing the Preparation of Financial Reports by Securities Issuers, the preparation of operating department information within the scope of IFRS 8 is not required for the parent company only financial statements.

GIA TZOONG ENTERPRISE CO., LTD. AND SUBSIDIARIES

HOLDING OF MARKETABLE SECURITIES

DECEMBER 31, 2024

Table 1

(In Thousands of New Taiwan dollars, unless stated otherwise)

Investor	Securities		Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2024				Note
	Type	Marketable securities (Note 1)			Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
GIA TZOONG ENTERPRISE CO., LTD.	Stocks	Prosperity Power Technology Inc.	—	Financial assets at fair value through profit or loss - non-current	89	\$ 769	0.19%	\$ 769	
	Stocks	SUNPOWER SMART ENERGY CO., LTD.	—	"	1,000	45,861	3.14%	45,861	
	Money Market Fund	TCB Taiwan Money Market Fund	—	Financial assets at fair value through profit or loss - current	2,956	31,205	—	31,205	
	"	ALLIANZ GLOBAL INVESTORS Taiwan Money Market Fund	—	"	3,944	51,549	—	51,549	
	"	FUBON CHI-HSIANG Money Market Fund	—	"	540	8,814	—	8,814	
	"	CAPITAL Money Market Fund	—	"	634	10,667	—	10,667	
	Company Bonds	TSMC Global Ltd	—	Financial assets at amortized cost	189	6,186	—	6,186	
	"	TSMC	—	"	202	6,622	—	6,622	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS9 'Financial instruments.

Note2: The column is left blank if the issuer of marketable securities is a non-related party.

Note 3: Where it is measured by fair value, fill in the carrying amount column with the book balance after the valuation adjustment at fair value and deduction of accumulated losses; where it is not measured at fair value, fill in the carrying amount column with the book balance of the initial acquisition cost or amortized cost less accumulated impairment.

GIA TZOONG ENTERPRISE CO., LTD. AND SUBSIDIARIES
INFORMATION OF INVESTEEES
(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2024

Table 2

(In Thousands of New Taiwan dollars/USD)

Investor	Investee (Note 1, 2)	Location	Main business activities	Initial investment amount		Holding at the end of the period			Net profit (loss) of the investee for the year ended December 31,2024 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended December 31, 2024 (Note 2(3))	Note
				Balance as of December 31, 2024	Balance as of December 31, 2023	Number of shares	Ownership (%)	Book value			
GIA TZOONG ENTERPRISE CO., LTD.	PSC ENTERPRISE CO., LTD.	Samoa	PCB trading and investment	\$ 329,006	\$ 329,006	9,725	100%	\$ 50,095	\$ 7,132	\$ 7,132	Subsidiary
	ENRICH NATIONALS TRADE LIMITED	Hong Kong	PCB trading	4,536	4,536	1,106	100%	19,420	7,846	7,846	Subsidiary
	PU-YU INVESTMENT CO., LTD.	Taiwan	Property investment	20,000	20,000	2,000	100%	24,508	177	177	Subsidiary
	PSC (H.K.) ELECTRONICS LIMITED	Hong Kong	PCB trading	7,142	7,142	10	100%	6,324	1,103	1,103	Subsidiary

Note 1: Where a public company has a foreign holding company that uses consolidated statements as its main financial report in accordance with local laws and regulations, the disclosure of information on the foreign investee company may be carried out to the extent of the information related to the holding company only.

Note 2: Where the circumstances mentioned in Note 1 do not apply, the information shall be filled in in accordance with the rules below:

- (1) The “name of the investee company”, “location”, “main business items”, “initial investment amount” and “shareholding status at the end of the period” columns shall be filled in based on the status of the (public) Company's reinvestment, as well as the status of the reinvestment transfer made by each investee company directly or indirectly controlled thereby, in order, indicating also the relationship between each investee company and the (public) Company (for example: subsidiary or a sub subsidiary) in the remark column.
- (2) The “Profit or loss of the investee company for the period” column must be filled in with the amount of profit or loss for the current period of each specific investee company.
- (3) The “Investment profit or loss recognized in the current period” column must be filled in with the profit or loss amounts of the specific subsidiary recognized by the (public) Company as a direct reinvestment as well as each investee company valued using the equity method only; the remainder may be omitted. When filling in the “recognition of the profit or loss amount of each subsidiary directly reinvested for the period”, it must be confirmed that the profit or loss amount of each subsidiary has included the profit or loss in investments for its reinvestment transfer to be recognized in accordance with the regulations.

Note 3: The relevant transactions are eliminated in comprehensive financial reports.

GIA TZOONG ENTERPRISE CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2024

Table 3

(In Thousands of New Taiwan dollars/USD (unless stated otherwise))

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2024	Investment flow		Accumulated Outflow of Investment from Taiwan as of December 31, 2024	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses	Carrying Amount as of Balance as of December 31, 2024	Accumulated Inward Remittance of Earnings as of December 31, 2024	Note
					Outflow	Inflow							
JIANGMEN PSC ELECTRONICS LTD	PCB production and sales business	\$ 578,868 USD 17,666,019.84	2	\$ 578,868 USD 17,666,019.84	\$ —	\$ —	\$ 578,868 USD 17,666,019.84	\$ —	—	\$ —	\$ —	\$ —	Note 4
GIA TZOONG (Shen Zhen) Ltd.	PCB trading	4,339 USD 140,000	2	4,339 USD 140,000	—	—	4,339 USD 140,000	7,826	100%	7,826	17,034	—	

Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	The ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 2)
\$ 578,868 (USD 17,666,019.84)	\$ 595,014 (USD 17,380,576.81)	\$ 563,099
4,339 (USD 140,000.00)	9,744 (CNY 2,200,000.00)	

Note 1: The investment methods are divided into the following four types:

- (1) Investment in a Mainland China company via remittance through a third region.
- (2) Investment in a Mainland China company via a company invested and established in a third region.
- (3) Investment in a Mainland China company via an existing company established in a third region.
- (4) Other methods, EX, entrusted investment.

Note 2: Based on and limited to 60% of the net worth at the time of approval being granted by the Ministry of Economic Affairs Investment Commission, which after translation does not exceed the limit in accordance with the exchange rate at the time of filing.

Note 3: Financial statements that recognized the profit or loss in investments in the current period were audited by the certified public accountants of the parent company in Taiwan.

Note 4: The Company's Board of Directors passed a resolution on August 9, 2019 to authorize the subsidiary GIA TZOONG CIRCUIT ENTERPRISE CO., LTD. to dispose of 100% equity of its subsidiary JIANGMEN PSC ELECTRONICS LTD. The equity transfer procedure, change of responsible person, and re-election of directors and supervisors were completed on March 23, 2020, and the handover thereof was completed on June 3, 2020.

Note 5: The relevant transactions are eliminated in comprehensive financial reports.

GIA TZOONG ENTERPRISE CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES

FOR THE YEAR ENDED DECEMBER 31, 2024

Table 4

(In Thousands of New Taiwan dollars, unless stated otherwise)

Investee company in Mainland China	Type of trading	Purchases or sales of goods		Price	Trading terms		Notes and accounts receivable (payable)		Unrealized gains and losses	Note
		Amount	Percentage		Collection terms	Comparison with general transactions	Amount	Percentage		
GIA TZOONG (Shen Zhen) Ltd.	Sales	\$ 28,564	6%	(Note 1)	(Note 1)	(Note 1)	\$ 8,575	1%	\$ —	
	Purchases	6,099	1%	"	"	"	1,198	—	—	

Note 1: With regard to the purchase and sales transactions between the Company and related parties, there is no significant difference in the transaction price, nor in collection payment terms and conditions, from those in transactions conducted with non-related parties.

Note 2: Had already been written off at this consolidated report's time of preparation.

GIA TZOONG ENTERPRISE CO., LTD.
INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2024

Table 5

Name of major shareholders	Number of Shares	Ownership Percentage (%)
LEE MAW CHANG	14,577,066	8.77%
SHEN CHEN CHIEN	10,586,000	6.37%
TSENG CHI LI	9,561,794	5.75%

Note 1: The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialized form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialized form because of a different calculation basis.

GIA TZOONG ENTERPRISE CO., LTD.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

FOR THE YEAR ENDED DECEMBER 31, 2024

(In Thousands of New Taiwan dollars, unless stated otherwise)

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STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2024

Statement 1

Item	Description	Amount
Cash		
Petty Cash		\$ 200
Cash on Hand		259
Demand deposits		
Checking accounts		297
Foreign currency deposits	US\$2,262,391.70	74,173
	RMB\$277,713.65	1,267
	EU\$100.81	3
Current deposits		115,621
Total		\$ 191,820

Note: Exchange rate:

USD 1: 32.785, RMB 1: 4.5608, EUR 1: 34.14

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

DECEMBER 31, 2024

Statement 2

Name of financial product	Description	Shares (In thousands)	Par value (NT\$)	Amount	Interest rate	Acquisition cost	Fair value		Changes in fair value attributable to changes in credit risk	Note
							Unit price (NT\$)	Amount		
Current:										
TCB Taiwan Money Market Fund		2,956	—	\$ 31,205	—	\$ 30,000	\$ 10.56	\$ 31,205	\$ —	
ALLIANZ GLOBAL INVESTORS Taiwan Money Market Fund		3,944	—	51,549	—	50,000	\$ 13.07	51,549	—	
FUBON CHI-HSIANG Money Market Fund		540	—	8,814	—	8,653	\$ 16.33	8,814	—	
CAPITAL Money Market Fund		634	—	10,667	—	10,468	\$ 16.82	10,667	—	
Subtotal				102,235		99,121		102,235	—	
Non-current									—	
Prosperity Power Technology Inc.		89	—	769	—	603	\$ 8.64	769	—	
SUNPOWER SMART ENERGY CO., LTD.		1,000	—	45,861	—	42,000	\$ 45.86	45,861	—	
Subtotal				46,630		42,603		46,630	—	
Total				\$ 148,865		\$ 141,724		\$ 148,865	\$ —	

STATEMENT OF NOTES RECEIVABLES

DECEMBER 31, 2024

Statement 3

Name of client	Summary	Amount	Note
Unrelated parties:			
Client A		\$ 1,711	
Client B		202	
Others		164	The amount of individual client in others does not exceed 5% of the account balance
Total		\$ 2,077	

STATEMENT OF ACCOUNTS RECEIVABLES

DECEMBER 31, 2024

Statement 4

Name of client	Summary	Amount	Note
Unrelated parties:			
Client A		\$ 2,077	
Client B		9,391	
Client C		4,019	
Others		57,851	The amount of individual client in others does not exceed 5% of the account balance
Subtotal		83,866	
Less: Allowance for bad debt		(5,151)	
Net value		\$ 78,715	

STATEMENT OF RECEIVABLES FROM RELATED PARTIES

DECEMBER 31, 2024

Statement 5

Name of client	Summary	Amount	Note
PSC ENTERPRISE CO., LTD.		\$ 26,109	
GIA TZOONG (Shen Zhen) Ltd.		1,198	
Total		\$ 27,307	

STATEMENT OF INVENTORIES

DECEMBER 31, 2024

Statement 6

Item	Description	Amount		Note
		Cost	Net realizable value	
Raw materials		\$ 18,301	\$ 20,765	
Supplies		9,330	6,586	
Work in process		41,303	43,102	
Finished goods		27,450	21,615	
Merchandise		1,217	1,167	
Less: Allowance for Inventory Valuation Losses		(24,244)	—	
Total		\$ 73,357	\$ 93,235	

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

FOR THE YEARS ENDED DECEMBER 31, 2024

Statement 7

Name	Balance as at January 1, 2024		Additions in investment		Decrease in investment		Balance as at December 31, 2024			Market value or net assets value		Evaluation method	Guarantee or pledge	Note
	Shares (In thousand)	Amount	Shares (In thousands)	Amount	Shares (In thousands)	Amount	Shares (In thousands)	Ownership %	Amount	Unit price	Total amount			
PSC ENTERPRISE CO., LTD. (hereinafter referred to as PSC)	9,725	\$ 40,098	—	\$ 9,997	—	\$ —	9,725	100.00%	\$ 50,095	5.15	\$ 50,095	Equity method	None	
ENRICH NATIONALS TRADE LIMITED	1,106	10,884	—	8,536	—	—	1,106	100.00%	19,420	17.56	19,420	Equity method	None	
Pu-Yu Investment Co., Ltd. (hereinafter referred to as Pu-Yu Investment)	2,000	25,978	—	178	—	1,648	2,000	100.00%	24,508	12.25	24,508	Equity method	None	
PSC (H.K.) ELECTRONICS LIMITED (hereinafter referred to as PSC (H.K.))	10	4,868	—	1,456	—	—	10	100.00%	6,324	632.40	6,324	Equity method	None	
Total		\$ 81,828		\$ 20,167		\$ 1,648			\$ 100,347					

STATEMENTS OF CHANGES IN RIGHT-OF-USE ASSETS AND CHANGES IN

ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS

FOR THE YEARS ENDED DECEMBER 31, 2024

Statement 8

Item	Machine equipment	Transportation equipment	Total
<u>Cost</u>			
Balance at January 1, 2024	\$ 1,176	\$ 6,487	\$ 7,663
Additions	—	849	849
Disposals	(1,176)	(1,042)	(2,218)
Subtotal	—	6,294	6,294
<u>Accumulated depreciation</u>			
Balance at January 1, 2024	676	2,153	2,829
Additions	500	2,240	2,740
Disposals	(1,176)	(1,042)	(2,218)
Subtotal	—	3,351	3,351
Net value at December 31, 2024	\$ —	\$ 2,943	\$ 2,943

STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2024

Statement 9

Taiwan Cooperative Bank	Secured borrowings	\$ 15,000	113.10.15~114.10.15	2.178%	\$ 30,000	Note 8	
Bank of Taiwan	Secured borrowings	25,000	113.02.17~114.02.17	2.10%	60,000	Note 8	
Bank of Panshin	Unsecured borrowings	20,000	113.09.23~114.01.03	2.87%	40,000	None	
Total		\$ 60,000			\$ 130,000		

STATEMENT OF ACCOUNTS PAYABLES

DECEMBER 31, 2024

Statement 10

Name of company	Summary	Amount	Note
Unrelated parties:			
Vendor A		\$ 7,758	
Vendor B		3,941	
Vendor C		2,916	
Vendor D		2,589	
Others		32,060	The amount of individual vendor in others does not exceed 5% of the account balance
Total		\$ 49,264	

STATEMENT OF PAYABLES TO RELATED PARTIES

DECEMBER 31, 2024

Statement 11

Name of company	Summary	Amount	Note
GIA TZOONG (Shen Zhen) Ltd.		\$ 6,063	
Total		\$ 6,063	

STATEMENT OF LEASE LIABILITIES

FOR THE YEARS ENDED DECEMBER 31, 2024

Statement 12

Item	Lease period	Discount rate	Amount	Note
Transportation equipment	April 15, 2022~ August 24, 2026	5.246%~ 5.781%	\$ 3,064	
Lease liabilities-Current			\$ 2,183	
Lease liabilities-non-current			\$ 881	

STATEMENT OF OPERATING REVENUES

FOR THE YEARS ENDED DECEMBER 31, 2024

Statement 13

Item	Quantity	Amount	Note
Revenue from the sale of goods	515,977 ft2 and 681,138 PCS	\$ 463,231	
Processing Fees Income		21	
Less: sales returns and discounts		(16,332)	
Net		\$ 446,920	

STATEMENT OF OPERATING COSTS

FOR THE YEARS ENDED DECEMBER 31, 2024

Statement 14

Item	Description	Amount	Note
Beginning raw materials		\$ 19,482	
Add: Net purchase		95,036	
Less: Ending raw materials		(18,301)	
Transfer to expenses		(628)	
Raw materials consumed		95,589	
Materials in the beginning		9,783	
Add: Net purchase		77,238	
Less: Ending supplies		(9,330)	
Transfer to expenses		(11,245)	
Supplies consumed		66,446	
Direct labor		89,344	
Manufacturing expenses		307,142	
Manufacturing costs		558,521	
Add: Beginning work in progress		37,479	
Gains on Physical Inventory		4	
Less: Ending work in progress		(41,303)	
Other		(172,338)	
Cost of finished goods		382,363	
Add: Beginning finished goods		34,300	
Less: Ending finished goods		(27,450)	
Transfer to expenses		(2,221)	
Scrapped		(5,649)	
Other		(3,209)	
Cost of manufacturing goods sold		378,134	
Beginning merchandise		1,122	
Add: Net purchase		20,759	
Less: Ending merchandise		(1,217)	
Cost of purchased goods sold		20,664	
Inventory loss from the falling price		8,420	
Idle capacity cost		172,338	
Revenue from sale of scraps		(8,701)	
Gains on Physical Inventory		(4)	
Total Operating Costs		\$ 570,851	

STATEMENT OF SELLING AND MARKETING EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2024

Statement 15

Item	Description	Amount	Note
Wages and salaries		\$ 7,386	The amount of each item in others does not exceed 5% of the account balance.
Freight		3,121	
Sample expense		2,221	
Insurance expense		913	
Other		4,803	
Total		\$ 18,444	

STATEMENT OF SELLING AND MARKETING EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2024

Statement 16

Item	Description	Amount	Note
Wages and salaries		\$ 24,129	The amount of each item in others does not exceed 5% of the account balance.
Services expense		3,181	
Depreciations		3,094	
Miscellaneous expense		2,909	
Other		10,944	
Total		\$ 44,257	

STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2024

Statement 17

Item	Description	Amount	Note
Wages and salaries		\$ 5,653	The amount of each item in others does not exceed 5% of the account balance.
Depreciations		3,256	
Services expense		1,150	
Supplies		2,663	
Other		3,466	
Total		\$ 16,188	