I-CHIUN PRECISION INDUSTRY CO., LTD.
AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
For the years ended December 31, 2024 and 2023
(Stock Code: 2486)

Company address: No. 17, Wugong 5th Rd., Xinzhuang
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I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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I-CHIUN PRECISION INDUSTRY CO., LTD.
Representation Letter of Consolidated Financial Statements of Affiliated Enterprises

The companies to be included by the Company in the consolidated financial statement of affiliated enterprises in 2024 (January 1, 2024 – December 31, 2024) pursuant to the Criteria Governing Preparation of Affiliation Report, Consolidated Business Report and Consolidated Financial Statement of Affiliated Enterprises are the same as those to be included into the consolidated financial report of the parent company and subsidiaries pursuant to the Statement of International Financial Reporting Standards (IFRS) No. 10. Further, the related information to be disclosed in the consolidated financial report of affiliated enterprises has been disclosed in the said consolidated financial statement of parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial statement of affiliated enterprises separately.

Hereby declared by

Company Name: I-CHIUN PRECISION INDUSTRY CO., LTD.

Responsible person: CHOU, WAN-SHUN

March 4, 2025

Independent Auditor's Audit Report

(2025) Cai-Shen-Bao-Zi No. 24004111

To the Board of Directors and Shareholders of I-CHIUN PRECISION INDUSTRY CO., LTD.

Audit Opinion

We have reviewed the accompanying consolidated balance sheets of I-CHIUN PRECISION INDUSTRY CO., LTD. and its subsidiaries (the "Group") as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, based on our audit results and other accountants' audit reports (see the "other matters" paragraph), present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) as endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Basis for Opinion

The certified public accountant (CPA) engaged to audit and attest financial statements shall do so in accordance with the Standards on Auditing (TWSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audit results and other accountants' audit reports, 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 the Group's audit of the consolidated financial statements of 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for 2024 is stated as follows:

Assessment of allowance for inventory valuation losses

Description

For accounting policies for inventories, please refer to Note 4(13) of the consolidated financial statements; for the uncertainty of accounting estimates and assumptions in evaluation of inventories, please refer to Note 5(2) of the consolidated financial statements; for the description of allowance for inventory valuation losses, please refer to Note 6(5) of the consolidated financial statements. The Group's inventories and allowance for inventory valuation losses on December 31, 2024 were NTD 1,499,320 thousand and NTD 121,397 thousand, respectively.

The Group's evaluation of inventories is based on the cost or net realizable value, whichever is lower. Considering the rapid changes in the technological environment, its measurement is based on the judgment and estimation that there is a higher risk in inventories due to obsolete products or no market value. The Group's inventories are measured at cost or net realizable value, whichever is lower; for inventories exceeding a certain period of age and individually identified obsolete and outdated inventories, the net realizable value is calculated based on historical information on the selling rate of inventories and the extent of the discount.

Because the Group's inventories and its allowance for inventory valuation losses has a significant impact on the consolidated financial statements, and the net realizable value adopted in the evaluation of outdated and obsolete inventories often involves subjective judgments of whether there is still market sales value in the future, there is a high degree of estimation uncertainty. Therefore, we have listed the assessment of allowance for inventory valuation losses as a key audit matter.

Corresponding audit procedures

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

1. Assess the reasonableness of the policies and procedures used in the allowance for

inventory valuation losses based on our understanding of the Group and the nature of the industry, including the inventory classification used to determine the net realizable value and the judgment of obsolete inventory items.

2. Understand the Group's inventory management process, review its annual inventory plan, and participate in the annual inventory taking to evaluate the effectiveness of distinguishing and controlling obsolete and outdated inventories by the management.
3. The methods for verifying the accounting estimates are appropriate and adopted consistently, including the Group's procedures, methods, and assumptions regarding the identification of net realizable value, obsolete inventories, and outdated or damaged items, which are consistent with the previous period.
4. Randomly check the source information on selling prices used for the serial number of individual inventory items, compare the allowance for valuation losses in the previous period, and consider events taking place after the balance sheet, to assess the reasonableness of the allowance for valuation loss provided by the Group.

Other matters – reference to the audit or review of other accountants

Some subsidiaries and investees accounted for under the equity method included in the consolidated financial statements of I-CHIUN Group were not audited by us but were audited by other auditors. Therefore, our opinion expressed on these consolidated financial statements, with respect to the amounts included for these companies, is based solely on the audit reports of other auditors. The total assets (including investments accounted for under the equity method) of the aforementioned companies as of December 31, 2024, amounted to NTD 46,589 thousand, representing 0.4% of the consolidated total assets. The operating revenue for the year 2024 amounted to NTD 41 thousand, representing 0.0% of the consolidated net operating revenue. The total comprehensive loss recognized from the aforementioned investees accounted for under the equity method for the period from January 1 to December 31, 2024, amounted to NTD 6,282 thousand, representing 6.2% of the consolidated total comprehensive income.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion and an unqualified opinion and Other Matters paragraph on the parent company only financial statements of I-CHIUN PRECISION INDUSTRY CO., LTD. for 2024 and 2023 in our report.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and the regulations of IFRS and IAS as well as IFRIC and SIC Interpretations as endorsed and issued into effect by the FSC to maintain necessary internal control associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

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

Those charged with governance (including audit committee) are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit of consolidated financial statements conducted in accordance with TWSA will always detect a material misstatement when it exists. Misstatements can arise from error or fraud 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 the consolidated financial statements.

As part of an audit in accordance with TWSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the Group. 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 (including relevant protective measures).

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

PRICEWATERHOUSECOOPERS TAIWAN

FENG, MIN-CHUAN
Certified Public Accountant
JUAN LU, MAN-YU

Securities and Futures Bureau, Former Financial Supervisory Commission, Executive Yuan
Approval Document No.: Jin-Guan-Zheng-Six No. 0960038033
Former Financial Supervisory Commission, Executive Yuan
Approval Document No.: Jin-Guan-Zheng-Shen No. 0990058257

March 11, 2025

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES
Consolidated Balance Sheet
December 31, 2024 and 2023

Unit: NTD thousand

	Asset	Notes	December 31, 2024 Amount		%	December 31, 2023 Amount		%
	Current assets							
1100	Cash and cash equivalents	6(1)	$	1,354,616	12	$	1,492,468	19
1110	Financial assets at fair value through profit and loss – current	6(2)		136,594	1		137,396	2
1136	Financial assets at amortized cost – current	6(3) & 8		87,439	1		166,288	2
1150	Notes receivable, net	6(4) & 12(2)		48,446	-		126,277	1
1170	Accounts receivable, net	6(4) & 12(2)		2,418,179	22		2,006,646	26
1200	Other receivables			81,195	1		93,721	1
1220	Current income tax assets			8,858	-		370	-
130X	Inventories	6(5)		1,377,923	13		1,151,733	15
1479	Other current assets – others			142,586	1		62,516	1
11XX	**Total current assets**			5,655,836	51		5,237,415	67
	Non-current assets							
1510	Financial assets at fair value through profit and loss – non-current	6(2)		22,198	-		20,000	-
1535	Financial assets at amortized cost – non-current	6(3) & 8		2,929	-		-	-
1550	Investments accounted for under equity method	6(6)		46,589	-		-	-
1600	Property, plant and equipment	6(7) & 8		4,551,196	41		1,716,801	22
1755	Right-of-use assets	6(8) & 8		100,514	1		403,074	5
1760	Investment property, net	6(10) & 8		160,960	2		190,788	3
1780	Intangible assets			23,205	-		24,349	-
1840	Deferred income tax assets	6(25)		73,274	1		112,982	2
1900	Other non-current assets	9(2)		378,626	4		91,802	1
15XX	**Total non-current assets**			5,359,491	49		2,559,796	33
1XXX	**Total assets**		$	11,015,327	100	$	7,797,211	100

(Continued)

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES
Consolidated Balance Sheet
December 31, 2024 and 2023

Unit: NTD thousand

	Liabilities and Equity	Notes	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	Liability					
	Current liabilities					
2100	Short-term borrowings	6(11) & 8	$ 734,340	7	$ 646,307	8
2130	Contract liabilities – current	6(20)	14,242	-	242	-
2150	Notes payable		14,804	-	72,240	1
2170	Accounts payable	7	700,457	6	570,384	7
2200	Other payables	6(13)	495,652	5	358,349	5
2230	Current income tax liabilities		2,971	-	10,140	-
2280	Lease liabilities – current		21,694	-	58,870	1
2320	Long-term borrowings (including due within one year or one operating cycle)	6(14) & 8	15,623	-	966,667	13
2399	Other current liabilities – others		5,435	-	5,094	-
21XX	**Total current liabilities**		2,005,218	18	2,688,293	35
	Non-current liabilities					
2500	Financial liabilities at fair value through profit and loss – non-current	6(2)	2,220	-	-	-
2530	Corporate Bonds Payable	6(12)	570,149	5	-	-
2540	Long-term borrowings	6(14) & 8	2,616,126	24	6,667	-
2570	Deferred income tax liabilities	6(25)	330,834	3	321,415	4
2580	Lease liabilities – non-current		7,372	-	294,478	4
2600	Other non-current liabilities	6(15)	97,725	1	103,146	1
25XX	**Total non-current liabilities**		3,624,426	33	725,706	9
2XXX	**Total liabilities**		5,629,644	51	3,413,999	44
	Equity					
	Equity attributable to owners of the parent					
	Share capital					
3110	Share capital – common stock	6(17)	2,339,586	21	2,219,586	28
	Capital surplus	6(18)				
3200	Capital surplus		2,776,019	24	1,864,432	24
	Retained earnings	6(19)				
3310	Legal reserve		52,415	1	32,697	-
3320	Special reserve		155,885	2	122,718	2
3350	Retained earnings		29,122	-	203,870	3
	Other equity					
3400	Other equity		(144,666)	(1)	(212,676)	(3)
3500	Treasury stock	6(17)	-	-	(39,538)	-
31XX	**Total equity attributable to owners of the parent**		5,208,361	47	4,191,089	54
36XX	**Non-controlling equity**	6(27)	177,322	2	192,123	2
3XXX	**Total equity**		5,385,683	49	4,383,212	56
	Significant Contingent Liabilities and Unrecognized Contract Commitments	9				
	Significant Events after the Balance Sheet Date	11				
3X2X	**Total liabilities and equity**		$ 11,015,327	100	$ 7,797,211	100

The accompanying notes are an integral part of the consolidated financial statements, and shall be read together.

Chairman: CHOU, WAN-SHUN　　Manager: CHOU, WAN-SHUN　　Accounting Officer: YANG, PAI-JUNG

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2024 and 2023

Unit: NTD thousand
(except for earnings per share which is in NTD)

			2024		2023	
	Items	Notes	Amount	%	Amount	%
4000	Operating revenue	6(20)	$ 5,492,378	100	$ 5,068,696	100
5000	Operating costs	6(5)(10)(24) & 7	(4,721,507)	(86)	(4,351,582)	(86)
5900	Operating gross profit		770,871	14	717,114	14
	Operating expense	6(24)				
6100	Selling expenses		(202,896)	(4)	(173,339)	(3)
6200	Administrative expenses		(396,373)	(7)	(307,085)	(6)
6300	Research and development expenses		(159,592)	(3)	(117,139)	(2)
6450	Expected credit impairment (loss) profit	12(2)	(34,779)	(1)	56,949	1
6000	Total operating expenses		(793,640)	(15)	(540,614)	(10)
6900	Operating (loss) profit		(22,769)	(1)	176,500	4
	Non-operating revenues and expenses					
7100	Interest revenue		27,839	-	35,200	1
7010	Other revenue	6(21)	28,693	1	16,377	-
7020	Other gains and losses	6(22)	90,201	2	76,168	1
7050	Finance costs	6(23)	(51,494)	(1)	(59,810)	(1)
7060	Share of Profit (Loss) of Associates and Joint Ventures Accounted for Using Equity Method	6(6)	(6,282)	-	-	-
7000	Total non-operating revenues and expenses		88,957	2	67,935	1
7900	**Net profit before tax**		66,188	1	244,435	5
7950	Income tax expense	6(25)	(36,484)	-	(45,527)	(1)
8200	**Current net profit**		$ 29,704	1	$ 198,908	4
	Items that will not be reclassified to profit or loss					
8311	Remeasurements of defined benefit plans	6(15)	$ 4,469	-	($ 4,623)	-
8349	Income tax related to items that will not be reclassified to profit or loss	6(25)	(894)	-	924	-
8310	Total of items that will not be reclassified to profit or loss		3,575	-	(3,699)	-
	Items that may be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		85,012	1	(41,459)	(1)
8399	Income tax relating to the items that may be reclassified to profit or loss	6(25)	(17,002)	-	8,292	-
8360	Sum of items that may be reclassified to profit or loss		68,010	1	(33,167)	(1)
8300	**Other comprehensive income (net)**		$ 71,585	1	($ 36,866)	(1)
8500	**Total comprehensive income for current period**		$ 101,289	2	$ 162,042	3
	Net income (loss) attributable to:					
8610	Owners of the parent		$ 18,807	1	$ 200,887	4
8620	Non-controlling equity		10,897	-	(1,979)	-
			$ 29,704	1	$ 198,908	4
	Total comprehensive income attributable to:					
8710	Owners of the parent		$ 90,420	2	$ 164,021	3
8720	Non-controlling equity		10,869	-	(1,979)	-
			$ 101,289	2	$ 162,042	3
	Earnings per share (EPS)	6(26)				
9750	Basic earnings per share		$	0.08	$	0.92
9850	Diluted earnings per share		$	0.08	$	0.92

The accompanying notes are an integral part of the consolidated financial statements, and shall be read together.

Chairman: CHOU, WAN-SHUN Manager: CHOU, WAN-SHUN Accounting Officer: YANG, PAI-JUNG

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2024 and 2023

Unit: NTD thousand

	Notes	Equity attributable to owners of the parent									
				Retained earnings			Other equity				
	Notes	Share capital – common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Financial statements translation differences of foreign operations	Treasury stock	Total	Non-controlling equity	Total equity
2023											
Balance at January 1, 2023		$ 2,219,586	$ 1,814,424	$ 22,267	$ 115,330	$ 111,683	($ 179,509)	($ 60,702)	$ 4,043,079	$ 177,717	$ 4,220,796
Current net profit		-	-	-	-	200,887	-	-	200,887	(1,979)	198,908
Other comprehensive income for current period		-	-	-	-	(3,699)	(33,167)	-	(36,866)	-	(36,866)
Total comprehensive income for current period		-	-	-	-	197,188	(33,167)	-	164,021	(1,979)	162,042
Earnings appropriation and distribution for 2022:	6(19)										
Allocation for Legal reserve		-	-	10,430	-	(10,430)	-	-	-	-	-
Allocation for Special reserve		-	-	-	7,388	(7,388)	-	-	-	-	-
Cash dividend paid out		-	-	-	-	(87,183)	-	-	(87,183)	-	(87,183)
Cash dividend paid out by subsidiary	6(27)	-	-	-	-	-	-	-	-	(3,191)	(3,191)
Treasury shares repurchased	6(17)(28)	-	-	-	-	-	-	(29,326)	(29,326)	-	(29,326)
Cost of share-based payment	6(16)(18)	-	47,962	-	-	-	-	-	47,962	-	47,962
Treasury shares subscribed for by employees	6(17)(18)	-	(151)	-	-	-	-	50,490	50,339	-	50,339
Disposal of equity in a subsidiary (without losing control)	6(18)(27)	-	2,197	-	-	-	-	-	2,197	4,026	6,223
Acquisition of subsidiary		-	-	-	-	-	-	-	-	15,550	15,550
Balance at December 31, 2023		$ 2,219,586	$ 1,864,432	$ 32,697	$ 122,718	$ 203,870	($ 212,676)	($ 39,538)	$ 4,191,089	$ 192,123	$ 4,383,212
2024											
Balance at January 1, 2024		$ 2,219,586	$ 1,864,432	$ 32,697	$ 122,718	$ 203,870	($ 212,676)	($ 39,538)	$ 4,191,089	$ 192,123	$ 4,383,212
Current net profit		-	-	-	-	18,807	-	-	18,807	10,897	29,704
Other comprehensive income for current period		-	-	-	-	3,603	68,010	-	71,613	(28)	71,585
Total comprehensive income for current period		-	-	-	-	22,410	68,010	-	90,420	10,869	101,289
Capital increase in cash	6(17)	120,000	744,000	-	-	-	-	-	864,000	-	864,000
Earnings appropriation and distribution for 2023:	6(19)										
Allocation for Legal reserve		-	-	19,718	-	(19,718)	-	-	-	-	-
Allocation for Special reserve		-	-	-	33,167	(33,167)	-	-	-	-	-
Cash dividend paid out		-	-	-	-	(144,273)	-	-	(144,273)	-	(144,273)
Cash dividend paid out by subsidiary	6(27)	-	-	-	-	-	-	-	-	(11,965)	(11,965)
Issuance of Convertible Corporate Bonds	6(12)(18)	-	37,026	-	-	-	-	-	37,026	-	37,026
Cost of share-based payment	6(16)(18)	-	130,126	-	-	-	-	-	130,126	-	130,126
Treasury shares subscribed for by employees	6(16)(18)	-	(106)	-	-	-	-	39,538	39,432	-	39,432
Disposal of equity in a subsidiary (loss of control)	6(6)(18)	-	387	-	-	-	-	-	387	(13,705)	(13,318)
Changes in Ownership Interests in Investments Accounted for Under Equity Method	6(18)	-	90	-	-	-	-	-	90	-	90
Exercise of Disgorgement Rights	6(18)	-	64	-	-	-	-	-	64	-	64
Balance at December 31, 2024		$ 2,339,586	$ 2,776,019	$ 52,415	$ 155,885	$ 29,122	($ 144,666)	$ -	$ 5,208,361	$ 177,322	$ 5,385,683

The accompanying notes are an integral part of the consolidated financial statements, and shall be read together.

Chairman: CHOU, WAN-SHUN   Manager: CHOU, WAN-SHUN   Accounting Officer: YANG, PAI-JUNG

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2024 and 2023

Unit: NTD thousand

	Notes	January 1 to December 31, 2024	January 1 to December 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Current net profit before tax		$ 66,188	$ 244,435
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expenses	6(7)(8)(10)(24)	412,710	447,276
Amortization expenses	6(24)	7,549	6,592
Expected credit impairment loss (profit)	12(2)	34,779	(56,949)
Net gains on financial assets and liabilities at fair value through profit and loss	6(22)	(32,501)	(71,342)
Interest expenses	6(23)	51,494	59,810
Interest revenue		(27,839)	(35,200)
Dividend revenue	6(21)	(1,080)	(450)
Cost of share-based payment	6(16)	130,126	47,962
Share of Loss of Associates Accounted for Using Equity Method	6(6)	6,282	-
Loss on Disposal of Property, Plant and Equipment	6(22)	46,972	1,821
Property, Plant and Equipment Transferred to Expenses		87	-
Impairment Loss on Property, Plant, and Equipment	6(22)	15,115	-
Gains arising from lease changes	6(8)(22)	(24,766)	-
Changes in operating assets and liabilities			
Net changes in operating assets			
Financial assets at fair value through profit and loss		31,525	(2,333)
Notes receivable		77,831	15,672
Accounts receivable		(445,445)	(190,615)
Other receivables		9,684	5,992
Inventories		(204,862)	227,813
Other current assets		(102,253)	(3,155)
Other non-current assets		24,449	(7,894)
Net changes in operating liabilities			
Contract liabilities – current		14,000	(14,701)
Notes payable		(57,436)	67,454
Accounts payable		131,609	94,403
Other payables		90,567	52,200
Other current liabilities		404	(696)
Other non-current liabilities		(5,188)	(6,662)
Cash inflow generated from operations		250,001	881,433
Interest received		27,886	35,309
Dividends received		1,080	450
Interest paid	6(28)	(45,471)	(60,005)
Income tax paid		(13,484)	(12,429)
Net cash inflow from operating activities		220,012	844,758

(Continued)

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2024 and 2023

Unit: NTD thousand

	Notes	January 1 to December 31, 2024	January 1 to December 31, 2023
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit and loss – non-current		$ -	($ 20,000)
Decrease (increase) in financial assets at amortized cost		75,920	(56,113)
Acquisition of Investments Accounted for Under Equity Method	6(6) and 7(2)	(34,767)	-
Net Cash Outflow from Disposal of Subsidiaries	6(28)	(20,147)	-
Increase in other non-current assets		(35,921)	(5,681)
Price of purchase of property, plant and equipment	6(28)	(3,443,388)	(129,013)
Proceeds from disposal of property, plant and equipment		17,986	21,015
Price of purchase of intangible assets		(6,405)	(10,993)
Cash inflow generated from the merger and acquisition	6(27)	-	15,550
Cash outflow from investing activities		(3,446,722)	(185,235)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in Short-term borrowings	6(29)	88,033	(51,684)
Issuance of Convertible Corporate Bonds	6(29)	603,167	-
New long-term borrowings	6(29)	2,629,560	-
Repayment of long-term borrowings	6(29)	(971,145)	(265,416)
Repayment of lease principal	6(29)	(57,747)	(56,739)
Increase (decrease) in other non-current liabilities		-	(967)
Cash dividend paid out	6(19)	(144,273)	(87,183)
Capital increase in cash	6(17)	864,000	-
Treasury shares transferred to employees	6(17)	39,432	50,490
Repurchased treasury shares	6(28)	-	(40,367)
Proceeds from the disposal of equity in a subsidiary (without loss of control)	6(27)	-	6,223
Cash Dividends Distributed by Subsidiaries to Non-controlling Interests	6(27)	(11,965)	(3,191)
Exercise of Disgorgement Rights	6(18)	64	-
Net cash inflow (outflow) from financing activities		3,039,126	(448,834)
Effect of exchange rate changes on cash and cash equivalents		49,732	(30,529)
Net increase (decrease) in cash and cash equivalents of the current period		(137,852)	180,160
Balance of cash and cash equivalents, beginning of period		1,492,468	1,312,308
Balance of cash and cash equivalents, end of period		$ 1,354,616	$ 1,492,468

The accompanying notes are an integral part of the consolidated financial statements, and shall be read together.

Chairman: CHOU, WAN-SHUN Manager: CHOU, WAN-SHUN Accounting Officer: YANG, PAI-JUNG

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

Unit: NTD thousand
(except as otherwise indicated)

I. Company Profile

I-CHIUN PRECISION INDUSTRY CO., LTD. (hereinafter referred to as the "Company") was incorporated in August 1977. The Company merged with Yi-Chiun Industrial Co., Ltd., I-Zhan Industrial Co., Ltd., and I-Che Technology Co., Ltd. in July, 1990, November 1993, September 2001, and September 2004, with the Company as the surviving company. The Company and its subsidiaries (hereinafter referred to as the "Group") are primarily engaged in the manufacturing, processing, and trading of machinery and parts, electronic components, electrical components, semiconductor LED lead frames, precision molds, and ceramic circuit boards, as well as related import and export trade and real estate leasing operations.

The Company's stock had been listed on the Taipei Exchange since March 21, 2000 for trading, and then has been listed and traded on the Taiwan Stock Exchange since September 19, 2001.

II. Date and Procedures for Approval of the Financial Report

The consolidated financial statements were authorized for issuance by the Board of Directors on March 4, 2025.

III. Application of Newly Issued and Amended Standards and Interpretations

(I) Effect of adopting the newly issued or amended International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the FSC

New standards, interpretations and amendments in the IFRS Accounting Standards as endorsed and issued into effect by the FSC effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	January 1, 2024

The standards and interpretations above have no significant impact on the Group's financial position and financial performance based on the Group's assessment.

(II) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

The standards and interpretations above have no significant impact on the Group’s financial position and financial performance based on the Group’s assessment.

(III) Effects of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7 “Amendments to Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Involving Natural Electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28, “Sale of contribution of assets between an investor and its associate or joint venture”	To be determined by International Accounting Standards Board
IFRS 17, “Insurance contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”	January 1, 2023
IFRS No. 18 “Presentation and Disclosure of Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027
Annual Improvements to IFRS Standards – Volume 11	January 1, 2026

Except for the following, the Group has assessed that the above standards and interpretations have no significant impact on the Group’s financial position and financial performance:

IFRS No. 18 “Presentation and Disclosure of Financial Statements”

IFRS 18 “Presentation and Disclosure of Financial Statements” replaces IAS 1 and updates the structure of the statement of comprehensive income, adds disclosures for management performance measures, and enhances the principles of aggregation and disaggregation applied to the primary financial statements and notes.

IV. Summary of Significant Accounting Policies

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

(I) Compliance Statement

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

(II) Basis of preparation

1. Except for the following important items, the consolidated financial statements have been prepared at historical cost:

   (1) Financial assets and liabilities at fair value through profit and loss (including derivatives).

   (2) Defined benefit liabilities recognized at the net amount of pension fund assets less the present value of defined benefit obligations.

2. The preparation of the financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(III) Basis of consolidation

1. Basis for preparation of consolidated financial statements:

   (1) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or entitled, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation financial reports of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

   (2) Inter-company transactions, balances, and unrealized gains or losses on transactions within the Group are eliminated. Accounting policies of subsidiaries have been adjusted as necessary and are consistent with the ones adopted by the Group.

   (3) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

   (4) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transaction with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their

capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(5) When the Group loses control over a subsidiary, any remaining investment in the former subsidiary is remeasured at fair value, which becomes the fair value for initial recognition as a financial asset or the cost for initial recognition as an investment in an associate or joint venture. The difference between the fair value and carrying amount is recognized in current profit or loss. For all amounts previously recognized in other comprehensive income related to that subsidiary, the accounting treatment is the same as if the Group had directly disposed of the related assets or liabilities. That is, if gains or losses previously recognized in other comprehensive income would be reclassified to profit or loss upon disposal of the related assets or liabilities, then when control over the subsidiary is lost, those gains or losses are reclassified from equity to profit or loss.

2. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Nature of Business	Ownership (%) December 31, 2024	Ownership (%) December 31, 2023	Description
The Company	MORE FORTUNE PROFITS LIMITED ("MORE FORTUNE")	General investment	100.000	100.000	
The Company	Ecocera Optronics Co., Ltd.	Manufacturing and trading of LED ceramic bases	69.720	69.720	
The Company	Advance Venture Corporation	Electronics Components Manufacturing and Trading	55.556	55.556	
The Company	CMTEK Co., Ltd.	Other Metal Products Manufacturing	-	56.259	Note
MORE FORTUNE	I-CHIUN (CAYMAN) PRECISION INDUSTRY CO., LTD. ("I-CHIUN (CAYMAN)")	General investment	100.000	100.000	
MORE FORTUNE	I-CHIUN TECHNOLOGY CO., LTD.	General investment	100.000	100.000	
I-CHIUN (CAYMAN)	I-Chiun Precision Electric Industry (China) Co., Ltd.	Manufacturing and trading of direct back-lit module components, as well as investment property leasing	100.000	100.000	

I-CHIUN (CAYMAN)	I-Chiun Precision Electric (Nanjing) Co., Ltd.	Investment property leases	100.000	100.000
I-CHIUN TECHNOLOGY CO., LTD.	I-Chiun Technology (China) Co., Ltd.	Trading and manufacturing of LED and semiconductor frames and investment property leasing	65.230	65.230
I-Chiun Precision Electric Industry (China) Co., Ltd.	I-Zou Hi-Tech (SZN) Co., Ltd.	Trading and manufacturing of LED lead frames	100.000	100.000
I-Chiun Precision Electric Industry (China) Co., Ltd.	I-Chiun Technology (China) Co., Ltd.	Trading and manufacturing of LED and semiconductor frames and investment property leasing	34.770	34.770

Note: In November and December, 2023, the Group invested and established World Group Technology Co., Ltd., with capital contribution of NTD 20,000 and acquisition of 2,000 thousand shares, or 56.259% of the shareholding, control of World Group Technology Co., Ltd. and became a consolidated entity of the Group Subsidiary In April 2024, CMTEK Co., Ltd. increased its capital, but the Group did not subscribe proportionally, resulting in a decrease in the investment ratio to 47.076%. After assessment, the Group has lost control over CMTEK Co., Ltd. As of April 1, 2024, it is no longer a consolidated subsidiary of the Group and is excluded from the consolidated financial statements. Please refer to Note 6(6) for details.

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

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

5. Significant restrictions: None.

6. Subsidiaries that have non-controlling interests that are material to the Group: None.

(IV) <u>Translation of foreign currency</u>

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

1. Foreign currency transactions and balances

(1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(2) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(3) For the balance of non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through profit or loss, their valuations are adjusted by using the spot exchange rate on the balance sheet date, and the exchange differences arising from the adjustment are recognized in current profit or loss; those that are not measured at fair value are measured at the historical exchange rate on the date of the initial transaction.

(4) All other foreign exchange gains and losses are recognized in "other gains and losses" in the statement of comprehensive income.

2. Translation of foreign operations

(1) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the balance sheet date;

B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

C. All resulting exchange differences are recognized in other comprehensive income.

(2) When a foreign operation that is partially disposed of or sold is a subsidiary, the accumulated exchange differences recognized in other comprehensive income is re-attributed to the foreign operation's non-controlling interests on a pro rata basis. However, if the Group still retains partial interests in the former foreign subsidiary after losing control of the former foreign subsidiary, such a transaction shall be accounted for as the disposal of all interests in the foreign operation.

(V) Classification of current and non-current items of assets and liabilities

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

(1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(2) Liabilities arising mainly from trading activities;

(3) Assets that are expected to be realized within twelve months from the balance sheet date;

(4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

The Group has classified all assets that do not meet the above criteria as non-current.

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

(1) Liabilities that are expected to be settled within the normal operating cycle;

(2) Liabilities arising mainly from trading activities;

(3) Liabilities that are to be settled within twelve months from the balance sheet date;

(4) Those that do not have the right to defer settlement of the liability for at least twelve months after the reporting period.

The Group has classified all liabilities that do not meet the criteria above as non-current.

(VI) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(VII) Financial assets at fair value through profit and loss

1. Financial assets that are not measured at amortized cost or at fair value through other comprehensive income.

2. For financial assets at fair value through profit or loss that meet the criteria for regular way transactions, the Group adopts settlement date accounting.

3. The Group's initial recognition is on a fair value basis, with relevant transaction costs recognized in profit or loss, and subsequently at fair value, and gains or losses thereof are recognized in profit or loss.

4. When the right to receive dividends is established, the future economic benefits related to dividends may flow to the Group, and when the amount of dividends can be reliably measured, the Group recognizes dividend income in profit or loss.

(VIII) Financial assets at amortized cost

1. Those that meet all of the following criteria:

(1) The financial asset is held under a business model for the purpose of collecting contractual cash flows.

(2) The contract terms of the financial asset generate cash flow on a specific date, which is entirely to pay for the interest on the principal and the amount of principal outstanding.

2. The Group's financial assets measured at amortized cost in accordance with trading conventions are accounted for on the trade date.

3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs, and subsequently adopts the effective interest method to recognize said assets in interest revenue and in impairment loss during the outstanding period according to the amortization procedure. During derecognition, the gains or losses thereof are recognized in profit or loss.

4. The Group has time deposits that do not qualify as cash equivalents. Due to the short holding period, the effect of discounting is not significant and measured at the investment amount.

(IX) Accounts and notes receivable

1. Accounts and notes receivable entitle the Group to a legal right to receive consideration in exchange for transferred goods or rendered services.

2. For the Group, the short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(X) Impairment of financial assets

At each balance sheet date, for financial assets measured at amortized cost and accounts receivable with significant financing components, the Group considers all reasonable and supportable information (including forward-looking information). For those whose credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses; for those whose credit risk has increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses; for accounts receivable that do not contain a significant financing component, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

(XI) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(XII) Leasing arrangements (lessor) – operating lease

The rental income under operating lease, after any incentives given to the lessee are deducted, is amortized and recognized in current profit and loss using the straight-line method during the lease term.

(XIII) Inventories

Inventories are measured at the lower of cost and net realizable value, and cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. When cost and the net realizable value are compared to see which is lower, the item-by-item comparison method is adopted. The net realizable value refers to the balance of the estimated selling price in the ordinary course of business, less the estimated cost necessary to make the sale.

(XIV) Investments Accounted for Under Equity Method – Associates

1. Associates are entities over which the Group has significant influence but not control, generally represented by a direct or indirect shareholding of 20% or more of the voting rights. The Group's investments in associates are accounted for using the equity method and are recognized initially at cost.

2. The Group's share of its associates' post-acquisition profits or losses is recognized in current profit or loss, and its share of post-acquisition other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in any associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

3. When an associate has changes in equity that are not recognized in profit or loss or other comprehensive income and do not affect the Group's ownership percentage in the associate, the Group recognizes its share of all such equity changes proportionately as "Capital Surplus."

4. Unrealized gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

5. When an associate issues new shares and the Group does not subscribe or acquire shares proportionately, resulting in a change in the Group's ownership percentage but maintaining significant influence, the increase or decrease in the net value of equity is adjusted through "Capital Surplus" and "Investments Accounted for Under Equity Method." If this results in a decrease in the investment ratio, in addition to the above adjustments, gains or losses previously recognized in other comprehensive income related to that ownership interest that would be reclassified to profit or loss upon disposal of the related assets or liabilities are reclassified to profit or loss according to the proportion decreased.

6. When the Group loses significant influence over an associate, any remaining investment in the former associate is remeasured at fair value, and the difference between the fair value and carrying amount is recognized in current profit or loss.

7. When the Group disposes of an associate and loses significant influence over that associate, all amounts previously recognized in other comprehensive income related to that associate are accounted for on the same basis as would be required if the Group had directly disposed of the related assets or liabilities. That is, if gains or losses previously recognized in other comprehensive income would be reclassified to profit or loss upon disposal of the related assets or liabilities, then when significant influence over the associate is lost, those gains or losses are reclassified from equity to profit or loss. If the Group retains significant influence over the associate, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified according to the method described above.

8. When the Group disposes of an associate and loses significant influence over that associate, the capital surplus related to that associate is transferred to profit or loss; if the Group retains significant influence over the associate, the capital surplus is transferred to profit or loss according to the proportion disposed.

(XV) Property, plant and equipment

1. Property, plant and equipment are recorded at acquisition cost, with related interest capitalized during the construction period.

2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are recognized in profit or loss during the financial period in which they are incurred.

3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If the components of property, plant and equipment are significant, they shall be separately depreciated.

4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date of the Group. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8 "Accounting Policies, Changes in Accounting Estimates, and Errors," from the date of the change. The estimated useful lives of assets are as follows:

Buildings and structures	2–55 years
Machinery and equipment	1–20 years
Mold equipment	1–5 years
Other equipment	1–11 years

(XVI) Leasing arrangements (lessee) – right-of-use assets/lease liabilities

1. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

2. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the Group's incremental borrowing interest rate and interest rate implicit in the lease. Lease payments are comprised of fixed payments, less any lease incentives receivable.

   The subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

3. Right-of-use asset is recognized at cost at the commencement date of the lease; the cost includes the original measurement amount of the lease liability.

   The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

4. For lease modifications with the scope of a lease reduced, the lessee will reduce the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and the difference between said carrying amount and the remeasured amount of the lease liability is recognized in profit or loss.

(XVII) Investment property

Investment property is recognized at cost, and a cost model is adopted for subsequent measurement. It is depreciated on the straight-line method according to the estimated useful lives of 8–20 years.

(XVIII) Intangible assets

Intangible assets refer to computer software recognized at cost and amortized on a straight-line basis over its estimated useful life of 2 to 10 years.

(XIX) Impairment of non-financial assets

At the balance sheet date, the Group estimates the recoverable amount of assets with indications of impairment. When the recoverable amount is lower than the carrying amount, an impairment loss is recognized. The recoverable amount is the higher of an asset's fair value less cost of disposal or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(XX) Borrowings

Borrowings comprise long-term and short-term borrowings from banks. For the Group, borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(XXI) Accounts and notes payable

1. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

2. For the Group, the short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XXII) Financial liabilities at fair value through profit and loss:

1. Refers to financial liabilities that are incurred principally for the purpose of repurchasing it in the near term, and financial liabilities held for trading other than derivative instruments that are designated as hedging instruments under hedge accounting requirements.

2. The Group’s initial recognition is on a fair value basis, with relevant transaction costs recognized in profit or loss, and subsequently at fair value, and gains or losses thereof are recognized in profit or loss.

(XXIII) Convertible Corporate Bonds Payable

The convertible corporate bonds issued by the Group are embedded with conversion rights (i.e., the holder's right to convert the bonds into the Group's common shares at a fixed amount for a fixed number of shares), put options, and call options. At initial issuance, the issuance price is classified as financial assets, financial liabilities, or equity according to the issuance conditions, and treated as follows:

1. Embedded put and call options: At initial recognition, these are recorded at their net fair value as “Financial assets or liabilities at fair value through profit or loss”; subsequently, at the balance sheet date, they are measured at their current fair value, with the difference recognized as “Gain or loss on financial assets (liabilities) at fair value through profit or loss.”

2. Corporate bond principal contract: At initial recognition, this is measured at fair value, with the difference between this and the redemption value recognized as a premium or discount on corporate bonds payable; subsequently, the effective interest method is used to amortize this difference over the circulation period and recognize it in profit or loss as an adjustment to “Finance costs.”

3. Embedded conversion rights (meeting the definition of equity): At initial recognition, the residual value after deducting the aforementioned “Financial assets or liabilities at fair value through profit or loss” and “Corporate bonds payable” from the issuance amount is recorded as “Capital surplus – stock options,” with no subsequent remeasurement.

4. Any directly attributable transaction costs of issuance are allocated to the liability and equity components in proportion to their original carrying amounts.

5. When the holder converts the bond, the liability components (including “Corporate bonds payable” and “Financial assets or liabilities at fair value through profit or loss”) are treated according to their subsequent measurement methods based on their classification. Then, the carrying amount of the liability components plus the carrying amount of “Capital surplus – stock options” is treated as the issuance cost of the common shares being issued.

(XXIV) Derecognition of financial liabilities

The Group’s financial liability should be removed from the balance sheet when the obligation specified in the contract is either canceled or expires.

(XXV) Offsetting of financial assets and financial liabilities

A financial asset and a financial liability should be offset and the net amount reported when the Group has a legally enforceable right to set off the amounts, and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(XXVI) Non-hedging derivatives and embedded derivatives

1. The non-hedge derivatives are initially recognized at fair value at the contract signing date and accounted as financial assets or liabilities at fair value through profit or loss, and subsequently measured at fair value, with resulting gains or losses recognized in profit or loss.

2. For hybrid contracts with non-financial asset embedded derivatives, at initial recognition, the terms of the contract are used to determine whether the economic characteristics and risks of the embedded derivative are closely related to those of the host contract, to decide whether separate treatment is required. When closely related, the entire hybrid instrument is treated according to appropriate standards based on its nature. When not closely related, the derivative is separated from the host contract and treated as a derivative, while the host contract is treated according to appropriate standards based on its nature; alternatively, the entire contract may be designated at initial recognition as a financial liability at fair value through profit or loss.

(XXVII) Employee benefits

1. Short-term employee benefits

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

2. Pension

   (1) Defined contribution plans

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

   (2) Defined benefit plans

   A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net obligation under the defined benefit plan is calculated annually by actuaries using the projected unit benefit method. The discount rate is based on the market yields on high quality corporate bonds of which the currency and duration are consistent with those of the defined benefit plan, or the market yields on government bonds (at the balance sheet date) in countries where there is no deep market for such corporate bonds.

B. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are presented in retained earnings.

3. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequent actual distributed amounts is accounted for as changes in accounting estimates.

(XXVIII) Employee share-based payments

For equity-settled share-based payment arrangements, the fair value of equity instruments granted is used to measure employee services received on the grant date, recognized as compensation costs over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the effect of market vesting conditions and non-market vesting conditions. Remuneration cost recognized is subject to adjustment based on the service conditions that are expected to be satisfied and the amount of rewards under non-market vesting conditions. The amount of remuneration cost ultimately recognized is based on the number of equity instruments that are eventually vested at the vesting date.

(XXIX) Income Taxes

1. The income tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the income tax is recognized in other comprehensive income or directly in equity.

2. The Group calculates current income tax at the rates enacted or substantively enacted at the balance sheet date in countries where the Group operates and taxable income are generated. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes income tax liabilities where appropriate based on the amounts expected to be paid to the tax authorities. A surtax is imposed on the undistributed earnings in accordance with the Income Tax Act. In the year following the year in which the earnings are generated, after the shareholders' meeting has passed the earnings distribution proposal, the income tax expense on the undistributed earnings will be recognized based on the earnings actually distributed.

3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred income tax liabilities arising from the initial recognition of goodwill are not recognized. If the deferred income tax is derived from the initial recognition of assets or liabilities in a transaction (excluding business merger), and the deferred income tax is derived at the time of the transaction If it does not affect the accounting profit or taxable income (tax loss) and does not generate equivalent taxable and deductible temporary differences, it is not recognized. For temporary differences arising from investments in subsidiaries and associates, the Group

does not recognize deferred tax liabilities when it can control the timing of the reversal of temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the relevant deferred income tax asset is realized or the deferred income tax liability is settled.

4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset in the balance sheet when the entity has the legally enforceable right to offset current income tax assets against current income tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXX) Share capital

1. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are listed in equity as a deduction, net tax, from the proceeds.

2. Where the Company repurchases the Company's shares that has been issued, the consideration paid, including any directly attributable incremental costs (net of taxes) is deducted from equity attributable to the Company's shareholders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental costs and the relevant income tax effects, is recognized as adjustment to equity attributable to the shareholders.

(XXXI) Dividend distribution

Dividends distributed to the Company's shareholders by resolution of the shareholders' meeting will be recognized in the financial statements, with cash dividends recorded as liabilities.

(XXXII) Revenue recognition

1. Sales revenue

Sales revenue is recognized when the control of products is transferred to the customer. When goods are shipped to a designated location, the risk of obsolescence and lost has been transferred to the customer, and the customer is required to accept the goods in accordance with the sales contract, or when there is objective evidence that all acceptance criteria have been met, the goods are delivered. The amount of sales revenue recognized is limited to the part where it is highly likely that there will not be a major reversal in the future. Because the time interval between the transfer of the promised goods or services to the customer and the customer's payment did not exceed one year, the Group did not adjust the transaction price to reflect the time value of money.

Accounts receivable is recognized when goods are delivered to customers because at which time the Group's right to the consideration for contracts from customers is unconditional, except for the passage of time.

Although the increase in costs incurred by the Group to obtain customer contracts is expected to be recoverable, the relevant contract periods are shorter than one year, so such costs are recognized in expenses when incurred.

2. Rental income

The purpose of the Group's holding of investment property is to earn rental income. The straight-line method is used to recognize the rental income during the lease term.

(XXXIII) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(XXXIV) Business combination

1. The Group adopts acquisition method for its business combination. The tender offer consideration is calculated based on the fair value of the assets transferred, liabilities assumed or incurred and equity instruments issued, and the consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration. Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred. The assets acquired and liabilities assumed in a business combination are measured at acquisition-date fair value.

   On an acquisition-by-acquisition basis, the non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's net identifiable assets. All other components of non-controlling interests are measured at their fair values at the acquisition date.

2. If the aggregate of the value of the consideration transferred, the amount of any non-controlling interest of the acquiree, and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree exceeds the fair value of the identifiable assets acquired and liabilities assumed, the difference is recognized as goodwill at acquisition date. If the fair value of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the value of the consideration transferred, the amount of any non-controlling interest of the acquiree, and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, the difference is recognized as profit or loss at acquisition date.

(XXXV) Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

V. Critical Accounting Judgments, Assumptions, and Key Sources of Estimation Uncertainty

In the preparation of these consolidated financial statements, the management has exercised its judgment in deciding the Group's accounting policies to be applied. The management makes critical assumptions and accounting estimates concerning future events based on the information on the balance sheet date. Assumptions and accounting estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Please refer to the description of the uncertainties of critical accounting judgments, assumptions, and estimation uncertainty below:

(I) Important judgments for accounting policies applied

None.

(II) Important accounting estimates and assumptions

Evaluation of inventories

Since inventory must be calculated at the lower of cost or net realizable value, the Group must exercise judgment and make estimation to determine the net realizable value of inventory at the balance sheet date. Due to the rapid changes in technology, the Group assesses the value of inventory due to normal wear and tear, obsolescence, or market sales value at the balance sheet date, and adopts demand as the basis for estimation, which may cause major changes.

As of December 31, 2024, the carrying amount of the Group's inventories was NTD 1,377,923.

VI. Description of Significant Accounting Titles

(I) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand and working capital	$ 3,459	$ 3,852
Checking account deposits and demand deposits	1,263,197	1,420,923
Time deposit	87,960	67,693
	$ 1,354,616	$ 1,492,468

1. The Group transacts with a variety of financial institutions all with high credit quality to diversify credit risk, so it expects that the probability of counterparty default is very low.

2. The Group's restricted cash due to syndicated loan contract regulations, bank acceptance bill guarantees, customs fee deposits, performance bond deposits, and plant lease requirements is listed under "Financial assets at amortized cost – current" and "Financial

assets at amortized cost – non-current.” Please refer to the explanations in Note 6(3) and Note 8.

(II) Financial Assets and Liabilities at Fair Value through Profit or Loss

Items	December 31, 2024		December 31, 2023	
Current items:				
Financial assets mandatorily at fair value through profit and loss				
Listed stocks	$	138,726	$	138,858
Emerging stock company shares		4,505		-
Unlisted stocks		-		4,505
Derivatives – futures trading		78		171
Valuation adjustment	(	6,715)	(	6,138)
	$	136,594	$	137,396

Items	December 31, 2024		December 31, 2023	
Non-current items:				
Financial assets mandatorily at fair value through profit and loss				
Investments in stocks and private funds of venture capital companies	$	20,000	$	20,000
Unlisted stocks		79,992		79,992
Valuation adjustment	(	77,794)	(	79,992)
	$	22,198	$	20,000
Financial liabilities mandatorily measured at fair value through profit or loss				
Derivatives – convertible corporate bonds				
Call options and put options	$	1,800	$	-
Valuation adjustment		420		-
	$	2,220	$	-

1. The Group’s financial assets and liabilities measured at fair value through profit and loss were recognized in net gains on financial assets and liabilities for 2024 and 2023 were NTD 32,501 and NTD 71,342, respectively.
2. The Group did not pledge financial assets at fair value through profit and loss as collateral.
3. The Group's transaction and contract information for derivative financial assets and liabilities not subject to hedge accounting is described as follows:

	December 31, 2024	December 31, 2023

Derivative financial assets	Contract amount (Notional Principal)	Contract period	Contract amount (Notional Principal)	Contract period
Current items:				
Futures	$ 21,053	November 28, 2024 – March 15, 2025	$ 7,612	December 11, 2023 – January 15, 2024

The futures transactions entered into by the Group are for the pre-purchase of precious metal materials to reduce costs for long-term demand for supplies. The balance of margins retained in the futures account as of December 31, 2024 and 2023 were NTD 2,837 and NTD 1,168, respectively.

4. For the Group's sixth domestic unsecured convertible corporate bonds, please refer to the explanation in Note 6(12).

(III) Financial assets at amortized cost

Items	December 31, 2024	December 31, 2023
Current items:		
Time deposit	$ 85,241	$ 79,833
Pledged deposit	2,198	86,455
	$ 87,439	$ 166,288
Non-current items:		
Pledged deposit	$ 2,929	$ -

1. The interest revenue from the Group’s financial assets measured at amortized cost for 2024 and 2023 were NTD 5,070 and NTD 3,777, respectively.

2. As of December 31, 2024 and 2023, regardless of the collateral held and other credit enhancements, the maximum amount of the exposure to the credit risk arising from the Group’s financial assets at amortized cost was in the amount of NTD 90,368 and NTD 166,288, respectively.

3. The situation in which the Group pledges financial assets measured at amortized cost as collateral, please refer to Note 8 for details.

4. The Group’s transaction counterparties are financial institutions with good credit quality, and the probability of their default is expected to be very low. Therefore, the twelve months expected credit loss is adopted to measure the loss allowance. The Group did not provide allowance for losses in 2024 and 2023.

(IV) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable	$ 48,446	$ 126,277

Accounts receivable	$ 2,682,281	$ 2,241,067
Less: Allowance for bad debt	(264,102)	(234,421)
	$ 2,418,179	$ 2,006,646

1. The aging analysis of accounts receivable and notes receivable is as follows:

	December 31, 2024		December 31, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 2,349,260	$ 48,446	$ 1,999,521	$ 126,277
Less than 60 days	50,140	-	32,646	-
61 to 180 days	87,641	-	12,365	-
Over 181 days	195,240	-	196,535	-
	$ 2,682,281	$ 48,446	$ 2,241,067	$ 126,277

The above aging analysis was based on the number of overdue days.

2. The balances of the Group's accounts receivable and notes receivable are generated from customer contracts. The balance of accounts receivable (including notes receivable) from customer contracts as of December 31, 2024, December 31, 2023, and January 1, 2023 was NTD 2,730,727, NTD 2,367,344, and NTD 2,192,401, respectively.
3. As of December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were NTD 48,446 and NTD 126,277, and accounts receivable were NTD 2,418,179 and NTD 2,006,646, respectively.
4. Information on credit risk of notes and accounts receivable is provided in Note 12(2).

(V) Inventories

	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 662,897	($ 56,198)	$ 606,699
Supplies	67,767	-	67,767
Semi-finished goods	240,863	(11,088)	229,775
Finished good	527,793	(54,111)	473,682
	$ 1,499,320	($ 121,397)	$ 1,377,923

	December 31, 2023		

	Cost		Allowance for valuation loss		Book value	
Raw materials	$	571,310	($	72,886)	$	498,424
Supplies		39,001		-		39,001
Semi-finished goods		170,176	(	17,408)		152,768
Finished good		523,361	(	61,821)		461,540
	$	1,303,848	($	152,115)	$	1,151,733

The cost of inventories recognized in expenses of the current period for the Group:

	2024		2023	
Cost of inventories sold	$	4,518,791	$	4,118,801
Unamortized fixed production overheads		281,988		321,398
Inventory scrap loss		58,570		31,165
Inventories valuation reversal gains	(	31,074)	(	24,289)
Sale of scraps income	(	122,229)	(	113,504)
	$	4,706,046	$	4,333,571

In 2024 and 2023, the Group recognized a decrease in cost of sales due to a recovery in the net realizable value of inventories arising from destocking.

(VI) Investments accounted for under equity method

December 31, 2023: None.

	2024	
January 1	$	-
Investment before loss of control		17,627
Increase in investments accounted for using equity method		34,767
Share of profit (loss) of investments accounted for using equity method	(	6,282)
Changes in capital surplus		477
December 31	$	46,589

	December 31, 2024	
Associate: CMTEK Co., Ltd.	$	46,589

1. The carrying amount and summarized share of operating results of the Group's individually insignificant associates are as follows:

   As of December 31, 2024, the carrying amount of the Group's individually insignificant associates was NTD 46,589.

		2024
Net loss for the period from continuing operations	($	16,900)
Other comprehensive income (net of tax)		-
Total comprehensive income for current period	($	16,900)

2. For the year 2024, the Group recognized a loss of NTD 6,282 from investments in associates accounted for using the equity method.

3. CMTEK Co., Ltd. conducted a cash capital increase in April 2024, and the Group subscribed for NTD 11,400. As the Group did not subscribe in proportion to its shareholding, its ownership percentage decreased to 47.076%. The Group is the single largest shareholder of the company, but did not obtain a majority of board seats and lacks the practical ability to direct relevant activities. After assessment, the Group has lost control over CMTEK Co., Ltd. and retains only significant influence. Therefore, from April 1, 2024, CMTEK Co., Ltd. has been reclassified as an associate.

4. In December 2024, CMTEK Co., Ltd. conducted another cash capital increase, and the Group subscribed for NTD 23,367. As the Group did not subscribe in proportion to its shareholding, its ownership percentage decreased from 47.076% to 46.801%.

(VII) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Mold equipment	Others	Total
January 1, 2024						
Cost	$ 15,538	$ 915,937	$ 1,818,966	$ 346,547	$ 943,524	$ 4,040,512
Revaluation surplus	98,221	-	-	-	-	98,221
Accumulated depreciation	-	(494,922)	(1,011,086)	(272,569)	(639,194)	(2,417,771)
Accumulated impairment	-	-	(3,727)	-	(434)	(4,161)
	$ 113,759	$ 421,015	$ 804,153	$ 73,978	$ 303,896	$ 1,716,801
2024						
Opening balance	$ 113,759	$ 421,015	$ 804,153	$ 73,978	$ 303,896	$ 1,716,801
Additions	2,018,250	925,659	112,293	13,107	139,514	3,208,823
Disposals	-	-	(6,974)	(1,458)	(56,235)	(64,667)
Disposal of subsidiary (loss of control)	-	-	(1,191)	-	(534)	(1,725)
Reclassification	-	21,641	39,044	28,876	(69,048)	20,513

Depreciation expenses	-	(31,360)	(163,851)	(51,714)	(87,033)	(333,958)
Impairment loss	-	-	(14,322)	-	(793)	(15,115)
Net exchange differences	-	6,583	9,192	1,595	3,154	20,524
Closing balance	$ 2,132,009	$ 1,343,538	$ 778,344	$ 64,384	$ 232,921	$ 4,551,196
December 31, 2024						
Cost	$ 2,033,788	$ 1,892,877	$ 1,906,089	$ 397,526	$ 881,600	$ 7,111,880
Revaluation surplus	98,221	-	-	-	-	98,221
Accumulated depreciation	-	(549,339)	(1,111,102)	(333,142)	(647,437)	(2,641,020)
Accumulated impairment	-	-	(16,643)	-	(1,242)	(17,885)
	$ 2,132,009	$ 1,343,538	$ 778,344	$ 64,384	$ 232,921	$ 4,551,196

	Land	Buildings and structures	Machinery and equipment	Mold equipment	Others	Total
January 1, 2023						
Cost	$ 15,538	$ 926,843	$ 2,069,160	$ 379,462	$ 998,015	$ 4,389,018
Revaluation surplus	98,221	-	-	-	-	98,221
Accumulated depreciation	-	(469,213)	(1,143,609)	(258,060)	(644,334)	(2,515,216)
Accumulated impairment	-	-	(15,758)	-	(562)	(16,320)
	$ 113,759	$ 457,630	$ 909,793	$ 121,402	$ 353,119	$ 1,955,703
2023						
Opening balance	$ 113,759	$ 457,630	$ 909,793	$ 121,402	$ 353,119	$ 1,955,703
Additions	-	-	68,388	31,239	111,012	210,639
Disposals	-	-	(18,277)	(3,162)	(1,397)	(22,836)
Reclassification	-	-	7,831	6,947	(69,069)	(54,291)
Depreciation expenses	-	(33,016)	(157,659)	(81,438)	(95,145)	(367,258)
Net exchange differences	-	(3,599)	(5,923)	(1,010)	5,376	(5,156)
Closing balance	$ 113,759	$ 421,015	$ 804,153	$ 73,978	$ 303,896	$ 1,716,801
December 31, 2023						
Cost	$ 15,538	$ 915,937	$ 1,818,966	$ 346,547	$ 943,524	$ 4,040,512

Revaluation surplus	98,221	-	-	-	-	98,221
Accumulated depreciation	-	(494,922)	(1,011,086)	(272,569)	(639,194)	(2,417,771)
Accumulated impairment	-	-	(3,727)	-	(434)	(4,161)
	$ 113,759	$ 421,015	$ 804,153	$ 73,978	$ 303,896	$ 1,716,801

1. The Group's total land revaluation surplus is NTD 98,221, and a provision for land value increment tax of NTD 41,193 has been made.

2. As of December 31, 2024 and 2023, the amount of the Group's provision for land value increment tax (recognized in "deferred income tax liabilities") was both NTD 41,193.

3. For information on collateral provided by the Group for property, plant and equipment, please refer to Note 8 for details.

4. (1) The Group recognized impairment losses of NTD 15,115 for the year 2024, detailed as follows:

	2024	
	Recognized in Current Profit and Loss	Recognized in other comprehensive income
Impairment loss – Machinery and equipment	$ 14,322	$ -
Impairment loss – Others	793	-
	$ 15,115	$ -

(2) The breakdown of the above impairment losses by department is disclosed as follows:

	2024	
	Recognized in Current Profit and Loss	Recognized in other comprehensive income
Other segments	$ 15,115	$ -

(VIII) Leasing arrangements – lessee

1. The assets leased by the Group include land use rights, factory buildings, warehouses, and company vehicles. The lease contract terms range from 2 to 50 years. The lease contract are negotiated separately and contain various terms and conditions without other major restrictions imposed.

2. The Group's leased plants, offices, and machinery have lease terms not exceeding 12 months, and leased low-value assets are photocopiers.

3. The carrying amount of right-of-use assets and recognized depreciation expenses are as follows:

	December 31, 2024		December 31, 2023	
	Carrying amount		Carrying amount	
Land use rights (Note)	$	72,354	$	71,960
Buildings and structures		26,869		330,298
Transportation equipment (company vehicles)		1,291		816
	$	100,514	$	403,074

	2024		2023	
	Depreciation expenses		Depreciation expenses	
Land use rights (Note)	$	2,107	$	2,078
Buildings and structures		60,658		59,545
Transportation equipment (company vehicles)		526		384
	$	63,291	$	62,007

Note: The Group has leased land from the government of the People's Republic of China, and the lease term of the land use right obtained is 50 years, which has been paid in full when the lease contract was signed. For information on the collateral provided, please refer to Note 8 for details.

4. In 2024 and 2023, the Group's additions of the right-of-use assets were NTD 2,200 and NTD 17,291, respectively.

5. The information on profit and loss accounts relating to lease contracts is as follows:

	2024		2023	
<u>Items affecting current profit or loss</u>				
Interest expense of lease liabilities	$	10,721	$	12,109
Expense on short-term lease contracts		7,447		4,992
Expense on leases of low-value assets		598		403
Gains arising from lease changes		24,766		-

6. In 2024 and 2023, the Group's total lease cash outflow was NTD 76,513 and NTD 74,243, respectively.

(IX) <u>Leasing arrangements – lessor</u>

1. The assets leased out by the Group are investment property (factory buildings and parking spaces). The lease contract terms are 7~16 years. The lease contracts are negotiated separately and contain different terms and conditions.

2. The Group recognized rental income (accounted as “operating revenue”) of NTD 35,606 and NTD 89,585 under operating lease contracts for 2024 and 2023, respectively, and none of them were variable lease payments.

3. The analysis of the maturity dates of the lease payments to the Group under operating leases is as follows:

	December 31, 2024	December 31, 2023
2024	$ -	$ 82,556
2025	73,674	85,594
2026	70,429	88,754
2027	72,979	92,041
2028	75,631	95,458
2029 and beyond	323,880	398,508
Total	$ 616,593	$ 842,911

(X) Investment property

	Buildings and structures	
January 1	2024	2023
Cost	$ 382,695	$ 389,859
Accumulated depreciation	(191,907)	(177,437)
	$ 190,788	$ 212,422
January 1 to December 31	2024	2023
Opening balance	$ 190,788	$ 212,422
Reclassification	(20,832)	-
Depreciation expenses	(15,461)	(18,011)
Net exchange differences	6,465	(3,623)
Closing balance	$ 160,960	$ 190,788
December 31	2024	2023
Cost	$ 360,926	$ 382,695
Accumulated depreciation	(199,966)	(191,907)
	$ 160,960	$ 190,788

1. Rental income and direct operating expenses of investment property:

	2024	2023
Rental income from investment property	$ 35,606	$ 89,585

Direct operating expenses incurred from investment property that generated rental income during the period – depreciation expenses	$ 15,461	$ 18,011

2. The fair values of the investment property held by the Group as of December 31, 2024 and 2023 were NTD 362,626 and NTD 397,301, respectively. The evaluation is based on the comparative method and the cost method, which belong to Level 3 fair value as the fair value is determined based on a report issued by an independent property appraiser who is not a related party.

3. For information on collateral provided by the Group for investment property, please refer to Note 8 for details.

(XI) Short-term borrowings

	December 31, 2024	December 31, 2023
Borrowings from banks		
Secured loan	$ 67,170	$ 188,694
Credit loan	667,170	457,613
	$ 734,340	$ 646,307
Interest rate range	0.500%~3.300%	1.374%~3.950%

Please refer to Note 8 for details of collateral for short-term borrowings.

(XII) Corporate Bonds Payable

December 31, 2023: None.

	December 31, 2024
Corporate Bonds Payable	$ 600,000
Less: Discount on corporate bonds payable	(29,851)
	$ 570,149

1. Domestic convertible corporate bonds issued by the Company

(1) The issuance terms of the Company's sixth domestic unsecured convertible corporate bonds are as follows:

A. The Company has been approved by the competent authority to issue the sixth domestic unsecured convertible corporate bonds with a total amount of NTD 600,000, zero coupon rate (0%), and a term of three years. The circulation period is from July 1, 2024, to July 1, 2027. At maturity, these convertible bonds will be redeemed in cash at their face value in a lump sum. These convertible bonds were listed for trading on the Taipei Exchange on July 1, 2024.

B. Bondholders may request conversion into the Company's common shares at any time from the day following three months after the issuance date until the maturity date, except during periods when transfer is suspended in accordance with regulations or laws. The rights and obligations of the common shares after conversion are the same as those of the previously issued common shares.

C. The conversion price of these convertible bonds is determined in accordance with the pricing model specified in the conversion regulations. Subsequent conversion prices, in the event of anti-dilution provisions affecting the Company, will be adjusted according to the pricing model specified in the conversion regulations. Subsequently, on the base dates set forth in the regulations, the conversion price will be reset according to the pricing model specified in the conversion regulations. The conversion price of these convertible bonds is NTD 126.

D. When, during the period from the day after three months following the issuance date until forty days prior to the maturity date, the closing price of the Company's common shares exceeds 30% (inclusive) of the conversion price then in effect for thirty consecutive trading days, or when the outstanding balance of these convertible bonds is less than 10% of the original total issuance amount during the period from the day after three months following the issuance date until forty days prior to the maturity date, the Company may, at any time thereafter, redeem all of the bonds in cash at their face value.

E. According to the conversion regulations, all convertible bonds redeemed by the Company (including those bought back from the Taipei Exchange), repaid, or converted will be canceled, and all rights and obligations still attached to the corporate bonds will also be extinguished simultaneously and will not be reissued.

(2) As of December 31, 2024, none of these convertible bonds have been converted into common shares. As of December 31, 2024, the conversion price is NTD 126.

(3) As of December 31, 2024, the Company has not bought back any of these convertible bonds from the Taipei Exchange.

2. When issuing convertible corporate bonds, the Group, in accordance with International Accounting Standard No. 32 “Financial Instruments: Presentation,” separates the equity component of the conversion right from the liability components and records it as “Capital surplus – stock options” in the amount of NTD 37,026. Furthermore, regarding the embedded call and put options, in accordance with International Financial Reporting Standard No. 9 “Financial Instruments,” as their economic characteristics and risks are not closely related to the host debt instrument contract, they are separated for accounting treatment and recorded at their net amount as “Financial assets or liabilities at fair value through profit or loss.” After separation, the effective interest rate of the host debt contract is 2.0441%.

(XIII) Other payables

	December 31, 2024	December 31, 2023

Salary and bonus payable	$ 141,768	$ 108,586
Payable on equipment	68,876	21,971
Utilities payable	63,449	-
Employees' compensation and directors' remuneration payable	38,721	56,944
Payable on labor and health insurance premiums	15,856	14,639
Others	166,982	156,209
	$ 495,652	$ 358,349

(XIV) Long-term borrowings

Lender	Type of borrowings	Borrowing period	December 31, 2024	December 31, 2023
Taiwan Cooperative Bank	Secured loan	November 25, 2024 – November 25, 2044	$ 2,540,000	$ -
Syndicated loan led by First Commercial Bank	Secured loan	November 19, 2021 – November 19, 2024	-	960,000
Shanghai Commercial & Savings Bank, Ltd.	Credit loan	October 17, 2022 – October 17, 2025	6,667	13,334
Bank of Communications	Secured loan	January 12, 2024 – May 13, 2027	85,082	-
Less: Current portion of long-term borrowings			(15,623)	(966,667)
			$ 2,616,126	$ 6,667
Borrowing facility			$ 2,631,749	$ 973,334
Interest rate range			1.9500%～3.0000%	2.1750%～2.6250%

1. Please refer to Note 8 for details of collateral for long-term borrowings above.
2. Syndicated loan led by First Commercial Bank:

   (1) To increase the medium-term working capital and repay the loans that are about to be due, the Company took out the loan as the borrower.

   The Company signed a syndicated loan contract with the First Commercial Bank for a total amount of NTD 1,200,000 in August 2021. The contract period is 3 years from the first drawdown date (November 19, 2021), and the first installment of the principal shall be repaid within 2 years after the drawdown date. The Company shall make an installment payment every six months thereafter, and there are three installments in total without revolving credit.

   The amount of revolving credit shall first settle the 2018 outstanding loan balance mentioned.

(2) The Company promises to maintain the following financial ratios in the second quarter and annual consolidated financial statements during the duration of the contract period:

A. The current ratio shall not be less than 100%.

B. The debt ratio shall not be higher than 150%.

C. The interest coverage ratio must not be less than 500%.

D. The net worth of tangible assets (total shareholder equity less intangible assets) shall be maintained at NTD 2,500,000 (inclusive) or more, and starting from 2023, it shall be maintained at NTD 3,000,000 (inclusive) or more.

The financial ratios above are reviewed once every six months as agreed in the contract.

(3) The First Commercial Bank syndicated loan was repaid on July 19, 2024.

(XV) Pension

1. (1) The Company and its Taiwan subsidiary, ECOCERA Optronics Co., Ltd. have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Employees who are qualified for retirement, under the defined benefit pension plan, pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. Two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. The Group contributes 2% of the total salaries every month as a pension fund and deposits it in the designated account in the name of the Labor Pension Funds Supervisory Committee at the Bank of Taiwan. Also, the Group and its domestic subsidiaries assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Group and its domestic subsidiaries will make contributions for the deficit by March 31 of the following year.

(2) The amounts recognized in the balance sheet are as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	$ 90,916	$ 90,676
Fair value of plan assets	(51,355)	(42,657)
Net defined benefit liabilities (recognized as "Other non-current liabilities")	$ 39,561	$ 48,019

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
2024			
Balance at January 1	$ 90,676	($ 42,657)	$ 48,019
Current service cost	8	-	8
Interest expense (income)	1,043	(491)	552
	91,727	(43,148)	48,579
Remeasurements:			
Return on plan assets (excluding the amount included in interest income or expenses)			
Effect of change in demographic assumptions	355	-	355
Effect of change in financial assumptions	(371)	-	(371)
Experience adjustments	(795)	(3,658)	(4,453)
	(811)	(3,658)	(4,469)
Pension fund contribution	-	(4,549)	(4,549)
Benefits paid	-	-	-
Balance at December 31	$ 90,916	($ 51,355)	$ 39,561

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
2023			
Balance at January 1	$ 85,435	($ 36,578)	$ 48,857
Current service cost	-	-	-
Interest expense (income)	1,051	(450)	601
	86,486	(37,028)	49,458
Remeasurements:			
Return on plan assets (excluding the amount included in interest income or expenses)			

Effect of change in demographic assumptions	1	-	1
Effect of change in financial assumptions	322	-	322
Experience adjustments	4,477	(177)	4,300
	4,800	(177)	4,623
Pension fund contribution	-	(6,062)	(6,062)
Benefits paid	(610)	610	-
Balance at December 31	$ 90,676	($ 42,657)	$ 48,019

The details of expenses above recognized in various costs and expenses in the statement of comprehensive income are as follows:

	2024	2023
Administrative expenses	$ 560	$ 601

(4) The Bank of Taiwan was commissioned to manage the fund of the Group's and domestic subsidiaries' defined benefit pension plan in accordance with the fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). The utilization of the fund is supervised by the Labor Pension Fund Supervisory Committee. With regard to the utilization of the fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall compensate the deficit after being authorized by the competent authorities. The Group and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are unable to disclose the classification of the fair value of plan assets in accordance with paragraph 142, IAS 19. The composition of fair value of plan assets as of December 31, 2024 and 2023 is available in the Annual Labor Retirement Fund Utilization Report announced by the government.

(5) The actuarial assumptions related to pension were as follows:

	2024	2023
Discount rate	1.55%-1.82%	1.15%
Future salary increases rate	1.50%-3.00%	1.20%

The assumptions for the future mortality rate are based on the Taiwan Life Insurance Life Table No. 6.

The analysis of the present value of defined benefit obligations affected by changes in the main actuarial assumptions adopted is as follows:

	Discount rate		Future salary increases rate	
December 31, 2024	Increase by 0.5%	Decrease by 0.5%	Increase by 0.5%	Decrease by 0.5%
Effect on present value of defined benefit obligation	($ 1,667)	$ 2,411	$ 2,391	($ 1,675)

	Discount rate		Future salary increases rate	
December 31, 2023	Increase by 0.5%	Decrease by 0.5%	Increase by 0.5%	Decrease by 0.5%
Effect on present value of defined benefit obligation	($ 1,937)	$ 2,945	$ 2,918	($ 1,946)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(6) The Group's expected contributions to the defined benefit pension plans for 2025 amount to NTD 1,208.

(7) As of December 31, 2024, the weighted average duration of the pension plan is 4 years. An analysis of the maturity of pension payments is as follows:

Less than 2 years	$ 78,847
3–5 years	11,659
6–10 years	940
Over 10 years	9,690
	$ 101,136

2. (1) Effective on July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan under the Labor Pension Act, covering all regular employees with R.O.C. Nationality. Under the Labor Pension Act, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Group for 2024 and 2023 were NTD 27,583 and NTD 26,064, respectively.

(2) The subsidiaries in mainland China make monthly contributions according to a certain percentage of the local employees' total salaries in accordance with the pension system stipulated by the government of the People's Republic of China. In 2024 and 2023, the Group's pension costs recognized as required were NTD 23,785

and NTD 19,546, respectively. The pension of each employee is managed and arranged by the government. Other than the monthly contributions, the Group has no further obligations.

3. The Company has made additional contributions to the pension reserve for some employees who concurrently serve as directors and managers in accordance with the relevant provisions of the Labor Standards Act during the concurrent employment period. As of December 31, 2024 and 2023, the aforementioned accrued pension liabilities (recognized as "other non-current liabilities") were NTD 33,637 and NTD 34,837, respectively.

(XVI) Share-based payment

1. The Company's 2024 share-based payment arrangement is as follows:

Type of arrangement	Grant date	Number of shares granted	Contract period	Vesting conditions
Treasury shares transferred to employees	March 6, 2024	1,757 thousand shares	March 11, 2024 – March 15, 2024	Vested immediately
Employee stock option plan	May 20, 2024	5,000 thousand shares	6 years	2–4 years of service (Note)
Cash capital increase reserved for employee subscription	May 24, 2024	1,800 thousand shares	June 17, 2024 – June 21, 2024	Vested immediately

Note: The 50% of an employee's stock options will be vested upon 2 years of service; 75% will be vested upon 3 years; 100% will be vested upon 4 years.

The above-mentioned share-based payment arrangement was settled in equity.

(1) Details of the transfer of treasury stocks to employees are as follows:

	2024	
	Quantity (thousand shares)	Strike price (NTD)
Outstanding stock options, beginning of period	-	-
Stock options granted for the current period	1,757	$ 22.51
Stock options executed for the current period	(1,757)	$ 22.51

Outstanding stock options, end of period	-	-
Stock options executed, end of period	-	-

(2) The detailed information of the employee stock option plan is as follows:

	2024	
	Quantity (thousand shares)	Strike price (NTD)
Outstanding stock options, beginning of period	-	-
Stock options granted for the current period	5,000	$ 82.80
Stock options forfeited in the current period	(226)	$ 80.70
Outstanding stock options, end of period	4,774	$ 80.70
Stock options executed, end of period	-	

(3) The details of the cash capital increase reserved for employee subscription are as follows:

	2024	
	Quantity (thousand shares)	Strike price (NTD)
Outstanding stock options, beginning of period	-	-
Stock options granted for the current period	1,800	$ 72.00
Stock options executed for the current period	(1,800)	$ 72.00
Outstanding stock options, end of period	-	-
Stock options executed, end of period	-	-

(4) The Company uses the Black-Scholes options model to estimate the fair value of the stock options for its share-based payment transactions on the grant date. The relevant information is as follows:

Type of arrangement	Grant date	Stock price (NTD)	Strike price (NTD)	Expected volatility	Expected duration	Expected dividend	Risk-free interest rate	Fair value per unit (NTD)

Treasury shares transferred to employees	March 6, 2024	$ 54.10	$ 22.51	57.51%	0.0137	-	1.0885%	$ 31.59
Employee stock option plan	May 20, 2024	$ 82.80	$ 82.80	Note 1	6 years	-	Note 2	Note 3
Cash capital increase reserved for employee subscription	May 24, 2024	$ 90.03	$ 72.00	55.94%	0.0137	0.72%	1.2806%	$ 18.03

Note 1: 52.13% after two years; 53.93% after three years; 51.47% after four years.

Note 2: 1.4444% after two years; 1.4659% after three years; 1.4867% after four years.

Note 3: NTD 34.39 after two years; NTD 37.38 after three years; NTD 37.76 after four years.

(5) The cost incurred in the share-based payment transaction and equity delivery in 2024 was NTD 130,126.

2. The Company's 2023 share-based payment arrangement is as follows:

Type of arrangement	Grant date	Number of shares granted	Contract period	Vesting conditions
Treasury shares transferred to employees	August 3, 2023	2,307 仟股	August 6, 2023 – August 22, 2023	立即既得

The above-mentioned share-based payment arrangement was settled in equity.

(1) Details of the transfer of treasury stocks to employees are as follows:

	2023	
	Quantity (thousand shares)	Strike price (NTD)
Outstanding stock options, beginning of period	-	-
Stock options granted for the current period	2,307	$ 22.51
Stock options forfeited in the current period	(64)	$ 22.51
Stock options executed for the current period	(2,243)	$ 22.51
Outstanding stock options, end of period	-	
Stock options executed, end of period	-	

(2) The Company uses the Black-Scholes model, or other option pricing models, to estimate the fair value of stock options for share-based payment transactions on the grant date. The relevant information is as follows:

Type of arrangement	Grant date	Stock price	Strike price	Expected volatility	Expected duration	Expected dividend	Risk-free interest rate	Fair value per unit
Treasury shares transferred to employees	August 3, 2023	$ 43.30	$ 22.51	49.09%	0.0192	-	1.0101%	$ 20.79

(3) The cost incurred in the share-based payment transaction and equity delivery in 2023 was NTD 47,962.

(XVII) Share capital

1. As of December 31, 2024, the Company's registered capital was NTD 3,000,000 thousand (including 50,000 thousand shares of convertible corporate bonds and 5,000 thousand shares of employee stock options), and the paid-in capital was NTD 2,339,586 thousand, with a par value of NTD 10 per share.

   On April 9, 2024, the Company's Board of Directors approved a cash capital increase issuing 12,000 thousand ordinary shares, with June 26, 2024, as the base date for the capital increase. The subscription price was NTD 72 per share, with total proceeds amounting to NTD 864,000 thousand. The full amount has been collected, and the registration of the change has been completed.

   The number of Company's outstanding ordinary shares (thousand shares) at the beginning and end of period is reconciled as follows:

	2024	2023
January 1	220,202	219,262
Capital increase in cash	12,000	-
Treasury shares repurchased	-	(1,303)
Treasury shares transferred to employees	1,757	2,243
December 31	233,959	220,202

2. Treasury shares

(1) Reasons for share repurchase and changes in the number (thousand shares):

Reason for repurchase		2024 January 1	Increase in the current period	Decrease in the current period	December 31
Shares transferable to employees	Shares	1,757	-	(1,757)	-
	Carrying amount	$ 39,538	$ -	($ 39,538)	$ -

Reason for repurchase		2023 January 1	Increase in the current period	Decrease in the current period	December 31
Shares transferable to employees	Shares	2,697	1,303	(2,243)	1,757
	Carrying amount	$ 60,702	$ 29,326	($ 50,490)	$ 39,538

(2) According to the Securities and Exchange Act, the Company's proportion of the number of outstanding shares repurchased shall not exceed 10% of the total issued shares, and the total amount of shares repurchased shall not exceed the amount retained earnings plus the share premium and the realized capital surplus.

(3) Treasury shares held by the Company shall not be pledged in accordance with the provisions of the Securities and Exchange Act, and shall be entitled to shareholder rights before being transferred.

(4) In accordance with the provisions of the Securities and Exchange Act, the shares repurchased for shares transferable to employees shall be transferred within five years from the date of the repurchase. If the transfer is not made within the time limit, the Company shall be deemed to have not issued the shares, and the shares shall be canceled through change registration. For the shares repurchased to maintain the Company's credit and shareholders' rights, the change registration and share cancellation shall be conducted within six months after the repurchase.

(XVIII) Capital surplus

1. Pursuant to the Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus shall not be used to compensate accumulated deficit unless the legal reserve is insufficient.

2. Changes in capital surplus are as follows:

	2024 Opening balance	Disposal of equity in a subsidiary (loss of control)	Changes in Ownership Interests in Investments Accounted for Under Equity Method	Cost of share-based payment	Cash capital increase (including employee subscription)	Treasury shares subscribed for by employees	Issuance of Convertible Corporate Bonds	Exercise of Disgorgeme nt Rights	Closing balance
Share premium	$ 1,793,579	$ -	$ -	$ -	$ 776,454	$ -	$ -	$ -	$ 2,570,033
Treasury stock transaction	68,656	-	-	-	-	55,398	-	-	124,054
Employee stock option	-	-	-	130,126	(32,454)	(55,504)	-	-	42,168
Difference between the actual acquisition or disposal of the equity of subsidiary and the book value	2,197	387	-	-	-	-	-	-	2,584

Changes in Net Equity of Affiliated Companies Recognized under the Equity Method	-	-	90	-	-	-	-	-	90
Stock options	-	-	-	-	-	-	37,026	-	37,026
Donated assets	-	-	-	-	-	-	-	64	64
	$ 1,864,432	$ 387	$ 90	$ 130,126	$ 744,000	($ 106)	$ 37,026	$ 64	$ 2,776,019

	2023					
	Opening balance	Disposal of equity in a subsidiary (without losing control)	Cost of share-based payment	Employee stock option expired	Treasury shares subscribed for by employees	Closing balance
Share premium	$ 1,792,249	$ -	$ -	$ 1,330	$ -	$ 1,793,579
Treasury stock transaction	22,175	-	-	-	46,481	68,656
Employee stock option	-	-	47,962	(1,330)	(46,632)	-
Difference between the actual acquisition or disposal of the equity of subsidiary and the book value	-	2,197	-	-	-	2,197
	$ 1,814,424	$ 2,197	$ 47,962	$ -	($ 151)	$ 1,864,432

(XIX) Retained earnings

1. According to the Company's Articles of Incorporation, if there are earnings in the annual final accounts, the Company shall pay income taxes first and compensate the accumulated deficits; appropriate 10% of the balance for legal reserve. For the remaining amount, a special reserve shall be set aside or reversed according to the laws or regulations of the competent authorities. Subsequently, if there is still a remaining amount, together with the undistributed earnings at the beginning of the same period, as accumulated distributable earnings to shareholders, the Board of Directors shall draft an earnings distribution proposal, and when it is distributed through the issuance of new shares, it shall be submitted to the shareholders' meeting for resolution before distribution.

   The Company is in the technology industry and the industrial environment change is rapid. With consideration of the future capital demand and sound financial planning for the sustainable development of the Company, it is preferable to adopt a stable dividend policy. The dividend rate is expected to be above 20%, and cash dividend accounts for more than 20% of the total shareholders' bonus. Nevertheless, when the price per share for the cash dividend is lower than NTD 0.1 (inclusive), no cash dividends are to be issued, but stock dividends are issued instead.

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

3. (1) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the

reversed amount could be included in the distributable earnings.

(2) Upon first-time adoption of IFRSs, the special reserve was set aside per Letter Jin-Guan-Zheng-Fa No. 1010012865 dated April 6, 2012. When the Company subsequently uses, disposes of, or reclassifies relevant assets, the original proportion of the special reserve shall be reversed.

4. On March 4, 2025, the Board of Directors made the following proposal for the distribution of surplus in 2024:

	2024	
	Amount	Dividends per share (NTD)
Legal reserve	$ 2,241	
Cash dividend	35,094	$ 0.15
	$ 37,335	

On March 4, 2025, the Company's Board of Directors proposed to reverse the special reserve of NTD 11,219 in accordance with the reversal of other equity deduction items.

5. The 2023 earnings distribution proposal resolved by the Company’s shareholders’ meeting on May 30, 2024 was as follows:

	2023	
	Amount	Dividends per share (NTD)
Legal reserve	$ 19,718	
Special reserve	33,167	
Cash dividend	144,273	$ 0.65
	$ 197,158	

6. The 2022 earnings distribution proposal resolved by the Company’s shareholders’ meeting on May 30, 2023 was a follows:

	2022	
	Amount	Dividends per share (NTD)
Legal reserve	$ 10,430	
Special reserve	7,388	

Cash dividend	87,183	$	0.40
	$ 105,001		

7. For the above-mentioned information regarding the approval of the board of directors and the resolution of the shareholders' meeting for the distribution of earnings, please visit the Market Observatory Post System (MOPS) for details.

(XX) Operating revenue

	2024	2023
Revenue from customer contracts	$ 5,456,772	$ 4,979,111
Others – rental income	35,606	89,585
	$ 5,492,378	$ 5,068,696

1. The Group's revenue from customer contracts is generated from goods transferred at a certain point in time. Please refer to Note 14 for the breakdown of its revenue.

2. The contract liabilities related to revenue from customer contracts recognized by the Group are as follows:

	December 31, 2024	December 31, 2023	January 1, 2023
Contract liabilities – advance sales receipts	$ 14,242	$ 242	$ 14,943

3. The opening balance of contract liabilities is recognized in income in the current period:

	2024	2023
Opening balance of contract liabilities		
Recognized in income in the current period	$ 242	$ 14,943

(XXI) Other revenue

	2024	2023
Dividend revenue	$ 1,080	$ 450
Other revenue	27,613	15,927
	$ 28,693	$ 16,377

(XXII) Other gains and losses

	2024	2023
Net foreign currency exchange gains	$ 109,684	$ 10,993

Loss on Disposal of Property, Plant and Equipment	(46,972)	(1,821)
Net gains on financial assets and liabilities at fair value through profit and loss	32,501	71,342
Gains arising from lease changes	24,766	-
Impairment Loss on Property, Plant, and Equipment	(15,115)	-
Other expenditures	(14,663)	(4,346)
	$ 90,201	$ 76,168

(XXIII) Finance costs

	2024	2023
Interest expenses		
Borrowings from banks	$ 34,965	$ 47,701
Lease liabilities	10,721	12,109
Amortization of discount on corporate bonds payable	5,808	-
	$ 51,494	$ 59,810

(XXIV) Expenses by nature

	2024	2023
Employee benefit expenses		
Wages and salaries	$ 968,951	$ 896,628
Employee stock option	130,126	47,962
Labor and health insurance expenses	80,342	73,006
Pension expenses	51,928	46,211
Other personnel expenses	51,983	46,901
Depreciation expenses	412,710	447,276
Amortization expenses on intangible assets	7,549	6,592
	$ 1,703,589	$ 1,564,576

1. According to the Company's Articles of Incorporation, the Company shall deduct the distribution of the remuneration of employees and the remuneration of directors from the income before tax of the current fiscal year first, followed by compensating the accumulated loss amount. Where there is any remaining amount after such deduction, no less than 10% of such amount shall be appropriated as the remuneration of employees and no more than 3% of such amount shall be appropriated as the remuneration of Directors. Where the distribution of the employee remuneration is executed in stock or cash, it shall be passed with the consents of a majority of the attending Directors through a resolution at the Board of Directors' Meeting attended by more than two-thirds of the directors. In addition, a report to the shareholders' meeting shall also be made. Where the

distribution of the employee remuneration is executed in stock, the employees of the Company's subsidiaries who meet certain specific requirements may be included.

2. The estimated employees' compensation and directors' remuneration amounted to NTD 2,245 and NTD 674, respectively in 2024, with employees' compensation recorded as wages and salaries, which were recognized according to company profitability within the range stipulated in the Company's Articles of Incorporation.

   The amounts of employee compensation and directors' remuneration for 2024 were resolved by the Board of Directors to be NTD 2,245 and NTD 674 respectively, both to be distributed in cash.

   The amounts of 2023 employee remuneration and director remuneration approved by resolution of the Board of Directors were NTD 26,874 and NTD 8,062. The amounts are consistent with those recognized in the 2023 financial report. They were all paid out in cash. As of December 31, 2024, they have not yet been fully paid out.

3. The relevant information on employee remuneration and remuneration of directors approved by the board of directors of the Company is available on MOPS.

(XXV) Income Taxes

1. Income tax expense

   (1) Income tax expense components:

	2024	2023
Current income tax:		
Current income tax on income	$ 2,451	$ 14,880
Income tax underestimates (overestimates) for prior years	2,802	(3,723)
Deferred income tax:		
Initial recognition and reversal of temporary differences	31,231	34,370
Income tax expense	$ 36,484	$ 45,527

   (2) Income tax relating to components of other comprehensive income is as follows:

	2024	2023
Differences on translation of foreign operations	$ 17,002	($ 8,292)
Remeasurement of defined benefit obligations	894	(924)
	$ 17,896	($ 9,216)

2. Reconciliation between income tax expense and accounting profit:

	2024	2023

Income tax calculated based on profit before tax and statutory tax rate (Note)		24,391	$	52,876
Effect of income tax adjusted according to tax law	(	5,649)	(	14,689)
Unrecognized deferred income tax as a result of temporary differences		4,015	(	1,665)
Tax losses unrecognized as deferred income tax assets		8,471		8,345
Income tax underestimates (overestimates) for prior years		2,805	(	3,483)
Impact of income tax under the Minimum Tax System		2,451		-
Changes in the assessment of realizability of deferred income tax		-		4,143
Income tax expense	$	36,484	$	45,527

Note: The tax rate applicable is based on the tax rates applicable to income in relevant countries.

3. Amounts of deferred income tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2024				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Effect of exchange rate changes	December 31
Deferred income tax assets:					
Temporary differences:					
Remeasurement of pension	$ 10,253	$ -	($ 894)	$ -	$ 9,359
Differences on translation of foreign operations	26,404	-	(17,002)	-	9,402
Inventory valuation losses	28,294	(5,623)	-	-	22,671
Unrealized exchange loss	8,150	(8,150)	-	-	-
Others	11,648	(2,277)	-	-	9,371
Tax losses	28,233	(5,762)	-	-	22,471
	112,982	(21,812)	(17,896)	-	73,274
Deferred income tax liabilities:					
Unrealized exchange gains	-	(5,040)	-	-	(5,040)
Gains on investment in foreign long-term equity	(280,222)	(4,379)	-	-	(284,601)
Provision for land value increment tax	(41,193)	-	-	-	(41,193)

	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Effect of exchange rate changes	December 31
	(321,415)	(9,419)	-	-	(330,834)
	($ 208,433)	($ 31,231)	($ 17,896)	$ -	($ 257,560)

	2023				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Effect of exchange rate changes	December 31
Deferred income tax assets:					
Temporary differences:					
Remeasurement of pension	$ 9,329	$ -	$ 924	$ -	$ 10,253
Differences on translation of foreign operations	18,112	-	8,292	-	26,404
Inventory valuation losses	31,025	(2,731)	-	-	28,294
Unrealized exchange loss	196	7,954	-	-	8,150
Others	12,910	(1,262)	-	-	11,648
Tax losses	44,807	(16,574)	-	-	28,233
	116,379	(12,613)	9,216	-	112,982
Deferred income tax liabilities:					
Unrealized exchange gains	(389)	389	-	-	-
Gains on investment in foreign long-term equity	(258,076)	(22,146)	-	-	(280,222)
Provision for land value increment tax	(41,193)	-	-	-	(41,193)
	(299,658)	(21,757)	-	-	(321,415)
	($ 183,279)	($ 34,370)	$ 9,216	$ -	($ 208,433)

4. Maturity of unused tax loss carryforwards and amounts of unrecognized deferred income tax assets of the Group are as follows:

December 31, 2024				
Year incurred	Declared/Approved amount	Unused amount	Unrecognized deferred income tax assets amount	Maturity year
2015	150,042	99,630	99,630	2025
2019	587	587	587	2029
2020	34,818	4,169	-	2030
2021	20,715	20,715	20,715	2031
2022	51,165	51,165	51,165	2032
2023	41,007	41,007	41,007	2033
2024	150,540	150,540	42,356	2034

	$ 448,874	$ 367,813	$ 255,460	

December 31, 2023

Year incurred	Declared/Approved amount	Unused amount	Unrecognized deferred income tax assets amount	Maturity year
2014	$ 41,779	$ 28,367	$ -	2024
2015	150,042	143,800	99,630	2025
2016	33,810	33,810	-	2026
2019	587	587	587	2029
2020	34,818	34,818	-	2030
2021	20,715	20,715	20,715	2031
2022	51,165	51,165	51,165	2032
2023	41,722	41,722	41,722	2033
	$ 374,638	$ 354,984	$ 213,819	

5. The profit-seeking enterprise income tax returns filed by the Company and its subsidiaries up to 2022 have been assessed and approved by the tax authority.

6. The Group's investments in China are subject to the income tax rate of 25% according to China's income tax law. However, I-Chiun Technology (China) Co., Ltd. has applied for a preferential corporate income tax rate of 15% for high-tech enterprises.

(XXVI) Earnings per share (EPS)

	2024		
	After-tax amount	Weighted average number of ordinary shares outstanding (thousand shares)	Earnings per share (NTD)
Basic earnings per share			
Net profit attributable to ordinary shareholders of the parent for current period	$ 18,807	227,742	$ 0.08
Diluted earnings per share			
Net profit attributable to ordinary shareholders of the parent for current period	$ 18,807	227,742	
Effect of dilutive potential ordinary shares			

	After-tax amount	Weighted average number of ordinary shares outstanding (thousand shares)	Earnings per share (NTD)
Employee stock option	-	17	
Employees' compensation	-	114	
Net profit attributable to ordinary shareholders of the parent for current period plus the effect of potential ordinary shares	$ 18,807	227,873	$ 0.08

	2023		
	After-tax amount	Weighted average number of ordinary shares outstanding (thousand shares)	Earnings per share (NTD)
Basic earnings per share			
Net profit attributable to ordinary shareholders of the parent for current period	$ 200,887	218,725	$ 0.92
Diluted earnings per share			
Net profit attributable to ordinary shareholders of the parent for current period	$ 200,887	218,725	
Effect of dilutive potential ordinary shares			
Employees' compensation	-	683	
Net profit attributable to ordinary shareholders of the parent for current period plus the effect of potential ordinary shares	$ 200,887	219,408	$ 0.92

Note: When calculating diluted earnings per share, the convertible corporate bonds have an anti-dilutive effect; therefore, they are not included in the calculation of the effect of potentially dilutive common shares.

(XXVII) Non-controlling equity

1. Changes in non-controlling interests are as follows:

	2024	2023
Opening balance	$ 192,123	$ 177,717
Attributable to non-controlling interests:		
Profit (loss) for current period	10,897	(1,979)

	2024	2023
Other comprehensive income for current period	(28)	-
Non-controlling interests:		
Acquisition of subsidiary	-	15,550
Loss of control over subsidiaries	(13,705)	-
Disposal of shares issued by subsidiaries	-	4,026
Cash dividend paid out by subsidiary	(11,965)	(3,191)
Closing balance	$ 177,322	$ 192,123

2. Disposal of equity in a subsidiary (without losing control)

   In March 2023, the Company disposed of 0.949% equity of Ecocera Optronics Co., Ltd., a Group's subsidiary, for a consideration of NTD 6,223. The carrying amount of the non-controlling interests of Ecocera Optronics Co., Ltd. on the date of disposal was NTD 4,026. The transaction resulted in an increase in non-controlling interests by NTD 4,026 and an increase in equity attributable to the owners of the parent company increases by NTD 2,197. The impact of the changes in the equity of Ecocera Optronics Co., Ltd. in 2023 on equity attributable to the parent company is as follows:

	2023
Carrying amount of non-controlling interests disposed of	($ 4,026)
Consideration received from non-controlling interests	6,223
Capital surplus – Difference between the actual price of acquisition or disposal of subsidiaries' equity and the carrying amount	$ 2,197

3. The subsidiary's cash capital increase, where the Group did not subscribe according to its shareholding percentage (resulting in loss of control)

   In April 2024, the Group's subsidiary, CMTEK Co., Ltd., implemented a cash capital increase. The Group did not subscribe according to its shareholding percentage, resulting in a decrease of its ownership to 47.076% and the loss of control over CMTEK Co., Ltd. Please refer to Notes 4(3) and 6(6) for details. This transaction reduced non-controlling interests by NTD 13,705.

(XXVIII) Additional information on cash flow

1. Operating activities only with partial cash payments:

	2024	2023
Interest expenses	$ 45,686	$ 59,810
Add: Interest payable, beginning of period	1,525	1,720
Less: Interest payable, end of period	(1,740)	(1,525)
Cash paid during the current period	$ 45,471	$ 60,005

2. Investing activities only with partial cash payments:

	2024	2023
Purchase of property, plant and equipment	$ 3,208,823	$ 210,639
Add: Equipment payables at beginning of period (including long-term equipment payables)	22,268	29,241
Add: Prepayments for real estate and equipment at end of period (Note)	305,357	19,650
Less: Opening balance of prepayments for equipment (Note)	(19,650)	(108,249)
Less: Equipment payables at end of period (including long-term equipment payables)	(73,410)	(22,268)
Cash paid during the current period	$ 3,443,388	$ 129,013

(Note: Recognized as "other non-current assets")

3. Repurchased treasury shares

	2023
Monetary amount of repurchased treasury shares	$ 29,326
Less: Capital not yet paid	11,041
Net cash payment for repurchase of treasury shares	$ 40,367

4. From April 2024, the Group lost control over CMTEK Co., Ltd., and now only has significant influence. Information regarding the consideration received from this transaction (including the cash portion) and the relevant assets and liabilities of the subsidiary is as follows:

   (1) Analysis of assets and liabilities with loss of control

	March 31, 2024
Carrying amount of assets and liabilities of CMTEK Co., Ltd.	
Current assets	
Cash	$ 20,147
Other receivables	2
Other current assets – others	925
Non-current assets	
Property, plant and equipment	1,725
Other non-current assets	10,517
Current liabilities	
Accounts payable	(1,536)

Other payables	(385)
Other current liabilities – others	(63)
Net Assets Disposed	$ 31,332

(2) Gain or loss on disposal of subsidiary

	March 31, 2024
Reclassification to investments accounted for using equity method	$ 17,627
Decrease in non-controlling interests	13,705
Net Assets Disposed	(31,332)
Gain on disposal	$ -

(3) Net cash outflow from disposal of subsidiary

	March 31, 2024
Consideration received	$ -
Less: Cash balance disposed of	(20,147)
Net Cash Outflow from Disposal of Subsidiaries	($ 20,147)

(XXIX) Changes in liabilities from financing activities

	Short-term borrowings	Corporate Bonds Payable	Long-term borrowings (including current portion)	Lease liabilities	Total liabilities from financing activities
January 1, 2024	$ 646,307	$ -	$ 973,334	$ 353,348	$ 1,972,989
Changes in cash flow from financing activities	88,033	603,167	1,658,415	(57,747)	2,291,868
Non-cash changes	-	(33,018)	-	(266,535)	(299,553)
December 31, 2024	$ 734,340	$ 570,149	$ 2,631,749	$ 29,066	$ 3,965,304

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Total liabilities from financing activities
January 1, 2023	$ 697,991	$ 1,238,750	$ 392,796	$ 2,329,537
Changes in cash flow from financing activities	(51,684)	(265,416)	(56,739)	(373,839)
Non-cash changes – lease changes	-	-	17,291	17,291
December 31, 2023	$ 646,307	$ 973,334	$ 353,348	$ 1,972,989

VII. Related Party Transactions

(I) Names of related parties and relationship

Names of related parties	Relationship with the Group
Mylight Technology Co., Ltd.	Second-degree Relative of the Company's Director Serving as Its Responsible Person
Zhuo Chuan Enterprise Co., Ltd.	Second-degree Relative of the Company's Director Serving as Its Responsible Person
LEATEC Fine Ceramics Co., Ltd.	The Company is the juridical person director of a subsidiary
CMTEK Co., Ltd.	The Company's associates (Note)

Note: Effective April 1, 2024, CMTEK Co., Ltd.'s relationship with the Group has been adjusted from a subsidiary to an associate. Please refer to Note 6(6) for detail

(II) Significant related party transactions are as follows

1. Purchases

	2024	2023
Purchases of goods:		
Other related parties	$ 12,753	$ 9,413

There is no significant difference in the transaction price and payment terms in purchases of goods from general companies.

2. Payables to related parties

	December 31, 2024	December 31, 2023
Accounts payable:		
Other related parties	$ 1,932	$ 2,920

The amounts payable to related parties mainly come from purchase transactions and are paid in 90–120 days every month from an account opened after the purchase date. The payable does not bear interest.

3. Asset transactions

(1) Acquisition of property, plant and equipment

	2024	2023
Other related parties	$ 120	$ -

(2) Financial assets acquired

			2024
Account	Number of shares traded	Asset traded	Payment for acquisition

Parent Company	Investments accounted for under equity method (Note)	3,087,288	CMTEK Co., Ltd.	$	34,767

Note: Effective April 1, 2024, CMTEK Co., Ltd.'s relationship with the Group has been adjusted from a subsidiary to an associate. Please refer to Note 6(6) for detail

(III) Information on key management compensation

	2024	2023
Short-term employee benefits	$ 29,934	$ 33,753
Share-based payment	14,625	8,295
Post-employment benefits	563	469
	$ 45,122	$ 42,517

VIII. Pledged Assets

The Group's assets pledged as collateral are as follows:

	Book value		
Asset Items	December 31, 2024	December 31, 2023	Purpose of collateral
Land	$ 2,132,009	$ 113,759	Collateral for long-term borrowings (including current portion)
Buildings and structures	1,146,766	229,828	Collateral for long-term borrowings (including current portion)
Machinery and equipment	-	82,763	Collateral for long-term borrowings (including current portion)
Other equipment	-	38,390	Collateral for long-term borrowings (including current portion)
Right-of-use assets	58,051	57,652	Loan and Credit Line Guarantee
Buildings and structures	160,500	148,179	Loan and Credit Line Guarantee
Investment property	149,407	176,568	Loan and Credit Line Guarantee
Financial assets at amortized cost – current	-	57,157	Collateral for bank acceptance bills

Financial assets at amortized cost – current	-	28,000	Collateral for long-term borrowings (including current portion)
Financial assets at amortized cost – current	1,344	1,298	Customs Payment Guarantee
Financial assets at amortized cost – current	854	-	Plant Lease Guarantee
Financial assets at amortized cost – non-current	2,929	-	Performance Bond Deposit
	$ 3,651,860	$ 933,594	

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) Contingencies

None.

(II) Commitments

1. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows

	December 31, 2024	December 31, 2023
Property, plant and equipment	$ 811,417	$ 15,680

On September 10, 2024, the Company's Board of Directors approved the purchase of land located in the Dingkan Section, Sanchong District, New Taipei City, for NTD 795,579 thousand. As of December 31, 2024, a signing payment of NTD 80,000 thousand has been made (listed under "Other non-current assets"), and according to the contract terms, the remaining unpaid amount is NTD 715,579 thousand.

2. In order to obtain borrowing facilities from banks, the amount of the endorsements/guarantees provided by the Group is detailed in Note 13 to Table 2.

X. Significant Disaster Loss

None.

XI. Significant Events after the Balance Sheet Date

On March 4, 2025, the Company's 2024 earnings distribution plan was approved by the board of directors. Please refer to Note 6 (19) for details.

XII. Others

(I) Capital risk management

The Group's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns to shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

(II) Financial Instruments

1. Categories of financial instruments

	December 31, 2024	December 31, 2023
Financial asset		
Financial assets at fair value through profit and loss	$ 158,792	$ 157,396
Financial assets at amortized cost		
Cash and cash equivalents	$ 1,354,616	$ 1,492,468
Financial assets at amortized cost	90,368	166,288
Notes receivable	48,446	126,277
Accounts receivable	2,418,179	2,006,646
Other receivables	81,195	93,721
Refundable deposit (recognized as "other non-current assets")	53,326	17,906
	$ 4,046,130	$ 3,903,306
Financial liabilities		
Financial liabilities at fair value through profit and loss:	$ 2,220	$ -
Financial liabilities		
Short-term borrowings	$ 734,340	$ 646,307
Notes payable	14,804	72,240
Accounts payable	700,457	570,384
Other payables	495,652	358,349
Corporate Bonds Payable	570,149	-
Long-term borrowings (including current portion)	2,631,749	973,334
Guarantee deposits received (recognized in other non-current liabilities)	19,993	19,993
Long-term payable on equipment (recognized in other non-current liabilities)	4,534	297
	$ 5,171,678	$ 2,640,904
Lease liabilities	$ 29,066	$ 353,348

2. Risk management policy

   (1) The Group's activities have exposed it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, and price risk), credit risk, and liquidity risk.

   (2) Risk management is carried out by the Group's finance department in line with the policies approved by the Board of Directors. The finance department identifies, evaluates, and hedges financial risks in close cooperation with the Group's operating units. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and remaining circulating capital investment.

   (3) Usage of derivatives to avoid financial risks, please refer to Note 6(2).

3. Significant financial risks and degrees of financial risks

   (1) Market risk

   Exchange rate risk

   A. The Group operates its business transnationally, so it is subject to the exchange rate risk arising from transactions in currencies different from the functional currencies (mainly USD and RMB) used by the Company and its subsidiaries. The exchange rate risk arises from future business transactions and assets and liabilities recognized.

   B. The management of the Group has established policies to regulate the exchange rate risk of each company within the Group in relation to its functional currency. The companies shall hedge against the overall exchange rate risk through the Group's finance department. The exchange rate risk is measured by expected transactions with USD, JPY, and RMB expenditures that are highly likely to occur. The Group achieves natural hedging through the positions of foreign currency assets and liabilities held and the arrangement of the recovery period.

   C. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD ; other certain subsidiaries' functional currency: RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2024		
(Foreign currency: functional currency)	Foreign currency amount (in thousand)	Exchange rate	Carrying amount (NTD)
Financial asset			
Monetary items			
USD : NTD	$ 41,560	32.785	$ 1,362,545

USD : RMB		7,317	7.321		239,876
RMB : NTD		8,570	4.478		38,376
Financial liabilities					
Monetary items					
USD : NTD	$	3,582	32.785	$	117,436
JPY : NTD		124,938	0.210		26,237
USD : RMB		771	7.321		25,276

	December 31, 2023				
(Foreign currency: functional currency)	Foreign currency amount (in thousand)		Exchange rate	Carrying amount (NTD)	
Financial asset					
Monetary items					
USD : NTD	$	47,225	30.705	$	1,450,044
USD : RMB		5,410	7.096		166,111
RMB : NTD		30,384	4.327		131,472
Financial liabilities					
Monetary items					
USD : NTD	$	4,008	30.705	$	123,066
JPY : NTD		206,571	0.217		44,826
USD : RMB		892	7.096		27,388

D. Exchange rate fluctuations have a significant influence on the Group's monetary items. The aggregate amount of all exchange gains (including realized and unrealized) were NTD 109,684 and NTD 10,993 in 2024 and 2023, respectively.

Analysis of foreign currency market risk arising from significant foreign exchange fluctuations for the Group:

	2024				
	Sensitivity analysis				
	Exchange rate band	Effect on profit or loss		Effect on other comprehensive income	
(Foreign currency: functional currency)					
Financial asset					
Monetary items					
USD : NTD	1%	$	13,625	$	-

USD : RMB	1%	2,399	-
RMB : NTD	1%	384	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	$ 1,174	$ -
JPY : NTD	1%	262	-
USD : RMB	1%	253	-

	2023		
	Sensitivity analysis		
	Exchange rate band	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial asset			
Monetary items			
USD : NTD	1%	$ 14,500	$ -
USD : RMB	1%	1,661	-
RMB : NTD	1%	1,315	-
Financial liabilities			
Monetary items			
USD : NTD	1%	$ 1,231	$ -
JPY : NTD	1%	448	-
USD : RMB	1%	274	-

<u>Price risk</u>

A. The Group is exposed to price risk from equity instruments and wealth management products, which are listed as a financial assets at fair value through profit or loss. To manage the price risk of investments in equity instruments and wealth management products, the Group diversifies its investment portfolio. The diversification is done in accordance with the limits set by the Group.

B. The Group primarily invests in equity instruments issued by domestic companies and wealth management products issued by foreign banks. The prices of these equity instruments and wealth management products are affected by uncertainties in the future value of the investment targets. If the prices of these equity instruments and wealth management products were to increase or decrease by 1%, with all other factors remaining constant, the after-tax net profit for fiscal years 2024 and 2023 would increase or decrease by NTD 1,587 and NTD 1,572 respectively, due to gains or losses from financial assets at fair value through profit or loss.

Cash flow and fair value interest rate risk

A. The Group's interest rate risk mainly comes from short- and long-term borrowings issued at floating interest rates, exposing the Group to the interest rate risk of cash flow. In 2024 and 2023, the Group's loans taken out at floating interest rates were mainly denominated in NTD and RMB.

B. The Group's loans are measured at amortized cost and the annual interest rate will be repriced every year according to the contracts. Therefore, the Group is exposed to the risk of future market interest rate changes.

C. When the borrowing interest rate rose or fell by 1%, with all other factors held constant, the net profit after tax would have decreased or increased by NTD 26,929 and NTD 12,957 in 2024 and 2023, respectively, as the interest expenses would change with the floating interest rates for the borrowings.

(2) Credit risk

A. The credit risk of the Group is the risk of financial loss suffered by the Group arising from the failure of customers or counterparties of financial instruments to fulfill contractual obligations. It mainly comes from counterparties' inability to settle the accounts receivable paid in accordance with the payment terms and the contractual cash flow of financial assets at amortized cost.

B. The Group has established credit risk management from the Group's perspective. In accordance with the internal credit policy, each operating entity within the Group must conduct management and credit risk analysis of each new customer before deciding payment and delivery terms and conditions. The internal risk control system evaluates the credit quality of customers by considering their financial positions, past experience, and other factors. Individual risk limits are set by the Board of Directors based on internal or external ratings, and the drawdown of credit limits is regularly monitored.

C. When a contract payment is overdue for more than 90 days according to the agreed payment terms, it is deemed to have been in default by the Group.

D. The Group adopts the following conditions and assumptions as the basis for judging whether the credit risk of financial instruments has increased significantly since initial recognition:

(A) When a contract payment is overdue for more than 30 days in accordance with the agreed payment terms, it is deemed that the credit risk of a financial asset has increased significantly since the initial recognition.

(B) Actual or expected significant changes in the external credit ratings of financial instruments occur.

E. The indicators adopted by the Group to judge whether there are signs of credit impairment for debt instrument investment are as follows:

(A) The issuer has encountered major financial difficulties, or has the increasing possibility of going into bankruptcy or other financial restructuring;

(B) The active market for the financial asset disappears due to the issuer's financial difficulties;

(C) The issuer's delay or non-payment of interest or principal;

(D) Unfavorable changes in national or regional economic conditions related to the issuer's breach of contract.

F. The Group conducts individual assessments on notes and accounts receivable that have been in default. For the rest, the notes and accounts receivable according to the Group' credit conditions and historical loss rate, and adopts a simplified approach to estimate expected credit losses based on loss rates. The Group includes the forward-looking information of the Taiwan Institute of Economic Research's business observation report and adjusts the loss rates established based on historical and current information for a specific period to estimate the loss allowance for notes and accounts receivable. According to the individual and loss rate methods as of December 31, 2024 and 2023, the estimated loss allowance for notes and accounts receivable is as follows:

	Individuals	Group A	Group B	Total
December 31, 2024				
Expected loss rate	44.82%～100.00%	0.29%-0.68%	0.29%-95.87%	
Total book value	$ 263,704	$ 1,391,461	$ 1,075,562	$ 2,730,727
Loss allowance	$ 225,928	$ 8,524	$ 29,650	$ 264,102
December 31, 2023				
Expected loss rate	100.00%	0.60%-1.96%	0.60%-96.21%	
Total book value	$ 196,535	$ 1,246,026	$ 924,783	$ 2,367,344
Loss allowance	$ 196,535	$ 11,929	$ 25,957	$ 234,421

Group A: High-quality customers rated by the Group.

Group B: Other customers.

G. The Group's table of changes in simplified loss allowance for notes and account receivable are as follows:

	2024	2023
January 1	$ 234,421	$ 292,320
Impairment loss recognized	34,779	-
Impairment loss reversed	-	(56,949)
Amounts written off due to being uncollectible	(4,231)	-
Others	(2,279)	(120)
Effect of exchange rate changes	1,412	(830)
December 31	$ 264,102	$ 234,421

(3) Liquidity risk

A. Cash flow forecasting is performed by the operating entities of the Group and compiled by finance department. Finance department monitors forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.

B. The remaining cash held by each operating entity will be transferred back to the Group's finance department when it exceeds the working capital required. The Group's finance department invests the remaining funds in time deposits, money market deposits, and securities. The instruments selected are with an appropriate maturity date or sufficient liquidity to respond to the forecast above and provide adequate liquidity.

C. The Group's non-derivative financial liabilities and derivative financial liabilities settled by gross settlement are grouped based on relevant maturity dates; the non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The contractual cash flow amounts disclosed in the table below are undiscounted.

	December 31, 2024		December 31, 2023	
	Less than 1 year	Over 1 year	Less than 1 year	Over 1 year
Non-derivative financial liabilities:				
Short-term borrowings	$ 738,246	$ -	$ 650,857	$ -
Notes payable	14,804	-	72,240	-
Accounts payable	700,457	-	570,384	-
Other payables	495,652	-	358,349	-
Corporate Bonds Payable	-	600,000	-	-
Long-term borrowings (including current portion)	67,614	3,186,466	986,067	6,728
Lease liabilities	21,960	7,400	69,562	327,499
Guarantee deposits received (recognized in other non-current liabilities)	-	19,993	-	19,993
Long-term payable on equipment (recognized in other non-current liabilities)	-	4,534	-	297

(III) Fair value information

1. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date. A market is regarded as active when transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Group's investments in listed stocks and wealth management products with active market quotations, as well as derivative instruments, all fall into this category.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The convertible bonds issued by the Group fall into this category.

Level 3: Unobservable inputs for the asset or liability. The fair values of the Group's investments in non-listed stocks, venture capital company stocks, private equity fund investments, and certain derivative instruments all fall into this category.

2. For information on the fair value of investment property measured at cost, please refer to Note 6(10).

3. Financial instruments not measured at fair value

(1) Except for those listed in the table below, the carrying amounts of financial instruments including cash and cash equivalents, notes receivable, accounts receivable, other receivables, financial assets measured at amortized cost, short-term loans, notes payable, accounts payable, other payables, and long-term loans (including those due within one year) are reasonable approximations of fair value.

December 31, 2023: None.

	December 31, 2024			
		Fair value		
	Carrying amount	Level 1	Level 2	Level 3
Financial liabilities:				
Corporate Bonds Payable	$ 570,149	$ -	$ 572,340	$ -

(2) The methods and assumptions used to estimate fair value are as follows:

Corporate bonds payable: Measured at the present value of expected cash flows discounted using market interest rates as of the balance sheet date.

4. Financial and non-financial instruments at fair value, the Group are classified according to the nature, characteristics, and risks of assets and the basis of fair value levels. The relevant information is as follows:

(1) The Group has classified assets and liabilities according to their nature, and the relevant information is as follows:

December 31, 2024	Level 1	Level 2	Level 3	Total
Asset				
Fair value on a recurring basis				
Financial assets at fair value through profit and loss				
Equity securities	$ 136,516	$ -	$ 22,198	$ 158,714
Derivatives	78	-	-	78
	$ 136,594	$ -	$ 22,198	$ 158,792
Liability				
Fair value on a recurring basis				
Financial liabilities at fair value through profit and loss:				
Derivatives	$ -	$ -	$ 2,220	$ 2,220

December 31, 2023	Level 1	Level 2	Level 3	Total
Asset				
Fair value on a recurring basis				
Financial assets at fair value through profit and loss				
Equity securities	$ 137,225	$ -	$ 20,000	$ 157,225
Derivatives	171	-	-	171
	$ 137,396	$ -	$ 20,000	$ 157,396

(2) The methods and assumptions used by the Group to measure fair value are explained as follows:

A. The closing price of the listed stocks is used by the Group as the fair value input (i.e. Level 1).

B. Except for the abovementioned financial instruments with active markets, the fair value of other financial instruments is obtained through valuation techniques or by referring to the quoted prices offered by counterparties.

C. For the evaluation of non-standard and less complex financial instruments, such as swap contracts in a market that is not active, the Group uses valuation techniques widely used by market participants. The inputs used in the valuation models of such financial instruments are usually observable market data.

5. The Group did not have any transfers between the Level 1 and Level 2 fair value in 2024 and 2023.

6. The Group had no transfers into or out of Level 3 during fiscal year 2023. The movements in Level 3 during fiscal year 2024 are as follows:

	2024	
	Derivatives (liabilities)	Equity instruments (assets)
January 1	$ -	$ 20,000
Issuance during the period	(1,800)	-
Gains or (losses) recognized in profit or loss	(420)	2,198
December 31	($ 2,220)	$ 22,198
Changes in unrealized losses included in profit or loss for assets and liabilities held at the end of the period (Note 1)	($ 420)	$ 2,198

Note 1: Recorded under other gains and losses.

7. The Group conducts independent fair value verification for financial instruments with their fair value classified as Level 3, through which data from independent sources is used to make the evaluation results close to the market level, so as to confirm that the data sources are independent, reliable, consistent with other resources, and representative of executable prices. The Group also regularly calibrates the valuation model, conducts back-testing, updates inputs, data, and any other necessary fair value adjustments to ensure that the valuation results are reasonable.

8. The quantitative information about the significant unobservable inputs of the valuation model used in the Level 3 fair value measurement items and the sensitivity analysis of the significant unobservable input changes are described below:

	December 31, 2024 Fair value	Valuation technique	Significant unobservable input	Range (Weighted Average)	Relationship between input and fair value
Non-derivative equity instruments:					
Investments in stocks and private funds of venture capital companies	$ 22,198	Net asset value method	Not applicable	Not applicable	Not applicable
Derivatives:					

Convertible corporate bonds put and call options	($ 2,220)	Binomial tree convertible bond valuation model	Stock price volatility	62.22%	The higher the stock price volatility, the greater the range of fair value changes

	December 31, 2023 Fair value	Valuation technique	Significant unobservable input	Range (Weighted Average)	Relationship between input and fair value
Non-derivative equity instruments:					
Investments in stocks and private funds of venture capital companies	$ 20,000	Net asset value method	Not applicable	Not applicable	Not applicable

9. The valuation model and valuation parameters are selected by the Group after prudent evaluation, but the use of different valuation models or valuation parameters may result in different valuation results. For financial assets classified as Level 3 fair value, in the case of a change in valuation parameters, the effect on the current profit and loss will be as follows:

			December 31, 2024	
			Recognized in profit or loss	
	Input	Change	Favorable change	Unfavorable change
Financial asset				
Equity instrument	Discount for lack of market liquidity	±1%	$ 222	($ 222)
Financial liabilities				
Derivatives	Volatility	±1%	$ 20	($ 60)

			December 31, 2023	
			Recognized in profit or loss	
	Input	Change	Favorable change	Unfavorable change
Financial asset				
Equity instrument	Discount for lack of market liquidity	±1%	$ 200	($ 200)

XIII. Supplementary Disclosures

The following information on the investees was written off when the consolidated financial statements were prepared. The disclosure below is for reference only.

(I) Information on significant transactions

1. Loans to others: Please refer to Table 1.

2. Provision of endorsements and guarantees to others: Please refer to Table 2.

3. Marketable securities held at the end of period (excluding subsidiaries and associates): Please refer to Table 3.

4. Accumulated purchases or sales of the same securities reaching NTD 300 million or 20% of paid-in capital or more: Please refer to Table 4.

5. Acquisition of real estate reaching NTD 300 million or 20% of paid-in capital or more: Please refer to Table 5.

6. Disposal of real estate reaching at least NTD 300 million or 20% of the paid-in capital: None.

7. Purchases or sales of goods from or to related parties reaching at least NTD 100 million or 20% of the paid-in capital: Please refer to Table 6.

8. Receivables from Related Parties Reaching at Least NTD 100 Million or 20% of the Paid-in Capital: None.

9. Trading in derivative instruments: Please refer to Note 6(2) and Note 12(2).

10. Business relations and important transactions between parent company and subsidiaries and among subsidiaries and amounts: Please refer to Table 7.

(II) Information related to reinvested enterprises

Information on investees (name, location, etc.) (not including investees in mainland China): Please refer to Table 8.

(III) Information on Investments in Mainland China

1. Basic information: Please refer to Table 9.

2. Significant transactions with investees in mainland China, either directly or indirectly, through third-region businesses: Please refer to Note 13(1).

(IV) Information on major shareholders

Information on major shareholders: Please refer to Table 10.

XIV. Segment Information

(I) General information

The Group operates its business and makes decisions by region, so the management also uses this model to identify the segments that shall be reported.

The Group has 3 segments that shall be reported: Segment A, Segment B, and Segment C. Segment A is manufacturing LED-related components in Taipei; Segment B is manufacturing TV- and LED-related components in Kunshan and Jiangmen, China; Segment C is manufacturing ceramic board-related components in Taoyuan.

The Group's segments that shall be reported are strategic business units that provide different products and services. Since each strategic business unit requires different technologies and marketing strategies, they are managed separately.

(II) Segment Information

The information on segments that shall be reported provided to the chief operating decision maker is as follows:

	2024					
	Segment A	Segment B	Segment C	Other segments	Adjustment and elimination	Total
Revenue						
Revenue from external customers	$ 2,549,709	$ 2,032,836	$ 867,255	$ 6,972	$ -	$ 5,456,772
Inter-segment revenue	44,224	497,591	178	1,236	(543,229)	-
Revenue from customer contracts	$ 2,593,933	$ 2,530,427	$ 867,433	$ 8,208	($ 543,229)	$ 5,456,772
Others – rental income	$ -	$ 35,606	$ -	$ -	$ -	$ 35,606
Total revenue	$ 2,593,933	$ 2,566,033	$ 867,433	$ 8,208	($ 543,229)	$ 5,492,378
Segment profit (loss)	$ 19,534	$ 21,336	$ 156,769	($ 61,517)	($ 69,934)	$ 66,188
Segment profit (loss) includes:	-	-	-	-	-	
Depreciation and amortization	$ 189,727	$ 147,312	$ 65,993	$ 17,227	$ -	$ 420,259
Interest revenue	$ 14,353	$ 9,540	$ 4,440	$ 33	($ 527)	$ 27,839
Interest expenses	$ 40,366	$ 6,886	$ 4,242	$ 527	($ 527)	$ 51,494
Income tax expense	$ 727	$ -	$ 35,132	$ 625	$ -	$ 36,484
Loss on investment accounted for under equity method	$ 63,652	$ -	$ -	$ -	($ 69,934)	($ 6,282)
Total segment assets	$ 9,639,105	$ 3,179,047	$ 985,439	$ 71,019	($ 2,859,283)	$ 11,015,327
Total segment liabilities	$ 4,430,745	$ 832,504	$ 421,671	$ 32,194	($ 87,470)	$ 5,629,644

	2023					
	Segment A	Segment B	Segment C	Other segments	Adjustment and elimination	Total
Revenue						
Revenue from external customers	$ 2,568,731	$ 1,795,806	$ 603,617	$ 10,957	$ -	$ 4,979,111
Inter-segment revenue	29,745	381,999	1	792	(412,537)	
Revenue from customer contracts	$ 2,598,476	$ 2,177,805	$ 603,618	$ 11,749	($ 412,537)	$ 4,979,111

Others – rental income	$ -	$ 89,585	$ -	$ -	$ -	$ 89,585
Total revenue	$ 2,598,476	$ 2,267,390	$ 603,618	$ 11,749	($ 412,537)	$ 5,068,696
Segment profit (loss)	$ 233,801	$ 99,894	$ 75,445	($ 48,966)	($ 115,739)	$ 244,435
Segment profit (loss) includes:						
Depreciation and amortization	$ 197,379	$ 180,405	$ 59,509	$ 18,578	($ 2,003)	$ 453,868
Interest revenue	$ 14,788	$ 16,738	$ 3,477	$ 264	($ 67)	$ 35,200
Interest expenses	$ 46,360	$ 8,630	$ 4,819	$ 67	($ 66)	$ 59,810
Income tax expense	$ 32,914	($ 1,854)	$ 10,953	$ 3,514	$ -	$ 45,527
Investment gains accounted for under equity method	$ 115,740	$ -	$ -	$ -	($ 115,740)	$ -
Total segment assets	$ 6,611,982	$ 2,893,272	$ 855,479	$ 148,224	($ 2,711,746)	$ 7,797,211
Total segment liabilities	$ 2,420,893	$ 699,985	$ 373,739	$ 17,089	($ 97,707)	$ 3,413,999

(III) Segment information reconciliation

Inter-segment sales are carried out in accordance with the fair trade principle. The external revenue reported to the chief operating decision maker is measured in the same way as the revenue recognized in the income statement.

(IV) Information on types of products

The revenue from external customers is from the sales revenue of electronic component products and the rental income of investment property. The breakdown of net income is as follows:

	2024	2023
Lead frame (LED/SMD)	$ 2,150,426	$ 1,815,369
Thermal components	990,313	1,200,378
Ceramic circuit boards	867,256	603,617
TV backlight module	697,072	619,448
IC lead frame	441,289	408,582
Rental income	35,606	89,585
Others	310,416	331,717
	$ 5,492,378	$ 5,068,696

(V) Geographical information

The Group’s geographical information is as follows:

	2024		2023	
	Revenue	Non-current assets	Revenue	Non-current assets
China	$ 3,424,306	$ 792,419	$ 3,070,623	$ 871,708
Taiwan	836,865	4,363,927	872,776	1,482,953

Others	1,231,207	-	1,125,297	-
	$ 5,492,378	$ 5,156,346	$ 5,068,696	$ 2,354,661

(VI) Major customer information

The Group's major customer information is as follows:

	2024		2023	
	Revenue	Segment	Revenue	Segment
B	$ 509,274	Segment A, B and C	$ 411,447	Segment A, B and C
C	1,087,950	Segment A, B and C	906,559	Segment A, B and C
	$ 1,597,224		$ 1,318,006	

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES

Loans to Others

For the Year Ended December 31, 2024

Table 1

Unit: NTD thousand

(except as otherwise indicated)

No.	Lender	Borrower	General ledger account	Related party status	Maximum amount of the current period	Closing balance (Note 3)	Actual amount drawn down	Interest rate range	Nature of loan	Amount of transactions with borrower (Note 2)	necessity of short-term financing	Allowance for bad debt	Collateral Name	Collateral Value	Limit on loans granted to a single party (Note 1)	Total limit on loans granted (Note 1)	Remarks
	I-CHIUN PRECISION INDUSTRY CO., LTD	Advance Venture Co	Other receivables - related parties	Y	30,000	30,000	30,000	2.5~2.7%	Short-term financing	-	Working capital	-	-	-	260,418	2,083,344	-
	I-Chiun Precision Electric Industry (China) Co., Ltd.	I-Chiun Technology (China) Co., Ltd.	Other receivables - related parties	Y	107,445	61,298	61,298	0%	Short-term financing	-	Working capital	-	-	-	291,928	583,856	-

Note 1: The “Procedures for Lending Funds to Others” established by the Company and I-CHIUN CAYMAN PRECISION INDUSTRY CO., LTD. stipulates that the total amount of funds lent to others shall not exceed 40% of the Company’s net worth as shown in its most recent financial statements.

For fund lending due to business relationships, the accumulated lending amount shall not exceed 30% of the net worth as shown in the most recent financial statements, and the amount lent due to business relationships shall not exceed the amount of business transactions (Note 2). For short-term financing needs, the accumulated lending amount shall not exceed 10% of the net worth as shown in the most recent financial statements. The amount lent to an individual company shall not exceed 5% of the Company's net worth.

I-Chiun Precision Electric Industry (China) Co., Ltd.’s “Procedures for Lending Funds to Others” stipulates that for short-term financing needs, the accumulated lending amount shall not exceed 20% of the net worth as shown in the most recent financial statements. The amount lent to an individu company shall not exceed 10% of the company's net worth. For fund lending to foreign subsidiaries in which the parent company directly and indirectly holds 100% of the voting shares, the total amount of funds lent shall not exceed 40% of the lending company's net worth, and the amount lent to an individual company shall not exceed 20% of the Company's net worth.

I-Zou Hi-Tech (SZN) Co., Ltd.’s “Procedures for Lending Funds to Others” stipulates that for short-term financing needs, the accumulated lending amount shall not exceed 10% of the net worth as shown in the most recent financial statements. The amount lent to an individual company shall not exceed 8% of the company's net worth, and the amount lent due to business relationships shall not exceed the amount of business transactions (Note 2). For fund lending to foreign subsidiaries in which the parent company directly and indirectly holds 100% of the voting shares, the total amount of funds lent shall not exceed 40% of the lending company's net worth, and the amount lent to an individual company shall not exceed 20% of the Company's net worth.

I-Chiun Technology (China) Co., Ltd.’s “Procedures for Lending Funds to Others” stipulates that for short-term financing needs, the accumulated lending amount shall not exceed 20% of the net worth as shown in the most recent financial statements. The amount lent to an individual company shall not exceed 10% of the company's net worth. For fund lending to foreign subsidiaries in which the parent company directly and indirectly holds 100% of the voting shares, the total amount of funds lent shall not exceed 40% of the lending company's net worth, and the amount lent to an individual company shall not exceed 20% of the Company's net worth.

The latest financial statements refer to the most recent financial statements that have been audited (attested) by CPAs.

Note 2: The amount of business transactions refers to the amount of purchases, sales, or purchases of fixed assets between both parties; if there are purchases, sales, or purchases of fixed assets at the same time, the higher of the statistical amount of purchases, sales, or purchases of fixed assets in the previous year shall prevail.

Note 3: The closing balance refers to the amount of loans approved by the Board of Directors.

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES

Provision of endorsements and guarantees to others

For the Year Ended December 31, 2024

Table 2

Unit: NTD thousand

EPT AS OTHERWISE INDICATED)

No. (Note 1)	Endorser/guarantor	Party endorsed/guaranteed Company name	Party endorsed/guaranteed Relationship (Note	endorsements/guarantees provided to a single party	outstanding endorsement/guarantee amount	endorsement/guarantee amount at the	Actual amount drawn down (Note 6)	endorsements/ guarantees secured with	endorsement/guarantee amount to net asset value of the	Upper limit on endorsements/guarantees provided	Parent company to subsidiary	parent company (Note 7)	To party in Mainland China (Note 7)	emark
0	I-CHIUN PRECISION INDUSTRY CO.,	I-Chiun Technology (China) Co., Ltd.	2	1,041,672	308,627	195,672	67,170	-	4%	2,604,181	Y	N	Y	-
1	I-Chiun Precision Electric industry (China) Co., Ltd.	I-Chiun Technology (China) Co., Ltd.	4	291,928	136,350	134,340	-	-	9%	729,820	N	N	Y	-

Note 1: The information shall be indicated in the No. column as follows:

(1). The Issuer is coded “0.”

(2). The investees are coded sequentially beginning from “1” by each individual company.

Note 2: Relationship between the endorser/guarantor and the party endorsed/guaranteed is classified into the following 7 categories; just enter the code:

(1). A company with which it does business.

(2). A company in which the Company directly or indirectly holds more than 50% of the voting shares.

(3). A company that directly or indirectly holds more than 50% of the voting shares in the Company.

(4). Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.

(5). Between companies in the same industry or joint applicants to undertake projects who are required to provide mutual endorsements/guarantees to the other company in accordance with the contractual terms.

(6). Companies that are endorsed and guaranteed by all shareholders based on their shareholding ratios because of a joint investment relationship.

(7). The joint guarantee for the performance of a pre-sale property sales contract between entities in the same industry in accordance with the Consumer Protection Act.

Note 3: For the Company, I-Chiun Technology (China) Co., Ltd., I-Chiun Precision Electric Industry (China) Co., Ltd., the guarantee provided to other companies shall not exceed 50% of the net worth as per the latest financial statement; the guarantee provided to a single enterprise shall not exceed 20% of the net worth as per the most recent financial statements.

The latest financial statements refer to the most recent financial statements that have been audited (attested) by CPAs.

Note 4: The highest balance of the endorsements/guarantees provided to others in the current year.

Note 5: The amount approved by the Board of Directors shall be entered. However, where the board of directors authorizes the Chairman to make a decision in accordance with Subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, it refers to the amount to be determined by the Chairman.

Note 6: The actual amount drawn by the company endorsed within the limit of the balance of endorsement/guarantee shall be entered.

Note 7: “Y” shall be entered only for the endorsement/guarantee provided by the publicly listed parent company to subsidiary, by subsidiary to the publicly listed parent company, and to entities in mainland China.

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES

Marketable Securities Held at the End of Period (Not Including Subsidiaries and Associates)

December 31, 2024

Table 3

Unit: NTD thousand

(except as otherwise indicated)

Securities held by	Type and name of securities		Relationship with the securities issuer	General ledger account	End of period				Remarks
					Number of shares (shares in thousand)	Carrying amount	Shareholding ratio	Fair value	
I-CHIUN PRECISION INDUSTRY C	Stock	I-Energy	-	Financial assets at fair value through profit and loss – curre	84	968	0.13%	968	No pledge provided
I-CHIUN PRECISION INDUSTRY C	Stock	LuxNet	-	Financial assets at fair value through profit and loss – curre	721	135,548	0.51%	135,548	No pledge provided
I-Zou Hi-Tech (SZN) Co., Ltd.	Stock	Lanke Electronic Co., Ltd.	-	Financial assets at fair value through profit and loss – non-	1,519	-	1.48%	-	No pledge provided
I-CHIUN PRECISION INDUSTRY C	Stock	Unity Opto	-	Financial assets at fair value through profit and loss – non-	3,157	-	0.68%	-	No pledge provided
I-CHIUN PRECISION INDUSTRY C	Stock	Beili Biotechnology	-	Financial assets at fair value through profit and loss – non-	2,053	22,198	1.00%	22,198	No pledge provided
I-CHIUN PRECISION INDUSTRY C	Preference share	Mylight Technology	relative within second degree of kinship of a	Financial assets at fair value through profit and loss – non-	5,000	-	15.14%	-	No pledge provided

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding at least NTD 300 million or 20% of the paid-in capital

For the Year Ended December 31, 2024

Table 4

Unit: NTD thousand

(except as otherwise indicated)

					period		Purchase		Sale				End of period	
Buying/Selling	Type and name of	General ledger	Transaction	Relation	Shares	Amount	Shares	Amount	Shares	Selling Price	Book Cost	Disposal	Shares	Amount
I-CHIUN PRECISION INDUSTRY CO., LTD.	Stock Wistron NeWeb Corporation	Financial assets at fair value through profit and loss –	-	-	-	-	1,942,000	$ 291,167	1,942,000	$ 311,852	$ 291,167	$ 20,685	-	$ -
I-CHIUN PRECISION INDUSTRY CO., LTD.	Stock LuxNet Corporation	Financial assets at fair value through profit and loss – current	-	-	-	-	1,783,000	$ 305,195	1,062,000	$ 181,464	$ 166,469	$ 14,995	721	$ 135,548

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES

Acquisition of property reaching at least NTD 300 million or 20% of the paid-in capital

For the Year Ended December 31, 2024

Table 5

Unit: NTD thousand

(except as otherwise indicated)

Company acquiring real estate	Property Name	Date of Occurrence	Transaction Amount	Payment Status	Transaction counterparty	Relationship	If Transaction Counterparty is a Related Party, Previous Transfe Information				Basis for Price Determination	Acquisition and Usage	Terms and Conditions
							Owner	Relationship with the issuer	Transfer Date	Amount			
I-CHIUN PRECISION INDUSTRY CO., LTD.	New Taipei City, Xinzhuang District, Xinzhi Section, Lot number 54, 54-1 and New Building	July 10, 2024	$ 2,990,000	$2,999,000 paid according to agreement (Property has been delivered)	Shin Ruenn development Co., LTD	-	-	-	-	$ -	Note 4	Operational needs and future business development and planning	-
I-CHIUN PRECISION INDUSTRY CO., LTD.	New Taipei City, Sanchong District, Dingkan Section, Lot Numbers 719-723	eptember 10, 202	795,579	$80,000 paid according to agreement	YUNG LEADER MECHANICAL CO., LTD.	-	-	-	-	-	Note 5	Operational needs and future business development	-

Note 1: For assets acquired that require appraisal according to regulations, the appraisal results should be noted in the “Basis for Price Determination” column.

Note 2: The paid-in capital refers to the paid-in capital of the parent company. For issuers with no par value shares or with par value other than NT$10 per share, the transaction amount provision of 20% of paid-in capital shall be calculated as 10%

Note 3: Date of occurrence refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transac

Note 4: The reference basis for price determination is the real estate appraisal report: (1) REPROKF International Real Estate Appraisers Office, appraised amount: NT$3,120,000 thousand (2) BONDE Real Estate Appraisers Joint Office, appraisec

Note 5: The reference basis for price determination is the real estate appraisal report: CCIS Real Estate Joint Appraisers Firm, appraised amount: NT$762,031 thousand.

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES

Purchases or Sales of Goods from or to Related Parties Reaching at Least NT$100 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2024

Table 6

Unit: NTD thousand

(except as otherwise indicated)

			Transaction				transaction conditions are		Notes/Accounts receivable (payable)		
Purchase (sale) Company	Transaction counterparty	Relationship	Purchase (sale)	Amount	Proportion to total purchases (sales)	Credit period	Unit price	Credit period	Balance	Proportion to notes/accounts receivable (payable)	Remarks
I-Chiun Technology (China) Co., Ltd.	UN PRECISION INDUSTRY CO.	Ultimate parent company	Sales	$ 497,399	29%	Payment terms: 30 days end of month	Not applicable	-	$ 44,429	8%	

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES

Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries and Amounts

For the Year Ended December 31, 2024

Table 7

Unit: NTD thousand

(except as otherwise indicated)

No. (Note 1)	Company name	Transaction counterparty	Relationship with transaction counterparty (Note 2)	Transactions			
				General ledger account	Amount	Transaction terms	Proportion of consolidated total operating revenues or total assets (Note 3)
	I-Chiun Technology (China) Co., Ltd.	I-CHIUN PRECISION INDUSTRY CO., LTD.	2	Sales revenue	$ 497,399	Payment terms: 30 days end	9

Note 1: The information on such transactions between the parent company and its subsidiaries and inter-company ones shall be indicated in the No. column as follows:

(1) Parent company is coded “0.”

(2) The subsidiaries are coded sequentially beginning from “1” by each individual company.

Note 2: There are three types of relationships with the Company. Just enter the code:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding the proportion of transaction amount to consolidated total operating revenues or total assets, it is computed based on the closing balance of transactions to consolidated total assets if it is recognized in the balance sheet account, while i

Note 4: The criteria for said disclosure is a transaction reaching at least NTD 100 million or 20% of the paid-in capital. However, the above-mentioned related party transactions have been eliminated when the consolidated statements were prepared.

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES

Information on Investees (Name, Location, etc.) (Not Including Investees in Mainland China)

For the Year Ended December 31, 2024

Table 8

Unit: NTD thousand

(except as otherwise indicated)

				Initial investment amount		Shares held at the end of period			investee of the current period (Note 1)	Investment gains (loss) recognized for current period (Note 2)	
Name of Investor	Name of investee	Location	Main business activities	End of current perioc	nce as the end of last	Shares	Ratio	Carrying amount			Remarks
I-CHIUN PRECISION INDUSTRY CO., LTD.	MORE FORTUNE PROFITS LIMITED	British Virgin Islands	General investment	$ 1,155,595	$ 1,155,595	36,179,299	100%	$ 2,467,815	$ 21,895	$ 21,895	-
I-CHIUN PRECISION INDUSTRY CO., LTD.	Ecocera Optronics Co., Ltd.	Taiwan	Manufacturing and trading of LED ceramic bases	260,497	260,497	18,365,773	69.720%	389,773	121,637	84,805	-
I-CHIUN PRECISION INDUSTRY CO., LTD.	Advance Venture Corporation	Taiwan	Electronics Components Manufacturing and Trading	125,000	125,000	12,500,000	55.556%	4,159	(54,970)	(30,539)	-
I-CHIUN PRECISION INDUSTRY CO., LTD.	CMTEK Co., Ltd.	Taiwan	Other Metal Products Manufacturing	54,767	20,000	5,087,288	46.801%	46,589	(16,900)	(8,216)	-
MORE FORTUNE PROFITS LIMITED	I-CHIUN (CAYMAN) PRECISION INDUSTRY CO., LTD.	Cayman Islands	General investment	473,188 (Note 3)	473,188 (Note 3)	14,433,075	100%	1,581,494	1,666	-	-
MORE FORTUNE PROFITS LIMITED	I-CHIUN TECHNOLOGY CO., LTD.	Republic of Seychelles	General investment	983,550 (Note 3)	983,550 (Note 3)	30,000,000	100%	891,491	20,159	-	-

Note 1: The aforementioned information on the investees is prepared based on the financial statements audited by the CPAs.

Note 2: Only the profit and loss on each investee directly invested by the Company and each investee measured under the equity method recognized by the Company shall be entered, and the rest of the investees are exempted from disclosure in this regard.

Note 3: It is based on the initial investment amount of each investee, at the exchange rate of USD 1 to NTD 32.785 and RMB 1 to NTD 4.478 at the end of period.

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES

Information on Investments in Mainland China-Basic Information

For the Year Ended December 31, 2024

Table 9

Unit: NTD thousand

(except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 2)	Investment method	amount of remittance from Taiwan,	Taiwan to mainland China/Amount remitted ed to Mainlanc	tted back to Ta	amount of remittance from Taiwan, end of	on investee of the current period	held by the Company (direct or	gains (loss) recognized for current period	investments at the end of period	amount of investment income	Remarks
I-Zou Hi-Tech (SZN) Co., Ltd.	Trading and manufacturing of LED lead frames	$ 33,585	Other methods: Investment by I-Chiun Precision Electric Industry (China) Co., Ltd.	$ 83,602	$ -	$ -	$ 83,602	($ 307)	100.00	($ 307)	$ 4,580	$ -	-
I-Chiun Precision Electric Industry (China) Co., Ltd.	Manufacturing and trading of direct back-lit module components, as well as investment property leasing	771,155	Investment in the companies in Mainland China through investment in the existing company in the third region (I-CHIUN (CAYMAN))	540,953	-	-	540,953	870	100.00	870	1,459,639	-	-
I-Chiun Precision Electric (Nanjing) Co., Ltd.	Investment property leases	251,725	Investment in the companies in Mainland China through investment in the existing company in the third region (I-CHIUN (CAYMAN))	163,925	-	-	163,925	(3,428)	100.00	(3,428)	26,758	-	-
I-Chiun Technology (China) Co., Ltd.	Trading and manufacturing of LED lead frames and investment property leasing	1,287,980	Investment in the companies in mainland China through investment in the existing company in the third region (I-CHIUN TECH and I-Chiun Precision Electric Industry (China) Co., Ltd.)	655,700	-	-	655,700	30,905	100.00	30,905	1,366,679	-	
Yong-Xu-Sheng Technology (Shenzhen) Co., Ltd.	Manufacturing, processing, and trading of hardware products	-	Investment in the companies in mainland China through investment in the existing company in the third region (MORE FORTUNE)	32,423	-	-	32,423	-	-	-	-	-	Note 3

Note 1: The aforementioned information on the investees is prepared based on the financial statements audited by the CPAs.

Note 2: It is based on the initial investment amount of each investee, at the exchange rate of USD 1 to NTD 32.785 and RMB 1 to NTD 4.478 at the end of period.

Note 3: Yong-Xu-Sheng Technology (Shenzhen) Co., Ltd. completed the liquidation and deregistration in 2020, and there was no remaining property after liquidation. As of December 31, 2024, the Group has not applied for the deduction of the investment amount in mainland China to the Investment Commission.

Company name	remittance from Taiwan to mainland China, end of current	amount approved by the Investment Commission of	Limit on investments in mainland China imposed by the Investment Commission of MOEA
I-CHIUN PRECISION INDUSTRY CO., LTD.	$ 1,476,603	$ 1,476,603	$ 3,231,410

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES

Information on major shareholders

December 31, 2024

Table 10

Name of major shareholders	Share	
	No. of shares held (shares)	Shareholding ratio
CHOU, WAN-SHUN	23,032,644	9.84%
LEE,CHUNG-YI	16,156,787	6.90%

Explanation: If the information obtained by the Company for this table is from the Taiwan Depository & Clearing Corporation through application, it may disclose the matters below in the notes to the table:

(1) The major shareholders in this table are shareholders holding more than 5% of the ordinary and preference shares (including treasury stocks) with the dematerialized registration and delivery completed on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. However, share capital recorded in the Company's financial statements and the number of shares actually delivered by the Company with the dematerialized registration completed may differ due to different calculation bases.

(2) If the information above is for the shares entrusted by shareholders to a trust, the aforesaid information shall be disclosed by the individual trust account opened by the trustees. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings include their shareholdings plus the shares entrusted to the trust and with the right to make decisions on trust property, please refer to MOPS.