

Harvatek Corporation
Parent Company Only Financial
Statements for the
Years Ended December 31, 2024, and
2023 and
Independent Auditors' Report

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

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Independent Auditors' Reports

The Board of Directors and Shareholders
Harvatek Corporation

Auditors' Opinions

We have audited the accompanying financial statements of Harvatek Corporation (collectively referred to as the "Company"), which parent company only balance sheets as of December 31, 2024, and 2023, parent company only statements of comprehensive income, parent company only statements of changes in equity, and parent company only statements of cash flows individual, and the notes to the parent company only financial statements individual statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of 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 Matters

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

The description of the key audit matter of the Company' s parent company only financial statements for the year ended December 31, 2024, is as follows:

Recognition of Revenue from Sales

In the fiscal year 2024, the main source of revenue for the Company is sales revenue from goods. Due to the decrease in demand in the light-emitting diode (LED) market in fiscal year 2024, the Company identified the sales revenue from customers with significant growth as a potential source of material fraud risk. Therefore, the auditor categorized the recognition of this revenue as a key audit matter and performed the following audit procedures in response to the risks associated with these customers:

1. We reviewed and tested the relevant internal control systems and operating procedures of the sales transaction cycle to confirm and assess the effectiveness of internal controls when conducting sales transactions.
2. For the sales transactions involving the potentially risky sales entities identified above, we selected samples for testing and conducted sampling audits. We examined customer and external supporting documents to confirm the authenticity of sales revenue. Additionally, we investigated whether there were any abnormalities in the collection of payments from these sales entities after the period ended.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the 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 these parent company only 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company' s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management' s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company' s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements. or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the invested company adopting the equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Deloitte & Touche
Accountant: Fang Su-lie

Accountant: Zhang Ya-Yun

Financial Supervisory Commission
Approved-certified No.:
Tai-Cai-Zheng-Liu-Certificate No.
0940161384

Financial Supervisory Commission
Approved-certified No.:
Jin-Guan-Certificate No. 1110348898

March 25, 2025

Harvatek Corporation
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

CODE	ASSETS	December 31, 2024		December 31, 2023		CODE	LIABILITIES AND EQUITY	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%			Amount	%	Amount	%
	CURRENT ASSETS						CURRENT LIABILITIES				
1100	Cash and cash equivalents (Note 4, 6, and 26)	\$ 352,650	9	\$ 585,315	16	2130	Current contract liabilities (Note 4, 21)	\$ 61,578	2	\$ 73,575	2
1136	Financial assets at amortized cost (Note 4, 9 and 26)	766,632	21	601,632	16	2170	Account payables (Note 26)	267,391	7	218,904	6
1170	Net accounts receivable(Note 4, 5, 10, 21 and 26)	375,742	10	354,654	9	2180	Accounts payable-related parties (Note 26 and 27)	18,652	-	13,075	-
1180	Accounts receivable – related parties, net (Note 4, 5, 10, 21, 26, and 27)	27,006	1	16,746	-	2200	Other Payables (Note 18 and 26)	171,165	5	170,702	5
1200	Other receivables(Note 10 and 26)	5,753	-	4,287	-	2220	Other payables-related parties (Note 18, 26 and 27)	130	-	-	-
1210	Other receivables – related parties (Note 10, 26, and 27)	23,508	1	25,279	1	2230	Current tax liabilities (Note 4 and 23)	-	-	14,467	-
1220	Current tax assets(Note 4 and 23)	2,094	-	6,900	-	2250	Liability Reserves	3,430	-	2,325	-
130X	Inventories(Note 4, 5 and 11)	357,582	10	296,053	8	2280	Lease liabilities-current (Note 4, 14 and 26)	3,264	-	3,852	-
1410	Prepayments(Note 17 and 27)	33,064	1	9,870	-	2300	Other current liabilities (Note 18)	12,505	-	4,256	-
1470	Other current liabilities	39	-	-	-	21XX	Total current liabilities	538,115	14	501,156	13
1482	Cost to fulfill contracts – current(Note 21)	4,155	-	452	-		NON-CURRENT LIABILITIES				
11XX	Total current assets	1,948,225	53	1,901,188	50	2540	Long-term notes payable - related parties (Notes 26 and 27)	79,531	2	78,057	2
	NONCURRENT ASSETS					2570	Deferred income tax liabilities (Notes 4 and 23)	2,205	-	2,284	-
1510	Non-current financial assets at fair value through profit or loss(Note 4, 7, and 26)	77,417	2	91,405	3	2580	Lease Liabilities - Non-current (Note 4, 14, and 26)	45,314	2	43,993	1
1517	Non-current financial assets at fair value Through other comprehensive income(Note 4, 8, and 26)	438,012	12	455,219	12	2640	Net Defined Benefit Liabilities (Notes 4 and 19)	8,301	-	17,915	1
1535	Financial assets measured at amortized cost (Notes 4, 9, 26, and 28)	8,358	-	8,286	-	2670	Guarantee deposits (Note 26)	6,510	-	3,540	-
1550	Investments accounted for using equity method (Note 4 and 12)	471,906	13	497,620	13	25XX	Total noncurrent liabilities	141,861	4	145,789	4
1600	Property, plant, and equipment (Note 4, 13 and 27)	544,036	15	608,573	16	2XXX	Total liabilities	679,976	18	646,945	17
1755	Right-of-use assets (Note 4 and 14)	46,684	1	47,772	1		EQUITY (Note 4 and 20)				
1760	Investment properties, net(Note 4 , 15)	64,587	2	64,022	2		Capital				
1780	Intangible assets (Notes 4,16 and 27)	2,203	-	3,059	-	3110	Ordinary share	2,060,698	56	2,060,698	55
1840	Deferred tax assets (Note 4 and 23)	40,480	1	40,228	1	3200	Capital surplus	490,863	13	489,514	13
1915	Prepaid equipment expenses(Note 27)	37,496	1	27,677	1		Retained earnings				
1940	Long-term receivables - installment payments from related parties (Notes 26 and 27)	3,782	-	17,679	1	3310	Legal reserve	148,863	4	138,410	4
1990	Other non-current assets (Notes 4, 17, and 26)	4,817	-	4,167	-	3350	Unappropriated earnings	101,975	3	201,042	5
15XX	Total non-current assets	1,739,778	47	1,865,707	50	3400	Other equity	211,149	6	235,807	6
						3500	Treasury stock	(5,521)	-	(5,521)	-
1XXX	TOTAL	\$ 3,688,003	100	\$ 3,766,895	100	3XXX	Total equity	3,008,027	82	3,119,950	83

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

(Please refer to the audit report issued by Deloitte & Touche on March 25, 2025)

Chairman: Wang, Ping-Lung

Manager: Wang, Ping-Lung

Accounting Supervisor: Su Yu-Hui

Harvatek Corporation
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024, AND 2023

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

CODE		2024		2023	
		Amount	%	Amount	%
4000	NET OPERATING REVENUE (Note 4, 21, and 27)	\$ 1,794,077	100	\$ 1,853,666	100
5000	OPERATING COSTS (Note 4, 11, 22 and 27)	<u>1,404,972</u>	<u>79</u>	<u>1,405,076</u>	<u>76</u>
5900	GROSS PROFIT	389,105	21	448,590	24
5910	Unrealized sales profit with subsidiaries and affiliated enterprises (Note 4)	<u>1,382</u>	<u>-</u>	<u>(5,438)</u>	<u>-</u>
5950	Realized gross profit from operations	<u>390,487</u>	<u>21</u>	<u>443,152</u>	<u>24</u>
	OPERATING EXPENSES (Note 4, 10, 22 and 27)				
6100	Selling and marketing expenses	162,247	9	136,223	7
6200	General and administrative expenses	90,813	5	84,987	5
6300	Research and development expenses	142,672	8	138,433	7
6450	expected credit impairment loss (profit)	<u>2,452</u>	<u>-</u>	<u>135</u>	<u>-</u>
6000	Total operating expenses	<u>398,184</u>	<u>22</u>	<u>359,778</u>	<u>19</u>
6900	NET OPERATING (LOSS) PROFIT	<u>(7,697)</u>	<u>(1)</u>	<u>83,374</u>	<u>5</u>
	NON-OPERATING INCOME AND EXPENSES(Note 22)				
7100	Interest income (Note 27)	18,214	1	22,343	1
7010	Other income(Note 27)	43,270	2	35,944	2
7020	Other gains and losses	1,036	-	5,247	-
7050	Finance costs (Note 4)	<u>(2,279)</u>	<u>-</u>	<u>(1,925)</u>	<u>-</u>
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net(Note 4, 12)	<u>(44,573)</u>	<u>(2)</u>	<u>(17,542)</u>	<u>(1)</u>
7000	Total non-operating income and expenses	<u>15,668</u>	<u>1</u>	<u>44,067</u>	<u>2</u>

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CODE		2024		2023	
		Amount	%	Amount	%
7900	PROFIT BEFORE INCOME TAX	\$ 7,971	-	\$ 127,441	7
7950	INCOME TAX EXPENSE (Note 4 and 23)	<u>2,111</u>	<u>-</u>	<u>20,352</u>	<u>1</u>
8200	NET PROFIT FOR THE YEAR	<u>5,860</u>	<u>-</u>	<u>107,089</u>	<u>6</u>
	OTHER COMPREHENSIVE INCOME (LOSS)				
8310	Items not reclassified to profit or loss:				
8311	Remeasurement of defined benefit plans	6,467	-	(445)	-
8316	Unrealized gains and losses on equity instruments measured at fair value through other comprehensive income	(28,517)	(1)	120,967	6
8349	Income taxes related to items not reclassified	(1,293)	-	89	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences in translation of financial statements of foreign operations (Notes 4 and 20)	<u>7,092</u>	<u>-</u>	(<u>95</u>)	<u>-</u>
8300	Other comprehensive income for the year (net of tax)	(<u>16,251</u>)	(<u>1</u>)	<u>120,516</u>	<u>6</u>
8500	TOTAL COMPREHENSIVE INCOME	(<u>\$ 10,391</u>)	(<u>1</u>)	<u>\$ 227,605</u>	<u>12</u>
	EARNINGS PER SHARE (Note 24)				
9710	Basic	<u>\$ 0.03</u>		<u>\$ 0.52</u>	
9810	Dilution	<u>\$ 0.03</u>		<u>\$ 0.52</u>	

The accompanying notes are an integral part of the parent company only financial statements.
(Please refer to the audit report issued by Deloitte & Touche on March 25, 2025)

Chairman: Wang, Ping-Lung Manager: Wang, Ping-Lung Accounting Supervisor: Su Yu-Hui

Harvatek Corporation
**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, AND 2023**

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

C o d e	Capital		Capital surplus	Retained earnings		Other equity		Treasury stock	Total	
	Share(thousands)	Amount		Legal reserve	Undistributed earnings	Exchange from differences arising translation of foreign operations	Unrealized gains or losses on equity instruments at fair value through other comprehensive income			
A1	Balance on January 1, 2023	206,070	\$ 2,060,698	\$ 496,303	\$ 100,393	\$ 443,633	(\$ 15)	\$ 123,926	(\$ 1,320)	\$ 3,223,618
	Appropriation of 2022 earnings									
B1	Legal Reserve	-	-	-	38,017	(38,017)	-	-	-	-
B5	Shareholder's Stock Dividend	-	-	-	-	(309,105)	-	-	-	(309,105)
D1	2023 Net profit	-	-	-	-	107,089	-	-	-	107,089
D3	2023 Other comprehensive income	-	-	-	-	(356)	(95)	120,967	-	120,516
D5	2023 Total comprehensive income	-	-	-	-	106,733	(95)	120,967	-	227,605
L3	Repurchase of treasury stock	-	-	-	-	-	-	-	(5,521)	(5,521)
L7	The disposal of the parent company's shares by a subsidiary is treated as a treasury stock transaction	-	-	610	-	-	-	-	1,320	1,930
Q1	Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	8,976	-	(8,976)	-	-
M7	Changes in equities of subsidiaries	-	-	(7,399)	-	(11,178)	-	-	-	(18,577)
Z1	Balance on December 31, 2023	206,070	2,060,698	489,514	138,410	201,042	(110)	235,917	(5,521)	3,119,950
	Appropriation of 2023 earnings									
B1	Legal Reserve	-	-	-	10,453	(10,453)	-	-	-	-
B5	Shareholder's Stock Dividend	-	-	-	-	(102,881)	-	-	-	(102,881)
D1	2024 Net profit	-	-	-	-	5,860	-	-	-	5,860
D3	2024 Other comprehensive income	-	-	-	-	5,174	7,092	(28,517)	-	(16,251)
D5	2024 Total comprehensive income	-	-	-	-	11,034	7,092	(28,517)	-	(10,391)
Q1	Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	3,233	-	(3,233)	-	-
M7	Changes in equities of subsidiaries	-	-	1,349	-	-	-	-	-	1,349
Z1	Balance on December 31, 2024	206,070	\$ 2,060,698	\$ 490,863	\$ 148,863	\$ 101,975	\$ 6,982	\$ 204,167	(\$ 5,521)	\$ 3,008,027

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

(Please refer to the audit report issued by Deloitte & Touche on March 25, 2025)

Chairman: Wang, Ping-Lung

Manager: Wang, Ping-Lung

Accounting Supervisor: Su Yu-Hui

Harvatek Corporation
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024, AND 2023**

(In Thousands of New Taiwan Dollars)

<u>C O D E</u>		<u>2024</u>	<u>2023</u>
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Profit before income tax	\$ 7,971	\$ 127,441
A20000	Adjustments for:		
A20100	Depreciation expenses	116,996	123,072
A20200	Amortization expenses	4,633	4,264
A20300	Reversal of expected credit losses	2,452	135
A20400	Gain from financial assets at fair value through loss (profit)	13,964	(10,900)
A20900	Interest expenses	2,279	1,925
A21200	Interest income	(18,214)	(22,343)
A21300	Dividend income	(19,797)	(17,811)
A22400	Share of profit of subsidiary recognized using equity method.	44,573	17,542
A22500	Losses (gains) on disposal of property, plant, and equipment	(1,498)	(1,954)
A23800	Reversal of impairment loss on inventory	(769)	(32,663)
A23900	Unrealized sales profit	(1,382)	5,438
A24100	Unrealized foreign exchange (gain) loss	(7,978)	(27,902)
A29900	Lease modification loss	-	72
A30000	Changes in operating assets and liabilities		
A31150	Accounts and notes receivable	(5,443)	35,671
A31160	Accounts receivable - related parties	(10,018)	(12,496)
A31180	Other receivables	(1,677)	428
A31190	Other receivables - related parties	2,510	(5,225)
A31200	Inventory	(60,760)	109,261
A31230	Prepayments	(23,194)	34,765
A31240	Increase in other current assets	(39)	-
A31280	Contract costs	(3,703)	10,338
A32125	Contract liabilities	(16,082)	4,574
A32150	Accounts and notes payable	41,882	(1,661)
A32160	Accounts payable - related parties	5,547	(2,716)
A32180	Other payables	2,184	(35,242)
A32200	Provision for liabilities	1,105	(114)
A32230	Other current liabilities	8,249	(10,731)
A32240	Net defined benefit liabilities	(3,147)	(1,333)
A33000	Cash generated from operations	80,644	291,835
A33100	Interest received	23,256	23,949
A33300	Interest paid	(1,474)	(1,088)
A33500	Income tax paid	(18,202)	(12,130)
AAAA	Net cash generated from operating activities	<u>84,224</u>	<u>302,566</u>

(Continued)

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<u>C O D E</u>	<u>2024</u>	<u>2023</u>	
CASH FLOWS FROM INVESTING ACTIVITIES			
B00010	Acquisitions of financial assets measured at fair value through other comprehensive income	(\$ 16,115)	\$ -
B00020	Disposals of financial assets measured at fair value through other comprehensive income	-	45,630
B00040	Acquisitions of financial assets measured at amortized cost	(165,072)	(528,569)
B00100	Acquisitions of financial assets measured at fair value through profit or loss	(10,000)	(80,000)
B00200	Disposals of financial assets measured at fair value through profit or loss	10,024	80,220
B01800	Acquisitions of long-term equity investments under the equity method	(5,752)	(50,000)
B02700	Acquisitions of property, plant, and equipment	(56,900)	(105,148)
B02800	Disposals of property, plant, and equipment	1,498	2,457
B03700	Increase in guarantee deposits	(2,261)	(1,543)
B04500	Acquisitions of intangible assets	(2,166)	(4,578)
B06700	Decrease (increase) in other non-current assets	13,897	(18,813)
B07600	Receipt of dividends	<u>22,722</u>	<u>19,694</u>
BBBB	Net cash used in investing activities	<u>(210,125)</u>	<u>(640,650)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
C03000	Increase in refundable deposits	2,970	-
C04020	Repayment of lease principal	(5,450)	(5,469)
C04300	Increase in other non-current liabilities	-	78,057
C04500	Payment of cash dividends	(102,881)	(309,105)
C04900	Cost of repurchasing treasury stock	<u>-</u>	<u>(5,521)</u>
CCCC	Net cash used in financing activities	<u>(105,361)</u>	<u>(242,038)</u>
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(1,403)</u>	<u>20,098</u>
EEEE	NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(232,665)	(560,024)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>585,315</u>	<u>1,145,339</u>
E00200	CASH AND CASH EQUIVALENTS AT THE ENDING OF THE YEAR	<u>\$ 352,650</u>	<u>\$ 585,315</u>

The accompanying notes are an integral part of the parent company only financial statements.
(Please refer to the audit report issued by Deloitte & Touche on March 25, 2025)

Chairman: Wang, Ping-Lung Manager: Wang, Ping-Lung Accounting Supervisor: Su Yu-Hui

Harvatek Corporation
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024, AND 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. COMPANY HISTORY

Harvatek Corporation (hereinafter referred to as "the Company") was established on March 21, 1995, and primarily engaged in the research, development, design, manufacturing, testing, and import-export trade of light-emitting diode packaging.

The Company's shares have been listed and traded on the Taiwan Stock Exchange since August 25, 2003.

The parent company only financial statement is presented in New Taiwan Dollars (TWD), which is the functional currency of the Company.

2. APPROVAL DATE AND PROCEDURES OF THE CONSOLIDATED FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Board of Directors and authorized for issue on March 7, 2025.

3. NEW STANDARDS, AMENDMENTS, AND INTERPRETATIONS ADOPTED:

(1) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

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

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

The 2020 amendments also specify that if the Company's right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period, even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenant requirements that must be complied with before the end of the reporting period affect the classification of a liability. Although covenant requirements that must be complied with within twelve months after the reporting period do not affect the classification of a

liability, related information must be disclosed to enable users of financial statements to understand the risk that the Company may be unable to comply with the contractual terms and may have to repay within twelve months after the reporting period.

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

- (2) IFRSs endorsed by the Financial Supervisory Commission (FSC) with an effective date starting 2025

Interpretations (the "New IFRSs")	Effective Date Announced by IASB
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 "Amendments to Classification and Measurement of Financial Instruments" regarding the revised application guidance on classification of financial assets	January 1, 2026 (Note 2)

Note 1: Effective for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, comparative periods shall not be restated, and the effects shall be recognized in retained earnings or exchange differences on translation of foreign operations (as appropriate) and the related affected assets and liabilities at the date of initial application.

Note 2: Effective for annual reporting periods beginning on or after January 1, 2026, with early application permitted from January 1, 2025. Upon initial application of the amendments, retrospective application is required without restating comparative periods, and the effects of initial application shall be recognized at the date of initial application. However, if an entity can restate comparative periods without the use of hindsight, it may elect to do so.

- A. Amendments to IFRS 9 and IFRS 7 "Amendments to Classification and Measurement of Financial Instruments" regarding the revised application guidance on classification of financial assets

The amendments mainly modify the classification requirements for financial assets, including:

- (A) When a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows, and the nature of the contingency is not directly related to changes in basic lending risks and costs (such as whether the borrower achieves a specific carbon emission reduction), the contractual

cash flows of such financial assets are still solely payments of principal and interest on the principal amount outstanding if the following two conditions are met:

- The contractual cash flows in all possible scenarios (before or after the contingent event occurs) are solely payments of principal and interest on the principal amount outstanding; and
- The contractual cash flows in all possible scenarios do not significantly differ from the cash flows of a financial instrument with the same contractual terms but without the contingent feature.

(B) Clarification that a financial asset with non-recourse features refers to an entity's ultimate right to collect cash flows that is contractually limited to cash flows generated from specific assets.

(C) Clarification that contractually linked instruments establish multiple tranches of securities through a waterfall payment structure to establish payment priority for holders of financial assets, thereby creating credit risk concentration and resulting in disproportionate allocation of cash shortfalls from the underlying pool among different tranches of securities.

Apart from the impact mentioned above, as of the date the parent company only financial statements were authorized for issue, the Company has assessed that the amendments to other standards and interpretations will not have a significant impact on the Company's financial position and financial performance.

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

<u>New, Amended, or Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
"Annual Improvements to IFRS Standards - Volume 11"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to Classification and Measurement of Financial Instruments" regarding the revised application guidance on derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Involving Nature-dependent Electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Initial Application of IFRS 17 and IFRS 9— Comparative Information Proposed amendment to IFRS 17	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

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

A. Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

These amendments stipulate that when the Company sells or contributes assets to an associate (or joint venture), or when the Company loses control of a subsidiary but retains significant influence (or joint control) over that subsidiary, if the aforementioned assets or former subsidiary meet the definition of a "business" under IFRS 3 "Business Combinations," the Company shall recognize the full amount of gains or losses arising from such transactions.

Furthermore, when the Company sells or contributes assets to an associate (or joint venture), or when the Company loses control of a subsidiary in a transaction with an associate (or joint venture) but retains significant influence (or joint control) over that subsidiary, if the aforementioned assets or former subsidiary do not meet the definition of a "business" under IFRS 3, the Company shall recognize the gains or losses arising from such transactions only to the extent of unrelated investors' interests in the associate (or joint venture), meaning that the portion attributable to the Company's share of the gain or loss should be eliminated.

B. IFRS 18 "Presentation and Disclosure in Financial Statements"

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

- The income statement should classify income and expense items into operating, investing, financing, income tax, and discontinued operations categories.
- The income statement should present operating profit or loss, profit or loss before financing and income tax, as well as subtotals and totals of profit or loss.
- Guidance is provided to strengthen aggregation and disaggregation requirements: The Company must identify assets, liabilities, equity, income, expenses, and cash flows arising from individual transactions or other events, and classify and aggregate them based on common characteristics, so that each line item presented in the primary financial statements has at least one similar characteristic. Items with dissimilar characteristics should be disaggregated in the primary financial statements and notes. The Company shall label such items as "other" only when it cannot find a more informative label.
- Enhanced disclosure of management-defined performance measures: When the Company communicates publicly outside financial statements and communicates management's view of an aspect of the Company's overall financial performance to financial statement users, the Company shall disclose information about management-defined performance measures in a single note to the financial statements, including a description of the measure, how it is calculated, its reconciliation to

subtotals or totals specified by IFRS Standards, and the income tax and non-controlling interest effects of reconciling items.

C. Amendments to IFRS 9 and IFRS 7 "Amendments to Classification and Measurement of Financial Instruments" regarding the revised application guidance on derecognition of financial liabilities

These amendments mainly explain that when an entity uses an electronic payment system to settle financial liabilities in cash, the entity may choose to derecognize financial liabilities before the settlement date if the following conditions are met:

- The entity has no practical ability to withdraw, stop, or cancel the payment instruction;
- The entity has no practical ability to access the cash that will be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system is not significant.

The Company shall apply these amendments retrospectively without restating comparative periods and recognize the effect of initial application at the date of initial application.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

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

(2) Basis of preparation

In addition to financial instruments measured at fair value, investment properties, and net defined benefit liabilities recognized by deducting the fair value of plan assets, this parent company only financial report is prepared on a historical cost basis.

Fair value measurements are categorized into Level 1 to Level 3 based on the degree of observability and significance of relevant inputs:

- (1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- (3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the parent company only financial statements, the Company accounts for its investments in subsidiaries using the equity method. To reconcile the profit or loss, other comprehensive income, and equity of the current year of the parent company only financial statements with those of the Company's consolidated financial statements that are attributable to the Company's owners, certain accounting differences between the parent company only basis and the consolidated basis are adjusted in "Investment Accounted for Using

Equity Method," "Share of Profit of Subsidiary Recognized Using Equity Method," "Share of Other Comprehensive Income of Subsidiary Recognized Using Equity Method," and related equity items.

(3) Classification of current and non-current assets and liabilities Current assets include:

- (1) Assets held primarily for the purpose of trading;
- (2) Assets expected to be realized within 12 months after the reporting period; and
- (3) Cash and cash equivalents unless the assets are 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; and
- (3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Items not classified as current assets or current liabilities are categorized as non-current assets or non-current liabilities.

(4) Foreign currency

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. In preparing the parent company only financial statements, assets and liabilities of foreign operations (including subsidiaries and affiliated entities operating in countries or using currencies different from the Company) are translated into New Taiwan Dollars at the exchange rates prevailing on each balance sheet date. Income and expenses are translated at the average exchange rates for the period, and the resulting exchange differences are recognized in other comprehensive income.

(5) Inventory

Inventory includes raw materials, materials, finished goods, and work in progress. Inventory is measured at the lower of cost and net realizable value. When comparing cost and net realizable value, individual items are considered except for inventories of the same category. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventory is calculated using the weighted average method.

(6) Investment in Subsidiaries

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

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

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

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

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses. The cost of an acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the acquisition is recognized immediately in profit or loss. When the Company acquires a subsidiary that does not constitute a business, the Company appropriately allocates the cost of acquisition to the Company's share of the amounts of the identifiable assets acquired (including intangible assets) and liabilities assumed, and the transaction does not give rise to goodwill nor gains.

The Company assesses its investments for any impairment by comparing the respective carrying amounts with the estimated recoverable amounts as assessed based on the entire financial statements of its investee companies. The impairment loss is recognized when the carrying amount of any such investment exceeds the recoverable amount. If the recoverable amount of an investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain

or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

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

(7) Investments in associates

An associate is an entity over which the Company has significant influence but is not a subsidiary or joint venture.

The Company accounts for investments in associates using the equity method.

Under the equity method, investments in associates are initially recognized at cost, and subsequently adjusted for the Company's share of the associates' profit or loss and other comprehensive income, as well as for any dividends received. Additionally, changes in the equity of associates are recognized based on the Company's ownership percentage.

If the cost of investment exceeds the Company's share of the associates' identifiable net assets at the acquisition date, the excess is recognized as goodwill, which is included in the carrying amount of the investment and not subject to amortization. Conversely, if the Company's share of the associates' identifiable net assets at the acquisition date exceeds the cost of investment, the excess is recognized in profit or loss for the period.

When associates issue new shares and the Company does not subscribe to them in proportion to its ownership interest, resulting in changes in the ownership interest and consequently the net equity of the investment, such changes are adjusted against the capital surplus - changes in equity of associates recognized under the equity method and the investment accounted for using the equity method. If the Company does not subscribe to or acquire shares leading to a decrease in the ownership interest in the associate, any amounts recognized in other comprehensive income related to the associate are reclassified based on the reduction in ownership proportion. This adjustment, if necessary, is debited to the capital surplus. If the balance in the capital surplus resulting from the investment accounted for using the equity method is insufficient, the difference is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in the associate's equity (including the carrying amount of the investment in associates under the equity method and any other long-term interests that are part of the Company's net investment in the associate), further losses are not recognized. Additional losses and liabilities are recognized only to the extent of legal or constructive obligations or payments already made on behalf of the associate.

When assessing impairment, the Company compares the carrying amount of the investment (including goodwill) to the recoverable amount of the investment as a single asset. Any impairment loss recognized is not allocated to any assets that form part of the carrying amount of the investment, including goodwill. Any reversals of impairment losses are recognized to the extent that the recoverable amount of the investment increases subsequently. When the Company ceases to use the equity method for an investment, the investment in the former associate is remeasured at fair value, with any difference between the fair value and the carrying amount of the investment at the date of discontinuation, along with the proceeds from disposal, recognized in profit or loss for the period. Additionally, any amounts recognized in

other comprehensive income related to the former associate are accounted for on the same basis as if the associate had directly disposed of the assets or liabilities.

Profits and losses resulting from transactions between the Company and its associates are recognized in the parent company only financial statements only to the extent that they do not relate to the Company's interest in the associates' equity.

(8) Property, plant, and equipment

Property, plant, and equipment are recognized based on cost, and their value is subsequently measured by deducting accumulated depreciation and accumulated impairment losses from the cost.

Except for land held for own use, depreciation on other property, plant, and equipment is recognized on a straight-line basis over their estimated useful lives, with each significant component depreciated separately. The Company reviews the estimated useful lives, residual values, and depreciation methods at least annually and defers the effects of changes in accounting estimates.

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

(9) Investment properties

Investment properties are properties held for earning rental income, capital appreciation, or both.

Owned investment property is initially measured at cost, which includes transaction costs. Subsequently, it is measured at cost less accumulated depreciation and accumulated impairment losses.

Investment properties are depreciated on a straight-line basis.

When investment properties are disposed of, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit and loss.

(10) Intangible assets

1. Separately acquired

Intangible assets with separately acquired finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives. The Company reviews the estimated useful lives, residual values, and amortization methods at least annually and adjusts for the effects of any changes in accounting estimates.

2. Derecognition

When an intangible asset is derecognized, any difference between the net disposal proceeds and the carrying amount of the asset is recognized in the current period's income statement.

(11) Impairment of property, plant and equipment, right-of-use assets, investment property, and intangible assets (excluding goodwill)

The Company evaluates at each balance sheet date whether there are any indications that property, plant and equipment, right-of-use assets, investment property, and intangible assets (excluding goodwill) may be impaired. If any indication of impairment exists, the estimated recoverable amount of the asset is determined. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable

amount of the cash-generating unit to which the asset belongs is estimated. Shared assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis.

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

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, not exceeding the carrying amount that would have been determined had no impairment loss been recognized in prior years (net of amortization or depreciation). The reversal of an impairment loss is recognized in the income statement.

(12) Financial instruments

Financial assets and financial liabilities are recognized in the parent company only balance sheet when the Company becomes a party to the contractual provisions of the instrument.

When initially recognizing financial assets or financial liabilities that are not measured at fair value through profit or loss, their carrying amounts are measured at fair value plus transaction costs directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs are directly attributable to the acquisition or issue of financial assets or financial liabilities measured at fair value through profit or loss are recognized in profit or loss immediately.

1. Financial assets

Conventional transactions of financial assets are recognized and derecognized on a trade date basis.

(1) Measurement categories

Financial assets of the Company are classified as financial assets at FVTPL, financial assets not measured at amortized cost, and debt instrument investment at FVTOCI.

A. Financial asset at FVTPL

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

Financial assets at FVTPL are measured at fair value with any resulting benefits or losses (including any dividends or interest) recognized in profit or loss. For the determination of fair value, please refer to Note 26.

B. Financial assets at amortized cost

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

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

Financial assets at amortized cost (including cash and cash equivalents, financial assets at amortized cost, accounts receivable (including those from related parties), other receivables (including those from related parties), and refundable deposits) are subsequently measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

- a. Purchased or originated credit-impaired financial assets: for those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- b. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets: for those financial assets, the Company shall apply the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Impairment of financial assets refers to the occurrence of significant financial difficulties, default, or a high likelihood of bankruptcy or another financial restructuring on the part of the issuer or debtor, or the disappearance of an active market for the financial asset due to financial difficulties.

Cash equivalents include highly liquid deposits with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, and are used to meet short-term cash commitments.

C. Equity investments measured at fair value through other comprehensive income

Upon initial recognition, the Company has an irrevocable option to designate equity investments that are neither held for trading nor held for purposes of an association with another business entity as measured at fair value through other comprehensive income.

Equity investments measured at fair value through other comprehensive income are initially and subsequently

measured at fair value, with subsequent fair value changes recognized in other comprehensive income and accumulated in other equity. Upon disposal of the investment, the cumulative gain or loss is reclassified directly to retained earnings and not reclassified to profit or loss.

Dividends from equity investments measured at fair value through other comprehensive income are recognized in profit or loss when the Company's right to receive payment is established unless the dividend represents a recovery of part of the investment's cost.

(2) Impairment of financial assets

At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable).

Accounts receivable are assessed for expected credit losses based on the period over which they are expected to be outstanding. For other financial assets, the Company first assesses whether the credit risk has significantly increased since initial recognition. If there is no significant increase, expected credit losses are recognized based on a 12-month expected credit loss. If there is a significant increase, expected credit losses are recognized based on the period over which they are expected to be outstanding.

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

The impairment loss for all financial assets is recognized by adjusting their carrying amounts through the allowance accounts.

(3) Derecognition of financial assets

The Company only derecognizes financial assets when the contractual rights to receive cash flows from the financial assets have expired or when it has transferred the financial assets and has transferred substantially all the risks and rewards of ownership to another entity.

When a financial asset measured at amortized cost is derecognized in its entirety, any difference between the carrying amount and the consideration received is recognized in profit or loss. When equity investments measured at fair value through other comprehensive income are derecognized in their entirety, the cumulative gain or loss is reclassified directly to retained earnings and not reclassified to profit or loss.

2. Equity instruments

The equity instruments issued by the Company are classified as equity in accordance with the substance of the contractual arrangements and the definition of equity instruments.

The equity instruments issued by the Company are recognized at the amount received, net of directly attributable issuance costs.

The repurchase of the Company's equity instruments are recognized and deducted from equity, and the carrying amount is calculated as the weighted average of the type of shares. Purchases, sales, issuances, or cancellations of the Company's equity instruments are not recognized in the profit or loss.

3. Financial liabilities

(1) Subsequent measurement

The effective interest method is used to measure all financial liabilities at amortized cost.

(2) De-recognition of financial liabilities

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

(13) Provisions

The amount recognized as a provision is the best estimate of the expenditure required to settle the obligation as of the balance sheet date, taking into account the risks and uncertainties associated with the obligation. Provisions are measured at the present value of the estimated cash flows required to settle the obligation.

1. Warranty:

The obligation to provide warranty for products to ensure compliance with agreed specifications is recognized based on management's best estimate of the expenditure required to settle the Company's obligation, at the time the related goods are recognized as revenue.

(14) Revenue recognition

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

1. Revenue from the sale of goods

The revenue from the sale of light-emitting diode (LED) products is recognized when the products are delivered to the customer's specified location or point of shipment (depending on the terms of the contract). Customers have already established pricing and the right to use the products, assuming primary responsibility for resale and bearing the risk of obsolescence. At that point, the Company recognizes revenue and accounts receivable.

2. Labor revenue

The service provided by the Company primarily involves accepting customer commissions to provide product processing services. According to the contract agreement, ownership of the in-process products belongs to the customer. The Company enhances the in-process products during the processing process, and control is transferred to the customer upon enhancement, constituting service revenue that is recognized over time as performance obligations are gradually fulfilled.

The majority of the contractual agreements of the Company involve receiving consideration based on the payment terms specified in the contract. When the services have been transferred to the customer but the unconditional right to receive consideration has not yet been established, contract assets are recognized. Contract assets are also subject to impairment assessment in accordance with IFRS 9, based on the expected credit loss amount over the expected life of the asset. However, for some contracts, where partial consideration is received from the customer at the time of signing and the Company still has an obligation to provide services thereafter, such consideration is recognized as contract liabilities.

The period for which the aforementioned contract liabilities are recognized as revenue typically does not exceed one year and does not result in significant financial compositional changes.

3. Engineering revenue

The engineering revenue of the Company primarily involves providing integrated product services upon customer commission. The contract entails the integration of hardware equipment engineering and software services. Due to limitations imposed by hardware specifications and on-site conditions, these hardware and software integration services are highly interrelated. The Company cannot fulfill its commitments by independently transferring each product or service. Therefore, all products and services promised in the contract are treated as a single performance obligation. Regarding warranties for engineering quality provided within a specified period, the Company recognizes a liability provision in accordance with IAS 37.

The Company recognizes accounts receivable when the engineering project is completed, accepted, control is transferred, and there is an unconditional right to receive consideration. These accounts receivable typically have short durations and do not constitute significant financial components. If partial

consideration has been received from customers for engineering contracts but there is still an obligation to provide goods or services thereafter, the Company recognizes contract liabilities, which are subsequently transferred to revenue upon fulfilling the performance obligation. When costs directly relate to specific contracts, and it is expected that these costs will be recoverable and used to fulfill future performance obligations, the company recognizes these costs as contract fulfillment costs under assets. Revenue and costs are recognized when control is transferred to the customer to fulfill the performance obligation.

(15) Leases

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

1. The Company as lessor

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases, while all other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. The initial direct costs incurred due to obtaining operating leases are added to the carrying amount of the leased asset and recognized as expenses on a straight-line basis over the lease term.

2. The Company as lessee

Except for leases of low-value assets and short-term leases that qualify for recognition exemptions, lease payments for other leases are recognized on a straight-line basis over the lease term as expenses, and the right-of-use assets and lease liabilities are recognized at the commencement date of the lease.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any re-measurement of the lease liabilities. The right-of-use assets are presented separately in the parent company only balance sheet.

The right-of-use asset is depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life or the end of the lease term.

The lease liability is initially measured at the present value of lease payments. If the implicit rate in the lease is readily determinable, the lease payments are discounted at that rate. If the implicit rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, the lease liability is measured using the effective interest method based on the amortized cost, and interest expense

is recognized over the lease term. If changes in estimates for lease term, expected payments under residual value guarantees, assessment of purchase options for the leased asset, or changes in indices or rates used to determine lease payments result in changes to future lease payments, the Company reassesses the lease liability and adjusts the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset has been reduced to zero, any remaining adjustment is recognized in profit or loss. Lease liabilities are separately presented in the parent company only balance sheet.

(16) Employee benefits

1. Short-term employee benefits

The short-term employee benefits liability is measured by the non-discounted amount expected to be paid in exchange for services rendered by employees.

2. Retirement benefits

The retirement benefits payable under the defined benefit retirement plan are recognized as an expense during the period in which the employees provide service, in the amount of the retirement benefits that are expected to be provided.

The defined benefit obligation (including service cost, net interest, and remeasurement) is determined using the projected unit credit method. The service cost and the net defined benefit liability (asset) net interest are recognized as employee benefit expenses when they occur, either upon plan amendments or curtailments, or upon settlement. Remeasurement amounts (including actuarial gains and losses, changes in the asset ceiling, and the return on plan assets, excluding interest) are recognized in other comprehensive income when they occur and are subsequently not reclassified to profit or loss.

The net defined benefit liability (asset) represents the deficit (surplus) in the defined benefit retirement plan's funding. The net defined benefit asset may not exceed the present value of the refunds from the plan or the reductions in future contributions.

(17) Income tax

The income tax expense represents the sum of the tax currently payable and deferred tax.

1. Current tax

The current income tax (expense) is calculated based on the current income (loss) determined in accordance with the tax regulations of the tax jurisdiction where the Company operates, which is used to calculate the payable (recoverable) income tax.

The income tax on retained earnings calculated in accordance with the Income Tax Act of Republic of China is recognized annually based on the resolution of the shareholders' meeting.

Adjustments for prior-year income taxes payable are included in the current year's income tax expense.

2. Deferred tax

Deferred income tax is calculated based on the temporary differences that arise from the carrying amount of assets and liabilities and the taxable basis for calculating taxable income.

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 against which the deductible temporary differences or tax loss carryforwards can be utilized, such as for deductible temporary differences or tax loss carryforwards that can be utilized against future taxable income or for tax deductions related to the purchase of machinery and equipment.

For temporary differences related to investments in subsidiaries and associated companies, deferred tax liabilities are recognized, except when the Company can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deductible temporary differences related to such investments are recognized as deferred tax assets only when it is probable that there will be sufficient taxable income available to realize the temporary difference and within the scope of expected reversal in the foreseeable future.

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

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

3. Current and deferred tax for the year

Current and deferred tax 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 tax are also recognized in other comprehensive income or directly in equity, respectively.

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

In adopting accounting policies, the management of the Company must make judgments, estimates, and assumptions based on historical experience and other relevant factors when relevant information is not readily available from other sources. The actual results may differ from the estimates.

When developing significant accounting estimates, the Company incorporates the potential impacts into consideration. The Management will continually review the estimates and underlying assumptions.

Key Sources of Estimation and Uncertainty

(1) Impairment of Financial Assets

The estimated impairment of accounts receivable is based on the Company's assumptions regarding probability of default and loss given default. The Company considers historical experience, current market conditions, and forward-looking information to make assumptions and select inputs for impairment assessment. Significant impairment losses may arise if actual cash flows in the future are less than the Company's expectations.

(2) Impairment of Inventory

The net realizable value of inventory is estimated as the estimated selling price in the ordinary course of business, less the estimated costs to complete and the estimated costs necessary to make the sale, based on current market conditions and historical sales experience of similar products. Changes in market conditions may significantly affect these estimates.

6. CASH AND CASH EQUIVALENTS

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Inventory cash and working fund	\$ 122	\$ 128
Bank checks and current deposits	67,163	294,434
Cash equivalents (investments with original maturities of three months or less)		
Repurchase agreements	184,365	200,971
Bank fixed deposits	<u>101,000</u>	<u>89,782</u>
	<u>\$ 352,650</u>	<u>\$ 585,315</u>

The interest rate range of the bank deposits as of the balance sheet date is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Bank deposits	0.30%~1.35%	0.10%~1.45%
Fixed deposits	1.23%~1.72%	1.10%~5.32%

7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current financial assets</u>		
Mandatorily measured at FVTPL		
Non-derivative financial assets		
— Domestic unlisted stocks	<u>\$ 77,417</u>	<u>\$ 91,405</u>

8. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Non-current</u>		
Domestic investment		
Listed stocks	\$135,505	\$130,633
Unlisted stocks	<u>302,507</u>	<u>324,586</u>
	<u>\$438,012</u>	<u>\$455,219</u>

- (1) The Company strategically invests in equity interests of domestic listed and unlisted companies with the expectation of long-term profitability. Management believes that recognizing short-term fair value fluctuations of these investments in the income statement would contradict the long-term investment strategy. Therefore, the Company chooses to designate these investments as measured at fair value through other comprehensive income.

- (2) In the fiscal years 2024 and 2023, the Company recognized dividend income of NT\$12,206 thousand and NT\$10,453 thousand, respectively, from equity instruments measured at fair value through other comprehensive income.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Domestic investment		
Fixed deposits with original maturities exceeding three months	<u>\$766,632</u>	<u>\$601,632</u>
<u>Non-current</u>		
Domestic investment		
Pledged fixed deposits (Note)	<u>\$ 8,358</u>	<u>\$ 8,286</u>

Note: Information on financial assets pledged measured at amortized cost is provided in Note 28.

10. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Accounts receivables</u>		
Measured at amortized cost		
Total carrying amount	\$376,761	\$355,050
Less: Loss allowance	(1,019)	(396)
	<u>\$375,742</u>	<u>\$354,654</u>
<u>Accounts receivables - related parties</u>		
Measured at amortized cost		
Total carrying amount	\$ 28,788	\$ 16,746
Less: Loss allowance	(1,782)	-
	<u>\$ 27,006</u>	<u>\$ 16,746</u>
<u>Other receivables</u>		
Measured at amortized cost		
Receivable tax refunds	\$ 5,804	\$ 4,291
Less: Loss allowance	(51)	(4)
	<u>\$ 5,753</u>	<u>\$ 4,287</u>
<u>Other receivables - related parties</u>		
Measured at amortized cost		
Total carrying amount	\$ 23,508	\$ 25,279
Less: Loss allowance	-	-
	<u>\$ 23,508</u>	<u>\$ 25,279</u>

Accounts receivables

The Company's average credit period for sales of goods ranges from 31 to 120 days, based on credit standards determined according to the industry characteristics, business scale, and profitability of the trading partners. Interest is not charged on accounts receivable and notes receivable. Credit ratings are assessed using other publicly available financial information and historical transaction records of major customers. The Company continuously monitors credit exposures and the credit ratings of trading partners and diversifies the total amount among different customers with acceptable credit ratings. Additionally, annual credit limits for trading partners are managed by management through review and approval.

Expected credit losses on accounts receivable are recognized based on the expected loss over the remaining period. The expected credit losses over the remaining period are calculated using a provision matrix, considering the customer's past default records, current financial condition, industry economic conditions, as well as GDP forecasts, and industry outlooks. Since the historical credit loss experience of the Company indicates no significant differences among different customer groups, the provision matrix does not further distinguish between customer groups but only establishes expected credit loss rates based on the number of days past due for accounts receivable.

If evidence suggests that a trading partner is experiencing severe financial difficulties and the company cannot reasonably expect to recover the amount, such as when the trading partner is undergoing liquidation or the debt has been overdue for more than a year, the Company directly writes off the relevant accounts receivable. However, the Company continues its collection efforts, and any amounts recovered through the collection are recognized in the income statement.

The Company measures the allowance for doubtful accounts on accounts receivable according to the provision matrix as follows:

December 31, 2024

	<u>Not past due</u>	<u>Past due 1-4 months</u>	<u>Past due 5-12 months</u>	<u>Past due more than 1 year</u>	<u>Total</u>
Total carrying amount	\$ 391,190	\$ 6,440	\$ 7,919	\$ -	\$ 405,549
Loss allowance (Expected credit losses over the remaining period)	-	(425)	(2,376)	-	(2,801)
Amortized cost	<u>\$ 391,190</u>	<u>\$ 6,015</u>	<u>\$ 5,543</u>	<u>\$ -</u>	<u>\$ 402,748</u>

December 31, 2023

	<u>Not past due</u>	<u>Past due 1-4 months</u>	<u>Past due 5-12 months</u>	<u>Past due more than 1 year</u>	<u>Total</u>
Total carrying amount	\$ 369,116	\$ 1,860	\$ 723	\$ 97	\$ 371,796
Loss allowance (Expected credit losses over the remaining period)	-	(82)	(217)	(97)	(396)
Amortized cost	<u>\$ 369,116</u>	<u>\$ 1,778</u>	<u>\$ 506</u>	<u>\$ -</u>	<u>\$ 371,400</u>

Changes in the loss allowance on accounts receivable are as follows:

	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 396	\$ 14,320
Add: Impairment loss provision for the year	623	131
Less: Actual write-offs for the year	<u>-</u>	<u>(14,055)</u>
Balance at December 31	<u>\$ 1,019</u>	<u>\$ 396</u>

Changes in the loss allowance on accounts receivable from related parties are as follows::

	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ -	\$ -
Add: Impairment loss provision for the year	<u>1,782</u>	<u>-</u>
Balance at December 31	<u>\$ 1,782</u>	<u>\$ -</u>

Changes in the loss allowance on other receivables are as follows:

	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 4	\$ -
Add: Impairment loss provision for the year	<u>47</u>	<u>4</u>
Balance at December 31	<u>\$ 51</u>	<u>\$ 4</u>

11. INVENTORY

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Raw materials	\$ 96,203	\$ 56,969
Finished goods	25,535	20,206
Work in progress	54,179	23,709
Materials	<u>181,665</u>	<u>195,169</u>
	<u>\$357,582</u>	<u>\$296,053</u>

Sales costs related to inventory for the years 2024 and 2023 are NT\$ 1,404,972 thousand and NT\$ 1,405,076 thousand, respectively. The cost of goods sold includes inventory impairment losses and gains from obsolescence reversals of NT\$ 769 thousand and NT\$ 32,663 thousand, respectively.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Investment in subsidiaries	\$467,740	\$491,269
Investment in associates	4,166	8,206
Less: Unrealized deferred credit items	<u>-</u>	<u>(1,855)</u>
	<u>\$471,906</u>	<u>\$497,620</u>

(1) Investment in subsidiaries

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
HONOR LIGHT LIMITED	\$187,233	\$198,882
Hong-Cheng Investment Co., Ltd.	179,542	173,817
Consentek Corporation	45,717	59,660

(Continued)

(Continued)

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Harvatek International (USA) Corp.	\$ 33,786	\$ 31,259
iReach Corporation	12,600	17,763
Starlight Display Corporation	8,064	7,981
Syntek Corporation Limited	<u>798</u>	<u>1,907</u>
	<u>\$467,740</u>	<u>\$491,269</u>

<u>Name of subsidiaries</u>	<u>Ownership equity and percentage of voting rights</u>		Desc
	<u>December 31, 2024</u>	<u>December 31, 2023</u>	
HONOR LIGHT LIMITED	100.00%	100.00%	—
Hong-Cheng Investment Co., Ltd.	41.60%	41.60%	—
Consentek Corporation	61.22%	61.22%	—
Harvatek International (USA) Corp.	100.00%	100.00%	—
iReach Corporation	10.32%	10.32%	(1)
Starlight Display Corporation	63.13%	66.50%	(2)
Syntek Corporation Limited	70.00%	70.00%	—
Harvatek (Hong Kong) Trading Limited	-	80.00%	(3)
Ownway Tech Corp.	-	-	(4)

1. The Company originally held a comprehensive ownership interest of 45.23% in iReach Corporation's voting common shares, with a majority of seats on the board of directors, thus exerting control over the company. Due to iReach Corporation's capital increase through issuance of new shares in June 2023, which were fully subscribed by the Company, the Company did not participate in the cash capital increase according to its shareholding ratio, resulting in the Company's direct and indirect ownership of voting common shares increasing to 51.94%.
2. In February 2024, Starlight Display Corporation conducted a cash capital increase. The Company did not participate in the cash capital increase according to its shareholding ratio, resulting in our ownership decreasing from 66.50% to 63.13%. However, this did not affect our control over the company.
3. To simplify organizational structure and reduce costs, Harvatek Hong Kong (Trading) Company completed liquidation in March 2024.
4. In March 2024, the Company acquired 100% equity in Ownway Tech Corp., and subsequently sold all shares in November 2024, thus relinquishing control over the company.

The profit or loss and other comprehensive income attributable to equity-method investees for the year 2024 were recognized based on the audited financial statements of each subsidiary for the corresponding period.

(2) Investment in associates

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Individually immaterial associates		
Hong-Ruei Investment Co., Ltd.	\$ 2,067	\$ 2,146
Cyans visual creative Co., Ltd.	<u>2,099</u>	<u>6,060</u>
	<u>\$ 4,166</u>	<u>\$ 8,206</u>

Name	Nature of business	Primary business location	Ownership shares and percentage of voting rights	
			December 31, 2024	December 31, 2023
Hong-Ruei Investment Co., Ltd.	Investment	Taiwan	35%	35%
Cyans visual creative Co., Ltd.	Design, sales, and leasing	Taiwan	40%	40%

The Company's investment in the aforementioned associate is not material and the aggregated financial information, based on the shares held, is as presented below:

	<u>2024</u>	<u>2023</u>
The Company's share		
Continuing operations unit's net loss for the year	(\$ 4,972)	(\$ 8,256)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income	<u>(\$ 4,972)</u>	<u>(\$ 8,256)</u>

13. PROPERTY, PLANT, AND EQUIPMENT

	Land and improvement	Building structure	Machinery and equipment	Testing equipment	Transportation equipment	Other equipment	Leasehold improvement	Total
<u>Cost</u>								
2024.1.1 balance	\$ 89,69	\$ 499,504	\$ 2,485,605	\$ 47,605	\$ 2,773	\$ 213,579	\$ 52,540	\$ 3,391,304
Additions		2,725	32,738	1,867	-	9,228	-	46,558
Disposals		-	(16,549)	-	(190)	(4,085)	-	(20,824)
Reclassifications		(2,750)	3,929	-	-	-	-	1,179
2024.12.31 balance	<u>89,69</u>	<u>499,479</u>	<u>2,505,723</u>	<u>49,472</u>	<u>2,583</u>	<u>218,722</u>	<u>52,540</u>	<u>3,418,217</u>
<u>Accumulated depreciation and impairment</u>								
2024.1.1 balance	1,13	273,068	2,210,170	44,189	2,413	199,366	52,394	2,782,731
Additions		10,497	87,263	2,709	254	9,866	146	110,735
Disposals		-	(16,549)	-	(190)	(4,085)	-	(20,824)
Reclassifications		229	1,310	-	-	-	-	1,539
2024.12.31 balance	<u>1,13</u>	<u>283,794</u>	<u>2,282,194</u>	<u>46,898</u>	<u>2,477</u>	<u>205,147</u>	<u>52,540</u>	<u>2,874,181</u>
2024.12.31 net	<u>\$ 88,56</u>	<u>\$ 215,685</u>	<u>\$ 223,529</u>	<u>\$ 2,574</u>	<u>\$ 106</u>	<u>\$ 13,575</u>	<u>\$ -</u>	<u>\$ 544,036</u>
<u>Cost</u>								
2023.1.1 balance	\$ 89,69	\$ 498,615	\$ 2,268,444	\$ 46,211	\$ 2,773	\$ 206,852	\$ 52,540	\$ 3,165,133
Additions		1,056	200,870	1,700	-	9,600	-	213,226
Disposals		(167)	(28,709)	(306)	-	(2,873)	-	(32,055)
Reclassifications		-	45,000	-	-	-	-	45,000
2023.12.31 balance	<u>89,69</u>	<u>499,504</u>	<u>2,485,605</u>	<u>47,605</u>	<u>2,773</u>	<u>213,579</u>	<u>52,540</u>	<u>3,391,304</u>
<u>Accumulated depreciation and impairment</u>								
2023.1.1 balance	1,13	262,991	2,098,575	41,700	2,159	192,105	52,129	2,650,790
Additions		10,244	93,398	2,795	254	10,134	265	117,090
Disposals		(167)	(26,803)	(306)	-	(2,873)	-	(30,149)
Reclassifications		-	45,000	-	-	-	-	45,000
2023.12.31 balance	<u>1,13</u>	<u>273,068</u>	<u>2,210,170</u>	<u>44,189</u>	<u>2,413</u>	<u>199,366</u>	<u>52,394</u>	<u>2,782,731</u>
2023.12.31 net	<u>\$ 88,56</u>	<u>\$ 226,436</u>	<u>\$ 275,435</u>	<u>\$ 3,416</u>	<u>\$ 360</u>	<u>\$ 14,213</u>	<u>\$ 146</u>	<u>\$ 608,573</u>

The depreciation expense is recognized on a straight-line basis over the following useful lives:

Building structure	4 to 51 years
Machinery and equipment	1 to 10 years
Transportation equipment	3 to 6 years
Testing equipment	3 to 6 years
Other equipment	1 to 11 years
Leasehold improvement	3 to 6 years

14. LEASE AGREEMENT

(1) Right-of-use assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount of lease liabilities		
Land	\$ 44,137	\$ 43,715
Machinery equipment	-	3,165
Transportation equipment	2,547	892
	<u>\$ 46,684</u>	<u>\$ 47,772</u>
	<u>2024</u>	<u>2023</u>
Additions to right-of-use assets	<u>\$ 5,378</u>	<u>\$ 1,135</u>
Depreciation expense of right-of-use assets		
Land	\$ 1,736	\$ 1,711
Machinery equipment	546	1,018
Transportation equipment	1,565	778
	<u>\$ 3,847</u>	<u>\$ 3,507</u>

Apart from recognizing depreciation expenses, there were no significant subleasing or impairment events for the Company's right-of-use assets in the fiscal years 2024 and 2023.

(2) Lease liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount of lease liabilities		
Current	<u>\$ 3,264</u>	<u>\$ 3,852</u>
Noncurrent	<u>\$ 45,314</u>	<u>\$ 43,993</u>

Ranges of discount rates for lease liabilities were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Land	1.55~1.75%	1.55~1.75%
Machinery equipment	-	0.75~1.25%
Transportation equipment	0.63~2.88%	0.63~2.88%

(3) Significant leasing activities and terms

Ranges of discount rates for lease liabilities were as follows:

The Company leases various buildings, machinery, and transportation equipment for operational use, with lease terms ranging from 2 to 30 years. Upon expiration of the lease terms, these agreements do not contain renewal or purchase options.

(4) Lease liabilities

	<u>2024</u>	<u>2023</u>
Short-term lease expenses	<u>\$ 11</u>	<u>\$ 105</u>
Low-value asset lease expenses	<u>\$ 606</u>	<u>\$ 359</u>
Total cash outflow for leases	<u>(\$ 6,871)</u>	<u>(\$ 6,771)</u>

The Company elects to apply the exemption for recognizing lease assets and lease liabilities for short-term leases of office equipment, computer equipment, and transportation equipment.

15. INVESTMENT PROPERTIES

Investment properties are properties owned by the Company for investment purposes. The Company has signed commercial property leases for its investment properties, with lease terms ranging from 2019 to 2024.

	<u>Building</u>
<u>Cost</u>	
2024.1.1 balance	\$ 74,250
Reclassifications	2,750
2024.12.31 balance	<u>77,000</u>
<u>Accumulated depreciation and impairment</u>	
2024.1.1 balance	10,228
Depreciation expense	2,414
Reclassifications	(229)
2024.12.31 balance	<u>12,413</u>
2024.12.31 net	<u>\$ 64,587</u>
<u>Cost</u>	
2023.1.1 and 2023.12.31 balance	\$ 74,250
<u>Accumulated depreciation and impairment</u>	
2023.1.1 balance	7,753
Depreciation expense	2,475
2023.12.31 balance	<u>10,228</u>
2023.12.31 net	<u>\$ 64,022</u>

The fair value of investment properties is determined by an independent valuation company as of each balance sheet date. The valuation is conducted using valuation models commonly used by market participants, with inputs measured at Level 3 inputs according to the fair value hierarchy. The valuation method employed is the discounted cash flow method. Key unobservable inputs used include discount rates. The fair values obtained from the valuation are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Fair values	<u>\$ 70,684</u>	<u>\$ 74,388</u>
Rental income from operating leases for investment properties:		
	<u>2024</u>	<u>2023</u>
Rental income from investment properties	<u>\$ 10,992</u>	<u>\$ 11,568</u>

16. INTANGIBLE ASSETS

	<u>Software</u>
<u>Cost</u>	
2024.1.1 balance	\$107,480
Additions	<u>3,777</u>
2024.12.31 balance	<u>\$111,257</u>
<u>Accumulated depreciation and impairment</u>	
2024.1.1 balance	\$104,421
Amortization expenses	<u>4,633</u>
2024.12.31 balance	<u>\$109,054</u>
2024.12.31 net	<u>\$ 2,203</u>
<u>Cost</u>	
2023.1.1 balance	\$102,902
Additions	<u>4,578</u>
2023.12.31 balance	<u>\$107,480</u>
<u>Accumulated depreciation</u>	
2023.1.1 balance	\$100,157
Amortization expenses	<u>4,264</u>
2023.12.31 balance	<u>\$104,421</u>
2023.12.31 net	<u>\$ 3,059</u>

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

Computer software	1 to 5 years
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17. OTHER ASSETS

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Prepayments		
Prepaid purchases	\$ 14,930	\$ 3,399
Prepaid expenses	3,289	5,243
Prepaid insurance premiums	2,517	989
Deferred tax assets	12,314	239
Other	<u>14</u>	<u>-</u>
	<u>\$ 33,064</u>	<u>\$ 9,870</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Noncurrent</u>		
Refundable deposit	\$ 4,817	\$ 2,556
Other	<u>-</u>	<u>1,611</u>
	<u>\$ 4,817</u>	<u>\$ 4,167</u>

18. OTHER LIABILITIES

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Other accounts payable		
Accrued salaries	\$ 58,962	\$ 51,802
Accrued employee bonuses	12,200	49,200
Accrued director and supervisor remuneration	70	1,330
Accrued expenses	3,332	6,420
Other	<u>96,601</u>	<u>61,950</u>
	<u>\$171,165</u>	<u>\$170,702</u>
Other liabilities		
Amounts due to others	<u>\$ 12,505</u>	<u>\$ 4,256</u>

19. RETIREMENT BENEFIT PLANS

(1) Defined contribution plan

The retirement pension system applicable to the Company falls under the Labor Pension Act and is a defined contribution retirement plan managed by the government. According to this system, 6% of the employee's monthly salary is contributed to the individual account of the Labor Insurance Bureau for retirement purposes.

The retirement pension costs recognized by the Company for the fiscal years 2024 and 2023 were NT\$ 18,103 thousand and NT\$ 18,118 thousand, respectively.

(2) Defined benefit plans

The Company operates a retirement benefit system in accordance with the Labor Standards Act, which falls under the government-regulated defined benefit retirement plan. The payment of employee retirement benefits is calculated based on years of service and the average salary for the six months prior to the approved retirement date. These companies allocate 2% of each employee's monthly salary to retirement benefits, which are deposited into a special account at the Taiwan Bank under the name of the Labor Pension Supervisory Committee. If it's estimated at the end of the year that the balance in the account is insufficient to cover the retirement benefits for employees who are expected to meet the retirement criteria in the following year, the shortfall will be allocated by the end of March of the next year. This account is managed by the Labor Fund Management Bureau of the Ministry of Labor, and the Company has no authority to influence investment management strategies.

The amount of the defined benefit plan included in the parent company only balance sheet is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Defined benefit obligations	\$ 30,318	\$ 45,507
Fair value of the plan assets	(<u>22,017</u>)	(<u>27,592</u>)
Net defined benefit liability	<u>\$ 8,301</u>	<u>\$ 17,915</u>

Net defined benefit liability changes are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of the plan assets</u>	<u>Net defined benefit liability (asset)</u>
2023.1.1 balance	<u>\$ 44,251</u>	<u>(\$ 25,448)</u>	<u>\$ 18,803</u>
Defined benefit cost			
Current service cost	130	-	130
Interest expense (Income)	<u>615</u>	<u>(355)</u>	<u>260</u>
Recognized in profit or loss	<u>745</u>	<u>(355)</u>	<u>390</u>
Remeasurements			
Changes due to demographic assumptions	(331)	-	(331)
Actuarial gain - experience adjustments	222	-	222
Actuarial gain - financial assumption adjustments	620	-	620
Remeasurement of defined benefit assets	<u>-</u>	<u>(66)</u>	<u>(66)</u>
Recognized in other comprehensive income	<u>511</u>	<u>(66)</u>	<u>445</u>
Employer contributions	<u>-</u>	<u>(1,723)</u>	<u>(1,723)</u>
2023.12.31 balance	<u>45,507</u>	<u>(27,592)</u>	<u>17,915</u>
Defined benefit cost			
Current service cost	129	-	129
Interest expense (Income)	<u>587</u>	<u>(356)</u>	<u>231</u>
Recognized in profit or loss	<u>716</u>	<u>(356)</u>	<u>360</u>
Remeasurements			

Changes due to demographic assumptions	219	-	219
Actuarial gain - experience adjustments	(1,629)	-	(1,629)
Actuarial gain - financial assumption adjustments	(\$ 2,730)	\$ -	(\$ 2,730)
Remeasurement of defined benefit assets	<u>-</u>	<u>(2,327)</u>	<u>(2,327)</u>
Recognized in other comprehensive income	<u>(4,140)</u>	<u>(2,327)</u>	<u>(6,467)</u>
Employer contributions	<u>-</u>	<u>(3,507)</u>	<u>(3,507)</u>
Benefit payments	<u>(11,765)</u>	<u>11,765</u>	<u>-</u>
2024.12.31 balance	<u>\$ 30,318</u>	<u>(\$ 22,017)</u>	<u>\$ 8,301</u>

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

1. Investment Risk: The Bureau of Labor Funds, MOL invests the labor retirement fund in domestic (foreign) equity securities, debt securities, and bank deposits through self-management and delegated management. However, the returns on the plan assets of the Company are calculated based on a yield not less than the local bank's 2-year fixed deposit interest rate.
2. Interest Rate Risk: A decrease in the interest rates of government bonds/corporate bonds will increase the present value of the defined benefit obligation. However, the return on debt investments of the plan assets will also increase, partially offsetting the impact on the net defined benefit liability.
3. Salary Risk: The calculation of the present value of the defined benefit obligation references the future salaries of plan members. Therefore, an increase in plan members' salaries will increase the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligation is determined by an accredited actuary. The significant assumptions as of the measurement date are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate	1.69%	1.29%
Salary growth rate	3.00%	3.00%

If significant actuarial assumptions change reasonably, while all other assumptions remain constant, the amounts by which the present value of the defined benefit obligation would increase (decrease) are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate		
Increase by 0.50%	<u>(\$ 1,893)</u>	<u>(\$ 2,972)</u>
Decrease by 0.50%	<u>\$ 2,072</u>	<u>\$ 3,256</u>
Salary growth rate		
Increase by 0.50%	<u>\$ 2,034</u>	<u>\$ 3,183</u>
Decrease by 0.50%	<u>(\$ 1,878)</u>	<u>(\$ 2,928)</u>

Due to the potential interrelatedness of actuarial assumptions, it is unlikely that only a single assumption would change independently. Therefore, the sensitivity analysis mentioned above may not accurately reflect the actual changes in the present value of the defined benefit obligation.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Expected contribution amount within 1 year	<u>\$ 26,975</u>	<u>\$ 38,776</u>
Average expected remaining service period for the defined benefit obligation	13 years	14 years

20. EQUITY

(1) Capital Stock

1. Common shares

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Number of shares authorized (in thousands)	<u>300,000</u>	<u>300,000</u>
Shares authorized	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>206,070</u>	<u>206,070</u>
Shares issued	<u>\$ 2,060,698</u>	<u>\$ 2,060,698</u>

The par value of our issued common stock is NT\$ 10 per share, and each share has one voting right and the right to receive dividends.

(2) Capital surplus

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Convertible bond premium	\$353,769	\$353,769
Expired stock options	94,035	94,035
Additional paid-in capital in excess of par - common stock	20,878	20,878
Treasury stock transactions	19,750	19,750
Donated Assets	604	604
changes in ownership interests in subsidiaries	<u>1,827</u>	<u>478</u>
	<u>\$490,863</u>	<u>\$489,514</u>

1. This type of capital surplus can be used to offset losses, or when the Company has no losses, it can be used to distribute cash or to increase capital. However, when using it to increase capital, it is limited to a certain percentage of the paid-in capital each year.

(3) Retained earnings and dividend policy

According to the Company's articles, the earnings from the annual closing, if any, shall be distributed in the following order.

1. Pay taxes.
2. Make up for deficits.

3. Appropriate 10% of the earnings as legal reserve.
4. Appropriate to, or reverse, special reserve in accordance with the law or the regulations of the competent authority.
5. The board of directors shall make an earnings distribution proposal for the remaining balance in accordance with the dividends policy; when distributing surplus earnings in the form of new shares to be issued by the Company, a resolution of shareholders' meeting shall be obtained prior to the distribution; if such surplus earning is distributed in the form of cash, it shall be distributed pursuant to a special resolution of the board meeting and shall be reported to the shareholders' meeting.

Please refer to Note 22(7) for information on the estimation basis and recognized amount of the compensation to employees and directors.

The Company's dividend policy takes into account current and future development plans, the investment environment, capital requirements, and domestic and international competition, as well as the interests of shareholders. Dividends may be distributed to shareholders in cash or shares, with cash dividends being no less than 20% of the total dividends.

In accordance with the Company Act, the legal reserve shall be appropriated until the total amount has reached the authorized capital. Legal reserve may be used to cover losses. Where the Company incurs no loss, the Company may distribute its legal reserve in excess of 25% of the paid-in capital in the form of new shares or cash in proportion to the shareholders' original shares.

The Company held shareholder meetings on June 25, 2024, and June 27, 2023, respectively, and resolved resolutions to approve the profit distribution for the years 2023 and 2022 as follows:

	<u>2023</u>	<u>2022</u>
Legal reserve	<u>\$ 10,453</u>	<u>\$ 38,017</u>
Shareholders' dividends - cash	\$102,881	<u>\$309,105</u>
Shareholders' dividends - cash dividend per share (NTD)	\$ 0.5	\$ 1.5

The proposed distribution for the year 2024 by the Board of Directors on March 7, 2025, is as follows:

	<u>2024</u>
Legal reserve	<u>\$ 1,427</u>

The distribution proposal for the year 2024 is expected to be deliberated and decided upon at the shareholder meeting scheduled for June 25, 2025.

(4) Other equity items

1. Foreign operation financial statements translation exchange differences

	<u>2024</u>	<u>2023</u>
Balance at January 1	(\$ 110)	(\$ 15)
Generated during the current fiscal year		
Foreign operation translation exchange differences	<u>7,092</u>	(<u>95</u>)
Balance at December 31	<u>\$ 6,982</u>	(<u>\$ 110</u>)

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

	<u>2024</u>	<u>2023</u>
Balance at January 1	\$235,917	\$123,926
Generated during the current fiscal year		
Unrealized gains and losses		
Equity instruments	(28,517)	120,967
Accumulated gains and losses on disposal of equity instruments transferred to retained earnings	(<u>3,233</u>)	(<u>8,976</u>)
Balance at December 31	<u>\$204,167</u>	<u>\$235,917</u>

(5) Treasury stock

As of December 31, 2024, the Company held treasury stocks amounting to NT\$5,521 thousand, with a total of 308 thousand shares.

<u>Reasons for the retraction</u>	<u>Subsidiary holding of parent company's stock (thousand shares)</u>
Number of shares as of January 1, 2023	76
Decrease during the current year	(<u>76</u>)
Number of shares as of December 31, 2024	<u>—</u>

During the fiscal year 2023, the subsidiary of the Company sold 76 thousand shares of the Company's stock it held. The Company recognized the disposal of treasury shares of 76 thousand shares in accordance with the ownership proportion, offsetting the treasury shares' cost of NT\$1,320 thousand. The difference between the selling price and the cost was recognized as a capital surplus of NT\$610 thousand.

The Company's treasury shares cannot be pledged according to securities trading regulations, and they do not have the right to receive dividends or voting rights. The treatment of the subsidiary holding the Company's stock is similar to treasury stock, except for not participating in the Company's cash capital increase and lacking voting rights. Otherwise, the subsidiary enjoys the same rights as ordinary shareholders.

21. REVENUE

(1) Revenue from contracts with customers

	<u>2024</u>	<u>2023</u>
Revenue from contracts with customers		
Merchandise sales revenue	\$ 1,764,227	\$ 1,826,249
Engineering revenue	<u>29,850</u>	<u>27,417</u>
	<u>\$ 1,794,077</u>	<u>\$ 1,853,666</u>

(2) Contract balances

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2022</u>
Accounts receivable (Note 10)	<u>\$ 375,742</u>	<u>\$ 354,654</u>	<u>\$ 386,389</u>
Accounts receivable - related parties (Note 10)	<u>\$ 27,006</u>	<u>\$ 16,746</u>	<u>\$ 3,582</u>
Contract liabilities			
Merchandise sales	\$ 56,163	\$ 71,962	\$ 61,303
Engineering revenue	<u>5,415</u>	<u>1,613</u>	<u>7,698</u>
	<u>\$ 61,578</u>	<u>\$ 73,575</u>	<u>\$ 69,001</u>

The amount recognized as revenue from contract liabilities at the beginning of the year during the current fiscal year is as follows:

	<u>2024</u>	<u>2023</u>
Contract liabilities at the beginning of the year		
Merchandise sales	<u>\$ 73,575</u>	<u>\$ 69,001</u>

The main changes in contract liabilities primarily arise from the timing difference between satisfying performance obligations and the timing of customer payments.

(3) Contract cost-related assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Contract fulfillment costs - current	<u>\$ 4,155</u>	<u>\$ 452</u>

(4) Segmentation of customer contract revenue

	<u>2024</u>	<u>2023</u>
<u>Primary regional markets</u>		
China	\$ 950,420	\$ 900,175
Taiwan	398,736	474,146
Asia	247,865	273,140
Others	<u>197,056</u>	<u>206,205</u>
	<u>\$ 1,794,077</u>	<u>\$ 1,853,666</u>
 <u>Primary products</u>		
Light-emitting diodes	\$ 1,764,227	\$ 1,826,249
Engineering revenue	<u>29,850</u>	<u>27,417</u>
	<u>\$ 1,794,077</u>	<u>\$ 1,853,666</u>

22. CONTINUING OPERATIONS NET PROFIT

(1) Interest income

	<u>2024</u>	<u>2023</u>
Interest income	<u>\$ 18,214</u>	<u>\$ 22,343</u>

(2) Other income

	<u>2024</u>	<u>2023</u>
Dividend income	\$ 19,797	\$ 17,811
Rental income	11,310	11,921
Other	<u>12,163</u>	<u>6,212</u>
	<u>\$ 43,270</u>	<u>\$ 35,944</u>

(3) Other profit (loss)

	<u>2024</u>	<u>2023</u>
Through profit or loss on financial instruments measured at fair value	(\$ 13,964)	\$ 10,900
Loss (gain) on disposal of property, plant, and equipment	1,498	1,954
Net foreign exchange gain (loss)	13,731	(7,556)
Gain on disposal of investments	501	-
Other	<u>(730)</u>	<u>(51)</u>
	<u>\$ 1,036</u>	<u>\$ 5,247</u>

(4) Financial costs

	<u>2024</u>	<u>2023</u>
Interest on long-term notes	\$ 1,475	\$ 1,087
Interest on lease liabilities	<u>804</u>	<u>838</u>
	<u>\$ 2,279</u>	<u>\$ 1,925</u>

(5) Depreciation and amortization

	<u>2024</u>	<u>2023</u>
Depreciation expense aggregated by function		
Operating cost	\$106,098	\$108,021
Operating expenses	<u>10,898</u>	<u>15,051</u>
	<u>\$116,996</u>	<u>\$123,072</u>
Amortization expense of intangible assets aggregated by function		
Operating cost	\$ -	\$ 143
Operating expenses	<u>4,633</u>	<u>4,121</u>
	<u>\$ 4,633</u>	<u>\$ 4,264</u>

(6) Employee benefits expense

	<u>2024</u>	<u>2023</u>
Retirement benefit(Note 19)		
Defined contribution plans	\$ 18,103	\$ 18,118
Defined benefit plans	<u>360</u>	<u>390</u>
	18,463	18,508
Other employee benefits	<u>463,533</u>	<u>403,953</u>
Total employee benefits expense	<u>\$481,996</u>	<u>\$422,461</u>
Aggregated by function		
Operating cost	\$302,893	\$276,824
Operating expenses	<u>179,103</u>	<u>145,637</u>
	<u>\$481,996</u>	<u>\$422,461</u>

(7) Employee compensation and director remuneration

The Company allocates employee compensation and director remuneration in accordance with its articles of association based on the pre-tax profit for the year before deducting these allocations. Employee compensation is allocated at a rate not less than 6%, while director remuneration is allocated at a rate not exceeding 1%. The estimated allocations for employee compensation and director remuneration for the years 2024 and 2023 were respectively resolved by the board of directors on March 7, 2025, and March 8, 2024, as follows:

	<u>2024</u>		<u>2023</u>	
	<u>Cash</u>	<u>Stock</u>	<u>Cash</u>	<u>Stock</u>
Employee compensation	\$ 1,000	\$ -	\$ 11,200	\$ -
Director remuneration	70	-	1,330	-

If there are still changes in the amounts after the publication date of the annual financial report, adjustments will be made in the next fiscal year according to accounting estimate changes. The actual distribution amounts of employee compensation and director remuneration for the 2023 and 2022 fiscal years do not differ from the amounts recognized in the financial reports for the 2023 and 2022 fiscal years.

Information on the earnings appropriation proposed by the Board of Directors and approved by the Company's shareholders is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(8) Foreign exchange (loss) gain

	<u>2024</u>	<u>2023</u>
Total foreign exchange gain	\$ 29,300	\$ 47,882
Total foreign exchange loss	(<u>15,569</u>)	(<u>55,438</u>)
Net profit (loss)	<u>\$ 13,731</u>	(<u>\$ 7,556</u>)

23. CONTINUING OPERATIONS INCOME TAX

(1) Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<u>2024</u>	<u>2023</u>
Current tax		
In respect of the current year	\$ 8,208	\$ 16,376
Adjustment of income tax from previous fiscal years in the current period	(4,473)	(8,246)
Deferred tax		
In respect of the current year	(1,624)	<u>12,222</u>
Income tax expense recognized in profit or loss	<u>\$ 2,111</u>	<u>\$ 20,352</u>

A reconciliation of accounting profit and income tax expense is as follows:

	<u>2024</u>	<u>2023</u>
Profit before tax of continuing operations	<u>\$ 7,971</u>	<u>\$127,441</u>
Income tax calculated at statutory tax rate on profit before tax	\$ 1,594	\$ 25,488
Expenses not deductible for tax purposes	3,129	(605)
Income tax effect of deferred tax assets (liabilities)	1,861	3,715
Adjustment of income tax from previous fiscal years in the current period	(4,473)	(8,246)
Income tax expense recognized in profit or loss	<u>\$ 2,111</u>	<u>\$ 20,352</u>

(2) Income tax recognized in other comprehensive income

	<u>2024</u>	<u>2023</u>
<u>Deferred tax loss (gain)</u>		
Arising in the current year		
— Remeasurement of defined benefit plans	<u>\$ 1,293</u>	(\$ 89)
Recognition of income tax loss (gain) in other comprehensive income	<u>\$ 1,293</u>	(\$ 89)

(3) Current income tax asset and liability

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current income tax liability		
Income tax refund receivable	<u>\$ 2,094</u>	<u>\$ 6,900</u>
Current income tax liability		
Income tax payable	<u>\$ -</u>	<u>\$ 14,467</u>

(4) Deferred tax assets and liabilities

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

2024

	Balance at January 1	Recognized in Profit or Loss	Recognized in other comprehensive income	Balance at December 31
<u>Deferred tax assets</u>				
Temporary differences				
Inventory impairment and obsolescence losses	\$ 18,786	(\$ 154)	\$ -	\$ 18,632
Gains (losses) on valuation of foreign investment targets	11,161	2,798	-	13,959
Other	10,281	(1,099)	(1,293)	7,889
	<u>\$ 40,228</u>	<u>\$ 1,545</u>	<u>(\$ 1,293)</u>	<u>\$ 40,480</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Other	(\$ 2,284)	\$ 79	\$ -	(\$ 2,205)

2023

	Balance at January 1	Recognized in Profit or Loss	Recognized in other comprehensive income	Balance at December 31
<u>Deferred tax assets</u>				
Temporary differences				
Inventory impairment and obsolescence losses	\$ 25,318	(\$ 6,532)	\$ -	\$ 18,786
Gains (losses) on valuation of foreign investment targets	13,298	(2,137)	-	11,161
Other	12,423	(2,231)	89	10,281
	<u>\$ 51,039</u>	<u>(\$ 10,900)</u>	<u>\$ 89</u>	<u>\$ 40,228</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Other	(\$ 962)	(\$ 1,322)	\$ -	(\$ 2,284)

(5) The information of the unused operating loss carries forward for which no deferred tax assets have been recognized

	December 31, 2024	December 31, 2023
Deductible temporary differences	<u>\$ 55,073</u>	<u>\$ 51,727</u>

(6) Income tax examination

The tax authorities have examined the income tax returns of the Group through 2022.

24. EARNINGS PER SHARE

	2024	2023
Basic EPS	<u>\$ 0.03</u>	<u>\$ 0.52</u>
Diluted EPS	<u>\$ 0.03</u>	<u>\$ 0.52</u>

The net profit for the current fiscal year and the weighted average number of outstanding ordinary shares used to calculate basic and diluted earnings per share are as follows:

Net profit for the current fiscal year

	<u>2024</u>	<u>2023</u>
Net profit used to calculate basic and diluted earnings per share	<u>\$ 5,860</u>	<u>\$107,089</u>

Shares

Unit: in thousands of shares

	<u>2024</u>	<u>2023</u>
Weighted average number of common shares used to calculate basic earnings per share	205,762	205,757
Effect of dilutive potential common shares:		
Employee remuneration	<u>124</u>	<u>740</u>
Weighted average number of common shares used to calculate diluted earnings per share	<u>205,886</u>	<u>206,497</u>

25. CAPITAL RISKS MANAGEMENT

The Company's objective in capital management is to ensure the Company's ability to continue operating and growing while optimizing debt and equity adjustments to maximize shareholder equity.

The capital structure management strategy considers industry scale, growth prospects, product development plans, market share, and the corresponding capital expenditure and asset scale required for long-term development. Based on this, comprehensive planning is conducted. Finally, estimates are made regarding product gross profit margins, operating profit margins, and cash flows, considering the Company's product competitiveness and risk factors such as industry cyclicalities and product life cycles, to determine the appropriate capital structure.

The management regularly reviews the capital structure, taking into account the costs and risks associated with different capital instruments. Generally, the Company adopts a prudent risk management strategy.

26. FINANCIAL INSTRUMENTS

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

1. Fair value hierarchy

December 31, 2024

	<u>L e v e l 1</u>	<u>L e v e l 2</u>	<u>L e v e l 3</u>	<u>T o t a l</u>
<u>Fair value through profit or loss financial assets</u>				
Unlisted (OTC) stocks	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,417</u>	<u>\$ 77,417</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Equity instrument investments				
– Listed (OTC) stocks	\$ 135,505	\$ -	\$ -	\$ 135,505
– Unlisted (OTC) stocks	<u>-</u>	<u>-</u>	<u>302,507</u>	<u>302,507</u>
	<u>\$ 135,505</u>	<u>\$ -</u>	<u>\$ 302,507</u>	<u>\$ 438,012</u>

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Fair value through profit or loss financial assets</u>				
Unlisted (OTC) stocks	\$ -	\$ -	\$ 91,405	\$ 91,405
<u>Financial assets measured at fair value through other comprehensive income</u>				
Equity instrument investments				
– Listed (OTC) stocks	\$ 130,633	\$ -	\$ -	\$ 130,633
– Unlisted (OTC) stocks	-	-	324,586	324,586
	<u>\$ 130,633</u>	<u>\$ -</u>	<u>\$ 324,586</u>	<u>\$ 455,219</u>

There was no transfer between Level 1 and Level 2 fair value measurements in 2024 and 2023.

2. Adjustments to financial instruments measured at fair value using Level 3 inputs

<u>Financial assets - equity instruments</u>	<u>Equity instruments measured at fair value through comprehensive profit or loss</u>	
	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 91,405	\$ 80,725
Recognized in profit or loss	(13,988)	10,680
Ending balance	<u>\$ 77,417</u>	<u>\$ 91,405</u>

<u>Financial assets - equity instruments</u>	<u>Equity instruments measured at fair value through comprehensive profit or loss</u>	
	<u>2024</u>	<u>2023</u>
Beginning balance	\$324,586	\$254,864
Purchases	16,115	-
Recognized in other comprehensive profit or loss	(38,194)	69,722
Ending balance	<u>\$302,507</u>	<u>\$324,586</u>

3. Valuation techniques and inputs for Level 3 fair value measurement

(1) For certain domestic and foreign unlisted equity investments, the market approach is adopted. This approach relies on transaction prices of comparable assets. Based on the financial information of the target companies and their industry peers, market multiples such as price-to-earnings ratio, price-to-book ratio, price-to-sales ratio, or other financial ratios are used for analysis and valuation. Significant unobservable inputs are as follows: when the price-to-book ratio increases and liquidity discounts decrease, the fair value of these investments will increase.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Price-Book Ratio	1.26%~52.98%	0.47%~20.54%
Liquidity discount	20.31%	14.78%

(2) For some domestic and foreign unlisted equity investments, the net asset value method is adopted. In this method, the target company's net asset value approximates the fair value of the equity investment. The assessment of the target includes the total value of individual assets and liabilities, reflecting the overall value of the enterprise or business.

(2) Categories of financial instruments

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Measured at fair value through profit or loss		
Designated as measured at fair value through profit or loss	\$ 77,417	\$ 91,405
Financial assets measured at fair value through other comprehensive income - Non-current		
Equity instrument investments	438,012	455,219
Financial assets measured at amortized cost (Note 1)	1,568,248	1,616,434
<u>Financial liabilities</u>		
At amortized cost (Note 2)	543,379	484,278

Note 1: The balance includes financial assets measured at amortized cost, such as cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), deposits paid, and other receivables from related parties.

Note 2: The balance includes financial liabilities measured at amortized cost, such as accounts payable and notes payable (including related parties), other payables, and deposits received.

(3) Financial risk management objectives and policies

The Company's financial risk management objective is to manage market risk, credit risk, and liquidity risk associated with its operating activities. To mitigate these financial risks, the Company focuses on identifying, evaluating, and avoiding market uncertainties to reduce the potential adverse impact of market fluctuations on its financial performance.

Key financial activities of the Company are reviewed by management in accordance with relevant regulations and internal control systems. During the execution of financial plans, the Company adheres to relevant financial operating procedures.

1. Market risk

The Company's main financial risks arising from its operating activities include foreign exchange rate risk (see below (1)), interest rate risk (see below (2)), and other price risks (see below (3)).

(1) Foreign exchange rate risk

The Company engages in sales and purchases transactions denominated in foreign currencies and has net investments in foreign operations, leading to exposure to foreign exchange rate fluctuations. The management of the Company's foreign exchange rate risk is conducted within the scope permitted by policies, using forward foreign exchange contracts to manage the risk. As the net investments in foreign operations are considered strategic investments, the company does not hedge them.

Sensitivity analysis

The Company is primarily affected by fluctuations in the US dollar and Chinese yuan exchange rates.

Regarding sensitivity analysis of foreign exchange rate risk, it mainly focuses on currencies other than the functional currency at the end of the financial reporting period. The positive numbers in the table indicate the increase in profit before tax when the New Taiwan Dollar (functional currency) depreciates by 1% against the relevant foreign currencies. Conversely, when the New Taiwan Dollar depreciates by 1% against the relevant foreign currencies, the impact on profit before tax will be negative by the same amount. This sensitivity ratio is used by the Company when reporting exchange rate risk to management.

	Impact of US Dollar		Impact of Chinese Yuan	
	2024	2023	2024	2023
Profit before tax	\$ 1,803	\$ 2,684	(\$ 21)	\$ 119

(2) Interest rate risk

As the Company borrows funds at both fixed and floating interest rates, it is exposed to interest rate risk. The Company manages this risk by maintaining an appropriate mix of fixed and floating interest rate instruments. The financial assets and financial liabilities subject to interest rate risk on the balance sheet date are as follows:

	December 31, 2024	December 31, 2023
Fair value interest rate risk		
Financial assets	\$1,060,355	\$900,671
Financial liabilities	48,578	47,845
Cash flow interest rate risk		
Financial assets	67,163	294,434

Sensitivity analysis

Regarding the sensitivity analysis of interest rate risk, it primarily focuses on the changes in cash flows of financial assets and liabilities with floating interest rates as of the end of the financial reporting period.

If interest rates rise/fall by 1%, the pre-tax profit for fiscal years 2024 and 2023 will decrease/increase by NT\$672 thousand and NT\$2,944 thousand, respectively.

(3) Other price risks

The Company is exposed to equity price risk due to its investments in listed equity securities. These equity investments are not held for trading but are strategic investments, and the Company does not actively trade them.

Sensitivity analysis

The following sensitivity analysis is based on price risk as of the balance sheet date.

Assuming a 1% increase/decrease in equity prices, the Company's pre-tax income for fiscal years 2024 and 2023 will increase/decrease by NT\$774 thousand and NT\$914 thousand, respectively, due to fair value changes in financial assets measured at fair value through profit or loss.

Assuming a 1% increase/decrease in equity prices, the Company's pre-tax other comprehensive income for fiscal years 2024 and 2023 will increase/decrease by NT\$4,380 thousand and NT\$4,552 thousand, respectively, due to fair value changes in financial assets measured at fair value through profit or loss.

2. Credit risk

Credit risk refers to the risk of financial loss incurred by the Company due to the counterparty's default on contractual obligations. The Company's credit risk mainly arises from receivables, bank deposits, and other financial instruments generated from its operating activities. Operational and financial credit risks are managed separately.

Operational Credit Risk

To maintain the quality of accounts receivable, the Company has established operational risk management procedures.

Individual customer risk assessment considers factors such as the customer's financial condition, credit ratings from rating agencies, internal credit ratings within the Company, historical transaction records, and current economic conditions. The Company also utilizes credit enhancement tools such as advance payments and increased collateralization at appropriate times to mitigate credit risk for specific customers.

Accounts receivable are spread across numerous customers in various industries and geographical regions. The Company continually evaluates the financial status of accounts receivable customers and may purchase credit insurance contracts when necessary.

As of December 31, 2024, and 2023, the receivables balance from the top ten customers accounted for 66% and 65%, respectively, of the total receivables (including related parties), indicating that the credit concentration risk of other receivables is not significant.

Financial credit risk

The credit risk associated with bank deposits and other financial instruments is measured and monitored by the Company's finance department. As the Company's counterparties and trading partners consist of reputable banks and financial institutions with good credit standings, there are no significant concerns regarding default risks, resulting in negligible credit risk.

3. Liquidity risk

The Company maintains sufficient cash positions to support its operations and mitigate the impact of cash flow volatility. The Company's management oversees the use of bank financing facilities and ensures compliance with the terms of loan contracts. Bank borrowings are an important source of liquidity for the Company. The unused financing facilities are described in (2) below.

(1) Liquidity and interest rate risk table for non-derivative financial liabilities

The maturity analysis of non-derivative financial liabilities is based on the earliest date on which the Company could be required to repay the liability, using undiscounted cash flows (including principal and estimated interest). Therefore, bank borrowings that could be demanded repayment immediately are included in the earliest period in the table, without considering the probability of banks exercising this right. The maturity analysis of other non-derivative financial liabilities is based on the contractual repayment dates.

The undiscounted interest amount for interest cash flows paid at floating interest rates is derived based on the expected borrowing rates as of the balance sheet date.

December 31, 2024

	On-demand or payable within 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	Total
Non-interest loan liabilities	\$ 261,762	\$ 147,622	\$ 47,954	\$ -	\$ -	\$ 457,338
Lease liabilities	421	575	2,268	9,017	36,297	48,578
Fixed-rate instruments	-	-	-	79,531	-	79,531
	<u>\$ 262,183</u>	<u>\$ 148,197</u>	<u>\$ 50,222</u>	<u>\$ 88,548</u>	<u>\$ 36,297</u>	<u>\$ 585,447</u>

Further information regarding the maturity analysis of the financial liabilities is as follows:

	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years
Lease liabilities	<u>\$ 3,264</u>	<u>\$ 9,017</u>	<u>\$ 8,140</u>	<u>\$ 8,883</u>	<u>\$ 9,694</u>	<u>\$ 9,580</u>

December 31, 2023

	On-demand or payable within 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	Total
Non-interest loan liabilities	\$ 402,681	\$ -	\$ -	\$ -	\$ -	\$ 402,681
Lease liabilities	485	703	2,665	6,152	37,840	47,845
	<u>\$ 403,166</u>	<u>\$ 703</u>	<u>\$ 2,665</u>	<u>\$ 6,152</u>	<u>\$ 37,840</u>	<u>\$ 450,526</u>

Further information regarding the maturity analysis of the financial liabilities is as follows:

	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years
Lease liabilities	<u>\$ 3,853</u>	<u>\$ 6,152</u>	<u>\$ 7,999</u>	<u>\$ 8,729</u>	<u>\$ 9,526</u>	<u>\$ 11,586</u>

27. TRANSACTIONS WITH RELATED PARTIES

Apart from transactions disclosed in other notes, the Company's transactions with related parties are as follows:

(1) Names of related parties and their relationships

Names of related parties	Relationship with the Company
Syntek Corporation Limited	Subsidiary
Consentek Corporation	Subsidiary
Harvatek (Hong Kong) Trading Limited	Subsidiary
Harvatek International (USA) Corp.	Subsidiary
Starlight Display Corporation	Subsidiary
iReach Corporation	Subsidiary
YoungTek Electronics (Xiamen) Corporation	Subsidiary held indirectly(acquired in December 2024)
Ownway Tech Corp.	Subsidiary held indirectly(acquired in March 2024 and disposed of in November of the same year)
Harvatek(Guangzhou) Co., LTD	Subsidiary held indirectly
Guang Zhou Giuhong Yi trading company, Limited	Subsidiary held indirectly
YoungTek Electronics Corporation	Other related party
Cyans visual creative Co., Ltd.	Associate

(2) Operating revenue
Accounting

item	Type of related party	December 31, 2024	December 31, 2023
Operating revenue	Associate		
	Cyans visual creative Co., Ltd.	\$ -	\$ 61,951
	Subsidiary		
	Harvatek International (USA) Corp.	14,728	10,682
	iReach Corporation	91	20
	Other related party		
	YoungTek Electronics Corporation	14	3,900
	Subsidiary held indirectly		
	Harvatek(Guangzhou) Co., LTD	<u>3,259</u>	<u>1,563</u>
		<u>\$ 18,092</u>	<u>\$ 78,116</u>

The sales price of goods sold to the above-mentioned related parties is negotiated by both parties with reference to market prices. The payment policy is equivalent to that of regular customers, with a payment period of 120 days from the end of the month. Sales to Cyans visual creative Co., Ltd. are installment sales, and the difference between the current selling price of the product and the total sales contract amount represents unrealized interest income, which is recognized as realized interest income over time.

(3) Purchase

<u>Type/name of related party</u>	<u>2024</u>	<u>2023</u>
Other related party		
iReach Corporation	\$ 684	\$ -
Subsidiary held indirectly		
Harvatek(Guangzhou) Co., LTD	<u>9,043</u>	<u>7,508</u>
	<u>\$ 9,727</u>	<u>\$ 7,508</u>

The prices of the Company's purchases from related parties are negotiated by both parties with reference to the market price; the payment terms are about OA 60 days while payment terms of general suppliers are about OA 60 days to 120 days.

(4) Receivable to related parties

<u>Accounting item</u>	<u>Type of related party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable	Associate		
-net related parties	Cyans visual creative Co., Ltd.	\$ 21,325	\$ 13,635
	Subsidiary		
	Harvatek International (USA) Corp.	4,455	2,637
	iReach Corporation	-	20
	Subsidiary held indirectly		
	Harvatek(Guangzhou) Co., LTD	<u>1,226</u>	<u>454</u>
		<u>\$ 27,006</u>	<u>\$ 16,746</u>

The receivables from related parties circulating outside are not guaranteed and provision for bad debts has been made based on the assessment of financial asset impairment.

(5) Other receivable to related parties

<u>Accounting item</u>	<u>Type of related party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other accounts	Subsidiary		
receivable			
- related parties	iReach Corporation	\$ 31	\$ 103
	Other related party		
	YoungTek Electronics Corporation	<u>21</u>	<u>-</u>
		<u>\$ 52</u>	<u>\$ 103</u>

The receivables from related parties circulating outside are not guaranteed and provision for bad debts has been made based on the assessment of financial asset impairment.

(6) Long-term receivables from related parties for installment payments

<u>Accounting item</u>	<u>Type of related party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Long-term receivables - related parties	Associate Cyans visual creative Co., Ltd.	<u>\$ 3,782</u>	<u>\$ 17,679</u>

(7) Payables to related parties

<u>Accounting item</u>	<u>Type of related party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Payables - net related parties	Other related party YoungTek Electronics Corporation Subsidiary held indirectly Harvatek(Guangzhou) Co., LTD YoungTek (Xiamen) Electronics Corporation	\$ 14,559 1,269 <u>2,824</u>	\$ 12,034 1,041 <u>-</u>
		<u>\$ 18,652</u>	<u>\$ 13,075</u>
Other payables	Other related party YoungTek Electronics Corporation	<u>\$ 130</u>	<u>\$ -</u>

(8) Long-term payables to related parties

<u>Accounting item</u>	<u>Type of related party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Long-term payables - net related parties	Other related party YoungTek Electronics Corporation	<u>\$ 79,531</u>	<u>\$ 78,057</u>

(9) Prepaid equipment payments

<u>Type/Name of related party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other related party YoungTek Electronics Corporation	<u>\$ -</u>	<u>\$ 1,140</u>

(10) Payments made on behalf

<u>Type/Name of related party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other related party YoungTek Electronics Corporation	<u>\$ -</u>	<u>\$ 1,275</u>

(11) Other current liabilities

<u>Type/Name of related party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Subsidiary held indirectly Guang Zhou Guihong Yi trading company, Limited	\$ 721	\$ 987
Subsidiary Harvatek International (USA) Corp.	<u>566</u>	<u>219</u>
	<u>\$ 1,287</u>	<u>\$ 1,206</u>

(12) Acquisition of property, plant, and equipment

<u>Type/Name of related party</u>	<u>Purchase price</u>	
	<u>2024</u>	<u>2023</u>
Other related party		
YoungTek Electronics Corporation	<u>\$ 1,800</u>	<u>\$158,309</u>
Subsidiary held indirectly		
YoungTek (Xiamen) Electronics Corporation	<u>\$ 226</u>	<u>\$ -</u>

The Company entered into a contract with YoungTek Electronics in July 2022 to purchase a batch of needle-fixing machines totaling NT\$155,000 thousand (exclusive of tax). According to the contract, the payment is scheduled to be made in installments. Before acceptance, 50% of the equipment payment was prepaid. The remaining 50% acceptance payment amounts to a total of NT\$81,375 thousand (including tax). As per the contract, the Company issued a three-year promissory note due on March 31, 2026, for the remaining balance. The Company discounts the long-term payable notes payable using the incremental borrowing rate for the same period. As of December 31, 2024, the long-term notes payable to related parties amounted to NT\$79,531 thousand, with interest expense amortized at NT\$1,475 thousand.

(13) Disposal of property, plant, and equipment

<u>Type/Name of related party</u>	<u>Disposal proceeds</u>		<u>Gain (loss) on disposal</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Subsidiary				
Syntek Corporation Limited	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,403</u>
Other related party				
YoungTek Electronics Corporation	<u>\$ -</u>	<u>\$ 1,640</u>	<u>\$ -</u>	<u>\$ 400</u>

(14) Acquisition of intangible assets

<u>Type/Name of related party</u>	<u>Purchase price</u>	
	<u>2024</u>	<u>2023</u>
Other related party		
YoungTek Electronics Corporation	<u>\$ -</u>	<u>\$ 600</u>

(15) Lease agreement

Since November 2019, the Company has leased office space and a factory to YoungTek Electronics Corporation. The lease terms are from November 1, 2019, to October 31, 2024, and from November 1, 2024, to October 31, 2029. The rental income for the years 2024 and 2023 was NT\$10,992 thousand and NT\$10,800 thousand, respectively. The leasing price offered to YoungTek Electronics Corporation by the Company is determined based on market rates for similar properties, with the monthly rent changing from NT\$900 thousand to NT\$996 thousand starting from November 2024, payable monthly.

(16) Loans to related parties

<u>Type/name of related party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Subsidiary held indirectly		
Harvatek(Guangzhou) Co., LTD	\$ 13,456	\$ 15,176
Associate		
Cyans visual creative Co., Ltd.	<u>10,000</u>	<u>10,000</u>
	<u>\$ 23,456</u>	<u>\$ 25,176</u>

Interest income

<u>Type/name of related party</u>	<u>2024</u>	<u>2023</u>
Subsidiary held indirectly		
Harvatek(Guangzhou) Co., LTD	\$ 304	\$ 344
Associate		
Cyans visual creative Co., Ltd.	<u>230</u>	<u>80</u>
	<u>\$ 534</u>	<u>\$ 424</u>

(17) Other

The transactions between the Company, its subsidiaries, and indirectly held subsidiary companies are summarized as follows:

<u>Accounting item</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Sales expenses - service fees	<u>\$ 22,059</u>	<u>\$ 16,711</u>
Sales expenses - commission expenses	<u>\$ 8,619</u>	<u>\$ 9,274</u>
Manufacturing costs - processing fees	<u>\$ 633</u>	<u>\$ 237</u>
Manufacturing costs - testing expenses	<u>\$ 20</u>	<u>\$ 56</u>
Manufacturing costs - sample fees	<u>\$ 4</u>	<u>\$ 4</u>
Manufacturing costs - material expenses	<u>\$ 482</u>	<u>\$ -</u>
Manufacturing costs - freight	<u>\$ 30</u>	<u>\$ -</u>
Manufacturing costs - other expenses	<u>\$ 11</u>	<u>\$ -</u>
Non-operating income - miscellaneous income	<u>\$ 973</u>	<u>\$ 685</u>
Non-operating income - rental income	<u>\$ 186</u>	<u>\$ 168</u>

The transactions between the company and other related parties are summarized as follows:

<u>Accounting item</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Manufacturing costs - material fees	<u>\$ 334</u>	<u>\$ 1,452</u>
Manufacturing costs - repair expenses	<u>\$ 1,300</u>	<u>\$ 600</u>
Manufacturing costs - testing expenses	<u>\$ 1,226</u>	<u>\$ 313</u>
Manufacturing costs - processing fees	<u>\$ 33,385</u>	<u>\$ 26,348</u>
Sales expenses - miscellaneous expenses	<u>\$ 66</u>	<u>\$ 11</u>
Non-operating income - sample income	<u>\$ 10,992</u>	<u>\$ 11,568</u>
Non-operating income - other income	<u>\$ 20</u>	<u>\$ -</u>

The transactions between the company and its associates are summarized as follows:

<u>Accounting item</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Non-operating income - miscellaneous income	<u>\$ 120</u>	<u>\$ -</u>
Non-operating income - rental income	<u>\$ 24</u>	<u>\$ 24</u>

(18) Remuneration of key management personnel

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	<u>\$ 14,735</u>	<u>\$ 20,527</u>
Retirement benefits	<u>566</u>	<u>527</u>
	<u>\$ 15,301</u>	<u>\$ 21,054</u>

The remuneration of key management personnel is determined by the remuneration committee based on individual performance and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets are provided as collateral for customs-imported raw materials and leased land from the Science Park Bureau:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Pledged time deposits (recognized as financial assets measured at amortized cost - non-current)	<u>\$ 8,358</u>	<u>\$ 8,286</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The Company has signed a white light patent licensing agreement with OSRAM, a German company, under which it is obligated to pay licensing fees and royalties calculated based on the agreed percentage of future net sales of licensed products.

30. SIGNIFICANT SUBSEQUENT EVENTS:

The following information is expressed in foreign currencies other than the functional currency of the company. The disclosed exchange rates represent the rates at which these foreign currencies are translated into functional currency. Significant foreign currency assets and liabilities are as follows:

December 31, 2024

(In thousands of respective foreign currencies)

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
US dollar	\$ 11,243	32.78	\$ 368,534
Chinese yuan	1,085	4.48	4,862
Euro	355	34.15	12,139
Hong Kong dollar	298	4.23	1,260
<u>Financial liabilities</u>			
<u>Monetary items</u>			
US dollar	5,742	32.78	188,226
Chinese yuan	1,560	4.48	6,990
Japanese Yen	4,690	0.21	985

December 31, 2023

(In thousands of respective foreign currencies)

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
US dollar	\$ 12,243	30.71	\$ 375,978
Chinese yuan	265	4.329	1,147
Euro	378	34.01	12,854
Hong Kong dollar	641	3.934	2,523
<u>Financial liabilities</u>			
<u>Monetary items</u>			
US dollar	3,504	30.71	107,605
Chinese yuan	228	4.329	987

In the fiscal years 2024 and 2023, the Company realized and unrealized gains (losses) from foreign currency exchange of NT\$13,731 thousand and NT\$(7,556) thousand, respectively. Due to the variety of functional currencies involved in foreign currency transactions, it is not feasible to disclose the exchange gains or losses separately for each significant foreign currency.

31. SEPARATELY DISCLOSED ITEMS

- (1) Information about significant transactions:
 1. Financing provided to others: Table 1.
 2. Endorsements/guarantees provided: None.
 3. Information on year-end holdings of securities (excluding investments in subsidiaries, associates, and jointly controlled entities): Table 2.
 4. Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
 5. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
 6. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
 8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
 9. Trading in derivative instruments: None.
- (2) Information on investees: Table 3.
- (3) Information on investments in mainland China:
 1. Details of mainland China invested companies including their names, primary business activities, paid-in capital, investment methods, cash inflows and outflows, shareholding percentages, investment gains or losses, end-of-period investment book value, repatriated investment gains or losses, and investment limits for investments in mainland China: Table 4.
 2. Significant transactions with mainland China invested companies, whether directly or indirectly through third-party regions, including prices, payment terms, and unrealized gains or losses: None.
- (4) Information on major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and the percentage of ownership of each shareholder: Table 5.

Harvatek Corporation And Subsidiaries
Loaning funds to others
2024

Table 1

Unit: Unless otherwise specified, all amounts are in NTD thousands

No. (Note 1)	Financing company	Borrower	Financial statements account	Related party	Max balance in the period	Ending balance	Amount actually drawn	Interest range	Financing nature (Note 3)	Transaction amount (Note 6)	Reasons for short-term financing	Allowance for bad debt	Collateral		Financing limits for each borrowing company (Note 4)	Financing company's total financing amount limit (Note 5)	Remark
													Name	Value			
0	Harvatek Corporation	Harvatek(Guangzhou) Co., LTD	Other receivables	Y	\$ 30,660	\$ 13,434	\$ 13,434	Note 2	2	\$ -	Working capital	\$ -	-	\$ -	\$ 601,605	\$1,203,210	-
0	Harvatek Corporation	Cyans visual creative Co., Ltd.	Other receivables	Y	20,000	10,000	10,000	Note 22	2	-	Working capital	-	-	-	601,605	1,203,210	-

Note 1: Explanation of the serial number column:

(1) Issuers should fill in 0.

(2) Invested companies should be sequentially numbered starting from 1 according to company type.

Note 2: Calculated based on the average loan interest rate of the Company's main banks.

Note 3: The nature of fund lending should be classified as follows:

(1) For entities with business dealings.

(2) For entities requiring short-term financing.

Note 4: The fund limit for individual entities should not exceed 20% of the Company's net worth.

Note 5: The total fund lending limit should not exceed 40% of the consolidated Company's net worth.

Note 6: Note 6: Business dealings amount refers to the lending amount and the business dealings between the lending company and the borrowing entity in the most recent fiscal year.

Harvatek Corporation And Subsidiaries
MARKETABLE SECURITIES HELD
December 31, 2024

Table 2

Unit: Unless otherwise specified, all amounts are in NTD thousands

Held Company Name	Type	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2024				Remark
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Harvatek Corporation	Stock	CT Micro International Corp.	No	Financial assets at fair value through profit or loss - noncurrent	47,982,980	\$ 77,417	-	\$ 77,417	—
	Stock	Chun-Hsin Venture Capital Co., Ltd.	Corporate director	Financial assets at fair value through profit or loss - noncurrent	3,000,000	2,640	5.61%	2,640	—
	Stock	Hsieh-Yung Investment Co., Ltd.	No	Financial assets at fair value through profit or loss - noncurrent	31,602,269	272,411	1.52%	272,411	—
	Stock	Starchips Technology Inc.	No	Financial assets at fair value through profit or loss - noncurrent	52,777	-	0.88%	-	—
	Stock	Lediamond Opto Corporation	No	Financial assets at fair value through profit or loss - noncurrent	750,000	9,810	11.54%	9,810	—
	Stock	Bigbest Solution Inc.	No	Financial assets at fair value through profit or loss - noncurrent	3,000,000	13,050	4.29%	13,050	—
	Stock	ARK-Cayman	No	Financial assets at fair value through profit or loss - noncurrent	123,920	4,596	-	4,596	—
	Stock	Ever Supreme Bio Technology Co., Ltd.	No	Financial assets at fair value through profit or loss - noncurrent	266,144	46,703	0.33%	46,703	—
	Stock	Edison Opto Corporation	No	Financial assets at fair value through profit or loss - noncurrent	3,415,453	88,802	2.38%	88,802	—
	Hong-Cheng Investment Co., Ltd.	Stock	YoungTek Electronics Corporation	Other related party of the Harvetek	Financial assets at fair value through profit or loss - current	2,575,200	166,100	2.00%	166,100
Stock		Sissca Co., Ltd.	No	Financial assets at fair value through profit or loss - noncurrent	1,292,121	14,187	5.95%	14,187	—
Stock		EVA Airways Corporation	No	Financial assets at fair value through profit or loss - current	180,000	7,983	-	7,983	—
Stock		GIGABYTE Technology Co., Ltd.	No	Financial assets at fair value through profit or loss - current	23,000	6,268	-	6,268	—

Harvatek Corporation And Subsidiaries
Information on Investees, Geographical Area, etc.
2024

Table 3

Unit: Unless otherwise specified, all amounts are in NTD/USD/HKD/EURO thousands

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Shares Held as at the End of the Period			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Remark
				End of the current period	End of the prior year	Number of shares	Ratio	Carrying amount			
Harvatek Corporation	Hong-Cheng Investment Co., Ltd.	Taiwan	Investment	\$ 150,000	\$ 150,000	3,484,734	41.60%	\$ 179,542	\$ 4,976	\$ 3,777	—
	Harvatek(Hong Kong) Trading Limited	Hong Kong	Investment	-	18,259	-	-	-	-	-	—
	Hong-Ruei Investment Co., Ltd.	Taiwan	Investment	(HKD -)	(HKD 4,800,000)	414,000	35.29%	2,067	(236)	(79)	—
	Harvatek International (USA) Corp.	U.S	Sales of electronic components	83,574	83,574	1,000,000	100.00%	33,786	411	411	—
	HONOR LIGHT LIMITED	Samoa	Investment	(USD 2,600,000)	(USD 2,600,000)	12,446,236	100.00%	187,233	(17,139)	(17,139)	—
	Syntek Corporation Limited	Taiwan	Manufacturing and sales of electronic components	370,975	370,975	700,000	70.00%	798	(1,585)	(1,109)	—
	Consentek Corporation	Taiwan	Manufacturing and sales of electronic components	(USD12,446,236)	(USD 12,446,236)	7,878,613	61.22%	45,717	(23,394)	(14,322)	—
	Starlight Display Corporation	Taiwan	Manufacturing and sales of electronic components	7,000	7,000	2,625,000	63.13%	8,064	(9,229)	(5,915)	—
	Cyans visual creative Co., Ltd.	Taiwan	Design, sales, and leasing industry	55,050	55,050	2,000,000	40.00%	2,099	(12,231)	(4,892)	—
	iReach Corporation	Taiwan	Manufacturing and sales of electronic components	26,250	21,000	2,500,000	10.32%	12,600	(51,383)	(5,305)	—
	Ownway Tech Corp.	Taiwan	Lighting equipment installation engineering industry	20,000	20,000	-	-	-	-	-	Note 3
Hong-Cheng Investment Co., Ltd.	Harvatek(Hong Kong) Trading Limited	Hong Kong	Investment	50,000	50,000	-	-	-	-	-	Note 4
	Consentek Corporation	Taiwan	Manufacturing and sales of electronic components	(HKD -)	(HKD 300,000)	3,357,047	31.33%	23,398	(23,394)	Note 2	—
HONOR LIGHT LIMITED	Harvatek (HK) Limited	Hong Kong	Investment	26,600	26,600	2,348,000	100.00%	32,360	3,230	Note 2	—
	Harvatek Europe GmbH	Germany	Sales of electronic components	68,491	68,491	12,750	51.00%	782	(51)	Note 2	—
Consentek Corporation	iReach Corporation	Taiwan	Manufacturing and sales of electronic components	(EUR 12,750)	(EUR 12,750)	10,909,000	45.05%	72,546	(51,383)	Note 2	—
				59,999	59,999						

Note 1: Figures in this table are presented in NTD. For foreign-currency transactions, the USD, HKD, and EURO were translated into NTD using exchange rates of 32.78, 4.23, and 34.15 at the date of the financial statements, except for the historical exchange rates. The exchange rates of the USD, HKD, and EURO for profit and loss were translated into NTD based on the average exchange rates of 32.092, 4.116, and 34.746.

Note 2: Gains or losses on investments in these companies are included in the investment gain or loss of the subsidiaries, respectively.

Note 3: The Company acquired 100% equity of Qi Wang Lighting Co., Ltd. in March 2024 and sold all shares in November 2024, resulting in the loss of control over the company.

Note 4: To simplify organizational structure and reduce costs, Harvatek Hong Kong (Trading) Company completed its liquidation in March 2024.

Information on investment in mainland China

2024

Table 4

Unit: Unless otherwise specified, all amounts are in NTD thousands

Name of investee in China	Main business and products	Paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan at the beginning of the period	Investment outflow or inflow for the period		Accumulated outflow of investment from Taiwan at the end of the period	Net income (losses) profit/loss in the period	Percentage of the company's direct or indirect shareholding ratio	Current recognition of net investment income (or loss)(Note 1)	Carrying amount at the end of the period	Accumulated inward remittance of investment gains at the end of the period	Remark
					Outflow	Inflow							
Guang Zhou Guihong Yi trading company, Limited	Sales of electronic components	CNY 500	Note 2	\$ 2,721 (USD 83 thousand)	\$ -	\$ -	\$ 2,721 (USD 83 thousand)	(\$ 1,258)	100%	(\$ 1,258)	\$ 3,152	\$ -	—
Harvatek(Guangzhou) Co., LTD	Manufacturing and sales of electronic components	CNY 20,000	Note 2	100,962 (USD 3,080 thousand)	-	-	100,962 (USD 3,080 thousand)	3,307	100%	3,307	(1,198)	-	—
Yangzhou YoungTek Electronics Ltd.	Manufacturing and sales of electronic components	CNY 67,887	Note 2	131,120 (USD 4,000 thousand)	-	-	131,120 (USD 4,000 thousand)	(60,679)	40%	(24,272)	138,195	-	—
Xiamen YoungTek Electronics Ltd.	Manufacturing and sales of electronic components	CNY 194,235	Note 2	-	10,358 (USD 316 thousand)	-	10,358 (USD 316 thousand)	(1,388)	100%	(1,388)	11,161	-	—

Cumulative amount of investment from Taiwan to Mainland China as of the end of the current period	Approved investment amount by the Investment Commission of the Ministry of Economic Affairs	Investment limit to Mainland China as regulated by the Investment Commission of the Ministry of Economic Affairs (Note 3)
\$245,162 (USD 7,479 thousand)	\$234,803 (USD 7,163 thousand) Approved amount USD thousand	\$1,804,816

Note 1: Calculated based on the audited financial statements by the auditors for the same period.

Note 2: The total investment amount is NTD 245,162 thousand (USD 7,479 thousand), of which NTD 245,162 thousand (USD 7,479 thousand) is invested indirectly in mainland China through third-party intermediaries.

Note 3: Calculated based on the investment limits specified in the amended Principles for Reviewing Investment or Technical Cooperation in Mainland China by the Investment Commission on August 29, 2008.

Note 4: Calculated based on the exchange rate as of December 31, 2024.

Harvatek Corporation
INFORMATION ON MAJOR SHAREHOLDERS
December 31, 2024

Table 5

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Hsun Chieh Investment Corporation	28,023,066	13.59%
Wang, Ping-Lung	13,680,237	6.63%
Li-Yang Investment Co., Ltd.	13,053,214	6.33%

Note 1: The main shareholder information in this table is compiled by the Taiwan Depository & Clearing Corporation (TDCC) based on the shareholding data of shareholders holding 5% or more of the total issued shares of the company, including both common and preferred shares, as of the last business day of the quarter, excluding treasury shares. The number of shares recorded in the consolidated financial statements of the company may differ from the actual number of shares delivered without physical registration, due to differences in calculation methods or other factors.

Note 2: If the shareholder's holdings are entrusted to a trustee, the data disclosed is based on the individual accounts opened by the trustee. Regarding shareholders who hold more than 10% of the shares and are required to report internal shareholding under securities laws and regulations, their holdings include both their shares and shares entrusted to a trustee, as well as shares for which they have the authority to make decisions on the use of trust property. For information on internal shareholding reporting by insiders, please refer to the Market Observation Post System (MOPS).

§DETAILED LIST OF SIGNIFICANT ACCOUNTING ITEMS§

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Harvatek Corporation

December 31, 2024

Statement 1

Unit: Unless otherwise specified, all amounts are in NTD thousands

Item	Description	Amount
Cash		
Cash on hand and petty cash		\$ 122
Bank deposits		
Cheque deposits and current deposits		33,620
Foreign currency current deposits	Including USD 698 thousand, @32.78, HKD 128, @4.23, and EUR 296 thousand, @34.15	33,543
Cash equivalents - with repurchase agreements		184,365
Fixed deposits	Maturing before January 2025	101,000
		<u>\$ 352,650</u>

Harvatek Corporation
Statement of financial assets measured at fair value through profit or loss - current
December 31, 2024

Statement 2

Unit: Unless otherwise specified, all
amounts are in NTD thousands

Name	Description	Beginning balance		Increase in current period		Decrease in current period		Gain on fair value through profit of loss financial assets	Ending balance		Remark
		Shares(thousand)	Amount	Shares(thousand)	Amount	Shares(thousand)	Amount		Shares(thousand)	Amount	
Noncurrent assets											
Fund	CTBC Hua Win Money Market Fund	-	\$ -	877,000	\$ 10,000	(877,000)	(\$ 10,024)	\$ 24	-	\$ -	
Domestic equity investments	CT Micro International Corp. (Preferred stock)	47,983	<u>91,405</u>	-	<u>-</u>	-	<u>-</u>	(<u>13,988</u>)	47,983	<u>77,417</u>	
			<u>\$ 91,405</u>		<u>\$ 10,000</u>		(<u>\$ 10,024</u>)	(<u>\$ 13,964</u>)		<u>\$ 77,417</u>	

Harvatek Corporation
Statement of changes in financial assets measured at fair value through profit or loss
December 31, 2024

Statement 3

Unit: Unless otherwise specified, all amounts are in NTD thousands

Name	Description	Shares(thousand)	Beginning balance		Increase in current period		Decrease in current period Amount	Gain on fair value through profit of loss		Ending balance Amount
			Amount	Shares(thousand)	Amount	Shares(thousand)		financial assets	Shares(thousand)	
Domestic listed (OTC) stocks										
Ever Supreme Bio Technology Co., Ltd.	242	\$ 47,296	24	\$ -	-	\$ -	(\$ 593)	266	\$ 46,703	Note 1 and 3
Edison Opto Corporation	3,415	83,337	-	-	-	-	5,465	3,415	88,802	Note 3
Domestic unlisted (OTC) stocks										
Hsieh-Yung Investment Co., Ltd.	32,507	299,714	-	-	(905)	-	(27,303)	31,602	272,411	Note 2 and 3
Starchips Technology Inc.	53	17	-	-	-	-	(17)	53	-	Note 3
Chun-Hsin Venture Capital Co., Ltd.	3,000	4,440	-	-	-	-	(1,800)	3,000	2,640	Note 3
Lediamond Opto Corporation	750	10,785	-	-	-	-	(975)	750	9,810	Note 3
ARK-Cayman	-	-	124	16,115	-	-	(11,519)	124	4,596	
Bigbest Solution Inc.	3,000	9,630	-	-	-	-	3,420	3,000	13,050	Note 3
		<u>\$ 455,219</u>		<u>\$ 16,115</u>		<u>\$ -</u>	<u>(\$ 33,322)</u>		<u>\$ 438,012</u>	

Note 1: The increase in the number of shares this year is due to the distribution of stock dividends from capital surplus.

Note 2: The decrease in the number of shares this year is to offset losses through capital reduction.

Note 3: The aforementioned financial assets are not provided as collateral or guarantees.

Harvatek Corporation
Statement of accounts receivable
December 31, 2024

Statement 4

Unit: NTD thousand

<u>Name of the case</u>	<u>Amount</u>
Non-related parties	
Client A	\$130,367
Client B	30,508
Client C	21,314
Other (Note)	<u>194,572</u>
	376,761
Less: Allowance for bad debts	(<u>1,019</u>)
	<u>\$375,742</u>

Note: The balances of each account do not exceed 5% of the balance of this account.

Harvatek Corporation
Statement of inventories
December 31, 2024

Statement 5

Unit: NTD thousand

Item	Amount	
	Cost	Net realizable value
Raw materials	\$121,738	\$147,760
Finished goods	181,665	315,332
Work in progress	<u>54,179</u>	<u>54,179</u>
	<u>\$357,582</u>	<u>\$517,271</u>

Harvatek Corporation
Statement of changes in investments accounted for using the equity method
January 1 to December 31, 2024

Statement 6

Unit: Unless otherwise specified, all amounts are in NTD thousands

Names	Beginning balance		Additions		Decreases		Capital	Recognized	Measured at fair value financial assets at fair value through other comprehensive income	Accumulated translation adjustment	Unrealized gross profit on sales	Dividend Income	Deferred credits	Ending balance				
	Shares	Amount	Shares	Amount	Shares	Amount	Surplus	by the Company						Shares	(%)	Amount	Net equity	
Equity method investments																		
Harvatek Internation (USA) Corp.	1,000	\$ 31,259	-	\$ -	-	\$ -	\$ -	\$ 411	\$ -	\$ 2,116	\$ -	\$ -	\$ -	1,000	100	\$ 33,786	\$ 33,786	
HONOR LIGHT LIMITED	12,447	198,430	-	-	-	-	-	(17,139)	-	5,491	451	-	-	12,447	100	187,233	187,233	
Hong-Ruei Investment Co., Ltd.	414	2,146	-	-	-	-	-	(79)	-	-	-	-	-	414	35.29	2,067	2,067	
Harvatek(Hong Kong) Trading Limited	4,800	-	-	-	(4,800)	502	-	-	-	(502)	-	-	-	-	-	-	-	
Hong-Cheng Investment Co., Ltd.	3,133	173,817	352	-	-	-	3,314	3,777	1,572	(13)	-	(2,925)	-	3,485	41.6	179,542	179,542	
Syntek Corporation Limited	700	504	-	-	-	-	-	(1,109)	-	-	-	-	1,403	700	70	798	798	
Consentek Corporation	6,559	59,660	-	-	-	-	379	(14,322)	-	-	-	-	-	6,559	61.22	45,717	45,717	
Starlight Display Corporation	2,100	7,981	525	5,250	-	-	748	(5,915)	-	-	-	-	-	2,625	63.13	8,064	8,064	
Cyans visual creative Co., Ltd.	2,000	6,060	-	-	-	-	-	(4,892)	-	-	931	-	-	2,000	40	2,099	2,099	
iReach Corporation	25,000	17,763	-	-	-	-	142	(5,305)	-	-	-	-	-	25,000	10.32	12,600	12,600	
		<u>\$497,620</u>		<u>\$ 5,250</u>		<u>\$ 502</u>	<u>\$ 4,583</u>	<u>(\$ 44,573)</u>	<u>\$ 1,572</u>	<u>\$ 7,092</u>	<u>\$ 1,382</u>	<u>(\$ 2,925)</u>	<u>\$ 1,403</u>			<u>\$471,906</u>	<u>\$471,906</u>	

Note: Investment gains or losses and net equity are calculated based on the audited financial statements of the investee company for the same period.

Harvatek Corporation
Statement of changes in right-of-use assets and accumulated depreciation on
right-of-use assets
January 1 to December 31, 2024

Statement 7

Unit: Unless otherwise specified, all
amounts are in NTD thousands

Name	Land	Machinery equipment	Transportation Equipment	Total
<u>Cost</u>				
2024.1.1 balance	\$ 51,513	\$ 3,929	\$ 1,923	\$ 57,365
Addition	2,158	-	3,220	5,378
Disposal	<u>-</u>	<u>(3,929)</u>	<u>(787)</u>	<u>(4,716)</u>
2024.12.31 balance	<u>53,671</u>	<u>-</u>	<u>4,356</u>	<u>58,027</u>
<u>Accumulated depreciation</u>				
2024.1.1 balance	7,798	764	1,031	9,593
Depreciation	1,736	546	1,565	3,847
Disposal	<u>-</u>	<u>(1,310)</u>	<u>(787)</u>	<u>(2,097)</u>
2024.12.31 balance	<u>9,534</u>	<u>-</u>	<u>1,809</u>	<u>11,343</u>
2024.12.31 net	<u>\$ 44,137</u>	<u>\$ -</u>	<u>\$ 2,547</u>	<u>\$ 46,684</u>

Harvatek Corporation
Statement of accounts and notes payable
December 31, 2024

Statement 8

Unit: NTD thousand

<u>Supplier name</u>	<u>Amount</u>
Non-related parties	
Supplier A	\$ 55,631
Supplier B	50,433
Supplier C	24,959
Supplier D	33,007
Supplier E	18,166
Other(Note)	<u>85,195</u>
	<u>\$267,391</u>

Note: None of the balances exceeds 5% of the amount in this account.

Harvatek Corporation
Statement of lease liabilities
December 31, 2024

Statement 9

Unit: Unless otherwise specified, all
amounts are in NTD thousands

Item	Lease term	Discount rate	Amount
Land	30~50 years	1.55%~1.75%	\$ 46,071
Machinery equipment	2~5 years	0.75%~1.25%	-
Transportation equipment	2~3 years	0.63%~2.88%	<u>2,507</u>
Total			48,578
Less: lease liabilities - current			(<u>3,264</u>)
Lease liabilities - non-current			<u>\$ 45,314</u>

Harvatek Corporation
Statement of operating revenue
January 1 to December 31, 2024

Statement 10

Unit: Unless otherwise specified, all
amounts are in NTD thousands

<u>Item</u>	<u>Number</u>	<u>Amount</u>
Sales revenue	2,628,021	\$ 1,779,453
Engineering revenue	5	29,850
Sales return and allowance	23,112	(<u>15,226</u>)
Net operating revenue		<u>\$ 1,794,077</u>

Harvatek Corporation
Statement of operating costs
January 1 to December 31, 2024

Statement 11

Unit: NTD thousand

Item	Amount
Cost of self-manufactured goods	
Direct materials	
Opening inventory	\$ 77,175
Add: material purchased	787,639
Less: ending inventory	(153,930)
Sale of materials	(3,941)
Other	<u>12,257</u>
Material consumed	719,200
Direct labor cost	134,406
Manufacturing expenses	<u>502,018</u>
Cost of manufacturing	1,355,624
Add: works in process at the start of the period	23,709
Other	(442)
Less: works in process at the end of the period	<u>(56,387)</u>
Cost of finished goods	1,322,504
Add: beginning finished goods	195,169
Purchase of current period	56,235
Less: ending finished goods	(240,428)
Other	<u>2,559</u>
Cost of self-manufactured goods	<u>1,336,039</u>
Other operating costs	
Loss of inventory obsolete	289
Sale of material	3,941
Sale of scrap and waste	(5,971)
Other	<u>70,674</u>
Subtotal of other operating costs	<u>68,933</u>
Total cost of sales	<u>\$ 1,404,972</u>

Harvatek Corporation
Statement of operating expenses
January 1 to December 31, 2024

Statement 12

Unit: NTD thousand

Item	Sale expense	Manage expense	Research expense
Salaries	\$ 41,995	\$ 42,686	\$ 58,612
Labor expenses	24,049	9,280	902
Depreciation expenses	1,121	6,561	3,216
Freight expenses	12,142	3	151
Lease expenses	16,191	-	-
Material costs	2,012	156	69,450
Other(Note)	<u>64,737</u>	<u>32,127</u>	<u>10,341</u>
Total	<u>\$ 162,247</u>	<u>\$ 90,813</u>	<u>\$ 142,672</u>

Note: None of the balance of other items exceeds 5% of the amount in this account.

Harvatek Corporation

Summary statement of current period employee benefits, depreciation, depletion, and amortization expenses by function

FOR THE YEARS ENDED DECEMBER 31, 2024, AND 2023

Statement 13

Unit: NTD thousand

	2024			2023		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Labor expenses						
Salary expenses	\$ 278,462	\$ 143,293	\$ 421,755	\$ 226,717	\$ 122,891	\$ 349,608
Board compensation	-	70	70	-	1,330	1,330
Labor and health insurance expenses	11,543	13,271	24,814	26,714	11,378	38,092
Pension expenses	1,898	16,565	18,463	12,383	6,125	18,508
Other employee benefit expenses	10,990	5,904	16,894	11,010	3,913	14,923
Total	<u>\$ 302,893</u>	<u>\$ 179,103</u>	<u>\$ 481,996</u>	<u>\$ 276,824</u>	<u>\$ 145,637</u>	<u>\$ 422,461</u>
Depreciation expenses	<u>\$ 106,098</u>	<u>\$ 10,898</u>	<u>\$ 116,996</u>	<u>\$ 108,021</u>	<u>\$ 15,051</u>	<u>\$ 123,072</u>
Amortization expenses	<u>\$ -</u>	<u>\$ 4,633</u>	<u>\$ 4,633</u>	<u>\$ 143</u>	<u>\$ 4,121</u>	<u>\$ 4,264</u>

Note:

- The average number of employees for the current year and the previous year were 536 and 520, respectively, with the number of non-executive directors who are not employees being 4 for both years.
- Companies whose stocks are listed on stock exchanges or traded on the over-the-counter market should disclose the following information:
 - The average employee benefits expense for the current year was NTD 908 thousand. The average employee benefits expense for the previous year was NTD 816 thousand.
 - The average employee salary expense for the current year was NTD 794 thousand, while for the previous year, it was NTD 677 thousand.
 - The percentage change in the average employee salary expense was 17%.
 - Due to the establishment of an audit committee, the remuneration, fees, and expenses of supervisors are not disclosed.
 - According to the Company's articles of association, if the Company makes a profit for the year, it shall allocate not less than six percent as employee compensation, to be distributed by the board of directors in the form of stocks or cash to employees of controlling or subsidiary companies who meet certain conditions. The Company may allocate an amount not exceeding one percent as director's remuneration, as decided by the board of directors. However, if the Company has accumulated losses, it shall reserve an amount for offsetting losses before allocating employee compensation and director's remuneration according to the aforementioned proportions.