STOCK CODE：6829

Chenfull Precision Co., Ltd.

2024 Financial Statements

Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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Printed on March 3, 2025

Independent Auditors' Report

To the Board of Directors and Shareholders
Chenfull Precision Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Key Audit Matter

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

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

Assessment of the Authenticity of Revenue from Specific Customers

The sales revenue of The Company consist of optoelectronic and semiconductor equipment components, as well as aerospace components.

After evaluation, the sales revenue from customers meeting specific criteria carries a higher risk and requires manual verification and reconciliation of related documents. This may lead to improper revenue recognition. Additionally, auditing standards presume revenue recognition as a significant risk. Therefore, the authenticity of sales revenue recognition has been identified as a key audit matter. For accounting policies and information related to revenue recognition, please refer to Notes 4(10) and 18 of the financial report.

We performed the following main response procedures for the above-mentioned key audit matter:

1. Understand, evaluate, and test the internal control system for revenue recognition, which is reasonable and effectively implemented.
2. Select a sample of specific customer sales revenue details, verify whether the relevant documents for revenue recognition are consistent, and confirm the authenticity of the sales revenue.
3. Obtain the details of sales returns after the period, randomly select and examine the relevant vouchers, and examine the reasonableness of the returns.

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

Management is responsible for the preparation and fair presentation of the inancial Statement in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, interpretations, and interpretative announcements recognized and promulgated by the Financial Supervisory Commission. Additionally, management must maintain necessary internal controls related to financial reporting to ensure that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless

management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Tseng, Chien-Ming and Liu, Shu-Lin.

Deloitte & Touche

Taipei, Taiwan

The Republic of China

March 3, 2025

Chenfull Precision Co., Ltd.

BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

	December 31, 2024		December 31, 2023	
Assets	Amount	%	Amount	%
Current Assets				
Cash and cash equivalents (Notes 4, 6, and 24)	$ 269,056	10	$ 591,953	26
Notes receivable, net (Notes 4, 7, and 24)	353	-	-	-
Accounts receivable (Notes 4, 7, 18, and 24)	384,327	14	250,805	11
Other receivables (Notes 4, 7, and 24)	7,977	-	10,252	1
Inventories (Notes 4 and 8)	408,238	15	315,103	14
Prepayments (Note 12)	22,601	1	2,033	-
Other financial assets - current (Notes 4, 12, 24, and 26)	8,942	1	8,941	-
Other current assets (Note 12)	4,025	-	-	-
Total Current Assets	1,105,519	41	1,179,087	52
Non-current assets				
Property, plant and equipment (Note 4, 9, and 25)	1,427,932	53	833,800	37
Right-of-use assets (Note 4 and 10)	107,158	4	120,234	5
Intangible assets (Note 4 and 11)	12,959	1	14,754	1
Deferred tax assets (Note 4 and 20)	5,366	-	9,365	-
Other financial assets - non-current (Note 4, 12, 24, and 26)	34,543	1	-	-
Other non-current assets (Note 12, 24, and 27)	5,382	-	123,483	5
Total non-current assets	1,593,340	59	1,101,636	48
Total assets	$ 2,698,859	100	$ 2,280,723	100
Liabilities and equity				
Current liabilities				
Short-term borrowings (Note 4, 13, and 24)	$ 100,000	4	$ -	-
Contract liabilities - current (Note 4 and 18)	23,454	1	37,881	2
Accounts payable (Note 14 and 24)	174,962	6	118,706	5
Accounts payable - related parties (Note 14, 24, and 25)	168	-	-	-
Other payables (Note 15 and 24)	164,744	6	138,748	6
Other payables - related parties (Note 15, 24, and 25)	17	-	403	-
Income tax payable (Note 4 and 20)	42,917	2	8,454	1
Lease liabilities - current (Note 4, 10, and 24)	5,651	-	6,328	-
Other current liabilities (Note 15)	1,451	-	1,631	-
Total current liabilities	513,364	19	312,151	14
Non-current liabilities				
Long-term borrowings (Note 4, 13, and 24)	69,458	3	-	-
Deferred tax liabilities (Note 4 and 20)	1,742	-	474	-
Lease liabilities - non-current (Note 4, 10, and 24)	109,798	4	120,964	5
Net defined benefit liabilities - non-current (Note 4 and 16)	2,024	-	2,159	-
Other non-current liabilities (Note 15)	89	-	138	-
Total non-current liabilities	183,111	7	123,735	5
Total liabilities	696,475	26	435,886	19
Equity (Note 4, 16, and 17)				
Share capital				
Common Stock	591,690	22	591,690	26
Additional paid-in capital	972,310	36	972,310	43
Retained earnings				
Legal reserve	84,551	3	63,822	3
Unappropriated earnings	353,833	13	217,015	9
Total retained earnings	438,384	16	280,837	12
Total equity	2,002,384	74	1,844,837	81
Total liabilities and equity	$ 2,698,859	100	$ 2,280,723	100

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

With Deloitte & Touche audit report dated March 3, 2025

Chenfull Precision Co., Ltd.

STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
Operating revenue (Note 4 and 18)	$ 1,519,633	100	$ 1,350,162	100
Operating costs (Note 4, 8, 16, 19, and 25)	985,299	65	938,810	70
Gross profit	534,334	35	411,352	30
Operating expenses (Note 4, 16, 19, and 25)				
Selling and marketing expenses	39,691	3	37,165	3
General and administrative expenses	108,402	7	81,836	6
Research and development expenses	44,790	3	36,529	2
Expected credit loss	-	-	(10)	-
Total operating expenses	192,883	13	155,520	11
Operating profit/(loss)	341,451	22	255,832	19
Non-operating income and expenses (Note 4, 19, 21, and 25)				
Interest income	27,400	2	12,305	1
Other income	14,008	1	2,872	-
Other gains and losses	43,783	3	(16,114)	(1)
Finance costs	(11,495)	(1)	(2,251)	-
Total non-operating income and expenses	73,696	5	(3,188)	-
Profit/(loss) before income tax	415,147	27	252,644	19
Income tax expense /(benefit) (Note 4 and 20)	(80,015)	(5)	(44,954)	(4)
Net Profit/(loss) for the period	335,132	22	207,690	15
Other comprehensive income/(loss)				
Items that will not be reclassified subsequently to profit or loss				

Remeasurements of defined benefit plans (Note 4 and 16)	($ 98)	-	($ 505)	-
Income tax related to items not reclassified (Note 4 and 20)	20	-	101	-
Other comprehensive income/(loss) for the period	(78)	-	(404)	-
Total comprehensive income/(loss) for the period	$ 335,054	22	$ 207,286	15
Earnings per share (Note 22)				
From continuing operations				
Basic	$ 5.66		$ 3.51	
Diluted	$ 5.64		$ 3.49	

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

With Deloitte & Touche audit report dated March 3, 2025

Chenfull Precision Co., Ltd.

STATEMENT OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

	Share capital			Retained earnings		
	Number of shares (thousand shares)	Amount	Capital surplus	Legal reserve	Unappropriated earnings	Total equity
Balance as of January 1, 2023	59,169	$ 591,690	$ 972,310	$ 28,291	$ 364,773	$ 1,957,064
Allocation and distribution of 2022 earnings:						
Legal reserve	-	-	-	35,531	(35,531)	-
Cash dividends to shareholders	-	-	-	-	(319,513)	(319,513)
Net income for 2023	-	-	-	-	207,690	207,690
After-tax other comprehensive income for 2023	-	-	-	-	(404)	(404)
Total comprehensive income for 2023	-	-	-	-	207,286	207,286
Balance as of December 31, 2023	59,169	591,690	972,310	63,822	217,015	1,844,837
Allocation and distribution of 2023 earnings:						
Legal reserve	-	-	-	20,729	(20,729)	-
Cash dividends to shareholders	-	-	-	-	(177,507)	(177,507)
Net income for 2024	-	-	-	-	335,132	335,132
After-tax other comprehensive income for 2024	-	-	-	-	(78)	(78)
Total comprehensive income for 2024	-	-	-	-	335,054	335,054
Balance as of December 31, 2024	59,169	$ 591,690	$ 972,310	$ 84,551	$ 353,833	$ 2,002,384

The accompanying notes are an integral part of the consolidated financial statements.
With Deloitte & Touche audit report dated March 3, 2025

Chenfull Precision Co., Ltd.

STATEMENT OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from operating activities		
Profit before tax for the year	$ 415,147	$ 252,644
Income and expense items		
Depreciation expense	110,822	116,289
Amortization expense	4,820	3,853
Expected credit loss recognized/(reversed) on trade receivables	-	(10)
Finance costs	11,495	2,251
Impairment and obsolescence losses on inventory	4,843	-
Reversal of impairment and obsolescence on inventory	-	(952)
Interest income	(27,400)	(12,305)
Gains on disposal of property, plant, and equipment	(1,353)	-
Realized deferred income	(49)	(49)
Net changes in operating assets and liabilities		
Notes receivable	(353)	15
Accounts receivable	(133,522)	(11,453)
Other receivables	1,739	(2,204)
Inventories	(97,978)	(24,565)
Prepayments	(20,568)	29,691
Other current assets	(4,025)	12
Contract liabilities	(14,427)	(7,974)
Accounts payable	56,256	(49,007)
Accounts payable - related parties	168	-
Other payables	28,736	(52,620)
Other payables - related parties	(386)	403
Other current liabilities	(180)	268
Net defined benefit liabilities	(233)	(829)
Cash generated from operations	333,552	243,458
Interest received	27,936	11,659
Income taxes paid	(40,265)	(96,429)
Interest paid	(11,415)	(2,251)
Net cash generated from/(used in) operating activities	309,808	156,437
Cash flows from investing activities		
Payments for property, plant and equipment	($ 582,863)	($ 100,784)
Proceeds from disposal of property, plant and equipment	1,443	-
Increase in refundable deposits	-	(1,093)
Decrease in refundable deposits	4,467	-
Acquisition of intangible assets	(3,025)	(8,175)
Increase/(decrease) in other financial assets	(34,544)	(1)
Increase in other non-current assets	(4,657)	(2,780)
Net cash flows used in investing activities	(619,179)	(112,833)

Cash flows from financing activities		
Increase in short-term borrowings	3,064,000	10,000
Decrease in short-term borrowings	(2,964,000)	(10,000)
Proceeds from Long-Term Borrowings	69,458	-
Refundable deposits returned	-	(320)
Decrease in lease liabilities	(5,477)	(6,598)
Cash dividends paid	(177,507)	(319,513)
Net cash generated from/(used in) financing activities	(13,526)	(326,431)
Net increase/(decrease) in cash and cash equivalents	(322,897)	(282,827)
Cash and cash equivalents at the beginning of the year	591,953	874,780
Cash and cash equivalents at the end of the year	$ 269,056	$ 591,953

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

With Deloitte & Touche audit report dated March 3, 2025

1. Company history:

ChenFull Precision Co., Ltd. (hereinafter referred to as "the Company") was established on July 20, 2020, and, as of October 1, 2020 (the spin-off base date), succeeded the precision technology business division, including related operations (assets and liabilities), from CHENFULL International Co., Ltd.. The Company's business scope includes the manufacturing, processing, and trading of precision molds, as well as the processing, manufacturing, and trading of various aerospace materials.

The Company's shares have been listed and traded on the Taipei Exchange since March 2022.

This financial report is presented in the Company's functional currency, New Taiwan Dollars (NTD).

2. Approval date and procedures of financial statements:

The consolidated financial statements were authorized for issuance by the Board of Directors on March 3, 2025.

3. New standards, amendments and interpretations adopted:

1) Initial application of the amendments to 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 Interpreations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

   Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on ChenFull and its subsidiaries' (collectively as the "Group") accounting policies:

2) IFRSs approved by the Financial Supervisory Commission (FSC) for the year 2024.

New standards, amendments and interpretations adopted	Effective Date Issued by IASB (Note 1)
Amendments to IAS 21 "Lack of interchangeability"	January 1, 2025 (Note 1)

Note 1: Effective for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendment, comparative periods shall not be restated. Instead, the impact shall be recognized in retained earnings or the foreign currency translation reserve (as applicable) and the related affected assets and liabilities as of the date of initial application.

3) IFRSs that have been issued by the IASB but have not yet been approved and published by the FSC for implementation.

New standards, amendments and interpretations adopted	Effective Date Issued by IASB (Note 1)
Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7: "Amendments to the	January 1, 2026

Classification and Measurement of Financial Instruments"	
Amendments to IFRS 9 and IFRS 7: "Contracts Involving Physically Settled Renewable Electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	Undefined
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

Note 1: Unless otherwise specified, the above new, revised, or amended standards or interpretations are effective for annual reporting periods beginning on or after the respective dates.

IFRS 18 "Presentation and Disclosure in Financial Statements"

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

- The statement of profit or loss must classify income and expenses into the following categories: operating, investing, financing, income tax, and discontinued operations.
- The statement of profit or loss must present operating profit, profit before financing and tax, and subtotals and totals of profit or loss.
- Guidance is provided to enhance aggregation and disaggregation requirements:
  - A consolidated entity must identify assets, liabilities, equity, income, expenses, and cash flows arising from individual transactions or other events. These must be classified and aggregated based on shared characteristics to ensure that each line item in the primary financial statements shares at least one common characteristic.
  - Items with dissimilar characteristics should be disaggregated in the primary financial statements and notes.
  - The "Other" label should only be used when no more informative description can be identified.
- Enhanced disclosure requirements for management-defined performance measures:
  - If a consolidated entity publicly communicates financial measures outside of its financial statements and uses them to convey management’s perspective on a specific aspect of overall financial performance, it must disclose these measures in a single note to the financial statements.
  - The disclosure must include a description of the measure, how it is calculated, a reconciliation to IFRS-defined subtotals or totals, and the income tax and non-controlling interest effects of the reconciling items.

As of the date of issuance of this consolidated financial report, the Company continues to evaluate the impact of other new or revised standards or interpretations on its financial position and performance, and such impacts will be disclosed upon completion of the assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

This consolidated financial report is prepared in accordance with the Financial Reporting Standards for Issuers of Securities and the IFRSs approved and issued by the Financial Supervisory Commission.

b. Basis of preparation

Except for financial instruments measured at fair value and net defined benefit liability recognized at fair value less plan assets, the consolidated financial statements are prepared on a historical cost basis.

c. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;
2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Foreign currency

When preparing financial statements, transactions denominated in currencies other than the functional currency of each entity are translated into the functional currency at the exchange rates prevailing on the transaction dates.

Monetary items are translated at the closing exchange rate on each balance sheet date. Exchange differences arising from the settlement or translation of monetary items are recognized in profit or loss in the period in which they occur.

Foreign non-monetary items measured at historical cost are translated using the exchange rate on the transaction date and are not retranslated.

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f.Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment. Costs include any incremental costs that are directly attributable to the construction or acquisition of the item of property, plant and equipment.

Property, plant, and equipment are depreciated on a straight-line basis over their useful lives, with significant components depreciated separately. The Company reviews the estimated useful lives, residual values, and depreciation methods at least at the end of each annual reporting period and applies the effects of changes in accounting estimates.

When property, plant, and equipment are derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

g. Intangible Assets

1. Acquired Separately
Intangible assets with a limited useful life acquired separately are initially measured at cost, including transaction costs, and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized using the straight-line method over their useful lives. At least annually, the estimated useful lives, residual values and amortization method are reviewed, with changes in accounting estimates deferred. Intangible assets with indefinite useful lives are measured at cost less accumulated impairment losses.
2. Disposal
When intangible assets are disposed of, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in the income statement.

h. Impairment of Property, Plant and Equipment, Right-of-use Assets, Investment Properties, Intangible Assets (excluding Goodwill) and Contract Costs

At each balance sheet date, the Company assesses whether there are any indications that Property, Plant and Equipment, Right-of-use Assets, Investment Properties, and Intangible Assets (excluding Goodwill) may be impaired. If any impairment indicators exist, the Company estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to individual cash-generating units on a reasonable and consistent basis.

The recoverable amount is the higher of the fair value less costs to sell and the value in use. When the recoverable amount of an individual asset or a cash-generating unit is lower than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, and the impairment loss is recognized in the income statement.

When an impairment loss reverses in a subsequent period, the carrying amount of the asset, cash-generating unit, or contract costs related asset is increased to the revised recoverable amount, but not exceeding the carrying amount that would have been determined had no impairment loss been recognized in prior years (after deducting depreciation or amortization). The reversal of the impairment loss is recognized in the income statement.

i.Financial instruments
Financial assets and liabilities shall be recognized when the Company becomes a party to the contractual provisions of the instruments.
Financial assets and liabilities are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than

financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1)Financial assets

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

a) Measurement category

The financial assets held by the Company are measured at amortized cost.

Financial Assets Measured at Amortized Cost

The Company classifies financial assets as measured at amortized cost if both of the following conditions are met:

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

Financial assets measured at amortized cost (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposits, and other financial assets) are subsequently measured at amortized cost using the effective interest method, less any impairment losses. Foreign exchange gains or losses are recognized in profit or loss.

Except in the following two situations, interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

A. For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.
B. For financial assets that are not purchased or originated as credit-impaired but subsequently become credit-impaired, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period following the impairment.

Cash equivalents include repurchase bonds that are highly liquid, readily convertible to known amounts of cash, and subject to insignificant risk of changes in value, acquired within three months from the date of purchase, and are held to meet short-term cash commitments.

b) Impairment of Financial Assets and Contract Assets

At each balance sheet date, the Company assesses impairment losses on financial assets measured at amortized cost (including accounts receivable) based on expected credit losses.

For accounts receivable, a loss allowance is recognized based on lifetime expected credit losses. For other financial assets, an assessment is made as to whether the credit risk has increased significantly since initial recognition. If not, a loss allowance is recognized based on 12-month expected credit losses. If credit risk has increased significantly, a loss allowance is recognized based on lifetime expected credit losses.

Expected credit losses are the weighted average credit losses with the risk of default as the weight. Twelve-month expected credit losses represent the expected credit losses resulting from default events possible within 12 months after the reporting date, whereas lifetime expected credit losses represent the expected credit losses resulting from all possible default events over the expected life of the financial instrument.

For internal credit risk management purposes, the Company considers that a default has occurred in the following situations, without considering any collateral held:

A. There is internal or external information indicating that the debtor is unlikely to fulfill its debt obligations.
B. Payments are more than one year past due, unless there is reasonable and supportable information indicating that a longer default period is more appropriate.

All impairment losses on financial assets are recognized through an allowance account to reduce the carrying amount of the asset.

c) Derecognition of Financial Assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when the financial asset has been transferred and substantially all the risks and rewards of ownership of the asset have been transferred to another entity.

When a financial asset measured at amortized cost is derecognized in its entirety, the difference between its carrying amount and the consideration received is recognized in profit or loss.

2)Equity Instruments

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

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

3)Financial Liabilities

(1) Subsequent Measurement

Financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of Financial Liabilities

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

j. Revenue recognition

After identifying the performance obligations in customer contracts, the Company allocates the transaction price to each performance obligation and recognizes revenue when each performance obligation is satisfied.

Sales Revenue

The control of the product is transferred when the customer obtains control over the product. The Company recognizes revenue and Trade receivable when control is transferred.

k. Leasing

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

1) The Company as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

Initial direct costs incurred from operating lease payments are calculated with the carrying amounts of the target assets, and are recognized as expenses on a straight-line basis over the terms of the relevant leases.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted

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

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

Right-of-use assets are presented on a separate line in the consolidated balance sheets. Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

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

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

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

l. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets are capitalized as part of the cost of the asset until the asset reaches the condition necessary for its intended use or sale, and almost all necessary activities have been completed.

Investment income earned from temporary investments made with specific borrowings prior to qualifying capital expenditures is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized as an expense in the period in which they are incurred.

m. Government grants

Government grants are recognized only when it is reasonably certain that the Company will comply with the conditions attached to the government grant and that the grant will be received.

Government grants are recognized in profit or loss on a systematic basis during the period in which the related costs that they intend to compensate are recognized as expenses by the Company. Government subsidies on the condition that the Company should purchase, construct, or otherwise obtain non-current assets are recognized as deferred income and are transferred to profit or loss on the reasonable and systematic basis over the useful life of the relevant assets.

If the government subsidy is used to compensate for the expenses or losses that have occurred, or for the purpose of giving immediate financial support to the Company and has no future related costs, it is recognized in profit or loss during the period it can be received.

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Income Taxation

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

1) Current tax

The additional income tax on undistributed earnings calculated in accordance with the Income Tax Law of the Republic of China is recognized in the year the shareholders' meeting resolves.

Adjustments to income tax payable from previous years are included in the current period's income tax.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized when it is probable that taxable income will be available to offset the deductible temporary differences, losses, and expenditures such as research and development costs.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and adjusted downward if it is no longer probable that sufficient taxable income will be available to recover all or part of the asset. Deferred tax assets that were not previously recognized are also reviewed at each balance sheet date and adjusted upward if it becomes probable that future taxable income will be available to recover all or part of the asset.

Deferred tax assets and liabilities are measured using the tax rates expected to apply when the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would result from the manner in which the Company expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.

3) Current and deferred taxes for the year

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

5. Critical accounting judgements and key sources of estimation uncertainty

When adopting accounting policies, the Company's management must make judgments, estimates, and assumptions based on historical experience and other relevant factors when information is not readily available from other sources. Actual results may differ from these estimates.

After evaluation by the Company's management, the accounting policies, estimates, and underlying assumptions adopted by the Company do not involve significant accounting judgments, estimates, or uncertainties in assumptions.

Management will continue to review the estimates and underlying assumptions. If a revision to an estimate affects only the current period, it is recognized in that period. If the revision affects both the current and future periods, it is recognized in both the period of the revision and the future periods.

6. Cash and Cash Equivalents

	December 31, 2024	December 31, 2023
Cash on hand and petty cash	$ 86	$ 75
Checking accounts and demand deposits	170,631	108,065
Cash equivalents (investments with original maturities within 3 months)		
Time deposits	98,339	100,000
Repurchase agreement bonds	-	383,813
	$ 269,056	$ 591,953

The interest rate ranges for bank deposits, time deposits, and repurchase agreements at the balance sheet date are as follows：

	December 31, 2024	December 31, 2023
Bank deposits	0.65%~4.30%	0.52%~1.45%
Time deposits	4.35%	1.30%
RP	-	5.50%

7. Notes Receivable, Trade receivable, and Other Receivables

	December 31, 2024	December 31, 2023
Notes receivable		
Measured at amortized cost		
Total carrying amount	$ 353	$ -
Less: Allowance for losses	-	-
	$ 353	$ -
Trade receivable – Non-related parties		
At amortized cost		
Gross carrying amount	$ 387,204	$ 253,682
Less: Allowance for losses	(2,877)	(2,877)
	$ 384,327	$ 250,805
Other receivables		
Receivable for sales tax refund	$ 6,504	$ 6,508
Others	1,473	3,744
	$ 7,977	$ 10,252

A. Notes Receivable

December 31, 2024

	Not overdue	1~90 days overdue	Total
ECL rate	0%	-	
Gross carrying amount	$ 353	$ -	$ 353
Loss allowance (lifetime ECL)	-	-	-
Amortized cost	$ 353	$ -	$ 353

Changes in loss allowance for notes receivable:

	2024	2023
Beginning balance	$ -	$ 10
Less: Reversal of impairment loss of the year	-	(10)
Ending balance	$ -	$ -

B. Trade receivable

Trade receivable measured at amortized cost

The average credit period for the Company's product sales is 60 days from the invoice date. When determining the recoverability of Trade receivable, the Company considers any changes in the credit quality of Trade receivable from the original credit granting date to the balance sheet date.

To mitigate credit risk, the Company's management assigns a dedicated team responsible for determining credit limits, approving credit, and performing other monitoring procedures to ensure that appropriate actions are taken for overdue receivables. Additionally, the Company individually reviews the recoverable amounts of receivables as of the balance sheet date to ensure that any irrecoverable receivables are adequately impaired. Therefore, the Company's management believes that the credit risk is significantly reduced.

The Company recognizes an allowance for doubtful accounts based on the expected credit loss over the life of the receivables. The expected credit loss over the life is calculated using a provision matrix, which takes into account the customer's past default records, current financial status, and the industry economic situation. Since the Company's historical experience with credit losses shows no significant differences in loss patterns across different customer groups, the provision matrix does not further differentiate customer groups, but only sets the expected credit loss rate based on the number of days the Trade receivable is overdue.

If there is evidence that a counterparty is facing serious financial difficulties and the Company cannot reasonably expect to recover the amount, such as when the counterparty is undergoing liquidation or when the debt has been overdue for more than 365 days, the Company will directly write off the related Trade receivable but will continue to pursue recovery. Any amounts recovered from such collections will be recognized in profit or loss.

The Company measures the allowance for doubtful accounts based on the provision matrix as follows:

December 31, 2024

	Non- overdue	Overdue 1~90 days	Overdue 91~180 days	Total
ECLrate	0.66%	5.00%	-	
Gross carrying amount	$ 380,049	$ 7,155	$ -	$ 387,204
Loss allowance (lifetime ECL)	(2,519)	(358)	-	(2,877)
Amortized cost	$ 377,530	$ 6,797	$ -	$ 384,327

December 31, 2023

	Non- overdue	Overdue 1~90 days	Overdue 91~180 days	Total
ECLrate	1.13%	5.01%	-	
Gross carrying amount	$ 253,343	$ 339	$ -	$ 253,682
Loss allowance (lifetime ECL)	(2,860)	(17)	-	(2,877)
Amortized cost	$ 250,483	$ 322	$ -	$ 250,805

There was no change in the allowance for doubtful accounts for Trade receivable from January 1 to December 31, 2024, and 2023.

8. Inventories

	December 31, 2024	December 31, 2023
Raw materials	$ 37,600	$ 67,946
Work-in-progress	299,913	197,107

	December 31, 2024	December 31, 2023
Finished goods	70,725	50,050
	$ 408,238	$ 315,103

Detailed costs of cost of goods sold：

	2024	2023
Cost of sold inventories	$ 1,012,575	$ 965,136
Loss (gain) of write-downs of Inventories	4,843	(952)
Others	(32,119)	(25,374)
	$ 985,299	$ 938,810

Recovery on net realizable values of inventories is due to partial inventory price increase.

9. Property, Plant, and Equipment

	Freehold Land	Buildings	Machinery Equipment	Other Equipment	Construction in progress	Total
Cost						
Balance as of January 1, 2024	$ -	$ 733,020	$ 1,010,933	$ 283,519	$ -	$ 2,027,472
Addition	466,387	610	4,848	5,239	102,959	580,043
Disposal	-	-	(11,602)	(1,369)	-	(12,971)
Reclassification	115,141	-	3,150	-	-	118,291
Balance as of December 31, 2024	$ 581,528	$ 733,630	$ 1,007,329	$ 287,389	$ 102,959	$ 2,712,835
Accumulated depreciation						
Balance as of January 1, 2024	$ -	$ 225,327	$ 750,738	$ 217,607	$ -	$ 1,193,672
Disposal	-	-	(11,512)	(1,369)	-	(12,881)
Depreciation expense	-	25,940	56,615	21,557	-	104,112
Balance as of December 31, 2024	$ -	$ 251,267	$ 795,841	$ 237,795	$ -	$ 1,284,903
Net amount as of December 31, 2024	$ 581,528	$ 482,363	$ 211,488	$ 49,594	$ 102,959	$ 1,427,932

	Freehold Land	Buildings	Machinery Equipment	Other Equipment	Construction in progress	Total
Cost						
Balance as of January 1, 2023	$ -	$ 704,017	$ 906,186	$ 288,199	$ -	$ 1,898,402
Additions	-	29,003	63,863	1,643	-	94,509
Disposals	-	-	(7,753)	(400)	-	(8,153)
Reclassification	-	-	48,637	(5,923)	-	42,714
Balance as of December 31, 2023	$ -	$ 733,020	$ 1,010,933	$ 283,519	$ -	$ 2,027,472
Accumulated depreciation						
Balance as of January 1, 2023	$ -	$ 198,414	$ 694,908	$ 199,493	$ -	$ 1,092,815
Disposal	-	-	(7,753)	(400)	-	(8,153)
Depreciation expense	-	26,913	57,660	24,437	-	109,010
Reclassification	-	-	5,923	(5,923)	-	-
Balance as of December 31, 2023	$ -	$ 225,327	$ 750,738	$ 217,607	$ -	$ 1,193,672
Net amount as of December 31, 2023	$ -	$ 507,693	$ 260,195	$ 65,912	$ -	$ 833,800

The Company acquired land in the Xin Zhuang Section of Puzi City (Land Lot No. 0035-0008) for expansion and operational needs, with the cost recorded as owned land at NT$581,528

thousand. Additionally, the ownership pre-registration of this land was processed with the Chiayi County Government.

Depreciation expenses are calculated on a straight-line basis over the following useful lives:

Buildings\	
Main buildings	5 to 56 years
Electrical engineering	20 to 21 years
Water supply and drainage equipment	10 to 11 years
Air-conditioning equipment	7 to 9 years
Others	2 to 21 years
Machinery equipment	2 to 11 years
Other equipment	2 to 11 years

The Company did not recognize or reverse any impairment losses for the years 2024 and 2023.

10.Lease Agreements

A. Right-of-Use assets

	December 31, 2024	December 31, 2023
Carrying amount of right-of-use assets		
Land	$ 107,158	$ 120,234

	2024	2023
Depreciation expenses of right-of-use assets	$ 6,710	$ 7,279

B. Lease Liabilities

	December 31, 2024	December 31, 2023
Carrying amount of lease liabilities		
Current	$ 5,651	$ 6,328
Non-current	$ 109,798	$ 120,964

Discount rates of lease liabilities are as follows:

	December 31, 2024	December 31, 2023
Land	3.126%	2.043%

C. Significant Leasing Activities and Terms

The Company leases land for use as a factory, with the lease term from October 2019 to December 2028. Starting from January 2024, the lease payments were adjusted upward. The new lease agreement extends the lease term from January 2024 to December 2039. For land leases in the Republic of China, the lessor has the right to adjust the lease payments according to legal regulations.

D. Other Lease Information

	For the year ended December 31,2024	For the year ended December 31,2023
Expenses from short-term leases	$ 7,079	$ 7,063

	For the year ended December 31,2024	For the year ended December 31,2023
Expenses from leases of low-value assets	$ 729	$ 505
Gross cash (outflow) for leases	($ 16,987)	($ 16,414)

The Company applied exemption of recognition to leases qualified as short-term leases and leases of low-value assets. These leases are not recognized as relevant right-of-use assets and lease liabilities.

11.Intangible Assets

	Cost of Computer Software
Cost	
Balance as of January 1, 2024	$ 22,668
Addition	3,025
Disposal	(489)
Balance as of December 31, 2024	$ 25,204
Accumulated amortization	
Balance as of January 1, 2024	$ 7,914
Amortization expense	4,820
Disposals	(489)
Balance as of December 31, 2024	$ 12,245
Net amount as of December 31, 2024	$ 12,959
Cost	
Balance as of January 1, 2023	$ 16,918
Addition	7,805
Disposal	(2,425)
Reclassification	370
Balance as of December 31, 2023	$ 22,668
Accumulated amortization	
Balance as of January 1, 2023	$ 6,486
Amortization expense	3,853
Disposals	(2,425)
Balance as of December 31, 2023	$ 7,914
Net amount as of December 31, 2023	$ 14,754

In addition to recognizing amortization expenses, the Company did not experience any significant disposals or impairments of intangible assets in 2024 and 2023.

Amortization expenses are calculated on a straight-line basis over the following useful lives：

Cost of computer software	1 to 5 years

Aggregated amortization expenses according to functions：

	For the year ended December 31, 2024	For the year ended December 31, 2023
Operating costs	$ 939	$ 745

	For the year ended December 31, 2024	For the year ended December 31, 2023
Operating expenses	3,881	3,108
	$ 4,820	$ 3,853

12. Other Assets

	December 31, 2024	December 31, 2023
Current		
Prepayments		
Prepayments for purchases	$ 20,565	$ 299
Others	2,036	1,734
	$ 22,601	$ 2,033
Other financial assets – Current		
Pledged time deposits (Note 26)	$ 8,942	$ 8,941
Other current assets		
Amounts paid on behalf of others	$ 4,025	$ -
Non-current		
Other non-current assets		
Prepaid equipment payments	$ 4,657	$ 118,291
Deposits paid	725	5,192
	$ 5,382	$ 123,483
Other financial assets – Non-current		
Pledged time deposits (Note 26)	$ 34,543	$ -

As of December 31, 2024, and December 31, 2023, the interest rates for pledged time deposits ranged from 0.54% to 1.69% and from 0.42% to 1.565% per annum, respectively.

13. Borrowings

A. Short-Term Borrowings

	December 31, 2024	December 31, 2023
Unsecured loans		
Bank loans	$ 100,000	$ -

The interest rate on bank loans at December 31, 2024 was 1.8%.

B. Long-Term Loans

	December 31, 2024	December 31, 2023
Secured loans		
Bank loans	$ 69,458	$ -
Less: Current portion due within 1 year	-	-
Long-term loans	$ 69,458	$ -

The bank loan has a grace period from November 28, 2024, to November 28, 2027. During this period, interest is paid monthly based on the loan amount. Starting from November 28, 2027, the loan will be repaid in 84 monthly installments, with both principal and interest amortized equally. The loan maturity date is November 15, 2034. As of December 31, 2024, the effective annual interest rate is 1.35%.

The bank loan is secured by the Company's land and buildings. According to the loan agreement, upon the completion of the factory building and the registration of ownership, the Company is required to cancel the pre-registration of the factory's land located in Chiayi and jointly set up a mortgage with the land.

14.Payables

	December 31, 2024	December 31, 2023
Trade payables		
Trade payables – Non-related parties	$ 174,962	$ 118,706
Trade payables – Related parties	$ 168	$ -

The average credit period for purchasing certain goods is 1 to 4 months, with no interest charged on accounts payable. The Company has established a financial risk management policy to ensure that all payables are settled within the pre-agreed credit period.

15.Other Liabilities

	December 31, 2024	December 31, 2023
Current		
Other payables		
Payables for equipment	$ 3,912	$ 6,732
Payables for salaries and premiums	58,088	53,341
Payables for employee compensations	29,236	21,500
Payables for directors and supervisors' compensation	4,020	4,020
Payables for annual leaves	9,050	7,724
Others	60,438	45,431
	$ 164,744	$ 138,748
Other payables – Related parties (Note 25)	$ 17	$ 403
Other current liabilities		
Temporary receipts	$ -	$ 200
Receipts under custody	1,402	1,382
Deferred income – current(Note 21)	49	49
	$ 1,451	$ 1,631
Non-current		
Deferred income		
Government grants (Note 21)	$ 89	$ 138

16.Retirement Benefit Plans

A. Defined Contribution Plan

The pension system under the "Labor Pension Act" applicable to the Company is a government-managed defined contribution retirement plan. The Company contributes 6% of each employee's monthly salary to the individual account managed by the Labor Insurance Bureau.

B. Defined Benefit Plan

The pension system managed by the Company under the "Labor Standards Act" is a government-managed defined benefit retirement plan. Employee pension payments are calculated based on years of service and the average salary of the last six months before the approved retirement date. The Company contributes 2% of each employee's total monthly salary to the retirement fund, which is deposited in a special account at Taiwan Bank under the name of the Labor Pension Fund Supervisory Committee.

Before the end of the year, if the estimated balance in the special account is insufficient to cover the projected benefits for workers who meet the retirement conditions in the following year, the Company will make a one-time additional contribution by the end of March of the next year to cover the shortfall. The special account is managed by the Ministry of Labor's Labor Fund Management Bureau, and the Company does not have control over the investment management strategy.

The amounts related to the defined benefit plan recognized in the balance sheet are presented as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	$ 2,700	$ 2,539
Fair value of plan assets	(676)	(380)
Net defined benefit liability	$ 2,024	$ 2,159

The changes in the net defined benefit liability are as follows：

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liability
January 1, 2024	$ 2,539	($ 380)	$ 2,159
Interest expense (income)	32	(6)	26
Recognized in profit or loss	32	(6)	26
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(31)	(31)
Actuarial losses – changes in financial assumptions	115	-	115
Actuarial losses – experience adjustments	14	-	14
Recognized in other comprehensive income	129	(31)	98
Contributions from the employer	-	(259)	(259)
December 31, 2024	$ 2,700	($ 676)	$ 2,024
January 1, 2023	$ 2,731	($ 248)	$ 2,483
Interest expense (income)	46	(6)	40
Recognized in profit or loss	46	(6)	40
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	1	1
Actuarial losses – changes in financial assumptions	356	-	356
Actuarial losses – experience adjustments	148	-	148
Recognized in other comprehensive income	504	1	505
Contributions from the employer	-	(127)	(127)

Benefit payments	(742)	-	(742)
December 31, 2023	$ 2,539	($ 380)	$ 2,159

The amounts recognized in profit or loss for the defined benefit plan, summarized by function, are as follows：

	2024	2023
Operating costs	$ 13	$ 20
Research and development expenses	13	20
	$ 26	$ 40

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

1. Investment Risk: The Ministry of Labor's Labor Fund Management Bureau invests the labor retirement funds in domestic (and foreign) equity securities, debt securities, and bank deposits, through both self-management and commissioned management. However, the allocation amount of the Company's plan assets is calculated based on the return that is no less than the local bank's 2-year time deposit interest rate.
2. Interest Rate Risk: A decrease in the interest rate of government bonds will increase the present value of the defined benefit obligation. However, the returns on debt investments in the plan assets will also increase, partially offsetting the impact of both on the net defined benefit liability.
3. Salary Risk: The calculation of the present value of the defined benefit obligation is based on the future salary of the plan members. Therefore, an increase in the salary of plan members will increase the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligation is calculated by a qualified actuary. The key assumptions as of the measurement date are as follows:

	December 31, 2024	December 31, 2023
Discount rate	1.5083%	1.2488%
Expected rate salary increase	2.5000%	2.0000%

The mortality rate is based on the 2021 Taiwan Life Insurance Industry's 6th Experience Life Table.

The disability rate is based on 10% of the expected mortality rate.

The turnover rate is based on the data derived from the Company's historical employee turnover experience, with consideration of future trends, and is used after smoothing.

If significant actuarial assumptions undergo reasonable possible changes, with all other assumptions held constant, the amount by which the present value of the defined benefit obligation will increase (decrease) is as follows:

	December 31, 2024	December 31, 2023
Discount rate		
0.25% Increase	($ 80)	($ 81)
0.25% Decrease	$ 83	$ 83
Expected salary increase rate		
0.5% Increase	$ 165	$ 166
0.5% Decrease	($ 155)	($ 156)

Due to the possibility that actuarial assumptions may be interrelated, it is unlikely that a change in a single assumption would occur in isolation. Therefore, the sensitivity analysis above may not reflect the actual changes in the present value of the defined benefit

obligation.

	December 31, 2024	December 31, 2023
Expected contributions within 1 year	$ 129	$ 130
Average duration of defined benefit obligations	12年	13年

17.Equity

A. Share Capital

Ordinary shares

	December 31, 2024	December 31, 2023
Authorized shares (in thousands)	100,000	100,000
Authorized share capital	$ 1,000,000	$ 1,000,000
Shares issued and fully paid(in thousands)	59,169	59,169
Shares capital issued	$ 591,690	$ 591,690

The issued ordinary shares have a par value of NT$10 per share, with each share carrying one voting right and the right to receive dividends.

B. Capital surplus

	December 31, 2024	December 31, 2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)		
Additional paid-in capital	$ 972,310	$ 972,310

Note 1: This type of capital reserve may be used to cover losses, and when there are no losses, it may be used for cash distribution or to increase capital. However, when increasing capital, it is limited to a certain percentage of the paid-in capital each year.

C. Retained Earnings and Dividend Policy

According to the Company's Articles of Incorporation regarding the earnings distribution policy, if the Company has profit at the end of the fiscal year, it shall pay taxes in accordance with the law, cover any losses from previous years, and allocate 10% to the legal surplus reserve. However, if the legal surplus reserve has accumulated to the total capital of the Company, no further allocation is required. The remaining profit, after providing for or reversing special surplus reserves or retaining part of the earnings as required by law, along with any accumulated undistributed earnings, will be used by the Board of Directors to propose a shareholder dividend distribution plan based on the Company's dividend policy, subject to approval by the shareholders' meeting, and distributed in proportion to the total number of shares. For the distribution policy of employee compensation and directors' remuneration, refer to Note 19 (7) Employee Compensation and Directors' Remuneration.

The Company's dividend policy aligns with the overall business environment and industry characteristics. Based on the Company's future financial structure and capital budget, and considering profitability, undistributed earnings, and capital reserves, an appropriate dividend distribution will be proposed, aiming for a payout of no less than 50% of the distributable earnings for the year, in order to ensure stable development and maximize shareholder value. The distribution of cash dividends will be no less than 10% of the total dividend for the year.

The legal surplus reserve must be allocated until its balance reaches the total paid-in capital of the Company. The legal surplus reserve may be used to cover losses. When there are no losses, the portion of the legal surplus reserve exceeding 25% of the paid-in capital may be used to increase capital or be distributed in cash.

The Company held its shareholders' meetings on May 29, 2025, and May 30, 2024, respectively, where the earnings distribution plans for 2022 and 2021 were approved as follows:

	Earnings Distribution Plan	
	For the year ended December 31,2023	For the year ended December 31,2022
Legal reserve	$ 20,729	$ 35,531
Cash dividends	$ 177,507	$ 319,513
Cash dividends per share (NTD)	$ 3.0	$ 5.4

The Company's Board of Directors proposed the following earnings distribution plan for 2023 at the meeting on March 3, 2025：

	Earnings Distribution Plan
Legal reserve	$ 33,505
Cash dividends	$ 295,845
Cash dividends per share (NTD)	$ 5.0

The distribution of earnings for 2023 is still pending and is expected to be decided at the annual shareholders' meeting scheduled for May 23, 2025.

18.Revenue

	For the year ended December 31, 2024	For the year ended December 31, 2023
Sales of goods revenue	$ 1,519,633	$ 1,350,162

A. Explanation of Customer Contracts

Sales of goods revenue

The products are transferred when the customer obtains control of the product. The Company recognizes revenue and Trade receivable when control is transferred.

B. Contract Balances

	December 31, 2024	December 31, 2023	January 1, 2023
Trade receivable (Note 7)	$ 384,327	$ 250,805	$ 239,352
Sales of goods	$ 23,454	$ 37,881	$ 45,855

C. Breakdown of Revenue from Customer Contracts

2024

	Taiwan	USA	Singapore	Others	Total
Aerospace components	$ 177,592	$ 314,930	$ -	$ -	$ 492,522
Optoelectronic and semiconductor equipment components	345,479	2,612	677,430	1,590	1,027,111
	$ 523,071	$ 317,542	$ 677,430	$ 1,590	$1,519,633

2023

	Taiwan	USA	Singapore	Others	Total
Aerospace components	$ 142,597	$ 323,466	$ 941	$ -	$ 467,004
Optoelectronic and semiconductor equipment components	266,270	2,736	613,181	971	883,158
	$ 408,867	$ 326,202	$ 614,122	$ 971	$1,350,162

19.Net Income from Continuing Operations

A. Interest Income

	For the year ended December 31, 2024	For the year ended December 31, 2023
Bank deposits	$ 9,361	$ 3,244
Repurchase agreements collaterized by bonds	18,010	9,023
Others	29	38
	$ 27,400	$ 12,305

B. Other Income

	For the year ended December 31, 2024	For the year ended December 31, 2023
Lease income		
Operating lease rental income - Others	$ 1,032	$ 1,070
Government subsidy income	10,561	-
Others	2,415	1,802
	$ 14,008	$ 2,872

C. Other Gains and Losses

	For the year ended December 31, 2024	For the year ended December 31, 2023
Gain on disposal of proprety, plant, and equipment	$ 1,353	$ -
Net foreign exchange gains/(losses)	42,430	(16,114)
	$ 43,783	($ 16,114)

D. Financial Costs

	For the year ended December 31, 2024	For the year ended December 31, 2023
Interest on lease liabilities	$ 3,702	$ 2,248
Interest on short-term notes payable	37	-
Interest on bank loans	7,820	3
Less: Amount included in the cost of qualifying assets	(64)	-
	$ 11,495	$ 2,251

The information related to interest capitalization is as follows：

	For the year ended December 31, 2024	For the year ended December 31, 2023
Capitalized interest amount	$ 64	$ -
Interest capitalization rate	1.35%	-

E.Depreciation and Amortization

	For the year ended December 31, 2024	For the year ended December 31, 2023

	For the year ended December 31, 2024	For the year ended December 31, 2023
Property, plant and equipment	$ 104,112	$ 109,010
Right-of-use assets	6,710	7,279
Computer software cost	4,820	3,853
	$ 115,642	$ 120,142
Depreciation expense summarized by function		
Operating costs	$ 105,380	$ 109,997
Operating expenses	5,442	6,292
	$ 110,822	$ 116,289
Amortization expense summarized by function		
Operating costs	$ 939	$ 745
Operating expenses	3,881	3,108
	$ 4,820	$ 3,853

F. Employee Welfare Expenses

	For the year ended December 31, 2024	For the year ended December 31, 2023
Post-retirement benefits (Note 16)		
Defined contribution plan	$ 13,981	$ 13,679
Defined benefit plan	26	40
	14,007	13,719
Other employee benefits	397,324	357,278
Total employee benefits expense	$ 411,331	$ 370,997
Summarized by function		
Operating costs	$ 291,238	$ 273,492
Operating expenses	120,093	97,505
	$ 411,331	$ 370,997

G. Employee Compensation and Directors' Remuneration

The Company allocates employee compensation and directors' remuneration based on the pre-tax profit for the year, with an allocation rate of no less than 2% for employee compensation and no more than 2% for directors' and supervisors' remuneration. The employee compensation and directors' remuneration for 2023 and 2022 were approved by the Board of Directors on March 3, 2025, and February 22, 2024, respectively, as follows:

Estimated Proportion

	For the year ended December 31, 2024	For the year ended December 31, 2023
Employee compensation	6.52%	7.73%
Directors' remuneration	0.90%	1.45%

Amount

	For the year ended December 31, 2024	For the year ended December 31, 2023
	Cash	Cash
Employee compensation	$ 29,236	$ 21,500
Directors' remuneration	4,020	4,020

If there are changes in amounts after the annual financial report has been approved for release, they will be processed according to the changes in accounting estimates and adjusted in the next year's accounting records.

There is no difference between the actual distribution amounts of employee compensation and directors' remuneration approved by the Board of Directors for 2023 and 2022 and the amounts recognized in the 2023 and 2022 financial reports.

For information regarding employee compensation and directors' remuneration approved by the Company's Board of Directors, please refer to the "Market Observation Post System" on the Taiwan Stock Exchange website.

20. Continuing Operations Income Tax

A. The main components of income tax expense recognized in profit or loss are as follows:

	For the year ended December 31, 2024	For the year ended December 31, 2023
Current income tax		
Incurred in the current year	$ 75,370	$ 52,724
Adjustments from prior years	(642)	1,022
Deferred income tax	74,728	53,746
Incurred in the current year		
Income tax expense recognized in profit or loss	5,287	(8,792)
Current income tax	$ 80,015	$ 44,954

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

	For the year ended December 31, 2024	For the year ended December 31, 2023
Pre-tax profit of continuing operations	$ 415,147	$ 252,644
Income tax expense computed on pre-tax profit at the statutory rate (20%)	$ 83,029	$ 50,528
Investment tax credits applied in the current period	(2,386)	(6,610)
Adjustment in the current year for current income tax expense of prior years	(642)	1,022
Non-deductible expenses for tax purposes	14	14
Income tax expense recognized in profit or loss	$ 80,015	$ 44,954

B. Income Tax Recognized in Other Comprehensive Income

	For the year ended December 31, 2024	For the year ended December 31, 2023
Deferred income tax		
Incurred in the current year		
- Remeasurement of defined benefit plan	$ 20	$ 101
Income tax benefit recognized in other comprehensive income	$ 20	$ 101

C. Current Income Tax Liabilities

	December 31, 2024	December 31, 2023
Current income tax liabilities		
Income taxes payable	$ 42,917	$ 8,454

D. Deferred Income Tax Assets and Liabilities

The changes in deferred income tax assets and liabilities are as follows:

2024

	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Deferred income tax assets				
Temporary differences				
Unrealized cost of sales	$ 3,413	($ 389)	$ -	$ 3,024
Accrued vacation benefits	186	265	-	451
Unrealized exchange gain or loss	4,637	(4,637)	-	-
Unrealized inventory write-downs	-	789	-	789
Defined benefit retirement plan	1,129	(47)	20	1,102
	$ 9,365	($ 4,019)	$ 20	$ 5,366
Deferred income tax liabilities				
Temporary differences				
Unrealized exchange gain or loss	$ -	($ 1,380)	$ -	($ 1,380)
Allowance for doubtful accounts	(294)	(68)	-	(362)
Unrealized inventory write-up benefit	(180)	180	-	-
	($ 474)	($ 1,268)	$ -	($ 1,742)

2023

	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Deferred income tax assets				
Temporary differences				
Unrealized cost of sales	$ 1,163	$ 2,250	$ -	$ 3,413
Accrued vacation benefits	164	22	-	186
Unrealized exchange gain or loss	-	4,637	-	4,637
Unrealized inventory write-downs	11	(11)	-	-
Defined benefit retirement plan	1,192	(164)	101	1,129
	$ 2,530	$ 6,734	$ 101	$ 9,365
Deferred income tax liabilities				
Temporary differences				
Unrealized exchange gain or loss	($ 2,263)	$ 2,263	$ -	$ -
Allowance for doubtful accounts	(269)	(25)	-	(294)
Unrealized inventory write-up benefit	-	(180)	-	(180)
	($ 2,532)	$ 2,058	$ -	($ 474)

The Company's corporate income tax filings have been assessed and approved by the tax authorities for all years up to 2022, except for the 2023 filing.

21. Government grants

In November 2019, the Company received a government subsidy of NT$390 thousand for power and public equipment. This amount was recorded as deferred revenue and recognized in profit or loss over the useful life of the related assets. On October 1, 2020, the Company acquired NT$345 thousand

from Qianfu Company through a spin-off. This amount was also recorded as deferred revenue and recognized in profit or loss over the useful life of the related assets. The Company recognized revenue of NT$49 thousand in both 2023 and 2022.

In December 2023, the Company received a transformation subsidy of NT$10,561thousand from the Ministry of Economic Affairs under the "Special Act for Post-Pandemic Economic and Social Resilience Enhancement and Universal Economic Sharing" and the "MOEA Program for Promoting Industrial and SME Upgrading and Transformation." This amount was recorded under other income.

22.Earnings Per Share

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

Net profit for the year

	2024	2023
Net income used to calculate basic earnings per share	$ 335,132	$ 207,690
Net income used to calculate diluted earnings per share	$ 335,132	$ 207,690

Number of shares

Unit: Thousand Shares

	2024	2023
Weighted average number of common shares used to calculate basic earnings per share	59,169	59,169
Potential impact of dilutive common shares:		
Employee compensation	261	281
Weighted average number of common shares used to calculate diluted earnings per share	59,430	59,450

If the company has the option to provide employee compensation in the form of stock or cash, when calculating diluted earnings per share, it assumes that the employee compensation will be distributed in the form of stock. The weighted average number of shares outstanding is adjusted for the potential dilutive effect of these shares when calculating diluted earnings per share. When calculating diluted earnings per share prior to the resolution of the number of shares to be issued for employee compensation in the following year, the potential dilutive effect of these shares will still be considered.

23. Capital Risk Management

The company manages its capital to ensure that it can continue as a going concern, by optimizing the balance between debt and equity to maximize shareholder returns.

The company's capital structure consists of net debt (i.e., borrowings less cash and cash equivalents) and equity (i.e., share capital, capital reserves, retained earnings, and other equity items).

The company is not subject to any other external capital requirements.

The company’s senior management reviews the capital structure annually, considering the cost of different types of capital and the associated risks. Based on the recommendations of senior management, the company balances its overall capital structure through methods such as paying dividends, issuing new shares, repurchasing shares, and issuing new debt or repaying old debt.

24.Financial instruments

A. Fair Value Information - Financial Instruments Not Measured at Fair Value

The company’s management believes that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

B. Types of Financial Instruments

	December 31, 2024	December 31, 2023
Financial assets		
Financial assets measured at amortized cost (Note 1)	$ 705,198	$ 861,951
Deposit for guarantees	725	5,192
Financial liabilities		
Measured at amortized cost (Note 2)	405,373	167,776

Note 1: The balance includes financial assets measured at amortized cost, such as cash and cash equivalents, notes receivable, Trade receivable, other receivables, and other financial assets.

Note 2: The balance includes financial liabilities measured at amortized cost, such as short-term borrowings, accounts payable, other payables (including related parties, excluding payables for employee benefits), and long-term borrowings.

C. Financial Risk Management Objectives and Policies

The company's risk management objectives are primarily focused on managing market risk, credit risk, and liquidity risk related to its operational activities. The company identifies, measures, and manages these risks according to the group's policies and risk preferences.

For managing the aforementioned financial risks, the company has established appropriate policies, procedures, and internal controls in accordance with relevant regulations. Significant financial activities must be reviewed by the board of directors in accordance with relevant regulations and internal control systems. During the financial management activities, the company must strictly adhere to the established financial risk management regulations.

1. Market risk

The company's operations expose it to the primary financial risks of foreign currency exchange rate fluctuations (refer to (1) below) and interest rate fluctuations (refer to (2) below).

(1) Exchange rate risk

The company's non-functional currency denominated monetary assets and liabilities as of the balance sheet date are presented in Note 28.

Sensitivity Analysis

The company is primarily affected by fluctuations in the U.S. dollar exchange rate.

The table below details the sensitivity analysis for the company when the New Taiwan Dollar (functional currency) appreciates or depreciates by 1% against the relevant foreign currencies. The 1% is the sensitivity ratio used internally by the company to report exchange rate risks to the senior management, and it represents management's reasonable assessment of possible exchange rate fluctuations. A positive number in the table indicates the amount by which pre-tax profit or equity will increase when the New Taiwan Dollar depreciates by 1% against the relevant foreign currencies; conversely, the same amount would be a negative impact when the New Taiwan Dollar appreciates by 1%.

	Impact of USD	
	2024	2023
Profit or loss	$ 4,695	$ 5,961

(2) Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will lead to fluctuations in the fair value or future cash flows of financial instruments.

As of the balance sheet date, the carrying amounts of financial assets and financial liabilities subject to interest rate risk are as follows:

	December 31, 2024	December 31, 2023

Fair value interest rate risk		
- Financial assets	$ 141,762	$ 492,693
- Financial liabilities	284,907	127,292
Cash flow interest rate risk		
- Financial assets	170,693	108,126

Sensitivity Analysis

The company's fixed-rate financial assets and financial liabilities measured at amortized cost are not included in this analysis; the sensitivity analysis regarding interest rate risk is calculated based on the financial assets on the balance sheet date. The company considers a market interest rate increase/decrease of 0.25% as a reasonable risk assessment for reporting interest rate changes to management. With all other variables held constant, a 0.25% increase/decrease in market interest rates would result in a pre-tax profit increase/decrease of NT$427 thousand for the period from January 1 to December 31, 2024, and NT$270 thousand for the same period in 2023.

2. Credit Risk

Credit risk refers to the risk of financial loss to the group due to counterparties defaulting on their contractual obligations. As of the balance sheet date, the maximum exposure to credit risk, arising from a counterparty's failure to perform, is primarily represented by the carrying amounts of financial assets recognized on individual balance sheets.

The company's policy is to transact only with counterparties of excellent credit quality, and, where necessary, to obtain sufficient collateral to mitigate the risk of financial loss resulting from defaults. To further mitigate credit risk, management has established internal controls over the decision-making and approval process for credit limits to ensure the collection of overdue receivables. Additionally, on the balance sheet date, the company reviews the collectability of receivables on an individual basis to ensure that any uncollectible amounts are appropriately impaired. Accordingly, management believes that the company's credit risk is significantly reduced and, therefore, is limited.

The company's credit risk is primarily concentrated among its top five customers. As of December 31, 2024, and December 31, 2023, receivables from the top five customers accounted for 91% and 95% of total receivables, respectively, while the credit concentration risk of the remaining receivables is relatively insignificant.

3. Liquidity Risk

The company supports its operations and mitigates the impact of cash flow fluctuations by managing and maintaining sufficient cash and cash equivalents. The management supervises the use of bank financing limits and ensures compliance with the terms of the borrowing agreements.

(1) Table of liquidity and interest rate risk for non-derivative financial liabilities.

The maturity analysis for non-derivative financial liabilities is prepared based on the earliest date on which the company may be required to repay, using undiscounted cash flows (including principal and estimated interest). The maturity analysis for other non-derivative financial liabilities is prepared according to the agreed repayment dates.

December 31, 2024

	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
Non-derivative financial liabilities					
Accounts payable	$ 175,130	$ -	$ -	$ -	$ 175,130
Lease liabilities	9,179	9,179	9,179	119,327	146,864
Other payables	60,704	-	-	-	60,704
Borrowings	169,539	-	-	-	169,539

	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
	$ 414,552	$ 9,179	$ 9,179	$ 119,327	$ 552,237

Further information on the maturity analysis of lease liabilities is as follows：

	Less than 1 year	1 to 3 years	3 to 6 years	More than 6 years	Total
Lease liabilities	$ 9,179	$ 18,358	$ 27,537	$ 91,790	$ 146,864

December 31, 2023

	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
Non-derivative financial liabilities					
Accounts payable	$ 118,706	$ -	$ -	$ -	$ 118,706
Lease liabilities	8,869	8,869	8,869	124,171	150,778
Other payables	49,070	-	-	-	49,070
	$ 176,645	$ 8,869	$ 8,869	$ 124,171	$ 318,554

Further information on the maturity analysis of lease liabilities is as follows：

	Less than 1 year	1 to 3 years	3 to 6 years	More than 6 years	Total
Lease liabilities	$ 8,869	$ 17,738	$ 26,608	$ 97,563	$ 150,778

(2) Financing limit

	December 31, 2024	December 31, 2023
Unsecured bank loan limit (reviewed annually)		
- Amount utilized	$ 111,977	$ 7,846
- Amount unused	1,268,023	692,154
	$ 1,380,000	$ 700,000
Secured bank loan limit (reviewed annually)		
- Amount utilized	$ 69,458	$ -
- Amount unused	1,530,542	-
	$ 1,600,000	$ -

25. Related party transactions

The parent company of the company is CHENFULL International Co., Ltd., which held 63% of the company's common stock as of December 31, 2024, and December 31, 2023.

Except for the transactions disclosed in other notes, the transactions between the company and related parties are as follows:

A. Related party

Related party name.	Relationship with the company
CHENFULL International Co., Ltd.	Parent company of the Company
Chenfeng Machinery (Dongguan) Co., Ltd.	Sister company of the company

B. Purchase

Related party name	2024	2023
Sister company of the company	$ 168	$ -

The transaction prices and payment terms for goods purchased from related parties by the company are not significantly different from those of general vendors.

(1) Accounts payable to related parties (excluding loans from related parties).

Item	Related party category/name.	December 31, 2024	December 31, 2023
Accounts payable	Sister company of the company	$ 168	$ -
Other payables	Parent company of the Company	$ 17	$ 403

(2) Lease agreement

Lease expense

Lessor	Subject of lease	Lease and rental payment method	2024	2023
Parent company of the company	Parent company of the company	Monthly rent of NT$400,000, payable monthly	$ 4,800	$ 4,800
Parent company of the company	Office	Monthly rent of NT$10,000, payable monthly	$ 120	$ 120

(3) Lease agreement

The total amount of lease payments to be received in the future is summarized as follows：

Related party category	December 31, 2024	December 31, 2023
Parent company of the company	$ 72	$ 72

The lease income is summarized as follows：

Lessee	Subject of lease	Rent collection method	2024	2023
Parent company of the company	Equipment room	Monthly rent of NT$8,000, payable monthly	$ 96	$ 96

(4) Other related party transactions

Account item	Related party category	2024	2023
Operating expenses	Parent company of the Company	$ -	$ 579
Manufacturing expenses	Parent company of the Company	$ 1,002	$ 14,208
Other income	Parent company of the Company	$ 15	$ 33

(5) Acquired property, plant, and equipment

	Purchase Price	
Related party category/name	2024	2023
Parent company of the company	$ 300	$ -

(6) Key Management Personnel Compensation

	2024	2023
Short-term employee benefits	$ 8,576	$ 7,944
Post-employment benefits	108	108
	$ 8,684	$ 8,052

The salaries of directors and other key management personnel are determined by the Compensation Committee based on individual performance and market trends.

26.Pledged Assets

The following assets of the company are pledged as performance guarantees required for land development and business operations:

	December 31, 2024	December 31, 2023
Other financial assets - current		
Pledged time deposit	$ 8,942	$ 8,941
Other financial assets - non-current		
Pledged time deposit	34,543	-
	$ 43,485	$ 8,941

27.Contingent Liabilities and Unrecognized Contractual Commitments

Except as mentioned in other notes, the company has the following significant commitments and contingencies:

(1) As of December 31, 2024, the company has issued guarantee notes amounting to NT$2,731,977 thousand due to credit facilities and business performance.

(2) As of December 31, 2024, the company has guarantee notes amounting to NT$127,996 thousand issued by suppliers for performance or warranty guarantees.

(3) The company has contractual commitments with various suppliers to purchase equipment and for plant renovations, with a total contract value of NT$1,064,651 thousand. As of December 31, 2024, NT$107,616 thousand has been paid (recorded as construction-in-progress real estate and prepayments for equipment).

28.Foreign Currency Assets and Liabilities with Significant Impact

The following information is presented in foreign currencies other than the company's functional currency, and the disclosed exchange rates refer to the rates used to convert these foreign currencies to the functional currency. The foreign currency assets and liabilities with significant impact are as follows:

December 31, 2024

	Foreign Currency	Exchange Rate	Book Value
Financial assets			
Monetary items			
US Dollar	$ 14,396	32.785 (USD:NTD)	$ 471,958
Financial liabilities			
Monetary items			
US Dollar	75	32.785 (USD:NTD)	$ 2,457

December 31, 2023

	Foreign Currency	Exchange Rate	Book Value
Financial assets			
Monetary items			
US Dollar	$ 19,473	30.705 (USD:NTD)	$ 597,943
Financial liabilities			
Monetary items			
US Dollar	59	30.705 (USD:NTD)	$ 1,805

The realized and unrealized foreign currency exchange gains and losses with significant impact are as follows：

Currency	2024		2023	
	Exchange Rate	Net Exchange Gains/Losses	Exchange Rate	Net Exchange Gains/Losses
USD	32.785 (USD:NTD)	$42,435	30.705 (USD:NTD)	($ 16,113)

29. Disclosure Notes

(1) Major Transactions

(2) Information on Investee Companies

No.	Content	Explanation
1	Lending funds to others	None
2	Endorsement or guarantee for others	None
3	Situation of securities held at year-end (excluding investments in subsidiaries, affiliates, and joint ventures)	None
4	Accumulated purchases or sales of the same security amounting to NT$300 million or 20% of paid-in capital	None
5	Acquisition of real estate amounting to NT$300 million or 20% of paid-in capital	Appendix 1
6	Disposal of real estate amounting to NT$300 million or 20% of paid-in capital	None
7	Transactions with related parties (sales or purchases) amounting to NT$100 million or 20% of paid-in capital	None
8	Receivables from related parties amounting to NT$100 million or 20% of paid-in capital	None
9	Engaging in derivative instrument transactions	None
10	Information about invested companies	None

(3) Mainland China Investment Information

No.	Item	Explanation
1	Name of the invested company in Mainland China, main business activities, paid-in capital, investment method, fund transfer situation, shareholding ratio, investment gains and losses, ending investment book value, repatriated investment gains and losses, and investment limits in Mainland China.	None
2	Major transactions directly or indirectly with the invested company in Mainland China through a third region, including prices, payment terms, and unrealized gains or losses:	
	(1)Purchase amount and percentage, and related accounts payable balance and percentage at year-end.	None
	(2)Sales amount and percentage, and related Trade receivable balance and percentage at year-end.	None
	(3)Property transaction amount and the resulting gains or losses.	None
	(4)Bills endorsement guarantees or pledged collateral at year-end, and their purpose.	None
	(5)Highest amount of fund borrowing, year-end balance, interest rate range, and total interest for the current period.	None
	(6)Other significant transactions affecting current period profit and loss or financial position, such as the provision or receipt of services, etc.	None

(4) Major Shareholder Information: Names of shareholders with a shareholding ratio of 5% or more, along with the number of shares held and the percentage of shares. (Appendix 2)

30. Departmental Information

Information provided to the primary operating decision-makers to allocate resources and evaluate department performance, focusing on the types of products or services delivered or provided.

(1) Departmental Revenue and Operating Results

The revenue and operating results of the company's continuing operations are analyzed by reportable segments as follows:

	Aerospace Components	Optoelectronic and Semiconductor Equipment Components	Total
January 1 to December 31, 2024			
Revenue from external customers	$ 492,522	$ 1,027,111	$ 1,519,633
Interdepartmental revenue	-	-	-
Consolidated revenue	$ 492,522	$ 1,027,111	$ 1,519,633
Segment profit and loss (excluding headquarters management costs)	$ 240,884	$ 293,450	$ 534,334
Headquarters management costs			(192,883)
Segment profit and loss			341,451
Interest income			27,400
Other income			$ 14,008
Other gains and losses			43,783
Finance costs			(11,495)
Profit before tax from continuing operations			$ 415,147
January 1 to December 31, 2023			
Revenue from external customers	$ 467,004	$ 883,158	$ 1,350,162
Interdepartmental revenue	-	-	-
Consolidated revenue	$ 467,004	$ 883,158	$ 1,350,162
Segment profit and loss (excluding headquarters management costs)	$ 219,511	$ 191,841	$ 411,352
Headquarters management costs			(155,520)
Segment profit and loss			255,832
Interest income			12,305
Other income			2,872
Other gains and losses			(16,114)
Finance costs			(2,251)
Profit before tax from continuing operations			$ 252,644

Departmental Profit refers to the profit earned by each department, excluding the allocation of headquarters management costs, share of profit or loss from affiliates accounted for using the equity method, interest income, profit or loss from the disposal of real estate, plants, and equipment, foreign currency exchange gains (losses), financial costs, and income tax expenses. This measure is provided to the primary operating decision-makers to allocate resources to departments and evaluate their performance.

(2) Major Customer Information

Revenue from a single customer that accounts for more than 10% of total revenue is as follows：

	2024	2023
A1 Customer	$ 683,523	$ 619,924
B Customer	314,096	323,466
C Customer	179,443	121,244
D Customer	176,239	142,597
	$ 1,353,301	$ 1,207,231

Chenfull Precision Co., Ltd.

The amount of property acquired reaches NT$300 million or 20% of the paid-in capital

2024

Appendix1 Unit: Unless otherwise noted, amounts are in New Taiwan Dollars (thousands)

Company Acquiring Real Estate	Property Name	Date of Occurrence	Transaction Amount	Payment Terms	Transaction Counterparty	Relationship	If the Transaction Counterparty is a Related Party, Previous Transfer Information				Reference Basis for Price Determination	Purpose of Acquisition and Use	Other Agreement Terms
							Owner	Relationship with the Issuer	Transfer Date	Amount			
Chenfull Precision Co., Ltd.	Owned Land	2022/8/10 (Board Resolution Date) 2024/3/26 (Date of Ownership Transfer Registration)	$575,711	Fully paid according to the contract price	Chiayi County Government	Non-related Party	-	-	-	$ -	Public Auction Reserve Price	For Operational Use	None

Note 1: For assets that require appraisal according to regulations, the appraisal result should be indicated in the "Reference Basis for Price Determination" column.

Note 2: The paid-in capital refers to the paid-in capital of the parent company. For issuers whose stocks have no par value or whose par value per share is not NT$10, the transaction amount for 20% of the paid-in capital shall be calculated based on 10% of the equity attributable to the parent company's shareholders as shown in the balance sheet.

Note 3: The "date of occurrence" refers to the earliest of the following dates: transaction signing date, payment date, commission date, transfer date, board resolution date, or any other date that sufficiently determines the transaction counterpart and transaction amount.

Chenfull Precision Co., Ltd.
Major Shareholder Information

December 31, 2024

Appendix2

Major Shareholder Name |	Shares	
	Shares Held	Shareholding Percentage
CHENFULL International Co., Ltd.	37,278,000	63%

Note 1: The information on major shareholders in this table is provided by the Central Depository Company, calculated based on the last business day of the quarter, showing shareholders who hold more than 5% of the company’s common and preferred stocks, excluding physical delivery (including treasury stocks). The capital recorded in the company's financial reports and the actual shares delivered without physical registration may differ due to variations in calculation bases.

Note 2: If the aforementioned information pertains to shareholders who have entrusted their shares to a trust, the data will be disclosed separately under the trust account opened by the trustee. As for shareholders who report insider holdings exceeding 10% in accordance with the Securities and Exchange Act, their reported holdings include both personal shares and those entrusted to a trust where the shareholder has decision-making power over the trust's assets. For information on insider shareholding declarations, please refer to the Public Information Observatory.

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Chenfull Precision Co., Ltd.

Cash and Cash Equivalents Schedule

December 31, 2024

Schedule1 Unit: NT$ thousand

Item	Summary	Amount
Cash		
Petty Cash		$ 86
Bank Deposits		
Checks and Current Deposits		170,631
Cash Equivalents		
Time Deposits		98,339
		$ 269,056

Chenfull Precision Co., Ltd.

Notes Receivable Schedule

December 31, 2024

Schedule2 Unit: NT$ thousand

Customer Name	Summary	Amount
Non-related Party		
Fanxuan Co., Ltd	Operating Revenue	$ 353
Less: Allowance for Doubtful Accounts		-
		$ 353

Chenfull Precision Co., Ltd.

Trade receivable Schedule

December 31, 2024

Schedule3 Unit: NT$ thousand

Customer Name	Summary	Amount
Non-related Party Receivables		
Customer A1	Operating Revenue	$ 131,414
Customer B	〃	83,392
Customer C	〃	78,787
Customer D	〃	45,015
Customer E	〃	21,186
Others (Note)	〃	27,410
		387,204
Less: Allowance for Doubtful Accounts		(2,877)
		$ 384,327

Note: The balance of individual vendors does not exceed 5% of this account.

Chenfull Precision Co., Ltd.

Inventory Schedule

December 31, 2024

Schedule4 Unit: NT$ thousand

Item	Book Value	Market Value(Note)
Raw Materials	$ 54,263	$ 37,973
Work in Progress	306,964	707,314
Finished Goods	79,588	132,944
	440,815	$ 878,231
Less: Provision for Inventory Write-down and Obsolete Losses	(32,577)	
	$ 408,238	

Note: The company's inventory is measured at the lower of cost and net realizable value, and should be compared individually except for inventory of the same category.

Chenfull Precision Co., Ltd.

Prepayments Schedule

December 31, 2024

Schedule5 Unit: NT$ thousand

Item	Summary	Amount
Prepaid Goods Payments		$ 20,565
Other Prepaid Expenses (Note)		2,036
		$ 22,601

Note: The balance of individual vendors does not exceed 5% of this account.

Chenfull Precision Co., Ltd.

Right-of-Use Assets Changes Schedule

January 1 to December 31, 2024

Schedule6 Unit: NT$ thousand

Name	Land
Cost	
Beginning Balance	$144,467
Lease Liability Re-measurement Amount	(6,366)
Ending Balance	$138,101
Accumulated Depreciation	
Beginning Balance	$ 24,233
Depreciation Expense	6,710
Ending Balance	$ 30,943
Net Amount at Year-End	$107,158

Chenfull Precision Co., Ltd.

Accounts Payable Schedule

December 31, 2024

Schedule7 Unit: NT$ thousand

Customer Name	Summary	Amount
Non-related Party Receivables		
Qun Zhi Aluminum Co., Ltd.	Goods Payment	$ 17,925
Jie Huang Co., Ltd.	〃	16,304
Ji Xiang Industrial Co., Ltd.	〃	9,007
Others (Note)	〃	131,726
		$ 174,962

Note: The balance of individual vendors does not exceed 5% of this account.

Chenfull Precision Co., Ltd.

Lease Liabilities Schedule

December 31, 2024

Schedule8 Unit: NT$ thousand

Item	Summary	Lease Period	Discount Rate	Ending Balance	Remarks
Land	Zhongke Factory Land	113/1/1~129/12/31	3.126%	$ 115,449	
Less: Classified as Current Portion				(5,651)	
Lease Liability - Non-current				$ 109,798	

Chenfull Precision Co., Ltd.

Cost of Goods Sold Schedule

January 1 to December 31, 2024

Schedule9 Unit: NT$ thousand

Item	Summary	Amount
Manufacturing Cost	Beginning Inventory	$ 82,814
	Purchases	204,113
	Ending Inventory	(54,263)
	Raw Material Sales	(328)
	Other	2,773
	Material Used	235,109
	Direct Labor	179,274
	Manufacturing Expenses	657,494
	Manufacturing Cost	1,071,877
Work in Progress	Beginning Work in Progress	204,201
	Purchases	105,050
	Ending Work in Progress	(306,964)
	Other	(85,219)
	Work in Progress Sales	(2,403)
	Finished Goods Cost	986,542
Finished Goods	Beginning Finished Goods	55,822
	Purchases	4,206
	Other	(7,513)
	Ending Finished Goods	(79,588)
	Manufacturing Cost of Goods Sold	959,469
	Cost of Raw Material Sales	328
	Cost of Work in Progress Sales	2,403
	Other	50,375
Inventory Write-down Loss		4,843
Raw Material Sale Income		(29,820)
Waste Material Sale Income		(2,299)
		$ 985,299

Chenfull Precision Co., Ltd.

Operating Expenses Schedule

January 1 to December 31, 2024

Schedule 10 Unit: NT$ thousand

Item	Sales Expenses	Administrative Expenses	Research and Development Expenses	Total
Salaries (including pensions, etc.)	$ 12,025	$ 62,172	$ 26,980	$ 101,177
Freight Expenses	7,046	64	10	7,120
Employee Benefits	-	7,038	-	7,038
Labor Costs	-	2,540	2,880	5,420
Research Expenses	-	-	6,134	6,134
Packaging Costs	16,878	-	-	16,878
Other Expenses (Note)	3,742	36,588	8,786	49,116
	$ 39,691	$ 108,402	$ 44,790	$ 192,883

Note: The amounts for each account do not exceed 5% of the respective category.

Chenfull Precision Co., Ltd.

Comprehensive Schedule of Employee Benefits, Depreciation, and Amortization Expenses by Function Incurred During the Period

January 1 to December 31, 2024, and 2023.

Schedule 11

Unit: NT$ thousand, unless otherwise specified

	2024			2023		
	Included in Operating Costs	Included in Operating Expenses	Total	Included in Operating Costs	Included in Operating Expenses	Total
Employee Benefit Expenses (Note)						
Salary Expenses	$ 239,166	$ 93,625	$ 332,791	$ 222,603	$ 72,705	$ 295,308
Labor and Health Insurance Expenses	27,066	7,952	35,018	26,278	8,597	34,875
Pension Expenses	10,475	3,532	14,007	10,140	3,579	13,719
Directors' Remuneration	-	4,370	4,370	-	4,290	4,290
Other Employee Benefit Expenses	14,531	10,964	25,495	14,471	8,604	23,075
	$ 291,238	$ 120,443	$ 411,681	$ 273,492	$ 97,775	$ 371,267
Depreciation Expenses	$ 105,380	$ 5,442	$ 110,822	$ 109,997	$ 6,292	$ 116,289
Amortization Expenses	$ 939	$ 3,881	$ 4,820	$ 745	$ 3,108	$ 3,853

1. As of December 31, 2024, and December 31, 2023, the number of employees in the company was 499 and 501, respectively. The number of directors who were not concurrently employees was seven in both years.

2. Companies listed on the stock exchange or traded over-the-counter are required to disclose the following information:

(1) The average employee benefit expense for the current year was NT$828 thousand, calculated as (Total employee benefit expenses for the current year – Total directors' remuneration) / (Total number of employees for the current year – Number of directors who were not concurrently employees).

The average employee benefit expense for the previous year was NT$743 thousand, calculated using the same formula.

(2) The average employee salary expense for the current year was NT$676 thousand, calculated as (Total salary expenses for the current year) / (Total number of employees for the current year – Number of directors who were not concurrently employees).

The average employee salary expense for the previous year was NT$598 thousand, calculated using the same formula.

(3) The percentage change in average employee salary expenses was 13.04%, calculated as (Average employee salary expense for the current year – Average employee salary expense for the previous year) / Average employee salary expense for the previous year.

(4) The remuneration for supervisors was NT$0 thousand for both the current year and the previous year.

(5) The company's salary and compensation policy (covering directors, supervisors, managers, and employees) is as follows:

1. Employee Salary and Compensation Policy:

(1) Salaries, bonuses, and incentives are implemented based on the company's compensation system. At the end of each fiscal year, an annual bonus may be distributed before the Lunar New Year, depending on the company's operating performance.

(2) A certain percentage of annual operating profits is allocated as employee compensation to share the company's success with employees. Article 21 of the company's Articles of Incorporation stipulates that "employee compensation shall not be less than 2% of the current year's profit and may be distributed in stock or cash. The recipients may include employees of subsidiary companies who meet certain conditions.

2.Board members, supervisors, and executives compensation policy:

The Company's compensation for board members, supervisors, and executives is determined by the Compensation Committee based on their level of participation and contribution to the company's operations, referencing industry standards, and not exceeding the maximum salary grade set by the company's salary regulations.

Article 19 of the company’s articles of incorporation also stipulates that if the company is profitable in the current year, board and supervisor compensation shall not exceed 2% of the current year’s profits.

According to the Company’s Compensation Committee’s regulations, the performance evaluation and compensation for board members, supervisors, and executives shall reference industry standards and consider individual performance evaluation results, time invested, responsibilities, achievement of personal goals, performance in other positions, recent compensation given to individuals in equivalent positions, as well as the achievement of short- and long-term business goals, company financial status, and the relationship between individual performance and company operational performance and future risks.