

Stock Code: 4535

FINE BLANKING & TOOL CO., LTD.

**Parent Company Only Financial Statements and
Independent Auditors' Report**

**For the Years Ended
December 31, 2024 and 2023**

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Independent Auditors' Report

To Fine Blanking & Tool Co., Ltd.

Opinion

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

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.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 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.

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

1. Accounts receivable valuation

Fine Blanking & Tool Co., Ltd. was affected by the economic climate, and 86.46% of receivables at end of period came from the top 10 customers. Receivables collection has significant effect on the cash flow of Fine Blanking & Tool Co., Ltd. Consequently, the valuation of accounts receivable is identified as one of our key audit matters.

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

- (1) Reviewed the cash collection of receivables during subsequence period, and assessed whether there is impairment of receivables. If any such item remains uncollected after the due date, ascertain whether appropriate treatment has been made.
- (2) Assessed whether overdue accounts receivable or accounts receivable under dispute or litigation are evaluated for impairment and reclassified to an appropriate account.
- (3) Examined the details of newly added customers with significant amounts of receivables or the top 10 customers to confirm that the Company performs a proper credit approval process and inspected whether there is any overdue debts.

2. Inventory valuation

To meet the needs of prompt delivery, it is essential for Fine Blanking & Tool Co., Ltd. that a certain amount of material, work in progress, and finished goods be prepared. However, the introduction of new products may lead to obsolete materials and affect cost of goods sold. Consequently, the valuation of inventory is identified as one of our key audit matters.

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

- (1) Participate in the inventory count to confirm the quantity and ownership of inventory at the end of the period; and test the quantity on the closing inventory statement to the inventory book.
- (2) Examined whether the valuation of inventories is in accordance with the accounting policies of Fine Blanking & Tool Co., Ltd.
- (3) Understood the basis of the selling prices Fine Blanking & Tool Co., Ltd. used and the variation of the price in the subsequent period to assess the reasonableness of net realizable value of inventories.
- (4) Assessed whether appropriate provisions have been recognized for aged, damaged, slow moving or obsolete inventories by discussing with the management.

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yen, Kuo-Yu and Chi, Chia-Yu.

Ful-Fill & Co., CPAs
Changhua, Taiwan
Republic of China
February 24, 2025

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

FINE BLANKING & TOOL CO., LTD.
Parent Company Only Balance Sheets
December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

Items	Notes	<u>December 31, 2024</u>		<u>December 31, 2023</u>		
		Amount	%	Amount	%	
11××	CURRENT ASSETS:					
1100	Cash and cash equivalents	4 and 6(1)	\$ 963,067	34.66	\$ 824,897	30.30
1150	Notes receivable, net	4 and 6(2)	3,454	0.12	5,573	0.21
1170	Accounts receivable, net	4, 5 and 6(2)	81,412	2.93	96,477	3.54
1180	Accounts receivable due from related parties, net	4, 5, 6(2) and 7	143,329	5.16	138,263	5.08
1200	Other receivables		738	0.03	3,357	0.12
1210	Other receivables due from related parties	7	4,168	0.15	3,875	0.14
1310	Inventories	4, 5 and 6(3)	192,160	6.91	249,637	9.17
1410	Prepayments		7,374	0.26	22,194	0.82
1470	Other current assets		233	0.01	538	0.02
11××	Total current assets		1,395,935	50.23	1,344,811	49.40
15××	NON-CURRENT ASSETS:					
1550	Investments accounted for using equity method	4 and 6(4)	729,612	26.25	692,376	25.43
1600	Property, plant and equipment	4, 6(5) and 8	619,591	22.30	634,194	23.30
1755	Right-of-use assets	4 and 6(6)	2,986	0.11	1,302	0.05
1801	Computer software, net	4 and 5	5,371	0.19	2,255	0.08
1840	Deferred tax assets	4, 5 and 6(12)	9,775	0.35	11,371	0.42
1915	Prepayments for business facilities		240	0.01	22,063	0.81
1920	Guarantee deposits paid		10,169	0.37	10,169	0.37
1995	Other non-current assets, others		5,217	0.19	3,736	0.14
15××	Total non-current assets		1,382,961	49.77	1,377,466	50.60
1××	TOTAL ASSETS		\$ 2,778,896	100.00	\$ 2,722,277	100.00
21××	CURRENT LIABILITIES:					
2130	Current contract liabilities	4	\$ 6,322	0.23	\$ 9,134	0.33
2150	Notes payable	4	-	-	2,883	0.10
2170	Accounts payable	4	118,783	4.27	114,306	4.20
2180	Accounts payable to related parties	4 and 7	5,934	0.21	4,295	0.16
2200	Other payables		68,860	2.48	71,492	2.63
2230	Current tax liabilities	4 and 6(12)	16,838	0.61	49,040	1.80
2250	Current provisions	4	25	0.00	20	0.00
2280	Current lease liabilities	4 and 6(7)	1,307	0.05	870	0.03
2399	Other current liabilities, others		2,090	0.08	2,136	0.08
21××	Total current liabilities		220,159	7.93	254,176	9.33

(Continued)

FINE BLANKING & TOOL CO., LTD.
Parent Company Only Balance Sheets
December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

Items	Notes	<u>December 31, 2024</u>		<u>December 31, 2023</u>		
		Amount	%	Amount	%	
25××	NON-CURRENT LIABILITIES:					
2551	Provisions for employee benefits, non-current	4, 5 and 6(8)	7,238	0.26	7,238	0.27
2572	Deferred tax liabilities	4 and 6(12)	8,670	0.31	4,550	0.17
2580	Non-current lease liabilities	4 and 6(7)	1,646	0.06	448	0.02
2640	Net defined benefit liability, non-current	4, 5 and 6(8)	-	-	-	-
25××	Total non-current liabilities		17,554	0.63	12,236	0.46
2××	Total liabilities		237,713	8.56	266,412	9.79
31××	EQUITY:					
3110	Ordinary share	6(9)	756,617	27.23	756,617	27.79
3210	Capital surplus, additional paid-in capital	6(9)	150,801	5.43	150,801	5.54
3300	Retained earnings	6(9)				
3310	Legal reserve		499,116	17.96	480,974	17.67
3320	Special reserve		80,932	2.91	65,920	2.42
3350	Unappropriated retained earnings		1,113,351	40.06	1,082,485	39.76
3400	Other equity interest	6(9)				
3410	Exchange differences on translation of foreign financial statements		(59,634)	(2.15)	(80,932)	(2.97)
3××	Total equity		2,541,183	91.44	2,455,865	90.21
3×2×	TOTAL LIABILITIES AND EQUITY		\$ 2,778,896	100.00	\$ 2,722,277	100.00

(See accompanying notes to the parent company only financial statements.)

FINE BLANKING & TOOL CO., LTD.
Parent Company Only Statements of Comprehensive Income
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

Items	Notes	2024		2023	
		Amount	%	Amount	%
4000 OPERATING REVENUE	4, 5, 6(10) and 7	\$ 1,213,613	100.00	\$ 1,240,762	100.00
5000 OPERATING COSTS	6(3)(13) and 7	(1,031,931)	(85.03)	(1,013,750)	(81.70)
5900 GROSS PROFIT FROM OPERATIONS		181,682	14.97	227,012	18.30
5910 UNREALIZED PROFIT (LOSS) FROM SALES		(332)	(0.03)	170	0.01
5950 GROSS PROFIT FROM OPERATIONS, NET		181,350	14.94	227,182	18.31
6000 OPERATING EXPENSES	6(13)	(124,572)	(10.27)	(119,078)	(9.60)
6100 Selling expenses		(21,804)	(1.80)	(22,853)	(1.84)
6200 Administrative expenses		(88,446)	(7.29)	(82,094)	(6.62)
6300 Research and development expenses		(14,410)	(1.19)	(14,277)	(1.15)
6450 Impairment loss determined in accordance with IFRS 9		88	0.01	146	0.01
6900 NET OPERATING INCOME		56,778	4.67	108,104	8.71
7000 NON-OPERATING INCOME AND EXPENSES	6(11)	176,358	14.53	122,307	9.85
7100 Interest income		20,061	1.65	12,761	1.03
7010 Other income		9,005	0.74	11,812	0.95
7020 Other gains and losses		22,473	1.85	(2,793)	(0.23)
7070 Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(4)	124,840	10.29	100,558	8.10
7510 Interest expense	6(7)	(21)	(0.00)	(31)	(0.00)
7900 PROFIT BEFORE INCOME TAX		233,136	19.20	230,411	18.56
7950 INCOME TAX EXPENSE	4 and 6(12)	(48,060)	(3.96)	(48,987)	(3.95)
8200 PROFIT FOR THE PERIOD		185,076	15.24	181,424	14.61
8300 OTHER COMPREHENSIVE INCOME					
8360 Components of other comprehensive income that will be reclassified to profit or loss					
8361 Exchange differences on translation		21,298	1.75	(15,012)	(1.21)
OTHER COMPREHENSIVE INCOME(LOSS), NET OF INCOME TAX		21,298	1.75	(15,012)	(1.21)
8500 TOTAL COMPREHENSIVE INCOME		\$ 206,374	16.99	\$ 166,412	13.40
9750 BASIC EARNINGS PER SHARE (NTD)	6(14)				
Profit before income tax		\$ 3.08		\$ 3.05	
Less: Income tax expense		(0.64)		(0.65)	
Profit for the period		\$ 2.44		\$ 2.40	

(See accompanying notes to the parent company only financial statements.)

FINE BLANKING & TOOL CO., LTD.
Parent Company Only Statements of Changes in Equity
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

Items	Retained Earnings					Others	Total
	Ordinary Share	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	
BALANCE, JANUARY 1, 2023	\$ 756,617	\$ 150,801	\$ 459,608	\$ 97,955	\$ 1,041,715	\$ (65,920)	\$ 2,440,776
Appropriation of earnings:							
Legal reserve			21,366		(21,366)		-
Reversal of special reserve				(32,035)	32,035		-
Cash dividends					(151,323)		(151,323)
Profit for the period					181,424		181,424
Other comprehensive income (loss) for the period:							
Exchange differences on translation of foreign financial statements						(15,012)	(15,012)
Total comprehensive income (loss) for the period					181,424	(15,012)	166,412
BALANCE, DECEMBER 31, 2023	\$ 756,617	\$ 150,801	\$ 480,974	\$ 65,920	\$ 1,082,485	\$ (80,932)	\$ 2,455,865
Appropriation of earnings:							
Legal reserve			18,142		(18,142)		-
Special reserve				15,012	(15,012)		-
Cash dividends					(121,056)		(121,056)
Profit for the period					185,076		185,076
Other comprehensive income (loss) for the period:							
Exchange differences on translation of foreign financial statements						21,298	21,298
Total comprehensive income (loss) for the period					185,076	21,298	206,374
BALANCE, DECEMBER 31, 2024	\$ 756,617	\$ 150,801	\$ 499,116	\$ 80,932	\$ 1,113,351	\$ (59,634)	\$ 2,541,183

(See accompanying notes to the parent company only financial statements.)

FINE BLANKING & TOOL CO., LTD.
Parent Company Only Statements of Cash Flows
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES :		
Profit before income tax	\$ 233,136	\$ 230,411
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	58,810	55,394
Amortization expense	5,182	4,786
Expected credit loss (gain)	(88)	(146)
Interest expense	21	31
Interest income	(20,061)	(12,761)
Share of profit of associates and joint ventures accounted for using equity method	(124,840)	(100,558)
Loss (gain) on disposal of property, plant and equipment	(63)	(335)
Unrealized (realized) gain on the transactions with subsidiaries	189	(466)
Changes in operating assets		
Decrease (increase) in notes receivable, net	2,119	399
Decrease (increase) in accounts receivable, net	15,097	42,765
Decrease (increase) in accounts receivable due from related parties	(5,010)	(2,763)
Decrease (increase) in other receivable	2,453	(1,723)
Decrease (increase) in other receivable due from related parties	(293)	2,324
Decrease (increase) in inventories	57,477	90,564
Decrease (increase) in prepayments	12,791	(14,215)
Decrease (increase) in other current assets	305	437
Total changes in operating assets	84,939	117,788
Changes in operating liabilities		
Increase (decrease) in contract liabilities	(2,812)	(274)
Increase (decrease) in notes payable	(2,883)	2,653
Increase (decrease) in accounts payable	4,477	(28,352)
Increase (decrease) in accounts payable to related parties	1,639	(311)
Increase (decrease) in other payable	(2,809)	(14,317)
Increase (decrease) in provisions	5	8
Increase (decrease) in other current liabilities	(46)	(2,099)
Increase (decrease) in net defined benefit liability	-	(8,194)
Total changes in operating liabilities	(2,429)	(50,886)

(Continued)

FINE BLANKING & TOOL CO., LTD.
Parent Company Only Statements of Cash Flows
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash inflow (outflow) generated from operations	234,796	243,258
Interest received	20,227	11,963
Interest paid	(21)	(31)
Income taxes paid	<u>(74,546)</u>	<u>(52,335)</u>
Net cash flows from (used in) operating activities	<u>180,456</u>	<u>202,855</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES :		
Dividends received	108,713	103,595
Acquisition of property, plant and equipment	(10,458)	(14,272)
Proceeds from disposal of property, plant and equipment	380	335
Decrease (increase) in intangible assets	(500)	(422)
Decrease (increase) in prepayments for business facilities	(13,434)	(20,838)
Decrease (increase) in refundable deposits	-	150
Decrease (increase) in other non-current assets	<u>(5,049)</u>	<u>(2,947)</u>
Net cash flows from (used in) investing activities	<u>79,652</u>	<u>65,601</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES :		
Payments of lease liabilities	(1,059)	(1,082)
Cash dividends	<u>(120,879)</u>	<u>(151,102)</u>
Net cash flows from (used in) financing activities	<u>(121,938)</u>	<u>(152,184)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	138,170	116,272
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>824,897</u>	<u>708,625</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 963,067</u>	<u>\$ 824,897</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION :		
Non-cash investing and financing activities:		
Exchange differences on translation of foreign financial statements	<u><u>\$ 21,298</u></u>	<u><u>\$ (15,012)</u></u>

(See accompanying notes to the parent company only financial statements.)

FINE BLANKING & TOOL CO., LTD.
Notes to the Parent Company Only Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. History and Organization

Fine Blanking & Tool Co., Ltd. (the “Company”) was incorporated in March 1988. As of December 31, 2024, the Company's paid-in capital was \$756,617,400. The major business activities of the Company are the manufacture and sale of automobile, motorcycle parts and various molds. The Company's head office and factory are located in Shengang Township, Changhua County.

The public offering was approved by the Securities and Futures Bureau in December 1998. The Company's shares were approved by the Securities and Futures Bureau to list on the Taipei Exchange in January 2003 and have been trading on the Taipei Exchange since April 16, 2003.

2. Approval Date and Procedures of the Financial Statements

The accompanying parent company only financial statements were approved and authorized for issue by the Board of Directors on February 24, 2025.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (IFRS) as endorsed by the Financial Supervisory Commission (FSC)

In preparing the accompanying parent company only financial statements, the Company has adopted the following IFRS, International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) that issued by the International Accounting Standards Board (IASB) and have been endorsed by the FSC, with effective date from January 1, 2024:

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

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) The IFRSs issued by the IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective Date Issued by IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17 “Initial application of IFRS 17 and IFRS 9 – comparative information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment, and will disclose the relevant impact when the assessment is complete.

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

The accompanying parent company only financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

(3) Foreign currency transactions

In preparing the parent company only financial statements, transactions 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 translated at the rates prevailing at that date. 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. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary 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.

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

Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- A. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- B. Assets held mainly for trading purposes;
- C. Assets that are expected to be realized within twelve months from the balance sheet date; or
- D. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- A. Liabilities that are expected to be settled within the normal operating cycle;
- B. Liabilities arising mainly from trading activities;
- C. Liabilities that are to be settled within twelve months from the balance sheet date; or
- D. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

(5) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments in operations.

(6) Financial instruments

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

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

A. Financial assets

Financial assets are classified into the following categories: financial assets at amortized cost, financial assets at fair value through other comprehensive income (FVOCI) and financial assets at fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified following the change in the business model.

Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at FVTPL:

- a. The objective of the Company's business model is achieved by collecting contractual cash flows.
- b. The assets' contractual cash flows represent solely payments of principal and interest.

At initial recognition, these assets are recognized at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition, these assets are measured at amortized cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets and accounts receivable, which is presented as accounts receivable. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

Impairment of financial assets

At each balance sheet date, the Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including account receivables).

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

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 Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

B. Financial liabilities

Financial liabilities are classified as financial liabilities at FVTPL and financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on the subsequent measurement including interest paid are recognized in profit or loss.

If the financial liabilities at fair value through profit or loss do not have quoted prices in an active market and their fair value cannot be reliably measured, then they are classified as financial liabilities measured at cost on balance sheet and carried at cost as at the reporting date.

Financial liabilities carried at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate (EIR) method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(7) Inventories

The company uses a perpetual inventory system and the inventories are stated at cost. The cost of inventories is calculated using the monthly weighted average method. After making provision for obsolescence, inventories are measured at the lower of cost and net realizable value. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(8) Investments accounted for using equity method

Investments accounted for using the equity method include investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company. Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

When the Company loses control of a subsidiary, any retained investment of the former subsidiary is measured at the fair value at that date. A gain or loss is recognized in profit or loss and calculated as the difference between (a) the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and (b) the previous carrying amount of the investments in such subsidiary. In addition, the Company shall account for all amounts previously recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the subsidiary had directly disposed of the related assets and liabilities. That is, if any gains or losses previously recognized in other comprehensive income are to be reclassified to profit or loss upon disposal of related assets or liabilities, such gains or losses, when the Company loses control over the subsidiary, are reclassified from equity to profit or loss.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of an investment in an associate.

All unrealized profit or loss resulting from transactions between the Company and its subsidiaries have been eliminated in the parent company only financial statements.

(9) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met.

Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately. Depreciation is recognized in profit or loss. The estimated useful lives of property, plant and equipment are as follows: buildings and structures 50 years, machinery and equipment 2~15 years, transportation equipment 3~5 years, facilities 2~5 years, and other equipment 2~8 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates, any change is accounted for as a change in estimate.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(10) Leasing arrangements (lessee) — right-of-use assets / lease liabilities

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

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

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

At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.

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

(11) Intangible assets

The Intangible asset of the Company is computer software, which is measured at cost less accumulated amortization and any accumulated impairment losses. The amortization amount is the cost of an asset less its residual value. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The residual value, amortization period, and amortization method for an intangible asset shall be examined at least annually at each reporting date. Any change shall be accounted for as a change in accounting estimate.

(12) Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

(13) Provisions for liabilities

Provisions are recognized when the Company has a present obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(14) Employee benefits

A. Retirement benefits

The contribution obligation of a defined contribution plan is recognized as an expense during the period of service provided by the employee. The benefit expenses of a defined benefit pension plan are recognized as defined benefit costs in accordance with the actuarial result.

For defined benefit retirement pension plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. The service cost (including current service cost) and the net interest of the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period when they occur. Remeasurement, including actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period when it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

B. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(15) Income tax

Income tax expense represents the sum of the current and deferred income tax.

Current income tax is calculated based on the taxable income of the current year. As part of the profits or losses belong to taxable or deductible items in other reporting periods, or do not belong to taxable or deductible items, the taxable income is different from the net income reported in the statements of comprehensive income. The current income tax-related liabilities of the Company are calculated in accordance with the tax rate that has been legislated or substantively legislated at the end of the reporting period.

An additional 5% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax liabilities are generally recognized for all future taxable temporary differences. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

(16) Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer. Revenue is recognized when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. The details of the Company's major sources of revenue were as follows:

The Company mainly manufactures parts and molds for automobile, motorcycle and other transportation. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional. Payment term granted to customers is due 60-90 days from the invoice date, and to some customers is 120 days. Therefore, the Company does not adjust the monetary time value of the transaction price. For some of the contracts, part of the consideration was received from customers before transferring a promised good to a customer, and the Company has the obligation to transfer the goods subsequently. Accordingly, the Company recognized the consideration received in advance from customers under contract liabilities.

(17) Government grants

Government grants are recognized only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred are recognized in profit or loss of the period in which they become receivable.

Government grants are presented in the financial statements as follows: Unrealized government grants (that is, the benefits of deferred government grants) are classified as liabilities in the balance sheet; realized government grants are other income in the comprehensive income statement.

(18) Operating segments information

Operating segments are reported in a manner consistent with the internal management reports provided to the chief operating decision-maker. The Company's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

The Company has provided the operating segments disclosure in the consolidated financial statements, and the parent company only segment information would not disclose such information.

5. Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

In the application of the Company's accounting policies mentioned in note 4, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The following are the critical judgments, apart from those involving estimations, that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

(1) The loss allowance of accounts receivable

The Company has estimated the loss allowance of accounts receivable based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs.

As of December 31, 2024 and 2023, the Company recognized the loss allowance of \$168 thousand and \$855 thousand, respectively.

(2) Impairment of tangible and intangible assets other than goodwill

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the Company is required to make subjective judgments in determining the independent cash flows, useful lives, expected future revenue and expenses related to the specific asset groups with the consideration of the nature of industry. Any changes in these estimates based on changed economic conditions or business strategies could result in significant impairment charges or reversal in future years.

For the years ended December 31, 2024 and 2023, the Company recognized the impairment loss of \$0 thousand and \$0 thousand, respectively.

(3) Realization of deferred income tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires the management's subjective judgment and estimate, including the future revenue growth and profitability, tax holidays, the amount of tax credits can be utilized and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets.

As of December 31, 2024 and 2023, the Company recognized the deferred tax assets of \$9,775 thousand and \$11,371 thousand, respectively.

(4) Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Company uses judgment and estimate to determine the net realizable value of inventory at the end of each reporting period.

As of December 31, 2024 and 2023, the carrying amounts of inventories were \$192,160 thousand and \$249,637 thousand, respectively.

6. Explanation of Significant Accounts

(1) Cash and cash equivalents

Items	December 31, 2024	December 31, 2023
Cash	\$ 289	\$ 299
Deposits in banks	962,778	824,598
Total	\$ 963,067	\$ 824,897

(2) Notes and accounts receivable, net

Items	December 31, 2024	December 31, 2023
Notes receivable	\$ 3,454	\$ 5,573
Accounts receivable	81,174	98,276
Less: Loss allowance	(168)	(799)
Accounts receivable due from related parties	143,307	138,549
Less: Loss allowance	-	(56)
Plus: Allowance for exchange gains and losses	428	(1,230)
Total	\$ 228,195	\$ 240,313

For trade receivables, the Company applies a simplified approach in calculating ECLs to recognize for credit losses expected over the remaining life of the exposure. As of December 31, 2024 and 2023, the analysis of the Company's expected credit losses of accounts receivable were as follows:

December 31, 2024

Items	Carrying amount	Lifetime expected credit loss rate	Loss allowance provision
Not past due	\$ 220,502	0.00%	\$ -
Past due within 90 days	3,740	0.12%	5
Past due 91-180 days	239	68.22%	163
Past due over 180 days	-	100.00%	-
Plus: Allowance for exchange gains and losses	428		
Total	\$ 224,909		\$ 168

December 31, 2023

Items	Carrying amount	Lifetime expected credit loss rate	Loss allowance provision
Not past due	\$ 235,375	0.04%	\$ 92
Past due within 90 days	731	5.91%	44
Past due 91-180 days	-	43.63%	-
Past due over 180 days	719	100.00%	719
Plus: Allowance for exchange gains and losses	(1,230)		
Total	\$ 235,595		\$ 855

For the years ended December 31, 2024 and 2023, the movement in the allowance for notes and accounts receivable were as follows:

	For the years ended December 31,	
	2024	2023
Balance, beginning of period	\$ 855	\$ 1,001
Provision (reversal)	(88)	(146)
Write-offs during the year	(599)	-
Balance, end of period	\$ 168	\$ 855

The accounts receivable of the Company had not been pledged as collateral.

(3) Inventories

Items	December 31, 2024	December 31, 2023
Finished goods	\$ 93,967	\$ 133,502
Work in process	60,746	87,091
Raw materials	83,088	85,151
Inventory in transit	7,480	-
Less: Allowance for inventory valuation and obsolescence losses	(53,121)	(56,107)
Total	\$ 192,160	\$ 249,637

The inventories of the Company had not been pledged as collateral. The cost of inventories recognized as cost of goods sold for the years ended December 31, 2024 and 2023 were as follows:

Items	For the years ended December 31,	
	2024	2023
Cost of goods sold	\$ 1,031,795	\$ 1,005,983
Net losses (gains) on inventories	201	(37)
Inventory scrap loss	2,921	1,675
Losses on inventory valuation	(2,986)	6,129
Total	\$ 1,031,931	\$ 1,013,750

(4) Investments accounted for using equity method

Investments accounted for using the equity method as of December 31, 2024 and 2023 consisted of the following:

Company name	December 31, 2024			2023
	Initial investment cost	Carrying amount	% of ownership	Share of profits/losses
Propitious International Inc.	\$ 347,044	\$ 454,220	55.75%	\$ 129,917
Superiority Enterprise Corp.	391,965	275,392	100.0%	(5,077)
Total	\$ 739,009	\$ 729,612		\$ 124,840

Company name	December 31, 2023			2023
	Initial investment cost	Carrying amount	% of ownership	Share of profits/losses
Propitious International Inc.	\$ 347,044	\$ 426,279	55.75%	\$ 115,481
Superiority Enterprise Corp.	391,965	266,097	100.0%	(14,923)
Total	\$ 739,009	\$ 692,376		\$ 100,558

The Company invested Propitious International Inc. with initial investment amount of \$360,821 thousand and a 55.75% shareholding and made indirect investment in GSK Vietnam Co., Ltd. through Propitious International Inc. The main business activities of GSK Vietnam Co., Ltd. are manufacturing, processing and production of products, seat cushions and precision stamping parts for automobiles, motorcycles and special vehicles. Due to the goodwill arising from the difference between the net equity acquired and the investment cost, the company underwent a capital reduction in September 2016 to return the investment amount of \$13,777 thousand. As of December 31, 2024, accumulated impairment loss of \$34,636 thousand was recognized. The Company recognizes the aforesaid foreign currency long-term investments in accordance with the financial statements of the investee company on the balance sheet date audited by auditors.

The Company invested in Suzhou Fine Blanking & Tool Co., Ltd. in mainland China through Superiority Enterprise Corp. in the British Virgin Islands, with an investment amount of USD12,000,000. Suzhou Fine Blanking & Tool Co., Ltd. mainly engaged in production and marketing business and import and export business of related products of precision stamping parts for automobiles, special vehicles and other transportation equipment. In April 2008, the factory was completed with mass production capability, and it has been approved by the Investment Review Committee of the Ministry of Economic Affairs letter No. 09500163520. The investment was completed with remittances of USD12,000,000, equivalent to NTD391,965 thousand. The Company recognizes the aforesaid foreign currency long-term investments in accordance with the financial statements of the investee company on the balance sheet date audited by auditors.

(5) Property, plant and equipment

Items	December 31, 2024	December 31, 2023
Land	\$ 399,060	\$ 399,060
Buildings and structures	104,198	123,805
Machinery and equipment	93,309	95,848
Transportation equipment	459	668
Office equipment	-	2,787
Tools and equipment	108	1,599
Other equipment	22,457	10,427
Research equipment	-	-
Total	\$ 619,591	\$ 634,194

For the year ended December 31, 2024

Items	Beginning balance	Additions	Disposals and reclassification	Ending balance
Cost:				
Land	\$ 399,060			\$ 399,060
Buildings and structures	365,136		(536)	364,600
Machinery and equipment	1,083,013	6,450	(10,302)	1,079,161
Transportation equipment	6,610		468	7,078
Office equipment	7,043		(3,594)	3,449
Tools and equipment	40,708	250	(39,417)	1,541
Other equipment	63,206	3,758	59,025	125,989
Research equipment	3,281		(3,281)	-
Total	\$ 1,968,057	\$ 10,458	\$ 2,363	\$ 1,980,878
Accumulated depreciation and impairment:				
Buildings and structures	\$ 241,331	\$ 20,377	\$ (1,306)	\$ 260,402
Machinery and equipment	987,165	26,156	(27,469)	985,852
Transportation equipment	5,942	229	448	6,619
Office equipment	4,256	-	(807)	3,449
Tools and equipment	39,109	151	(37,827)	1,433
Other equipment	52,779	10,887	39,866	103,532
Research equipment	3,281		(3,281)	-
Total	\$ 1,333,863	\$ 57,800	\$ (30,376)	\$ 1,361,287
Carrying amounts	\$ 634,194			\$ 619,591

For the year ended December 31, 2023

Items	Beginning balance	Additions	Disposals and reclassification	Ending balance
Cost:				
Land	\$ 399,060			\$ 399,060
Buildings and structures	364,786	350		365,136
Machinery and equipment	1,075,952	10,614	(3,553)	1,083,013
Transportation equipment	6,447	163		6,610
Office equipment	5,428	84	1,531	7,043
Tools and equipment	41,669	560	(1,521)	40,708
Other equipment	61,177	2,501	(472)	63,206
Research equipment	3,281			3,281
Total	\$ 1,957,800	\$ 14,272	\$ (4,015)	\$ 1,968,057

For the year ended December 31, 2023

Items	Beginning balance	Additions	Disposals and reclassification	Ending balance
Accumulated depreciation and impairment:				
Buildings and structures	\$ 225,586	\$ 15,745	\$ -	\$ 241,331
Machinery and equipment	968,246	28,712	(9,793)	987,165
Transportation equipment	5,722	220		5,942
Office equipment	4,295	240	(279)	4,256
Tools and equipment	40,097	533	(1,521)	39,109
Other equipment	44,386	8,864	(471)	52,779
Research equipment	3,281			3,281
Total	\$ 1,291,613	\$ 54,314	\$ (12,064)	\$ 1,333,863
Carrying amounts	\$ 666,187			\$ 634,194

The significant part of the Company's buildings includes plants, main office building, utilities engineering and air conditioning system, and the related depreciation is calculated using the estimated useful lives of 3-50 years.

As of December 31, 2024 and 2023, the Company recognized \$4,489 thousand and \$7,024 thousand as a reserve for impairment loss from property, plant and equipment.

As of December 31, 2024 and 2023, no property, plant and equipment were pledged to others as collateral.

For the period ended December 31, 2024 and 2023, no borrowing cost was capitalized as part of property, plant and equipment.

(6) Right-of-use assets

A. The carrying amount of the right-of-use assets were as follows:

For the year ended December 31, 2024

Items	Beginning balance	Additions	Disposals and reclassification	Ending balance
Cost:				
Transportation equipment	\$ 3,228	\$ -	\$ (1,559)	\$ 1,669
Office equipment	-	2,694		2,694
Total	\$ 3,228	\$ 2,694	\$ (1,559)	\$ 4,363
Accumulated depreciation and impairment:				
Transportation equipment	\$ 1,926	\$ 860	\$ (1,559)	\$ 1,227
Office equipment	-	150		150
Total	\$ 1,926	\$ 1,010	\$ (1,559)	\$ 1,377
Carrying amounts	\$ 1,302			\$ 2,986

For the year ended December 31, 2023

Items	Beginning balance	Additions	Disposals and reclassification	Ending balance
Cost:				
Transportation equipment	\$ 3,308	\$ 431	\$ (511)	\$ 3,228
Accumulated depreciation and impairment:				
Transportation equipment	\$ 1,357	\$ 1,080	\$ (511)	\$ 1,926
Carrying amounts	\$ 1,951			\$ 1,302

B. The Company leases transportation equipment with lease terms of 3 years.

The Company leases photocopying equipment and transportation equipment with lease terms of less than one year, these leases are short-term and leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(7) Lease liabilities

A. The carrying amount of the lease liabilities were as follows:

December 31, 2024

Items	Future minimum lease payents	Interest	Present value of minimum lease payments
Within 1 year	\$ 1,352	\$ 45	\$ 1,307
2-3 years	1,678	32	1,646
Total	\$ 3,030	\$ 77	\$ 2,953
Current	\$ 1,352	\$ 45	\$ 1,307
Non-current	\$ 1,678	\$ 32	\$ 1,646

December 31, 2023

Items	Future minimum lease payents	Interest	Present value of minimum lease payments
Within 1 year	\$ 882	\$ 12	\$ 870
2-3 years	451	3	448
Total	\$ 1,333	\$ 15	\$ 1,318
Current	\$ 882	\$ 12	\$ 870
Non-current	\$ 451	\$ 3	\$ 448

The amount of lease liabilities increased \$2,694 thousand and \$431 thousand for the year ended December 31, 2024 and 2023. The interest rates are 1.985% and 1.700% and the expiry date is October 2027.

B. The amounts recognized in profit or loss were as follows:

Items	For the years ended December 31,	
	2024	2023
Interest on lease liabilities	\$ 21	\$ 30
Expenses relating to short-term leases	\$ 868	\$ 695

C. The amounts recognized in the statement of cash flows were as follows:

Items	For the years ended December 31,	
	2024	2023
Total cash outflow for leases	\$ 1,080	\$ 1,113

(8) Employee benefits

A. Defined contribution plans

The plan under the R.O.C. Labor Pension Act (the "Act") is deemed a defined contribution plan. Pursuant to the Act, the Company has made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts. Accordingly, the Company recognized expenses for the years ended December 31, 2024 and 2023, were \$7,829 thousand and \$7,734 thousand, respectively.

B. Defined benefit plans

The Company has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Company contributes an amount based on the actuarial result to pension funds (the Funds) each month, which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds.

The Company reached an agreement with the employees who chose the old pension scheme in July 2023 in accordance with the Labor Standards Law and the Labor Pension Act to settle the pension fund, and has obtained an approval letter from the Trust Department, Bank of Taiwan, in August and September 2023.

(9) Equity

A. Ordinary share

As of December 31, 2024, the Company's authorized common shares amounted to \$1,200,000,000, and the outstanding common shares amounted to \$756,617,400, consisting of 75,661,740 shares of common stock, with a par value of \$10 per share.

B. Capital surplus

Items	December 31, 2024	December 31, 2023
Additional paid-in capital	\$ 150,801	\$ 150,801

Under the relevant laws, the capital surplus generated from the excess of the issuance price over the par value of capital stock (including the stock issued for new capital, mergers, convertible bonds and the surplus from treasury stock transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends up to a certain percentage of the Company's paid-in capital.

C. Retained earnings

Operating within the automobile and motorcycle parts industry, the Company shall first take into consideration its operating environment, and industry developments, as well as its programs to maintain its operating efficiency and meet its capital expenditure budget and financial goals. As stipulated in the Company's Articles of Incorporation, the earnings, if any, shall be distributed as follows:

If there is net profit after tax for each fiscal year, no lower than 2% of profit of the current year is distributable as employees' compensation and no higher than 5% of profit of the current year is distributable as remuneration to directors. However, the company's accumulated losses shall have been covered (if any). The Company's net earnings should first be used to pay taxes and offset the prior years' deficits, if any. Of the remaining balance with the adjustment amount of the undistributed earnings, the legal reserve is to be appropriated. A special reserve shall also be set aside or reversed in accordance with laws. Then, any remaining profit, together with any undistributed retained earnings from previous years, shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval. Dividend to be distributed shall be no less than 10% of the current-year retained earnings available for distribution. The cash dividends shall not be less than 20% of the total dividends. Nevertheless, the board of directors could make adjustments according to the actual profit and capital status of the company in the current year and propose the appropriation for resolution at the shareholders' meeting.

According to the Act, a company shall set aside legal reserve until it equals to the paid-in capital. The legal capital reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

Pursuant to existing regulations, the Company is required to set aside additional special capital reserve equivalent to the net debit balance of the other components of shareholders' equity, such as the accumulated balance of foreign currency translation reserve, unrealized valuation gains and losses from available-for-sale financial assets, etc. For the subsequent decrease in the deduction amount to shareholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

The amounts of dividends on the appropriations of earnings for 2023 and 2022 had been approved during shareholders' meeting on May 21, 2024 and May 30, 2023, respectively.

Items	Appropriation		Dividend per share	
	2023	2022	2023	2022
Legal reserve	\$ 18,142	\$ 21,366		
Special reserve	15,012	(32,035)		
Cash dividends	121,059	151,323	\$ 1.60	\$ 2.00

The appropriation of the 2024 net income was proposed by the Board of Directors on February 24, 2025 as follows:

Items	2024	
Legal reserve	\$ 18,508	
Special reserve	(21,298)	
Cash dividends	121,059	1.6 / share

The appropriation for 2024 is to be presented for approval in the Company's shareholders' meeting to be held on May 27, 2025 (expected).

D. Others

Changes in others for the years ended December 31, 2024 and 2023 were as follows:

Exchange differences on translation of foreign financial statements	For the years ended December 31,	
	2024	2023
Balance, beginning of period	\$ (80,932)	\$ (65,920)
Changes in period	21,298	(15,012)
Balance, end of period	\$ (59,634)	\$ (80,932)

(10) Operating revenue

Disaggregation of revenue for the years ended December 31, 2024 and 2023 were as follows:

Items	For the years ended December 31,	
	2024	2023
Sale of goods	\$ 1,197,730	\$ 1,223,741
Others	15,883	17,021
Total	\$ 1,213,613	\$ 1,240,762

(11) Non-operating income and expenses

The details of non-operating income and expenses for the years ended December 31, 2024 and 2023 were as follows:

Items	For the years ended December 31,	
	2024	2023
<hr/>		
Non-operating income		
Other income	\$ 8,155	\$ 10,962
Rent income	850	850
	<hr/>	<hr/>
Total	\$ 9,005	\$ 11,812
	<hr/>	<hr/>
Other gains and losses		
Gain (loss) on disposal of property, plant and equipment	\$ 207	\$ 631
Foreign exchange losses	23,186	(2,907)
Others	(920)	(517)
	<hr/>	<hr/>
Total	\$ 22,473	\$ (2,793)
	<hr/>	<hr/>

(12) Income tax

A. Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

Items	For the years ended December 31,	
	2024	2023
<hr/>		
Current income tax expense		
Current tax expense recognized in the current year	\$ 40,983	\$ 47,021
Income tax adjustments on prior years	-	(48)
Tax on undistributed earnings	1,361	3,233
Deferred income tax expense		
The origination and reversal of temporary differences	5,716	(1,129)
Income tax credits	-	(90)
	<hr/>	<hr/>
Income tax expense recognized in profit or loss	\$ 48,060	\$ 48,987
	<hr/>	<hr/>

A reconciliation of income before income tax and income tax expense recognized in profit or loss were as follows:

Items	For the years ended December 31,	
	2024	2023
Income before tax	\$ 233,136	\$ 230,411
Income tax expense at the statutory rate	\$ 46,627	\$ 46,082
Tax effect of adjusting items		
Nondeductible items in determining taxable income	72	(86)
Tax-exempt income	-	(104)
Tax on undistributed earnings	1,361	3,233
Income tax credits	-	(90)
Income tax adjustments on prior years	-	(48)
Changes in deferred tax		
Temporary differences	-	-
Income tax expense recognized in profit or loss	\$ 48,060	\$ 48,987

B. Deferred income tax assets and liabilities

Items	December 31,	
	2024	2023
Deferred income tax assets		
Provisions	\$ 5	\$ 4
Inventory	7,419	7,146
Property, plant and equipment	898	1,405
Net defined benefit liability	1,448	1,448
Foreign currency assets and liabilities	5	1,368
Deferred income tax assets	\$ 9,775	\$ 11,371
Deferred income tax liabilities		
Long-term investments	\$ 7,776	\$ 4,548
Foreign currency assets and liabilities	894	2
Deferred income tax liabilities	\$ 8,670	\$ 4,550

C. Changes in deferred income tax assets and liabilities

For the year ended December 31, 2024

Items	Balance, beginning of period	Profit or loss	Other comprehensive income	Balance, end of period
Deferred income tax assets				
Provisions	\$ 4	\$ 1	\$ -	\$ 5
Inventory	7,146	273		7,419
Property, plant and equipment	1,405	(507)		898
Net defined benefit liability	1,448			1,448
Foreign currency assets and liabilities	1,368	(1,363)		5
Total	\$ 11,371	\$ (1,596)	\$ -	\$ 9,775
Deferred income tax liabilities				
Long-term investments	\$ 4,548	\$ (3,228)	\$ -	\$ 7,776
Foreign currency assets and liabilities	2	(892)		894
Total	\$ 4,550	\$ (4,120)	\$ -	\$ 8,670

For the year ended December 31, 2023

Items	Balance, beginning of period	Profit or loss	Other comprehensive income	Balance, end of period
Deferred income tax assets				
Provisions	\$ 2	\$ 2	\$ -	\$ 4
Inventory	6,402	744		7,146
Property, plant and equipment	1,957	(552)		1,405
Net defined benefit liability	2,480	(1,032)		1,448
Foreign currency assets and liabilities	136	1,232		1,368
Total	\$ 10,977	\$ 394	\$ -	\$ 11,371

Items	Balance, beginning of period	Profit or loss	Other comprehensive income	Balance, end of period
Deferred income tax liabilities				
Long-term investments	\$ 5,150	\$ 602	\$ -	\$ 4,548
Foreign currency assets and liabilities	135	133		2
Total	\$ 5,285	\$ 735	\$ -	\$ 4,550

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

(13) Employee benefits, depreciation, depletion, and amortization expenses

Employee benefits, depreciation, depletion, and amortization expenses for the years ended December 31, 2024 and 2023 were summarized according to their functions as follows:

By item	For the year ended December 31, 2024		
	By function Cost of sale	Operating expense	Total
Employee benefits			
Salary	\$ 124,901	\$ 46,102	\$ 171,003
Labor and health insurance	14,950	5,129	20,079
Pension	5,758	2,071	7,829
Remuneration directors	-	14,133	14,133
Others	29,256	4,889	34,145
Depreciation	47,421	11,389	58,810
Amortization	2,894	2,288	5,182

By item	For the year ended December 31, 2023		
	By function Cost of sale	Operating expense	Total
Employee benefits			
Salary	\$ 132,609	\$ 42,095	\$ 174,704
Labor and health insurance	15,780	4,709	20,489
Pension	6,091	1,834	7,925
Remuneration directors	-	14,155	14,155
Others	28,311	4,415	32,726
Depreciation	46,754	8,640	55,394
Amortization	3,255	1,531	4,786

For the years ended December 31, 2024 and 2023, the average numbers of employees of the Company were 371 and 377, respectively. The numbers of directors excluding the employees were both 8.

The average employee benefits expense of the Company for 2024 and 2023 were \$642 thousand and \$639 thousand.

The average employee salary expense of the Company for 2024 and 2023 were \$471 thousand and \$473 thousand.

The rate of adjustment in average salary expenses was -0.4%.

The remunerations to employees and the remunerations to directors for the years ended December 31, 2024 and 2023, were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the percentage amounted to \$21,968 thousand and \$21,968 thousand. If there are any adjustments to the amounts after the date of authorization for issuance of the parent company only financial statements, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

Remuneration to employees and directors for 2024 approved by the board of directors on February 24, 2025 were in the amounts of \$12,772 thousand and \$9,196 thousand, respectively. There is no difference between the aforementioned approved amounts and the amounts charged against earnings of 2024.

Remuneration to employees and directors for 2023 approved by the board of directors on February 27, 2024 were in the amounts of \$12,772 thousand and \$9,196 thousand and had been presented in the shareholders' meeting on May 21, 2024. There is no difference between the aforementioned approved amounts and the amounts recognized in the financial statements of 2023.

The information about the remuneration to employees and directors is available on the Market Observation Post System website.

(14) Earnings per share of common stock

	For the years ended December 31,	
	2024	2023
Profit for the period (in thousands)(A)	\$ 185,076	\$ 181,424
The number of outstanding shares at beginning of period	75,661.74	75,661.74
The number of average outstanding equivalent shares in fiscal year (in thousands)(B)	75,661.74	75,661.74
Earnings per share (NTD)(A)/(B)	\$ 2.44	\$ 2.40

(15) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(16) Financial instruments

A. Categories of financial instruments

Items	December 31, 2024	December 31, 2023
<hr/>		
Financial assets		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 963,067	\$ 824,897
Receivables	228,195	240,313
Total	<u>\$ 1,191,262</u>	<u>\$ 1,065,210</u>
Financial liabilities		
Financial liabilities at amortized cost		
Payables	\$ 124,717	\$ 121,484
Lease liabilities	2,953	1,318
Total	<u>\$ 127,670</u>	<u>\$ 122,802</u>

B. Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies, measures and manages the aforementioned risks based on the Company's policy and risk tendency.

For the above-mentioned financial risks, the Company has established suitable policies, procedures, and internal control according to related regulations. Important financial activities need to be reviewed by the Board of Directors according to applicable regulations and the internal control system. While a financial plan is being implemented, the Company needs to strictly follow applicable financial operating procedures about the overall financial risk management.

C. Market risk

The market risk of the Company is the risk of volatility in fair value or cash flows of financial instruments as a result of the varying prices on the market. Market risk mainly includes exchange rate risk, interest rate risk, and other price risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

a. Currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and net investment in foreign operations.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables; therefore, there is natural hedge effect. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The information of the sensitivity analyses is as follows.

When USD appreciates or depreciates against NTD by 1%, the profit increases / decreases as follows:

Items	December 31, 2024		December 31, 2023	
	Appreciation	Depreciation	Appreciation	Depreciation
Profit for the period	\$ 7,278	\$ (7,278)	\$ 5,774	\$ (5,774)
Equity	8,169	(8,169)	7,991	(7,991)

b. Interest rate risk

The interest rate risk is the risk of volatility in the fair value or cash flows in the future of financial instruments as a result of changing interest rates on the market. The interest rate risk of the Company mainly comes from borrowings at floating interest rates. Since most short-term loans of the Company for the years ended December of 2024 and 2023 are fixed rate borrowings, the interest rate fluctuations risk of future cash flows was insignificant.

c. Fair value hierarchy of financial instruments

(a) Definition of fair value hierarchy

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

(b) Fair value hierarchy information

The Company did not have financial instruments such as financial assets classified at fair value through profit or loss and consequently fair value hierarchy information was not disclosed.

D. Credit risk management

Credit risk is the risk of financial losses to the Company if counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's operating activities (mainly receivables from customers) and financial activities (mainly deposits in banks and financial instruments).

Each business unit manages customer credit risk by following the policies, procedures and controls of the customer's credit risk of the Company. The credit risk assessment of all customers is based on factors such as the financial status of the customer, the evaluation of the credit rating agency, past historical trading experience, current economic environment and internal company evaluation criteria. The Company also uses certain credit enhancement tools (such as advance sales receipts) at appropriate times to reduce the credit risk of specific customers.

Receivables from top ten customers of the total accounts receivable of the Company represented as follows. The credit concentration risk of other accounts receivable was insignificant.

	December 31, 2024	December 31, 2023
Percentage	86.46%	81.37%

E. Liquidity risk management

The Company manages its liquidity risk by maintaining adequate cash and cash equivalents and bank loan. The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Non-derivative financial instruments

Items	December 31, 2024	December 31, 2023
Payables		
Within 1 year	\$ 124,717	\$ 121,484
Lease liabilities		
Within 1 year	\$ 1,307	\$ 870
2-3 years	1,646	448
Total	\$ 2,953	\$ 1,318

F. Fair value of financial instruments

a. Valuation techniques and assumptions used to measure fair value

The fair values of the financial assets and liabilities refer to the amounts of current transaction of the said instruments with the interested counterparties (instead of mandatory means or liquidation). The methods and assumptions used to estimate the fair value of the Company's financial assets and liabilities are as follows:

The carrying amount of cash and cash equivalents, receivables, payables, and short-term borrowings approximate their fair value due to their short maturities.

b. Fair value of financial instruments measured at amortized cost

The Company considers that the carrying amounts of financial assets and liabilities that are measured at amortized cost approximate their fair values.

G. The information on the foreign-currency financial assets and liabilities with significant effect

Items	December 31, 2024		
	Foreign currency amount	Exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$ 13,905	32.7850	\$ 455,875
EUR	206	34.1400	7,033
RMB	2,831	4.5608	12,912
JPY	384	0.2099	81

Items	December 31, 2024		
	Foreign currency amount	Exchange rate	NTD
<u>Financial liabilities</u>			
Monetary items:			
USD	\$ 43	32.7850	\$ 1,410

Items	December 31, 2023		
	Foreign currency amount	Exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$ 10,275	30.7050	\$ 315,494
EUR	196	33.9800	6,660
RMB	10,007	4.3352	43,382
JPY	4,083	0.2172	887
<u>Financial liabilities</u>			
Monetary items:			
RMB	112	4.3352	486
JPY	1,154	0.2172	251

7. Related-Party Transactions

(1) Names of related parties and relationship with the Company:

<u>Related party name</u>	<u>Related party categories</u>
GSK Corporation	Other related party
GSK Autotech & Furniture Inc.	Other related party
Shin San Shing Co., Ltd.	Other related party
GSK Intek Co., Ltd.	Other related party
Medcare Manufacturing Inc.	Other related party
GSK Technologies Inc.	Other related party
Uni Auto Parts Manufacture Co., Ltd.	Other related party
Propitious International Inc.	Subsidiary
GSK Vietnam Co., Ltd	Subsidiary
Suzhou Fine Blanking & Tool Co., Ltd.	Subsidiary

(2) Significant related party transactions:

A. Purchases of goods

Items	For the years ended December 31,	
	2024	2023
Subsidiaries	\$ 2,621	\$ 2,629
Other related parties	21,715	17,846
Total	<u>\$ 24,336</u>	<u>\$ 20,475</u>

The purchases prices and payment terms to related parties were not significantly different from those of purchases to third parties. The payment terms for purchases to related parties were 2 months. The payments were paid by remittance.

B. Operating revenue

Items	For the years ended December 31,	
	2024	2023
Subsidiaries	\$ 16,795	\$ 16,858
Other related parties		
GSK Technologies	275,836	325,473
GSK Corporation	463,906	378,375
Others	16,020	19,545
Total	<u>\$ 772,557</u>	<u>\$ 740,251</u>

The sales prices and collection terms to related parties were not significantly different from those of sales to third parties. The payments were collected by 2-4 month promissory notes or remittance.

C. Notes receivable / payable and accounts receivable / payable (no interest bearing)

a. Accounts receivable

Items	December 31,	December 31,
	2024	2023
Subsidiaries	\$ 1,200	\$ 6,426
Other related parties		
GSK Corporation	93,946	81,482
GSK Technologies	45,092	47,380
Others	3,091	3,030
Less: Loss allowance	-	(55)
Total	<u>\$ 143,329</u>	<u>\$ 138,263</u>

Items	December 31, 2024	December 31, 2023
b. Other receivables		
Subsidiaries		
Propitious	\$ 4,122	\$ 3,662
Other related parties	46	213
Total	\$ 4,168	\$ 3,875
c. Accounts payable		
Subsidiaries	\$ 1,404	\$ 487
Other related parties	4,530	3,808
Total	\$ 5,934	\$ 4,295

D. Property transactions

The acquisition of property, plant and equipment from related parties was as follows:

Items	Period	Name of equipment	Purchase price	Outstanding payment
Machinery and equipment	2024	Desktop C type hydraulic press	\$ 85	\$ -
Machinery and equipment	2023	Ultrasonic equipment	23	-

E. Others

Items	For the years ended December 31,	
	2024	2023
Agency fee - other related parties	\$ 688	\$ 749
Manufacturing overhead-outsourced - other related parties	3,361	2,951
Other income - subsidiaries	4,122	3,662

F. Compensation of key management personnel

Items	For the years ended December 31,	
	2024	2023
Salary	\$ 10,722	\$ 10,828
Professional practice charge	525	507
Remuneration	9,196	9,196
Total	\$ 20,443	\$ 20,531

For details of total compensation paid to the key management personnel, please refer to the annual report of the Company.

8. Pledged Assets: None

9. Significant Contingent Liabilities and Unrecognized Commitments

(1) As of December 31, 2024, amounts available under letters of credit for import: None

(2) As of December 31, 2024, capital expenditures contracted for but not yet incurred: None

10. Significant Disaster Loss: None

11. Significant Subsequent Events: None

12. Others: None

13. Supplementary Disclosures

(1) Information on significant transactions

A. Loans to others: None

B. Provision of endorsements and guarantees to others: None

C. Holding of marketable securities at the end of the periods: None

D. Acquisition or sale of the same security with the accumulated cost exceeding \$100 million or 20% of the Company's paid-in capital: None

E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None

F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid in capital or more: Please refer to table 1.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None

I. Trading in derivative financial instruments undertaken during the reporting periods ended: None

(2) Information on investees

A. Related information regarding the name and the location of the investee companies: Please refer to table 2.

(3) Information on investments in mainland China

A. The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please refer to table 3.

B. Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: Please refer to note 7.

(4) Information on major shareholders

List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Please refer to table 4.

14. Segment Information

The Company has provided the operating segments disclosure in the consolidated financial statements.

Table 1: Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid in capital or more

In Thousands of NTD

For the year ended December 31, 2024

Name of company	Related party	Nature of relationship	Transaction details				Abnormal Transaction (Note 1)		Notes/Accounts payable or receivable		Note (Note 2)
			Purchase/Sale	Amount	% of total	Payment terms	Unit price	Payment terms	Ending balance	% of total	
Fine Blanking & Tool Co., Ltd.	GSK Corporation	The entity's chairman is the same as the Company's	Sale	463,906	38.23%	2 months	Normal	Normal	93,946	41.17%	
Fine Blanking & Tool Co., Ltd.	GSK Technologies Inc.	The entity's chairman is the Company's director	Sale	275,836	22.73%	2 months	Normal	Normal	45,092	19.76%	

Note 1: If the related party transaction terms are different from the general transaction terms, the description of the terms of the transaction and the reasons for the difference should be stated in the columns of unit price and payment terms.

Note 2: If there are any prepayments, the reason, contractual terms, amount, and differences from general transactions should be stated in the remarks column.

Note 3: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's stock has no par value or the par value per share is not NTD 10, the transaction amount requirement of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

Table 2: Names, locations, and related information of investees over which the Company exercises significant influence
(excluding information on investment in mainland China)

In Thousands of NTD
For the year ended December 31, 2024

Name of investor	Name of investee (Note 1, 2)	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2024			Net income (losses) of investee (Note 2(2))	Share of profits/losses (Note 2(3))	Note
				December 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value			
Fine Blanking & Tool Co., Ltd.	Propitious International Inc.	BVI	Investment	347,044	347,044	-	55.75%	454,220	233,325	129,917	Subsidiary
Fine Blanking & Tool Co., Ltd.	Superiority Enterprise Corp.	BVI	Investment and import/export trade	391,965	391,965	-	100.0%	275,392	(5,870)	(5,077)	Subsidiary
Propitious International Inc.	GSK Vietnam Co., Ltd.	Vietnam	Manufacturing, processing and production of products and precision stamping parts for automobiles, motorcycles and special vehicles, and coating and processing	606,351	606,351	-	100.0%	781,285	233,422	233,058	Sub-subsidiary

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of "Name of investee", "Location", "Main business and products", "Original investment amount" and "Shares held as of December 31, 2024" should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the "Note" column.
- (2) The "Net income (losses) of investee" column should fill in amount of net profit (loss) of the investee for this period.
- (3) The "Share of profits/losses" column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

Table 3: Information on investment in mainland China

In Thousands of NTD
For the year ended December 31, 2024

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2024	Net income (losses) of investee	Percentage of ownership	Share of profits/losses (Note 2(2)B)	Carrying amount as of December 31, 2024	Accumulated inward remittance of earnings in current period
					Outflow	Inflow						
Suzhou Fine Blanking & Tool Co., Ltd.	Products and precision stamping parts for automobiles and special vehicles, and production and sales of other transportation equipment	391,965	Note 1(2) Investment through Superiority Enterprise Corp.	391,965	-	-	391,965	(5,884)	100%	(5,884)	278,978	-

Accumulated investment in mainland China as of December 31, 2024	Investment amounts authorized by Investment Commission, MOEA	Upper Limit on Investment
391,965	395,904	1,524,710

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Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Direct investment in mainland China.
- (2) Indirectly investment in mainland China through companies registered in a third region (Please specify the name of the company in third region).
- (3) Other methods.

Note 2: In the "Share of profits/losses" column:

- (1) It should be indicated if the investee was still in the incorporation arrangement and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B. The financial statements were audited by the auditors of the parent company.
 - C. Others.

Note 3: The numbers in this table are expressed in NTD.

Table 4: Information on major shareholders

Unit: Share

December 31, 2024

Shareholding Shareholder's name	Number of common shares	Number of preferred shares	Percentage
Chuan Tai Investment Co., Ltd.	14,462,693		19.11%
GSK Investment Development Co., Ltd.	10,469,488		13.83%
Taiwan Fu Hsing Industrial Co., Ltd.	7,552,867		9.98%
Chuan Dau Investment Co., Ltd.	7,463,668		9.86%

Note: Total shares transferred in dematerialised form (including treasury shares) amounted to 75,661,740 shares = 75,661,740 common shares + 0 preferred shares.

Fine Blanking & Tool Co., Ltd.
Statement of Cash and Cash Equivalents
December 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Description	(NTD)		Amount	Note
Cash on hand	USD	378.00	@ 32.7850	249	
	EUR	5,396.00	@ 34.1400		
	JPY	40,504.00	@ 0.2099		
	CAD	20.00	@ 22.8000		
	NTD	43,519.00	@ 1.0000		
Petty cash				40	
Demand deposits				415,418	
Checking accounts				295	
Foreign currency deposits	USD	2,595,363.86	@ 32.7850	102,822	
	EUR	146,044.87	@ 34.1400		
	RMB	2,830,596.04	@ 4.4780		
	JPY	343,985.00	@ 0.2099		
Time deposits	USD	10,500,000.00	@ 32.7850	444,243	
	NTD	100,000,000.00	@ 1.0000		
Total				963,067	

Fine Blanking & Tool Co., Ltd.
Statement of Accounts Receivable
December 31, 2024
(In Thousands of New Taiwan Dollars)

Client name	Description	Amount	Note
Non-related parties:			
Client A	Accounts	10,518	The amount of individual client represents at least 5% of the account balance.
Client B	"	14,494	
Client C	"	5,286	
Client D	"	4,284	
Client E	"	5,217	
Client F	"	5,390	
Client G	"	4,368	
Others	"	31,617	
Plus: Allowance for exchange gains and losses		406	
Less: Loss allowance		(168)	
Subtotal		81,412	
Related parties:			
GSK Corporation	Accounts	93,946	
GSK Technologies Inc.	"	45,092	
Other related parties	"	4,269	
Plus: Allowance for exchange gains and losses		22	
Less: Loss allowance		-	
Subtotal		143,329	
Total		224,741	

Fine Blanking & Tool Co., Ltd.
Statement of Inventories
December 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Description	Amount		Note
		Cost	Net realizable value	
Raw materials		83,088	72,577	Inventories are measured at the lower of cost and net realizable value. The item by item approach is used in applying the lower of cost and net realizable value.
Work in process		60,746	47,108	
Finished goods		93,967	73,603	
Inventory in transit		7,480	7,480	
Total		245,281	200,768	
Less: Allowance for inventory valuation and obsolescence losses		(53,121)		Inventories are measured at the lower of cost and net realizable value and obsolescence provision is made based on the Company's policy.
Net inventories		192,160	200,768	

Fine Blanking & Tool Co., Ltd.
Statement of Changes in Investments Accounted for Using Equity Method
For the year ended December 31, 2024
(In Thousands of New Taiwan Dollars)

Name of investee	Beginning balance	Additions	Decrease	Ending balance	%	Market price or net value of equity	Collateral	Note
Propitious International Inc.	426,279	27,941	-	454,220	55.75%	791,091	None	
Superiority Enterprise Corp.	266,097	9,295	-	275,392	100.0%	279,133	//	
Total	692,376	37,236	-	729,612				

Fine Blanking & Tool Co., Ltd.
Statement of Changes in Property, Plant and Equipment
For the year ended December 31, 2024
(In Thousands of New Taiwan Dollars)

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Item	Beginning balance	Additions	Decrease	Ending balance	Collateral	Note
Cost:					Note 8	
Land	399,060	-	-	399,060		
Buildings and structures	365,136	-	536	364,600		
Machinery and equipment	1,083,013	39,505	43,357	1,079,161		
Transportation equipment	6,610	468	-	7,078		
Office equipment	7,043	-	3,594	3,449		
Tools and equipment	40,708	250	39,417	1,541		
Other equipment	63,206	65,455	2,672	125,989		
Research equipment	3,281	-	3,281	-		
Subtotal	1,968,057	105,678	92,857	1,980,878		
Accumulated depreciation and impairment:						
Buildings and structures	241,331	20,377	1,306	260,402		
Machinery and equipment	987,165	26,156	27,469	985,852		
Transportation equipment	5,942	677	-	6,619		
Office equipment	4,256	-	807	3,449		
Tools and equipment	39,109	151	37,827	1,433		
Other equipment	52,779	53,425	2,672	103,532		
Research equipment	3,281	-	3,281	-		
Subtotal	1,333,863	100,786	73,362	1,361,287		
Net property, plant and equipment	634,194			619,591		

Fine Blanking & Tool Co., Ltd.
Statement of Accounts Payables
December 31, 2024
(In Thousands of New Taiwan Dollars)

Client name	Description	Amount	Note
Non-related parties:			
JoinCast	Accounts	7,215	The amount of individual client represents at least 5% of the account balance.
Ruisheng	"	6,007	
Others	"	105,561	
Subtotal		118,783	
Related parties:			
GSK Corporation	Accounts	2,710	
GSK VN	"	1,404	
GSK Technologies Inc.	"	518	
Medcare Manufacturing Inc.	"	1,302	
Subtotal		5,934	
Total		124,717	

Fine Blanking & Tool Co., Ltd.
 Statement of Operating Revenue
 For the year ended December 31, 2024
 (In Thousands of New Taiwan Dollars)

Item	Quantity	Amount	Note
Fine blanking parts	11,481,372	766,040	
Brake discs	1,370,020	349,790	
Others	1,568,351	97,783	
Total	14,419,743	1,213,613	

Fine Blanking & Tool Co., Ltd.
Statement of Operating Costs
For the year ended December 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Discription	Amount	Note
Raw materials, beginning of period		85,151	
Plus: Raw materials purchased		501,513	
Transferred from work in progress to raw materials		101,947	
Less: Raw materials, end of period		(83,087)	
Raw materials sales		(6,095)	
Gain (loss) on physical inventory		(69)	
Sample fee, mold fee, etc.		(35)	
Raw materials scrapped		(834)	
Transferred to research expenses		(187)	
Direct raw materials		598,304	
Direct labor		79,926	
Manufacturing expenses		371,011	
Transferred from rework of finished goods		127,673	
Manufacturing costs		1,176,914	
Plus: Work in progress, beginning of period		87,091	
Work in progress purchased		5	
Gain (loss) on physical inventory		(55)	
Less: Work in progress, end of period		(60,746)	
Transferred from work in progress to raw materials		(101,947)	
Work in progress sales		(26,414)	
Work in progress scrapped		(921)	
Sample fee, mold fee, etc.		(6,514)	
Transferred from work in progress to research expenses		(82)	
Cost of finished goods		1,067,331	
Plus: Finished goods, beginning of period		133,502	
Finished goods purchased		53,538	
Less: Finished goods, end of period		(93,967)	
Transferred to self-used		(2,594)	
Gain (loss) on physical inventory		(77)	
Finished goods scrapped		(1,166)	
Sample fee, mold fee, etc.		(1,941)	
Requisition of research and development		(312)	
Rework transferred to work in progress		(127,673)	
Income from sales of scraps		(27,355)	
Cost of manufacturing and sales		999,286	
Cost of raw materials sales		6,095	
Cost of work in progress sales		26,414	
Gain (loss) on physical inventory		201	
Inventory scrap loss		2,921	
Inventory valuation		(2,986)	
Operating costs		1,031,931	

Fine Blanking & Tool Co., Ltd.
Statement of Operating Expenses
For the year ended December 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Discription	Selling expenses	Administrative expenses	Reseach and development expenses	Note
Salary expenses		8,814	36,538	8,084	
Rent expenses		35	457	27	
Supplies expenses		187	424	10	
Travelling expenses		172	597	322	
Freight expenses		4,341	675	44	
Postage expenses		288	664	49	
Repair and maintenance expenses		111	1,033	80	
Advertisement expenses			65		
Utilities expenses		26	1,477	63	
Insurance expenses		2,388	3,640	756	
Entertainment expenses		937	956	76	
Donation		5	349		
Taxes		63	660	13	
Depreciation		461	10,150	778	
Amortization			1,896	392	
Meal expenses		561	1,739	494	
Employee benefits		328	1,177	288	
Training expenses		236	717	291	
Export expenses		1,976			
Professional service fee		496	7,266		
Director compensation			9,196		
Manufacturing overhead				734	
Raw material				1,081	
Other expenses		379	8,770	636	
Contract research expenses				192	
Total		21,804	88,446	14,410	