

**Thinking Electronic Industrial Company
Limited and Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2024 and 2023 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of affiliates as of and for the year ended December 31, 2024, under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are all the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. In addition, the information required to be disclosed in the consolidated financial statements has all been disclosed in the consolidated financial statements of the parent and subsidiary companies. Consequently, Thinking Electronic Industrial Co., Ltd. and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Thinking Electronic Industrial Co., Ltd.

By

Sui, Tai-Zhong
Chairman

February 20, 2025

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Thinking Electronic Industrial Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Thinking Electronic Industrial Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2024 is described as follows:

Authenticity of sales revenue

The Group's operating revenue for the year ended December 31, 2024 was \$7,519,697 thousand. Based on the Standards on Auditing of the Republic of China, revenue recognition is presumed to have a significant risk. Therefore, we considered the authenticity of revenue from specific customers as a key audit matter. For the accounting policy on revenue recognition, refer to Note 4 (1) to the financial statements.

In addition to obtaining an understanding of the internal controls relevant to the recognition of operating revenue, we performed the following audit procedures:

1. We obtained an understanding of and tested the operating effectiveness of the internal controls relevant to the revenue recognition of the Group.
2. We obtained details on the sales revenues of specific customers, randomly selected an adequate number of samples and examined shipping documents and receipt vouchers. We also verified the amounts collected and confirmed that payers and sales customers were in agreement with one another regarding the authenticity of revenue.

Other Matter

We have also audited the parent company only financial statements of Thinking Electronic Industrial Co., Ltd. as of and for the years ended December 31, 2024 and 2023, respectively, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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 audits resulting in this independent auditors' report are Chen-Li Chen and Yu-Hsiang Liu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 20, 2025

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, consolidated financial performance and consolidated 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 consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated 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 consolidated financial statements shall prevail.

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 3,069,921	20	\$ 2,599,316	19
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 28)	1,142,471	7	1,127,549	8
Financial assets at amortized cost - current (Notes 4 and 8)	480,242	3	302,843	2
Notes receivable (Notes 10 and 30)	658,417	4	432,050	3
Accounts receivable, net (Notes 4 and 10)	2,349,081	15	1,930,604	14
Accounts receivables from related parties (Notes 10 and 29)	271	-	620	-
Other receivables	63,152	-	66,081	1
Current tax assets (Notes 4 and 25)	5,247	-	27,192	-
Inventories (Notes 4 and 11)	1,455,448	9	1,236,708	9
Other financial assets - current (Notes 12 and 30)	200,389	1	95,120	1
Other current assets	231,209	2	170,893	1
Total current assets	9,655,848	61	7,988,976	58
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	27,903	-	27,682	-
Financial assets at amortized cost - non-current (Notes 4 and 8)	1,356,518	9	986,429	7
Property, plant and equipment (Notes 4, 14, 30 and 31)	3,862,150	25	3,693,813	27
Right-of-use assets (Notes 4 and 15)	516,616	3	372,854	3
Investment property, net (Notes 4 and 16)	28,692	-	33,375	1
Computer software, net (Note 4)	34,987	-	39,913	1
Deferred tax assets (Notes 4 and 25)	93,473	1	163,861	1
Prepayments for equipment	113,616	1	142,079	1
Net defined benefit assets - non-current (Notes 4 and 21)	44,292	-	31,036	-
Other financial assets - non-current (Notes 12 and 30)	14,759	-	23,584	-
Other non-current assets	43,675	-	146,227	1
Total non-current assets	6,136,681	39	5,660,853	42
TOTAL	\$ 15,792,529	100	\$ 13,649,829	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 17)	\$ 415,000	3	\$ 135,000	1
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 28)	4,212	-	629	-
Notes payable (Note 18)	394,126	2	65,390	1
Accounts payable (Note 18)	446,649	3	407,028	3
Accounts payable to related parties (Note 29)	1,515	-	820	-
Other payables (Note 19)	702,275	5	721,868	5
Other payables to related parties (Note 29)	883	-	1,357	-
Current tax liabilities (Notes 4 and 25)	147,836	1	27,267	-
Lease liabilities - current (Notes 4 and 15)	30,592	-	44,994	-
Current portion of long-term borrowings (Notes 4 and 17)	178,612	1	131,589	1
Refund liabilities - current (Notes 4 and 20)	156,608	1	76,342	1
Other current liabilities (Notes 4 and 17)	46,408	-	26,564	-
Total current liabilities	2,524,716	16	1,638,848	12
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4 and 17)	680,030	4	895,659	7
Deferred tax liabilities (Notes 4 and 25)	1,744,198	11	1,547,020	11
Lease liabilities - non-current (Notes 4 and 15)	90,056	1	81,328	1
Long-term deferred revenue (Notes 4 and 17)	30,482	-	31,902	-
Guarantee deposits received	6,483	-	2,084	-
Other non-current liabilities	5,175	-	5,175	-
Total non-current liabilities	2,556,424	16	2,563,168	19
Total liabilities	5,081,140	32	4,202,016	31
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 13 and 22)				
Ordinary shares	1,281,127	8	1,281,127	9
Capital surplus	352,907	2	352,907	3
Retained earnings				
Legal reserve	1,584,900	10	1,454,089	11
Special reserve	256,236	2	140,627	1
Unappropriated earnings	6,983,444	44	6,337,262	46
Total retained earnings	8,824,580	56	7,931,978	58
Other equity	131,336	1	(256,236)	(2)
Total equity attributable owners of the Company	10,589,950	67	9,309,776	68
NON-CONTROLLING INTERESTS (Notes 4, 13 and 22)	121,439	1	138,037	1
Total equity	10,711,389	68	9,447,813	69
TOTAL	\$ 15,792,529	100	\$ 13,649,829	100

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

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 29)	\$ 7,519,697	100	\$ 7,077,136	100
OPERATING COSTS (Notes 11, 24 and 29)	<u>4,539,950</u>	<u>61</u>	<u>4,333,369</u>	<u>61</u>
GROSS PROFIT	<u>2,979,747</u>	<u>39</u>	<u>2,743,767</u>	<u>39</u>
OPERATING EXPENSES (Notes 4, 10, 24 and 29)				
Selling and marketing expenses	363,037	5	338,346	5
General and administrative expenses	434,539	6	445,347	6
Research and development expenses	409,964	5	360,706	5
Expected credit loss (gain)	<u>(1,590)</u>	<u>-</u>	<u>6,923</u>	<u>-</u>
Total operating expenses	<u>1,205,950</u>	<u>16</u>	<u>1,151,322</u>	<u>16</u>
PROFIT FROM OPERATIONS	<u>1,773,797</u>	<u>23</u>	<u>1,592,445</u>	<u>23</u>
NON-OPERATING INCOME AND EXPENSES (Notes 24 and 29)				
Interest income	139,203	2	118,743	1
Other income	104,246	1	57,048	1
Other gains and losses	71,890	1	(28,851)	-
Finance costs	<u>(23,876)</u>	<u>-</u>	<u>(16,838)</u>	<u>-</u>
Total non-operating income and expenses	<u>291,463</u>	<u>4</u>	<u>130,102</u>	<u>2</u>
CONSOLIDATED PROFIT BEFORE INCOME TAX	2,065,260	27	1,722,547	25
INCOME TAX EXPENSE (Notes 4 and 25)	<u>532,287</u>	<u>7</u>	<u>411,388</u>	<u>6</u>
NET PROFIT FOR THE YEAR	<u>1,532,973</u>	<u>20</u>	<u>1,311,159</u>	<u>19</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 22 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	11,521	-	781	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	221	-	1,959	-
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>(2,304)</u>	<u>-</u>	<u>(156)</u>	<u>-</u>
	<u>9,438</u>	<u>-</u>	<u>2,584</u>	<u>-</u>

(Continued)

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	\$ 484,189	6	\$ (146,960)	(2)
Income tax related to items that may be reclassified subsequently to profit or loss	<u>(96,838)</u>	<u>(1)</u>	<u>29,392</u>	<u>-</u>
	<u>387,351</u>	<u>5</u>	<u>(117,568)</u>	<u>(2)</u>
Other comprehensive income (loss) for the year, net	<u>396,789</u>	<u>5</u>	<u>(114,984)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,929,762</u>	<u>25</u>	<u>\$ 1,196,175</u>	<u>17</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,550,540	20	\$ 1,307,803	19
Non-controlling interests	<u>(17,567)</u>	<u>-</u>	<u>3,356</u>	<u>-</u>
	<u>\$ 1,532,973</u>	<u>20</u>	<u>\$ 1,311,159</u>	<u>19</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,946,360	25	\$ 1,192,506	17
Non-controlling interests	<u>(16,598)</u>	<u>-</u>	<u>3,669</u>	<u>-</u>
	<u>\$ 1,929,762</u>	<u>25</u>	<u>\$ 1,196,175</u>	<u>17</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 12.10</u>		<u>\$ 10.21</u>	
Diluted	<u>\$ 12.05</u>		<u>\$ 10.17</u>	

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

(Concluded)

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											Total Equity
	Ordinary Shares	Capital Surplus	Retained Earnings				Exchange Differences on Translation of Foreign Operations	Other Equity		Total	Non-Controlling Interests	
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity			
BALANCE, JANUARY 1, 2023	\$ 1,281,127	\$ 352,907	\$ 1,316,508	\$ 222,378	\$ 5,776,786	\$ 7,315,672	\$ (132,408)	\$ (8,219)	\$ (140,627)	\$ 8,809,079	\$ 134,368	\$ 8,943,447
Appropriation of 2022 earnings (Note 22)												
Legal reserve	-	-	137,581	-	(137,581)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(691,809)	(691,809)	-	-	-	(691,809)	-	(691,809)
Reversal of special reserve	-	-	-	(81,751)	81,751	-	-	-	-	-	-	-
	-	-	137,581	(81,751)	(747,639)	(691,809)	-	-	-	(691,809)	-	(691,809)
Net profit for the year ended December 31, 2023	-	-	-	-	1,307,803	1,307,803	-	-	-	1,307,803	3,356	1,311,159
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	312	312	(117,568)	1,959	(115,609)	(115,297)	313	(114,984)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	1,308,115	1,308,115	(117,568)	1,959	(115,609)	1,192,506	3,669	1,196,175
BALANCE AT DECEMBER 31, 2023	1,281,127	352,907	1,454,089	140,627	6,337,262	7,931,978	(249,976)	(6,260)	(256,236)	9,309,776	138,037	9,447,813
Appropriation of 2023 earnings (Note 22)												
Legal reserve	-	-	130,811	-	(130,811)	-	-	-	-	-	-	-
Special reserve	-	-	-	115,609	(115,609)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(666,186)	(666,186)	-	-	-	(666,186)	-	(666,186)
	-	-	130,811	115,609	(912,606)	(666,186)	-	-	-	(666,186)	-	(666,186)
Net profit (loss) for the year ended December 31, 2024	-	-	-	-	1,550,540	1,550,540	-	-	-	1,550,540	(17,567)	1,532,973
Other comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	8,248	8,248	387,351	221	387,572	395,820	969	396,789
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	1,558,788	1,558,788	387,351	221	387,572	1,946,360	(16,598)	1,929,762
BALANCE AT DECEMBER 31, 2024	\$ 1,281,127	\$ 352,907	\$ 1,584,900	\$ 256,236	\$ 6,983,444	\$ 8,824,580	\$ 137,375	\$ (6,039)	\$ 131,336	\$ 10,589,950	\$ 121,439	\$ 10,711,389

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

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated income before income tax	\$ 2,065,260	\$ 1,722,547
Adjustments for:		
Depreciation expense	408,666	373,241
Amortization expense	14,579	17,822
Expected credit loss (gain) recognized	(1,590)	6,923
Net loss on financial assets or liabilities at fair value through profit or loss	16,702	33,242
Finance costs	23,876	16,838
Interest income	(139,203)	(118,743)
Dividend income	-	(763)
Loss on disposal of property, plant and equipment	6,458	16,529
Reversal of write-down of inventories	(86,771)	(88,622)
Recognition of provisions	94,743	-
Amortization of grants income	(2,421)	(1,079)
Other non-cash items	(2,360)	(697)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(47,739)	(32,703)
Notes receivable	(226,367)	(108,311)
Accounts receivable	(417,589)	(13,160)
Accounts receivables from related parties	349	(620)
Other receivables	4,286	6,222
Inventories	(143,479)	516,706
Prepayments	-	(17,968)
Other current assets	(60,316)	34,574
Net defined benefit asset	(1,735)	(20,725)
Notes payable	328,736	(4,437)
Accounts payable	39,621	22,221
Accounts payable to related parties	695	819
Other payables	18,616	10,830
Other payables to related parties	(474)	(2,756)
Other current liabilities	17,521	6,712
Other operating liabilities	(10,922)	(8,354)
Cash generated from operations	1,899,142	2,366,288
Interest received	130,420	102,355
Interest paid	(19,331)	(12,485)
Income taxes paid	(221,324)	(327,535)
Net cash generated from operating activities	1,788,907	2,128,623
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(1,008,072)	(870,857)
Proceeds from disposal of financial assets at amortized cost	537,241	131,526

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THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
Acquisition of financial assets at fair value through profit or loss	\$ (3,329,360)	\$ (2,660,443)
Proceeds from disposal of financial assets at fair value through profit or loss	3,414,305	2,429,400
Acquisition of property, plant and equipment	(470,840)	(862,483)
Proceeds from disposal of property, plant and equipment	26,829	59,935
Acquisition of intangible assets	(9,039)	(15,499)
Increase in other financial assets	(96,444)	-
Decrease in other financial assets	-	188,009
Increase in other non-current assets	(3,567)	(104,030)
Decrease in other non-current assets	-	4,596
Dividends received	<u>-</u>	<u>763</u>
Net cash used in investing activities	<u>(938,947)</u>	<u>(1,699,083)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	2,240,140	420,000
Decrease in short-term borrowings	(1,960,140)	(993,000)
Proceeds from long-term borrowings	43,700	155,148
Repayment of long-term borrowings	(219,119)	(169,413)
Increase in guarantee deposits received	4,399	405
Repayments of the principal portion of lease liabilities	(73,458)	(56,310)
Cash dividends paid	<u>(666,186)</u>	<u>(691,809)</u>
Net cash used in financing activities	<u>(630,664)</u>	<u>(1,334,979)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>251,309</u>	<u>(68,365)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	470,605	(973,804)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	<u>2,599,316</u>	<u>3,573,120</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u>\$ 3,069,921</u>	<u>\$ 2,599,316</u>

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

(Concluded)

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Thinking Electronic Industrial Co., Ltd. (the “Company”) was incorporated in July 1979. The Company mainly manufactures, processes and sells electric devices, thermistors, varistors and wires.

The Company’s shares have been listed on the Taiwan Stock Exchange since September 2000.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on February 20, 2025.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Company and its subsidiaries (the “Group”)’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
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Amendments to IAS 21 “Lack of Exchangeability”

January 1, 2025 (Note)

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

Amendments to IAS 21 “Lack of Exchangeability”

The amendments stipulate that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency to reflect the rate at which an orderly exchange

transaction would take place at the measurement date between market participants under prevailing economic conditions. In this situation, the Group shall disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, its financial performance, financial position and cash flows.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

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

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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of Compliance

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

- b. Basis of preparation

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

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

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

3) Level 3 inputs are unobservable inputs for an asset or liability.

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

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 13, Table 8 and 9 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity in the group, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of

exchange prevailing at the dates of the transactions.

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

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

Non-monetary items denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purposes of presenting the consolidated financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the company and non-controlling interests.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

f. Inventories

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

g. Property, plant, and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Freehold land is not depreciated.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting year, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties and intangible assets to determine whether there is any indication that those assets have suffered 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to individual cash-generating units or the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset 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 on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at FVTOCI.

i Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends and interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 28.

ii Financial assets at amortized cost

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

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

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;

- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- i Internal or external information shows that the debtor is unlikely to pay its creditors.

- ii When a financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

Except financial liabilities at FVTPL, all financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities at FVTPL including financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses.

Fair value is determined in the manner described in Note 28.

b) Derecognition of financial liabilities

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

3) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

l. Revenue recognition

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

Revenue from sale of goods comes from sales of thermistors and varistors. Sales of thermistors and varistors are recognized as revenue when the goods are shipped or delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Accounts receivable are recognized simultaneously.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

Refund liabilities are based on the historical experience and different contract items to estimate the probable sales returns and allowance.

m. Leases

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

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

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

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

The Group as a lessee recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

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

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

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

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

the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

n. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grant will be received.

Government grants related to income are recognized in other income on a systematic basis over the period in which the group recognized as expense the related cost that the grants intend to compensate. Specifically, government grants whose primary condition is that the group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rate.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit assets represent the actual surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

q. Taxation

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

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

3) Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on 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 relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised if the revisions affect only that year, or in the year of the revisions and future years if the revisions affect both current and future years.

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions on probability of default and loss given default. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 10. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2024	2023
Cash on hand	\$ 2,270	\$ 3,647
Checking accounts	74	74
Demand deposits	2,860,230	1,316,094
Cash equivalents		
Time deposits with original maturities of 3 months or less	<u>207,347</u>	<u>1,279,501</u>
	<u>\$ 3,069,921</u>	<u>\$ 2,599,316</u>
The annual interest rate of time deposits (%)	0.65-1.55	0.855-5.7

The Group transacted with variety of financial institutions which are high credit quality to disperse credit risk, hence, there was no expected credit loss.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2024	2023
Financial assets - current		
Financial assets mandatorily classified as at FVTPL		
Hybrid financial assets		
Structured deposits (a)	\$ 1,142,471	\$ 1,127,549
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts (b)	\$ 4,212	\$ 629

- a. Structured deposits combined with embedded derivatives which have no direct connection to major contract. Because the major contract included in the above financial assets should be measured under IFRS 9, the entire contract therefore mandatorily classified as at FVTPL.
- b. At the end of the year, outstanding forward exchange contracts not under hedge accounting were as follows:

December 31, 2024

	Currency	Maturity Date	Notional Amount (In Thousands)
Sell	USD/NTD	2025.01	USD33,000/NTD1,079,640
Sell	USD/CNY	2025.01	USD12,000/CNY87,581

December 31, 2023

	Currency	Maturity Date	Notional Amount (In Thousands)
Sell	EUR/USD	2024.01	EUR4,000/USD4,406

The Group entered into forward exchange contracts and swap contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

Details of profit and loss of financial instruments at FVTPL for the year 2024 and 2023 list on Note 24.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2024	2023
Time deposits with original maturities of more than 3 months	\$ 1,836,760	\$ 1,289,272
Current	\$ 480,242	\$ 302,843
Non-current	1,356,518	986,429
	\$ 1,836,760	\$ 1,289,272
The annual interest rate (%)	1.7-3.55	3-4.18

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	December 31	
	2024	2023
Investments in equity instruments at FVTOCI		
Domestic unlisted shares	<u>\$ 27,903</u>	<u>\$ 27,682</u>

These investments in equity instruments are not held for trading or for short-term gains. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI.

10. NOTES AND ACCOUNTS RECEIVABLE

	December 31	
	2024	2023
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount - operating	<u>\$ 658,417</u>	<u>\$ 432,050</u>
<u>Accounts receivable - non-related parties</u>		
At amortized cost		
Gross carrying amount - operating	\$ 2,367,938	\$ 1,950,683
Less: Allowance for impairment loss	<u>18,857</u>	<u>20,079</u>
	<u>\$ 2,349,081</u>	<u>\$ 1,930,604</u>
<u>Accounts receivable from related parties</u>		
At amortized cost		
Gross carrying amount - operating	<u>\$ 271</u>	<u>\$ 620</u>

Refer to Note 30 for information related to notes receivable pledged as security.

The Company's notes receivable and accounts receivable have been measured by amortized cost. Refer to Note 28 for information related to credit management policy.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

The Group writes off accounts receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

There were no notes receivable that were past due and not impaired at the end of the reporting years.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix:

December 31, 2024

	Not Past Due	1 to 30 Days Pass Due	31 to 60 Days Pass Due	61 to 90 Days Pass Due	91 to 180 Days Pass Due	Over 180 Days Pass Due	Total
Expected credit loss rate	0%-0.05%	0.5%	1%	30%	50%	100%	
Gross carrying amount	\$ 2,261,546	\$ 16,756	\$ 54,968	\$ 16,686	\$ 12,118	\$ 6,135	\$ 2,368,209
Loss allowance (Lifetime ECLs)	<u>(1,023)</u>	<u>(84)</u>	<u>(550)</u>	<u>(5,006)</u>	<u>(6,059)</u>	<u>(6,135)</u>	<u>(18,857)</u>
Amortized cost	<u>\$ 2,260,523</u>	<u>\$ 16,672</u>	<u>\$ 54,418</u>	<u>\$ 11,680</u>	<u>\$ 6,059</u>	<u>\$ -</u>	<u>\$ 2,349,352</u>

December 31, 2023

	Not Past Due	1 to 30 Days Pass Due	31 to 60 Days Pass Due	61 to 90 Days Pass Due	91 to 180 Days Pass Due	Over 180 Days Pass Due	Total
Expected credit loss rate	0%-0.05%	0.5%	1%	30%	50%	100%	
Gross carrying amount	\$ 1,832,137	\$ 4,041	\$ 83,718	\$ 13,650	\$ 7,004	\$ 10,753	\$ 1,951,303
Loss allowance (Lifetime ECLs)	<u>(952)</u>	<u>(20)</u>	<u>(826)</u>	<u>(4,026)</u>	<u>(3,502)</u>	<u>(10,753)</u>	<u>(20,079)</u>
Amortized cost	<u>\$ 1,831,185</u>	<u>\$ 4,021</u>	<u>\$ 82,892</u>	<u>\$ 9,624</u>	<u>\$ 3,502</u>	<u>\$ -</u>	<u>\$ 1,931,224</u>

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ 20,079	\$ 29,209
Net remeasurement (reversal) of loss allowance	(1,590)	6,923
Amounts written off	(334)	(15,838)
Foreign exchange gains and losses	<u>702</u>	<u>(215)</u>
Balance at December 31	<u>\$ 18,857</u>	<u>\$ 20,079</u>

11. INVENTORIES

	December 31	
	2024	2023
Finished goods	\$ 681,201	\$ 619,092
Work-in-process	265,844	225,714
Semi-finished	222,349	173,079
Raw materials	253,152	191,382
Supplies	28,729	21,133
Inventory in transit	<u>4,173</u>	<u>6,308</u>
	<u>\$ 1,455,448</u>	<u>\$ 1,236,708</u>

The cost of goods sold related to inventories includes the reversal of write-down of inventory and unallocated production overhead. The amounts were as follows:

	For the Year Ended December 31	
	2024	2023
Cost of goods sold	\$ 4,539,950	\$ 4,333,369
Loss of inventory scrapped	\$ 52,243	\$ 61,277
Inventory write-downs (reversed)	(139,014)	(149,899)
Unallocated manufacturing overhead	<u>23,451</u>	<u>5,139</u>
	<u>\$ (63,320)</u>	<u>\$ (83,483)</u>

Unallocated fixed overheads attributable to idle capacity are recognized as cost of goods sold in the period when they are incurred.

12. OTHER FINANCIAL ASSETS

	December 31	
	2024	2023
Pledge demand deposits	\$ 94,869	\$ 51,471
Pledge time deposits	33,660	28,800
Deposits of banker's acceptance	71,860	14,849
Refundable deposits	<u>14,759</u>	<u>23,584</u>
	<u>\$ 215,148</u>	<u>\$ 118,704</u>
Current	\$ 200,389	\$ 95,120
Non-current	<u>14,759</u>	<u>23,584</u>
	<u>\$ 215,148</u>	<u>\$ 118,704</u>
The annual interest rate of pledge time deposits (%)	0.67	1.32

For other financial assets pledged information please refer to Note 30.

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%)		Description
			December 31, 2024	December 31, 2023	
The Company	Yenyo Technology Co., Ltd. (Yenyo)	Note 1	63.76	63.76	
	Greenish Co., Ltd. (Greenish)	Note 2	100.00	100.00	
	Thinking (Changzhou) Electronic Co., Ltd. (Thinking Changzhou)	Note 3	47.39	47.39	
	Thinking Holding (Cayman) Co., Ltd. (Thinking Holding)	Note 2	100.00	100.00	Note 7
	Thinking Electronic USA, Inc. (Thinking USA)	Note 4	100.00	100.00	
	Thinking (Viet Nam) Electronic Co., Ltd. (Thinking Viet Nam)	Note 3	100.00	100.00	Note 8
	Greenish	Note 3	52.61	52.61	
	Thinking Changzhou	Note 3	52.61	52.61	

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%)		Description
			December 31, 2024	December 31, 2023	
Thinking Holding	Thinking International Co., Ltd. (Thinking International)	Note 2	100.00	100.00	Note 7
	Thinking (HK) Enterprises Limited (Thinking HK)	Note 2	100.00	100.00	
	View Full (Samoa) Ltd. (View Full Samoa)	Note 2	100.00	100.00	
	Thinking Electronic (Samoa) Ltd. (Thinking Samoa)	Note 2	100.00	100.00	
Thinking International	Thinking (Yichang) Electronic Co., Ltd. (Thinking Yichang)	Note 3	100.00	100.00	Note 7
Thinking HK	Jiang Xi Thinking Electronic Co., Ltd. (Jiangxi Thinking)	Note 5	100.00	100.00	
View Full Samoa	Dong Guan Welkin Electronic Co., Ltd. (Dongguan Welkin)	Note 6	64.96	64.96	Note 9
Thinking Samoa	Dongguan Welkin	Note 6	8.76	8.76	
Thinking Changzhou	Dongguan Welkin	Note 6	26.28	26.28	Note 9
Dongguan Welkin	Welkin Electronic Co., Ltd. (Zhongshan Welkin)	Note 3	100.00	100.00	

(Concluded)

Note 1: Processing, selling and manufacturing diodes.

Note 2: International trading and investment.

Note 3: Manufacturing and selling thermistors, varistors and sensors.

Note 4: Electronic product design and marketing.

Note 5: Manufacturing and selling thermistors and varistors.

Note 6: Manufacturing and selling thermistors, varistors, sensors and equipment.

Note 7: In order to cope with the working capital demands, the Group invested Thinking Holding US\$0.3 million and, through its subsidiary Thinking International, registered Thinking Yichang in mainland China.

Note 8: In order to integrate manufacturing, marketing and facility layouts, the board of directors resolved to set up a new subsidiary in Vietnam on February 8, 2023, and the total investment amount is expected to be US\$27 million. As of December 31, 2024, the Group had invested US\$4.8 million in the subsidiary.

Note 9: In response to optimizing the organizational structure of the Group, the board of directors of Dongguan Welkin resolved to merge Guangdong Welkin Thinking Electronic Co., Ltd. (Guangdong Welkin Thinking) in April 2023, and the base date for the merger was June 30, 2023. Guangdong Welkin Thinking was dissolved after the merger, and Dongguan Welkin has completed the registration.

14. PROPERTY, PLANT, AND EQUIPMENT

a. Changes in costs and accumulated depreciation

For the Year ended December 31, 2024

	Land	Buildings	Machinery and Equipment	Leasehold Improvements	Others	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>							
Balance at January 1, 2024	\$ 195,719	\$ 1,181,170	\$ 2,635,190	\$ 137,591	\$ 479,303	\$ 1,301,005	\$ 5,929,978
Additions	-	871,604	268,856	6,048	514,904	(1,196,180)	465,232
Disposals	-	(1,362)	(81,769)	-	(3,899)	-	(87,030)
Effect of foreign currency exchange differences	-	48,895	93,953	7,219	12,658	8,017	170,742
Balance at December 31, 2024	<u>\$ 195,719</u>	<u>\$ 2,100,307</u>	<u>\$ 2,916,230</u>	<u>\$ 150,858</u>	<u>\$ 1,002,966</u>	<u>\$ 112,842</u>	<u>\$ 6,478,922</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2024	\$ -	\$ 384,236	\$ 1,388,832	\$ 117,601	\$ 345,496	\$ -	\$ 2,236,165
Depreciation expense	-	62,653	226,857	7,369	64,057	-	360,936
Disposals	-	(1,362)	(48,678)	-	(3,703)	-	(53,743)
Effect of foreign currency exchange differences	-	13,576	45,826	6,218	7,794	-	73,414
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 459,103</u>	<u>\$ 1,612,837</u>	<u>\$ 131,188</u>	<u>\$ 413,644</u>	<u>\$ -</u>	<u>\$ 2,616,772</u>
Carrying amount at December 31, 2024	<u>\$ 195,719</u>	<u>\$ 1,641,204</u>	<u>\$ 1,303,393</u>	<u>\$ 19,670</u>	<u>\$ 589,322</u>	<u>\$ 112,842</u>	<u>\$ 3,862,150</u>

For the Year ended December 31, 2023

	Land	Buildings	Machinery and Equipment	Leasehold Improvements	Others	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 195,719	\$ 995,231	\$ 2,550,730	\$ 126,040	\$ 468,037	\$ 978,941	\$ 5,314,698
Additions	-	200,726	318,212	13,950	31,898	326,294	891,080
Disposals	-	(200)	(202,603)	-	(16,550)	-	(219,353)
Effect of foreign currency exchange differences	-	(14,587)	(31,149)	(2,399)	(4,082)	(4,230)	(56,447)
Balance at December 31, 2023	<u>\$ 195,719</u>	<u>\$ 1,181,170</u>	<u>\$ 2,635,190</u>	<u>\$ 137,591</u>	<u>\$ 479,303</u>	<u>\$ 1,301,005</u>	<u>\$ 5,929,978</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ -	\$ 343,299	\$ 1,316,973	\$ 109,473	\$ 325,693	\$ -	\$ 2,095,438
Depreciation expense	-	45,337	213,387	10,170	38,205	-	307,099
Disposals	-	(200)	(126,737)	-	(15,952)	-	(142,889)
Effect of foreign currency exchange differences	-	(4,200)	(14,791)	(2,042)	(2,450)	-	(23,483)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 384,236</u>	<u>\$ 1,388,832</u>	<u>\$ 117,601</u>	<u>\$ 345,496</u>	<u>\$ -</u>	<u>\$ 2,236,165</u>
Carrying amount at December 31, 2023	<u>\$ 195,719</u>	<u>\$ 796,934</u>	<u>\$ 1,246,358</u>	<u>\$ 19,990</u>	<u>\$ 133,807</u>	<u>\$ 1,301,005</u>	<u>\$ 3,693,813</u>

A reconciliation of the above-mentioned increase in property, plant and equipment and the amount paid in the consolidated statements of cash flows is as follows:

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Investing activities that affected both cash and non-cash items		
Additions to property, plant, and equipment	\$ 465,232	\$ 891,080
Decrease in payables for equipment (in other payables)	38,150	15,622
		(Continued)

	For the Year Ended December 31	
	2024	2023
Decrease in prepayments for equipment	\$ (28,463)	\$ (43,635)
Capitalization of depreciation	<u>(4,079)</u>	<u>(584)</u>
Payments of acquisition of property, plant and equipment	<u>\$ 470,840</u>	<u>\$ 862,483</u> (Concluded)

b. Useful lives

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main plants	20-60 years
Improvement engineering	2-60 years
Machinery and equipment	1-19 years
Leasehold improvements	10 years
Others	3-19 years

- c. As of December 31, 2024 and 2023, the Group didn't provide property, plant and equipment as guarantee.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2024	2023
Carrying amount		
Land	\$ 468,905	\$ 303,863
Buildings	<u>47,711</u>	<u>68,991</u>
	<u>\$ 516,616</u>	<u>\$ 372,854</u>
	For the Year Ended December 31	
	2024	2023
Additions to right-of-use assets	<u>\$ 191,017</u>	<u>\$ 58,350</u>
Depreciation charge for right-of-use assets		
Land	\$ 11,589	\$ 7,929
Buildings	<u>33,932</u>	<u>52,594</u>
	<u>\$ 45,521</u>	<u>\$ 60,523</u>

Except for the recognized depreciation and additions, the Group did not have impairment or subleasing of right-of-use assets for the years ended December 31, 2024 and 2023.

b. Lease liabilities

	December 31	
	2024	2023
Carrying amount		
Current	\$ 30,592	\$ 44,994
Non-current	<u>90,056</u>	<u>81,328</u>
	<u>\$ 120,648</u>	<u>\$ 126,322</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2024	2023
Land	0.75-5.8	0.75-1.38
Buildings	1.35-4.7	3.72-5.13

c. Material leasing activities and terms

The Group leases land and buildings for the use of plants and offices.

1) Land

The land is located in Nanzih Export Processing Zone with the remaining useful life of 1 to 6 years, and the leases are renewable upon expiration. The government reserves the right to adjust rent according to the assessed land value.

The right-of-use land is located in mainland China with the remaining useful life of 30 to 48 years.

The right-of-use land is located in Vietnam with the remaining useful life of 34 years. The government of Vietnam adjusts rent annually according to the assessed land value per square meter.

2) Buildings

The building is located in Zuoying District, Kaohsiung City with the remaining useful life of 3 years. The Group is granted the right to renew the lease upon expiration.

The building is located in mainland China with the remaining useful life of 1 to 4 years. The lease payments will be adjusted every 3 years based on the changes in market rental rates.

The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease period. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2024	2023
Expenses relating to short-term leases	\$ 5,866	\$ 6,376
Expenses relating to low-value asset leases	<u>\$ 1,398</u>	<u>\$ 878</u>
Total cash outflow for leases	<u>\$ 84,210</u>	<u>\$ 69,430</u>

Lease arrangements under operating leases for the leasing out of investment properties are presented in Note 16.

16. INVESTMENT PROPERTIES

	For the Year Ended December 31	
	2024	2023
Cost		
Balance at January 1	\$ 113,190	\$ 115,189
Effect of foreign currency exchange differences	<u>5,903</u>	<u>(1,999)</u>
Balance at December 31	<u>\$ 119,093</u>	<u>\$ 113,190</u>
Accumulated depreciation		
Balance at January 1	\$ 79,815	\$ 75,013
Depreciation expense	6,288	6,203
Effect of foreign currency exchange differences	<u>4,298</u>	<u>(1,401)</u>
Balance at December 31	<u>\$ 90,401</u>	<u>\$ 79,815</u>
Carrying amount at December 31	<u>\$ 28,692</u>	<u>\$ 33,375</u>

Depreciation is provided on a straight-line basis over the estimated useful lives of 5-22 years.

The Group has buildings located in Beijing, Suzhou, and Nanchang, China with fair values that are not evaluated by an independent valuer but valued by the management using the valuation model that market participants would use in determining the fair value, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The calculated fair value was \$81,399 thousand and \$95,207 thousand as of December 31, 2024 and 2023, respectively.

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2024	2023
Credit loans	<u>\$ 415,000</u>	<u>\$ 135,000</u>
The annual interest rate (%)	1.77-2.105	0.5-1.64

b. Long-term borrowings

	December 31	
	2024	2023
Credit loans	\$ 861,902	\$ 1,037,322
Less: Government grants discount	3,260	10,074
		(Continued)

	December 31	
	2024	2023
Less: Current portion of long-term borrowings	\$ 178,612	\$ 131,589
	<u>\$ 680,030</u>	<u>\$ 895,659</u>
The annual interest rate (%)	1.225	1.1 (Concluded)

The Company obtained borrowings under the “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan”, which have interest at prime rate and are used for capital expenditures and operating turnovers. Monthly installments start on the fourth year from the date of initial drawdown until October 2030. The borrowing interest rate is lower than the market rate due to government subsidy policies, as a result, a portion of the loan is classified as government grants, recognized as deferred revenue (other current liabilities) and long-term deferred revenue, and transferred to profit or loss over the useful lives of the related assets.

18. NOTES PAYABLE AND ACCOUNTS PAYABLE (INCLUDING RELATED PARTIES)

The Group’s notes payable and accounts payable were from operating activities and were not secured by collaterals.

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms; therefore, no interest was charged on the outstanding accounts payable.

19. OTHER PAYABLES

	December 31	
	2024	2023
Payable for salaries and bonuses	\$ 417,451	\$ 388,726
Payable for purchase of equipment	26,243	64,393
Payable for employees’ compensation	84,452	75,333
Payable for remuneration of directors	25,991	22,494
Others	<u>148,138</u>	<u>170,922</u>
	<u>\$ 702,275</u>	<u>\$ 721,868</u>

20. REFUND LIABILITIES

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ 76,342	\$ 84,696
Additional provisions recognized	94,743	-
Usage	(15,782)	(8,354)
Effects of foreign currency exchange differences	<u>1,305</u>	<u>-</u>
Balance at December 31	<u>\$ 156,608</u>	<u>\$ 76,342</u>

The discount on refund liabilities was based on historical experience, management's judgments and other known reasons to estimate sales compensation and offset refund liability when compensation actually occurs.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

- 1) The Company and Yenyo of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.
- 2) Thinking Changzhou, Dongguan Welkin, Thinking Yichang, Jiangxi Thinking, Guangdong Welkin Thinking and Zhongshan Welkin of the Group make contributions in accordance with the local regulations. The subsidiaries are required to contribute a specified percentage of salaries to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan are to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Company and Yenyo of the Group in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company and Yenyo of the Group contribute specific percentage of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2024	2023
Present value of defined benefit obligation	\$ 76,363	\$ 82,717
Fair value of plan assets	<u>(120,655)</u>	<u>(113,753)</u>
Net defined benefit assets	<u>\$ (44,292)</u>	<u>\$ (31,036)</u>

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets
Balance at January 1, 2023	<u>\$ 104,610</u>	<u>\$ (114,140)</u>	<u>\$ (9,530)</u>
Service cost			
Current service cost	96	-	96

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets
Net interest expense (income)	\$ 1,012	\$ (1,375)	\$ (363)
Recognized in profit or loss	<u>1,108</u>	<u>(1,375)</u>	<u>(267)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,064)	(1,064)
Actuarial loss - experience adjustments	<u>283</u>	<u>-</u>	<u>283</u>
Recognized in other comprehensive income	<u>283</u>	<u>(1,064)</u>	<u>(781)</u>
Contributions from the employer	-	(2,020)	(2,020)
Benefits paid	<u>(23,284)</u>	<u>4,846</u>	<u>(18,438)</u>
Balance at December 31, 2023	<u>82,717</u>	<u>(113,753)</u>	<u>(31,036)</u>
Service cost			
Current service cost	35	-	35
Net interest expense (income)	<u>946</u>	<u>(1,346)</u>	<u>(400)</u>
Recognized in profit or loss	<u>981</u>	<u>(1,346)</u>	<u>(365)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(10,433)	(10,433)
Actuarial gain			
Changes in financial assumptions	(984)	-	(984)
Experience adjustments	<u>(104)</u>	<u>-</u>	<u>(104)</u>
Recognized in other comprehensive income	<u>(1,088)</u>	<u>(10,433)</u>	<u>(11,521)</u>
Contributions from the employer	-	(1,370)	(1,370)
Benefits paid	<u>(6,247)</u>	<u>6,247</u>	<u>-</u>
Balance at December 31, 2024	<u>\$ 76,363</u>	<u>\$ (120,655)</u>	<u>\$ (44,292)</u>
			(Concluded)

Through the defined benefit plans under the Labor Standards Law, the Company and Yenyo of the Group are exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2024	2023
Discount rate (%)	1.5-1.6	1.25
Expected rate of salary increase (%)	2-3	2-3

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2024	2023
Discount rate		
0.25% increase	\$ (757)	\$ (989)
0.25% decrease	\$ 774	\$ 1,017
Expected rate of salary increase (decrease)		
1% increase	\$ 3,175	\$ 4,171
1% decrease	\$ (2,949)	\$ (3,820)

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2024	2023
The expected contributions to the plans for the next year	\$ 1,262	\$ 1,970
Average duration of the defined benefit obligation (years)	6.1-7.7	7.1-9.4

22. EQUITY

a. Ordinary shares

	December 31	
	2024	2023
Number of shares authorized (in thousands)	\$ 200,000	\$ 200,000
Shares authorized	\$ 2,000,000	\$ 2,000,000
Number of shares issued and fully paid (in thousands)	128,113	128,113
Shares issued	\$ 1,281,127	\$ 1,281,127

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	December 31	
	2024	2023
May be used to offset a deficit, distributed as cash dividends, or transferred to ordinary shares (Note)		
Conversion of bonds	\$ 265,446	\$ 265,446
Issuance of ordinary shares	59,168	59,168
Treasury share transactions	23,649	23,649
Difference between consideration and carrying amount of the subsidiaries acquired	<u>4,644</u>	<u>4,644</u>
	<u>\$ 352,907</u>	<u>\$ 352,907</u>

Note: Such capital surplus 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 transferred to ordinary shares (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividend policy

Under the dividend policy in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders.

The Company's dividend policy is also designed to meet the current and future development plans and takes into consideration the investment environment, capital needs, domestic or international competitive conditions while simultaneously meeting shareholders' interests. The Company shall distribute the dividends at no less than 30% of the distributable earnings of the current year. The way to distribute dividends could be either through cash or shares, and cash dividends shall not be less than 20% of total dividends.

Items referred to under Rule No. 1090150022 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRS Accounting Standards" should be appropriated to or reversed from a special reserve by the Company. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2023 and 2022 were approved in the shareholders' meeting on June 18, 2024 and June 13, 2023, respectively. The appropriations of earnings for 2023 and 2022 were as follows:

	Appropriation of Earnings		Dividend Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	2023	2022	2023	2022
Legal reserve	\$ 130,811	\$ 137,581		
Special reserve (reversed)	115,609	(81,751)		
Cash dividends	<u>666,186</u>	<u>691,809</u>	\$ 5.2	\$ 5.4
	<u>\$ 912,606</u>	<u>\$ 747,639</u>		

The appropriations of earnings for 2024 were proposed by the Company's board of directors on February 20, 2025. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividend Per Share (NT\$)
Legal reserve	\$ 155,878	
Special reserve (reversed)	(256,236)	
Cash dividends	<u>781,488</u>	\$ 6.1
	<u>\$ 681,130</u>	

The appropriations of earnings for 2024 are subject to the resolution of the shareholders in their meeting to be held on June 17, 2025.

d. Other equity items

1) Exchange differences on translation of foreign operations

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ (249,976)	\$ (132,408)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	484,189	(146,960)
Income tax benefit (expenses) relating to exchange differences arising on translation of foreign operations	<u>(96,838)</u>	<u>29,392</u>
Balance at December 31	<u>\$ 137,375</u>	<u>\$ (249,976)</u>

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ (6,260)	\$ (8,219)
Recognized for the year		
Unrealized gain (loss) - equity instruments	<u>221</u>	<u>1,959</u>
Balance at December 31	<u>\$ (6,039)</u>	<u>\$ (6,260)</u>

e. Non-controlling interests

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ 138,037	\$ 134,368
Share in (loss) gain for the year	(17,567)	3,356
Other comprehensive income during the year	<u>969</u>	<u>313</u>
Balance at December 31	<u>\$ 121,439</u>	<u>\$ 138,037</u>

23. OPERATING REVENUE

	For the Year Ended December 31	
	2024	2023
Revenue from contracts with customers		
Revenue from sale of goods	\$ 7,519,576	\$ 7,077,049
Service revenue	<u>121</u>	<u>87</u>
	<u>\$ 7,519,697</u>	<u>\$ 7,077,136</u>

a. Refer to Note 4 (l) for information related to contracts with customers.

b. Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Notes and accounts receivable (Note 10)	<u>\$ 3,007,769</u>	<u>\$ 2,363,274</u>	<u>\$ 2,247,891</u>

c. Disaggregation of revenue

For the year ended December 31, 2024

Reportable Segments	Type of revenue		
	Revenue from Sale of Passive Components	Service Revenue	Total
The company	\$ 2,833,165	\$ 121	\$ 2,833,286
Thinking Changzhou	1,723,449	-	1,723,449
Jiangxi Thinking	43,844	-	43,844
Dongguan Welkin and Zhongshan Welkin	2,286,528	-	2,286,528
Others	<u>632,590</u>	<u>-</u>	<u>632,590</u>
	<u>\$ 7,519,576</u>	<u>\$ 121</u>	<u>\$ 7,519,697</u>

For the year ended December 31, 2023

Reportable Segments	Type of revenue		
	Revenue from Sale of Passive Components	Service Revenue	Total
The company	\$ 2,795,535	\$ 87	\$ 2,795,622
Thinking Changzhou	1,744,608	-	1,744,608
Jiangxi Thinking	57,946	-	57,946
Dongguan Welkin and Zhongshan Welkin	1,827,094	-	1,827,094
Others	<u>651,866</u>	<u>-</u>	<u>651,866</u>
	<u>\$ 7,077,049</u>	<u>\$ 87</u>	<u>\$ 7,077,136</u>

24. CONSOLIDATED NET PROFIT

Consolidated net profit included following items:

a. Interest income

	For the Year Ended December 31	
	2024	2023
Bank deposits	\$ 50,772	\$ 68,969
Financial assets at amortized cost	69,351	27,661
Others	<u>19,080</u>	<u>22,113</u>
	<u>\$ 139,203</u>	<u>\$ 118,743</u>

b. Other income

	For the Year Ended December 31	
	2024	2023
Grants	\$ 87,159	\$ 40,609
Rental income	6,784	4,877
Dividend income	-	763
Others	<u>10,303</u>	<u>10,799</u>
	<u>\$ 104,246</u>	<u>\$ 57,048</u>

c. Other gains and losses

	For the Year Ended December 31	
	2024	2023
Loss on financial assets at fair value through profit or loss	\$ (16,702)	\$ (33,242)
Foreign exchange gains, net	107,614	36,858
Loss on disposal of property, plant and equipment	(6,458)	(16,529)
Others	<u>(12,564)</u>	<u>(15,938)</u>
	<u>\$ 71,890</u>	<u>\$ (28,851)</u>

d. Finance costs

	For the Year Ended December 31	
	2024	2023
Interest expense of borrowings	\$ 24,907	\$ 19,978
Interest on lease liabilities	<u>3,488</u>	<u>5,866</u>
	28,395	25,844
Less: Amounts included in the cost of qualifying assets	<u>4,519</u>	<u>9,006</u>
	<u>\$ 23,876</u>	<u>\$ 16,838</u>

Information on capitalized interest is as follows:

	For the Year Ended December 31	
	2024	2023
Capitalized interest amount	<u>\$ 4,519</u>	<u>\$ 9,006</u>
Capitalization rate (%)	1.1-1.23	0.975-1.23

e. Depreciation and amortization

	For the Year Ended December 31	
	2024	2023
Property, plant and equipment	\$ 360,936	\$ 307,099
Right-of-use-assets	45,521	60,523
Investment properties	6,288	6,203
Computer software	<u>14,579</u>	<u>17,822</u>
	427,324	391,647
Less: Amounts included in the cost of qualifying assets	<u>4,079</u>	<u>584</u>
	<u>\$ 423,245</u>	<u>\$ 391,063</u>
An analysis of depreciation by function		
Operating costs	\$ 328,247	\$ 298,031
Operating expenses	74,131	69,007
Other gains and losses	<u>6,288</u>	<u>6,203</u>
	<u>\$ 408,666</u>	<u>\$ 373,241</u>
An analysis of amortization by function		
Operating costs	\$ 2,547	\$ 5,226
Operating expenses	<u>12,032</u>	<u>12,596</u>
	<u>\$ 14,579</u>	<u>\$ 17,822</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits		
Salary	\$ 1,787,735	\$ 1,689,667
Others	<u>221,829</u>	<u>192,273</u>
	<u>2,009,564</u>	<u>1,881,940</u>
Retirement benefits		
Defined contribution plans	123,365	113,616
Defined benefit plans (Note 21)	<u>(365)</u>	<u>(267)</u>
	<u>123,000</u>	<u>113,349</u>
	<u>\$ 2,132,564</u>	<u>\$ 1,995,289</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,408,342	\$ 1,332,133
Operating expenses	<u>724,222</u>	<u>663,156</u>
	<u>\$ 2,132,564</u>	<u>\$ 1,995,289</u>

g. Compensation of employees and remuneration of directors

The Company accrues compensation of employees and remuneration of directors at rates of no less than 2% and no higher than 2%, respectively, of net profit before income tax, compensation of employees and remuneration of directors. The appropriations of employees' compensation and remuneration of directors for the years ended December 31, 2024 and 2023, which were approved by the Company's board of directors on February 20, 2025 and February 26, 2024, respectively, were as follows:

	For the Year Ended December 31	
	2024	2023
Accrual rate		
Employees' compensation (%)	3.8	3.9
Remuneration of directors (%)	1.3	1.3
Amounts		
Employees' compensation	\$ 76,450	\$ 66,157
Remuneration of directors	25,991	22,494

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAX

- a. Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2024	2023
Current tax		
In respect of the current year	\$ 354,053	\$ 191,479
Income tax on unappropriated earnings	19,775	31,408
Adjustments for prior years	<u>(9,990)</u>	<u>(39,533)</u>
	<u>363,838</u>	<u>183,354</u>
Deferred tax		
In respect of the current year	168,297	222,604
Adjustments for prior years	152	1,736
Tax rate amendment	<u>-</u>	<u>3,694</u>
	<u>168,449</u>	<u>228,034</u>
Income tax expense recognized in profit or loss	<u>\$ 532,287</u>	<u>\$ 411,388</u>

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

	For the Year Ended December 31	
	2024	2023
Profit before income tax	<u>\$ 2,065,260</u>	<u>\$ 1,722,547</u>
Income tax expense calculated at the statutory rate	\$ 582,427	\$ 480,181
Tax-exempt income	-	(153)
Nondeductible expenses and tax-exempt income	7,655	2,127
Income tax on unappropriated earnings	19,775	31,408
Unrecognized loss carryforwards	8,405	836
Unrecognized deductible temporary differences	(3)	(77)
Tax rate amendment	-	3,694
Usage of investment credit	(76,144)	(68,831)
Adjustments for prior years' tax	(9,838)	(37,797)
Others	<u>10</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 532,287</u>	<u>\$ 411,388</u>

The tax rate applicable to income generated in the Republic of China is 20%, and the tax rate applicable to income generated in mainland China is 15% and 25%.

- b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2024	2023
Deferred income tax		
Translation of foreign operations	\$ 96,838	\$ (29,392)
Remeasurement on defined benefit plans	<u>2,304</u>	<u>156</u>
Income tax recognized in other comprehensive income	<u>\$ 99,142</u>	<u>\$ (29,236)</u>

c. Current tax assets and liabilities

	December 31	
	2024	2023
Current tax assets		
Tax refund receivable	\$ 5,247	\$ 27,192
Current tax liabilities		
Income tax payable	\$ 147,836	\$ 27,267

d. Deferred tax assets and liabilities

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

For the Year ended December 31, 2024

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance, End of Year
<u>Deferred Tax Assets</u>					
Temporary differences					
Unrealized loss on inventories	\$ 60,457	\$ (23,023)	\$ -	\$ 1,726	\$ 39,160
Unrealized gross profits	5,665	440	-	-	6,105
Unrealized refund liabilities	15,268	11,055	-	196	26,519
Exchange differences on translation of the financial statements of foreign operations	62,494	-	(62,494)	-	-
Others	19,977	2,222	(1,293)	783	21,689
	<u>\$ 163,861</u>	<u>\$ (9,306)</u>	<u>\$ (63,787)</u>	<u>\$ 2,705</u>	<u>\$ 93,473</u>
<u>Deferred Tax Liabilities</u>					
Temporary differences					
Foreign investment income	\$ 1,489,641	\$ 148,362	\$ -	\$ -	\$ 1,638,003
Exchange differences on translation of the financial statements of foreign operations	-	-	34,344	-	34,344
Others	57,379	10,781	1,011	2,680	71,851
	<u>\$ 1,547,020</u>	<u>\$ 159,143</u>	<u>\$ 35,355</u>	<u>\$ 2,680</u>	<u>\$ 1,744,198</u>

For the Year ended December 31, 2023

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance, End of Year
<u>Deferred Tax Assets</u>					
Temporary differences					
Unrealized loss on inventories	\$ 88,155	\$ (26,956)	\$ -	\$ (742)	\$ 60,457
Unrealized gross profits	15,787	(10,122)	-	-	5,665
Unrealized refund liabilities	16,939	(1,671)	-	-	15,268
Loss Carryforwards	6,952	(6,940)	-	(12)	-
Exchange differences on translation of the financial statements of foreign operations	33,102	-	29,392	-	62,494
Others	22,537	(2,139)	(156)	(265)	19,977
	<u>\$ 183,472</u>	<u>\$ (47,828)</u>	<u>\$ 29,236</u>	<u>\$ (1,019)</u>	<u>\$ 163,861</u>

(Continued)

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance, End of Year
<u>Deferred Tax Liabilities</u>					
Temporary differences					
Foreign investment income	\$ 1,306,304	\$ 183,337	\$ -	\$ -	\$ 1,489,641
Others	<u>61,367</u>	<u>(3,131)</u>	<u>-</u>	<u>(857)</u>	<u>57,379</u>
	<u>\$ 1,367,671</u>	<u>\$ 180,206</u>	<u>\$ -</u>	<u>\$ (857)</u>	<u>\$ 1,547,020</u>
					(Concluded)

e. Income tax assessments

The tax returns of the Company and Yenyo through 2022 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of EPS are as follows:

Net profit for the year

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Profit for the year attributable to owners of the Company	<u>\$ 1,550,540</u>	<u>\$ 1,307,803</u>

Weighted average number of ordinary shares outstanding (in thousands of shares)

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	128,113	128,113
Effect of potentially dilutive ordinary shares		
Compensation of Employees	<u>567</u>	<u>500</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>128,680</u>	<u>128,613</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from the last 2 years.

The Group is not subject to any externally imposed capital requirements.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Group's management considers that the carrying amounts of financial assets and financial liabilities which are not measured at fair value approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Structured deposit	\$ -	\$ -	\$ 1,142,471	\$ 1,142,471
<u>Financial assets at FVTOCI</u>				
Domestic unlisted shares	\$ -	\$ -	\$ 27,903	\$ 27,903
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	\$ -	\$ 4,212	\$ -	\$ 4,212

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Structured deposit	\$ -	\$ -	\$ 1,127,549	\$ 1,127,549
<u>Financial assets at FVTOCI</u>				
Domestic unlisted shares	\$ -	\$ -	\$ 27,682	\$ 27,682
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	\$ -	\$ 629	\$ -	\$ 629

There were no transfers between Level 1 and Level 2 in 2024 and 2023.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2024

	Debt Instruments	Equity Instruments	
	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
<u>Financial assets</u>			
Balance at January 1, 2024	\$ 1,127,549	\$ 27,682	\$ 1,155,231
Purchases	3,329,360	-	3,329,360
Disposals	(3,414,305)	-	(3,414,305)
Recognized in profit or loss	42,046	-	42,046
Recognized in other comprehensive income	-	221	221
Foreign currency exchange differences	<u>57,821</u>	<u>-</u>	<u>57,821</u>
Balanced at December 31, 2024	<u>\$ 1,142,471</u>	<u>\$ 27,903</u>	<u>\$ 1,170,374</u>

For the year ended December 31, 2023

	Debt Instruments	Equity Instruments	
	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
<u>Financial assets</u>			
Balance at January 1, 2023	\$ 914,951	\$ 25,723	\$ 940,674
Purchases	2,660,443	-	2,660,443
Disposals	(2,429,400)	-	(2,429,400)
Recognized in other comprehensive income	-	1,959	1,959
Foreign currency exchange differences	<u>(18,445)</u>	<u>-</u>	<u>(18,445)</u>
Balanced at December 31, 2023	<u>\$ 1,127,549</u>	<u>\$ 27,682</u>	<u>\$ 1,155,231</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow: future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

- a) The fair values of domestic unlisted shares are determined using the market approach where the inputs are categories of business, values of same type of company and operation of company.
- b) The fair values of structured deposits mined using discounted cash flow method.

c. Categories of financial instruments

	December 31	
	2024	2023
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	\$ 1,142,471	\$ 1,127,549
Financial assets at amortized cost (Note 1)	8,190,415	6,433,953
Financial assets at FVTOCI		
Equity instruments	27,903	27,682
Financial liabilities		
FVTPL		
Mandatorily classified as at FVTPL	4,212	629
Amortized cost (Note 2)	2,825,573	2,360,795

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (excluding income tax refund receivable) and other financial assets.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term loans, notes payable, accounts payable (including related parties), other payables (including related parties), long-term borrowings (including current portion) and guarantee deposits received.

d. Financial risk management objectives and policies

The main financial instruments of the Group include time deposits, equity instrument investments, notes receivables, trade receivables, notes payables, trade payables, borrowings, and lease liabilities. Financial risks associated with the management and operations of the Group included market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The treasury function reports monthly to the Group's management.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rate risks.

a) Foreign currency risk

The Group has foreign currency denominated sales and purchases, which exposes the Group to foreign currency risk. The Group engaged in derivative financial instruments within the scope of the policy, including forward exchange contracts and swap contracts, to mitigate the risk exposures to exchange rates that may arise from non-functional currency denominated assets and liabilities and certain anticipated transactions, but the impact of foreign currency exchange rate changes cannot be completely ruled out.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities exposed to foreign currency risk at the end of the year are set out in Note 32.

Sensitivity analysis

The Group is mainly exposed to the risk from the fluctuations of the USD and the CNY, and the sensitivity rate used when reporting foreign currency risk internally to key management personnel in foreign exchange rates is 1%. The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies.

The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in currency rates. A positive number below indicates an increase in pre-tax profit associated with the functional currency.

	USD Impact		CNY Impact	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2024	2023	2024	2023
Profit or loss	\$ 12,145	\$ 9,868	\$ 5,228	\$ 4,282

b) Interest rate risk

The interest rate risk of the Group is primarily related to its fixed interest rates and variable rate of borrowing funds. The Group manages its interest rate risk by using interest rate swap contracts and forward interest rate contracts. Furthermore, total amount of the Group's cash and cash equivalents are considerably greater than the amount of bank loans which can process repayment procedure spontaneously. Therefore, interest rate risk does not have significant impact to the Group.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2024	2023
Fair value interest rate risk		
Financial assets	\$ 2,225,589	\$ 2,658,677
Financial liabilities	220,648	261,322
Cash flow interest rate risk		
Financial assets	4,036,367	2,472,443
Financial liabilities	1,173,642	1,027,248

Sensitivity analysis

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2024 and 2023 would have been higher/lower by \$28,627 thousand and by \$14,452 thousand, respectively, which was mainly a result of the changes in the floating interest rate financial instrument.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation provided due to the financial guarantees provided by the Group, could be the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group is continuously monitoring and spreading the aggregate transactions to each credit-qualified counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Group annually.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

Bank loans are a major source of liquidity risk for the Group.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate at the end of the year.

December 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 346,949	\$ 869,417	\$ 328,943	\$ -	\$ -
Lease liabilities	2,219	5,699	21,336	37,650	91,403
Variable interest rate liabilities	16,395	247,178	241,432	608,713	99,615
Fixed interest rate liabilities	<u>100,147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 465,710</u>	<u>\$ 1,122,294</u>	<u>\$ 591,711</u>	<u>\$ 646,363</u>	<u>\$ 191,018</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 29,254	\$ 37,650	\$ 13,367	\$ 13,367	\$ 13,367	\$ 51,302
Variable interest rate liabilities	<u>505,005</u>	<u>608,713</u>	<u>99,615</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 534,259</u>	<u>\$ 646,363</u>	<u>\$ 112,982</u>	<u>\$ 13,367</u>	<u>\$ 13,367</u>	<u>\$ 51,302</u>

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 361,459	\$ 538,988	\$ 295,816	\$ -	\$ -
Lease liabilities	3,995	8,056	36,212	38,611	59,419
Variable interest rate liabilities	8,180	17,096	117,165	922,558	-
Fixed interest rate liabilities	<u>35,277</u>	<u>100,061</u>	<u>118</u>	<u>-</u>	<u>-</u>
	<u>\$ 408,911</u>	<u>\$ 664,201</u>	<u>\$ 449,311</u>	<u>\$ 961,169</u>	<u>\$ 59,419</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 48,263	\$ 38,611	\$ 7,321	\$ 7,321	\$ 7,321	\$ 37,456
Variable interest rate liabilities	<u>142,441</u>	<u>922,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 190,704</u>	<u>\$ 961,169</u>	<u>\$ 7,321</u>	<u>\$ 7,321</u>	<u>\$ 7,321</u>	<u>\$ 37,456</u>

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the year. Liquidity of derivative financial instruments of the Group is paid on demand or less than 1 month.

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Gross settled</u>		
Forward exchange contracts		
Inflows	\$ 1,468,413	\$ 136,560
Outflows	<u>(1,472,625)</u>	<u>(137,189)</u>
	<u>\$ (4,212)</u>	<u>\$ (629)</u>

e. Transfers of financial assets

The Group transferred a portion of its banker's acceptance bills in mainland China to some of its suppliers in order to settle the trade payables to these suppliers. As the Group has transferred substantially all risks and rewards relating to these bills receivable, it derecognized the full carrying amount of the bills receivable and the associated trade payables. However, if the derecognized bills receivable are not paid at maturity, the suppliers have the right to request that the Group pay the unsettled balance; therefore, the Group still has continuing involvement in these bills receivable.

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the face amounts of the transferred but unsettled bills receivable, and as of December 31, 2024 and 2023, the face amounts of these unsettled bills receivable were \$620,065 thousand and \$312,429 thousand, respectively. The unsettled bills receivable will be due in 6 months after December 31, 2024 and 2023. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair values of its continuing involvement are not significant.

During the years ended December 31, 2024 and 2023, the Group did not recognize any gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the current year or cumulatively.

29. TRANSACTIONS WITH RELATED PARTIES

Balances, transactions and revenues and expenses among the Group have been eliminated on consolidation and are not disclosed in this note. Details of transaction between the Group and other related parties were as follows:

a. Related party name and its relationship with the Group

<u>Related Party Name</u>	<u>Relationship with the Group</u>
Welkin Electronic Industrial Co., Ltd. (Pingtung Welkin)	Related party in substance
Boh Chin Investment Co., Ltd. (Boh Chin Investment)	Related party in substance
Honungxin Technology Co., Ltd. (Honungxiu Technology)	Related party in substance
Thinking Education Foundation	Related party in substance

b. Sales of goods

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Related party in substance- Pingtung Welkin	<u>\$ 1,751</u>	<u>\$ 1,337</u>

The sale prices and terms between the Group and its related parties were not significantly different from those of ordinary transactions.

c. Purchases of goods

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Related party in substance- Pingtung Welkin	\$ 8,202	\$ 2,341
Related party in substance- Honungxin Technology	<u>116</u>	<u>409</u>
	<u>\$ 8,318</u>	<u>\$ 2,750</u>

The purchase prices and terms between the Group and its related parties were not significantly different from those of ordinary transactions.

d. Receivables from related parties

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>December 31</u>	
		<u>2024</u>	<u>2023</u>
Accounts receivables from related parties	Related party in substance		
	Pingtung Welkin	<u>\$ 271</u>	<u>\$ 620</u>

The payment terms between the Group and the related parties were 60 days from the end of the month, and the outstanding payment receivables from related parties were unsecured and no impairment losses were recognized.

e. Payables to related parties

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2024	2023
Accounts payable - related parties	Related party in substance		
	Pingtung Welkin	\$ 1,515	\$ 814
	Honungxin Technology	<u>-</u>	<u>6</u>
		<u>\$ 1,515</u>	<u>\$ 820</u>
Other payables - related parties	Related party in substance		
	Pingtung Welkin	\$ 745	\$ 653
	Honungxin Technology	<u>138</u>	<u>704</u>
		<u>\$ 883</u>	<u>\$ 1,357</u>

The payment terms between the Group and the related parties were 60 days from the end of the month, and the outstanding amounts due to related parties are not guaranteed.

f. Prepayments

Line Item	Related Party Category/Name	December 31	
		2024	2023
Prepayments for equipment	Related party in substance		
	Pingtung Welkin	\$ 596	\$ 370
	Honungxin Technology	<u>7,382</u>	<u>8,132</u>
		<u>\$ 7,978</u>	<u>\$ 8,502</u>

g. Acquisition of property, plant and equipment

For the Year Ended December 31, 2024

Related Party Category/Name	<u>Purchase Price</u>
Related party in substance	
Honungxin Technology	<u>\$ 750</u>

h. Other transactions with related parties

1) Consigned processing

Line Item	Related Party Category /Name	For the Year Ended December 31	
		2024	2023
Processing expense	Related party in substance		
	Pingtung Welkin	\$ 492	\$ 4,902
	Honungxin Technology	<u>535</u>	<u>554</u>
		<u>\$ 1,027</u>	<u>\$ 5,456</u>

The prices and payment terms with substantial related parties were not comparable because the Group did not have other consigned processing businesses with non-related parties. The payment

term was 60 days from the end of the month.

2) Lease arrangements

Line Item	Related Party Category /Name	For the Year Ended December 31	
		2024	2023
Lease expense	Related party in substance Boh Chin Investment	\$ 480	\$ 480

The lease contract between the Group and related parties in substance is based on the market rental agreement under the general payment terms.

3) Donation

For the promotion of culture and education, the Company donated \$1,000 thousand to Thinking Education Foundation, a related party in substance, and recognized donation expense in September 2024.

i. Remuneration of key management personnel

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	\$ 63,588	\$ 67,743
Post-employment benefits	<u>1,098</u>	<u>1,315</u>
	<u>\$ 64,686</u>	<u>\$ 69,058</u>

The remuneration of directors and other members of key management is determined by the remuneration committee based on the performance of individuals and market trends.

30. ASSETS PLEDGED AS COLLATERAL FOR SECURITY

The Group provided the following assets as collateral for deposits for government grants contract and payment, tariff guarantee for imported and exported, deposits for construction contract and payment:

	December 31	
	2024	2023
Notes receivable	\$ 297,197	\$ 204,301
Others financial assets	<u>200,389</u>	<u>95,120</u>
	<u>\$ 497,586</u>	<u>\$ 299,421</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Except for the estimated refund liabilities in Note 20, the Group has not yet executed commitments related to the acquisition of land use rights and the purchase of real estate, plant, and equipment, amounting to \$807,651 thousand and \$213,689 thousand as of December 31, 2024 and 2023, respectively. However, there is a dispute with the supplier regarding the settlement of construction costs for the plant, and the company has entrusted a lawyer for negotiation or pre-litigation mediation. The Group has assessed that above issues will not materially impact financial or operation.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

	Foreign Currency (In Thousand)	Exchange Rate		Carrying Amount (In Thousand)
<hr/> December 31, 2024 <hr/>				
Financial assets				
Monetary items				
USD	\$ 9,600	7.1889	(USD:CNY)	\$ 314,160
USD	29,736	32.725	(USD:NTD)	973,111
CNY	180,269	4.5522	(CNY:NTD)	820,621
CNY	8,482	0.1391	(CNY:USD)	38,612
Financial liabilities				
Monetary items				
USD	203	7.1889	(USD:CNY)	6,643
USD	2,020	32.725	(USD:NTD)	66,105
CNY	73,895	4.5522	(CNY:NTD)	336,385
<hr/> December 31, 2023 <hr/>				
Financial assets				
Monetary items				
USD	18,510	7.0974	(USD:CNY)	568,350
USD	26,080	30.705	(USD:NTD)	800,786
CNY	93,468	4.3262	(CNY:NTD)	404,361
CNY	9,934	0.1409	(CNY:USD)	42,976
Financial liabilities				
Monetary items				
USD	413	7.0974	(USD:CNY)	12,681
USD	12,039	30.705	(USD:NTD)	369,657
CNY	4,415	4.3262	(CNY:NTD)	19,100

Refers to Note 24 (c) for the informational related to realized and unrealized net foreign exchange loss. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group's entities.

33. ADDITIONAL DISCLOSURES

a. Information on significant transactions and b. investees

- 1) Financing provided to others: Table 1
- 2) Endorsement/guarantee provided: Table 2
- 3) Marketable securities held (excluding investment in subsidiaries): Table 3.

- 4) Marketable securities acquired or disposed of at cost or price of at least NT\$300 million or 20% of the paid-in capital: Table 4.
 - 5) Acquisition of individual real estate at cost of at least NT\$300 million or 20% of the paid-in capital: Table 5.
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 6.
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 7.
 - 9) Information on investees: Table 8.
 - 10) Trading in derivative instruments: Note 7.
 - 11) Intercompany relationships and significant intercompany transaction: Table 10.
- c. Information on investments in Mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China areas: Table 9.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: Table 6.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: Table 6.
 - c) The amount of property transactions and the amount of the resultant gains or losses: None.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.
 - e) The highest balance, the end of year balance, the interest rates range, and total current year interest with respect to financing of funds: None.
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services: None.
- d. Information of major shareholder: Shareholding ratio of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Table 11.

34. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on type of goods or services delivered or provided. The Group's reportable segments were as follows:

- The Company: Manufacturing, processing and selling of electric devices, thermistors, varistors and wines.
- Thinking Changzhou: Manufacturing and selling thermistors, varistors and sensors as principal business.
- Jiangxi Thinking: Manufacturing and selling thermistors and varistors as principal business.
- Dongguan Welkin: Manufacturing and selling thermistors, varistors, sensors and equipment as principal business.
- Zhongshan Welkin: Manufacturing and selling thermistors, varistors and sensors as principal business.

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment:

	The Company	Thinking Changzhou	Jiangxi Thinking	Dongguan Welkin and Zhongshan Welkin	Others	Adjustment and Elimination	Consolidated Amount
For the Year ended December 31, 2024							
Revenues from external customers	\$ 2,833,286	\$ 1,723,449	\$ 43,844	\$ 2,286,528	\$ 632,590	\$ -	\$ 7,519,697
Inter-segment revenue	<u>728,950</u>	<u>1,217,294</u>	<u>1,081,010</u>	<u>2,705,898</u>	<u>931,668</u>	<u>(6,664,820)</u>	<u>-</u>
Segment revenue	<u>\$ 3,562,236</u>	<u>\$ 2,940,743</u>	<u>\$ 1,124,854</u>	<u>\$ 4,992,426</u>	<u>\$ 1,564,258</u>	<u>\$ (6,664,820)</u>	<u>\$ 7,519,697</u>
Segment income	<u>\$ 705,018</u>	<u>\$ 246,436</u>	<u>\$ 211,029</u>	<u>\$ 557,944</u>	<u>\$ 88,987</u>	<u>\$ (35,617)</u>	<u>\$ 1,773,797</u>
Interest income							139,203
Other income							104,246
Other gains and losses							71,890
Finance costs							<u>(23,876)</u>
Consolidated profit before income tax							2,065,260
Income tax							<u>532,287</u>
Consolidated net income							<u>\$ 1,532,973</u>
December 31, 2024							
Total segment assets	<u>\$ 4,449,060</u>	<u>\$ 3,657,932</u>	<u>\$ 1,289,035</u>	<u>\$ 4,523,571</u>	<u>\$ 3,452,235</u>	<u>\$ (1,579,304)</u>	<u>\$ 15,792,529</u>
Total segment liabilities	<u>\$ 4,019,293</u>	<u>\$ 691,276</u>	<u>\$ 141,330</u>	<u>\$ 1,370,267</u>	<u>\$ 334,864</u>	<u>\$ (1,475,890)</u>	<u>\$ 5,081,140</u>
For the Year ended December 31, 2023							
Revenues from external customers	\$ 2,795,622	\$ 1,744,608	\$ 57,946	\$ 1,827,094	\$ 651,866	\$ -	\$ 7,077,136
Inter-segment revenue	<u>377,176</u>	<u>1,177,073</u>	<u>772,904</u>	<u>2,047,720</u>	<u>643,515</u>	<u>(5,018,388)</u>	<u>-</u>
Segment revenue	<u>\$ 3,172,798</u>	<u>\$ 2,921,681</u>	<u>\$ 830,850</u>	<u>\$ 3,874,814</u>	<u>\$ 1,295,381</u>	<u>\$ (5,018,388)</u>	<u>\$ 7,077,136</u>
Segment income	<u>\$ 692,455</u>	<u>\$ 319,939</u>	<u>\$ 158,260</u>	<u>\$ 363,527</u>	<u>\$ 37,690</u>	<u>\$ 20,574</u>	<u>\$ 1,592,445</u>
Interest income							118,743
Other income							57,048
Other gains and losses							(28,851)
Finance costs							<u>(16,838)</u>
Consolidated profit before income tax							1,722,547
Income tax							<u>411,388</u>
Consolidated net income							<u>\$ 1,311,159</u>
December 31, 2023							
Total segment assets	<u>\$ 3,935,258</u>	<u>\$ 3,954,236</u>	<u>\$ 1,027,982</u>	<u>\$ 3,490,855</u>	<u>\$ 3,315,179</u>	<u>\$ (2,073,681)</u>	<u>\$ 13,649,829</u>
Total segment liabilities	<u>\$ 3,555,643</u>	<u>\$ 551,315</u>	<u>\$ 127,711</u>	<u>\$ 1,040,940</u>	<u>\$ 288,236</u>	<u>\$ (1,361,829)</u>	<u>\$ 4,202,016</u>

Segment profit represents the profit before tax earned by each segment without interest income, other income, other gains and finance costs. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

a. Other segment information

	Depreciation and amortization	
	For the Year Ended December 31	
	2024	2023
The Company	\$ 129,278	\$ 95,860
Thinking Changzhou	99,261	104,238
Jiangxi Thinking	44,303	39,796
Dongguan Welkin and Zhongshan Welkin	87,195	95,081
Others	<u>63,208</u>	<u>56,088</u>
	<u>\$ 423,245</u>	<u>\$ 391,063</u>

b. Revenue from major products

The following is an analysis of the Group's revenue from its major products.

	For the Year Ended December 31	
	2024	2023
Passive components	\$ 7,334,069	\$ 6,749,536
Others	<u>185,628</u>	<u>327,600</u>
	<u>\$ 7,519,697</u>	<u>\$ 7,077,136</u>

c. Geographical information

- 1) The Group operates in two principal geographical areas - China and Taiwan.
- 2) The Group's revenue from external customers by location of operations are detailed below.

	Revenue from External Customers	
	For the Year Ended December 31	
	2024	2023
Greater China (Include Taiwan)	\$ 5,858,951	\$ 5,472,787
Europe	897,848	974,102
Others	<u>762,898</u>	<u>630,247</u>
	<u>\$ 7,519,697</u>	<u>\$ 7,077,136</u>

- 3) The location of Group's non-current assets are detailed below

	Non-current Assets	
	December 31	
	2024	2023
China	\$ 2,395,525	\$ 2,296,432
Taiwan	2,039,252	2,027,799
Vietnam	<u>164,959</u>	<u>104,030</u>
	<u>\$ 4,599,736</u>	<u>\$ 4,428,261</u>

Non-current assets exclude financial instruments, deferred tax assets and net defined benefit assets.

d. Information on major customers

No single customer contributed over 10% of the Group's consolidated operating revenue.

TABLE 1**THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES****FINANCING PROVIDED TO OTHERS****FOR THE YEAR ENDED DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 2)	Note
													Item	Value			
0	The Company	Thinking Viet Nam	Other receivables - related parties	Yes	\$ 98,550 (US\$ 3,000 thousand)	\$ - (US\$ - thousand)	\$ - (US\$ - thousand)	5	Note 1	\$ -	For short-term working capital	\$ -	-	\$ -	\$ 3,176,985	\$ 4,235,980	

Note 1: For short-term financing necessities.

Note 2: The aggregate financing limit shall not exceed 40% of the net assets of the Company. The financing limit for the financing amount on each individual loan shall not exceed 30% of net assets. The financing amount on each individual loan shall not exceed 100% of the net asset of the Company for inter-company loans of funds between overseas subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares.

TABLE 2**THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES****ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 1)											
0	The Company	Thinking Viet Nam	b	\$ 3,176,985	\$ 328,500 (US\$10,000thousand)	\$ 327,250 (US\$10,000thousand)	\$ -	\$ -	3.09	\$ 5,294,975	Y	N	N	

Note 1: Relationship information of endorser and endorsee should be noted.

- a. The companies with which it has business relations.
- b. Subsidiaries in which the company directly holds more than 50% of its total outstanding common stocks.
- c. Companies in which the total outstanding common stocks held by the parent company and its subsidiaries, calculated on a combined basis, exceed 50%.
- d. The parent company that directly or indirectly holds more than 50% of the total outstanding common stocks through its subsidiaries.
- e. Companies in same type of business and providing mutual endorsements/guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
- f. Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.

Note 2: The total amount of guarantee that may be provided by the Company shall not exceed 50% of the Company's net asset; the total amount of guarantee provided by the Company to any single entity shall not exceed 30% of the Company's net asset stated.

TABLE 3**THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Number of shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Share</u> ACPA TECHNOLOGY CO., LTD.	-	Financial assets at FVTOCI - non-current	2,619,499	\$ 27,903	11	\$ 27,903	
Thinking Changzhou	<u>CNY financial products</u> Structured Deposits - E.SUN Bank	-	Financial assets at FVTPL - current	-	CNY 10,033 thousand	-	CNY 10,033 thousand	
Thinking Yichang	<u>CNY financial products</u> Structured Deposits - Bank Of China	-	Financial assets at FVTPL - current	-	CNY 70,424 thousand	-	CNY 70,424 thousand	
	Fortune Profit - Fubon Bank (China)	-	Financial assets at FVTPL - current	-	CNY 30,247 thousand	-	CNY 30,247 thousand	
Jiangxi Thinking	<u>CNY financial products</u> Time Deposit Monthly Profit - Fubon Bank (China)	-	Financial assets at FVTPL - current	-	CNY 10,191 thousand	-	CNY 10,191 thousand	
	Fortune Profit - Fubon Bank (China)	-	Financial assets at FVTPL - current	-	CNY 18,542 thousand	-	CNY 18,542 thousand	
Dongguan Welkin	<u>CNY financial products</u> Structured Deposits - E.SUN Bank	-	Financial assets at FVTPL - current	-	CNY 80,790 thousand	-	CNY 80,790 thousand	
	Hui Ji XinFu Structured Deposits- CTBC Bank	-	Financial assets at FVTPL - current	-	CNY 10,348 thousand	-	CNY 10,348 thousand	
	Monthly Profit - Fubon Bank (China)	-	Financial assets at FVTPL - current	-	CNY 20,402 thousand	-	CNY 20,402 thousand	

TABLE 4**THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES****MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Carrying Amount	Gain/Loss on Disposal	Number of shares	Amount (Note)
Thinking Changzhou	CNY financial products Structured Deposits	Financial assets at FVTPL - current	Cathay Bank	-	-	CNY - thousand	-	CNY 110,000 thousand	-	CNY 110,730 thousand	CNY 110,000 thousand	CNY 730 thousand	-	CNY - thousand
	Structured Deposits	Financial assets at FVTPL - current	E.SUN Bank	-	-	CNY - thousand	-	CNY 80,000 thousand	-	CNY 70,593 thousand	CNY 70,000 thousand	CNY 593 thousand	-	CNY 10,033 thousand
Thinking Yichang	CNY financial products Time Deposit Monthly Profit	Financial assets at FVTPL - current	Fubon Bank (China)	-	-	CNY 40,000 thousand	-	CNY 20,000 thousand	-	CNY 61,175 thousand	CNY 60,000 thousand	CNY 1,175 thousand	-	CNY - thousand
	Structured Deposits	Financial assets at FVTPL - current	Bank of China	-	-	CNY 60,000 thousand	-	CNY 90,000 thousand	-	CNY 80,937 thousand	CNY 80,000 thousand	CNY 937 thousand	-	CNY 70,424 thousand
Jiangxi Thinking	CNY financial products Time Deposit Monthly Profit	Financial assets at FVTPL - current	Fubon Bank (China)	-	-	CNY 50,200 thousand	-	CNY 51,000 thousand	-	CNY 92,408 thousand	CNY 91,200 thousand	CNY 1,208 thousand	-	CNY 10,191 thousand
Dongguan Welkin	CNY financial products Point Gold Series Structured Deposit	Financial assets at FVTPL - current	China Merchants Bank	-	-	CNY 10,000 thousand	-	CNY 80,000 thousand	-	CNY 90,511 thousand	CNY 90,000 thousand	CNY 511 thousand	-	CNY - thousand
	Structured Deposits	Financial assets at FVTPL - current	E.SUN Bank	-	-	CNY 70,350 thousand	-	CNY 150,190 thousand	-	CNY 141,625 thousand	CNY 140,350 thousand	CNY 1,275 thousand	-	CNY 80,790 thousand
	Monthly Profit	Financial assets at FVTPL - current	Fubon Bank (China)	-	-	CNY - thousand	-	CNY 80,000 thousand	-	CNY 60,524 thousand	CNY 60,000 thousand	CNY 524 thousand	-	CNY 20,402 thousand

Note : This includes the unrealized gains or losses of financial assets measured at fair value through profit or loss.

TABLE 5

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Zhongshan Welkin	Second-phase plant	2024.12.10	CNY133,600 thousand	-	Guangdong Jian-an Changsheng Holding Group Co., Ltd	-	N/A	N/A	N/A	N/A	Tender	For operation use	

TABLE 6**THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Receivable) Payable		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Term	Ending Balance (Note)	% of Total	
The Company	Thinking Changzhou	Subsidiary	Sales	\$ (200,626)	(5)	60 days from the end of the month	\$ -	-	\$ (89,893)	(10)	
	Thinking Changzhou	Subsidiary	Purchases	865,687	38	60 days from the end of the month	-	-	171,571	22	
	Thinking Yichang	Subsidiary	Purchases	104,352	5	60 days from the end of the month	-	-	12,899	2	
	Dongguan Welkin	Subsidiary	Purchases	1,119,749	49	60 days from the end of the month	-	-	203,719	26	
	Zhongshan Welkin	Subsidiary	Sales	(481,006)	(12)	60 days from the end of the month	-	-	(112,203)	(11)	
Thinking Changzhou	Thinking Yichang	Associate	Purchases	324,806	18	60 days from the end of the month	-	-	71,176	13	
	Jiangxi Thinking	Associate	Purchases	208,435	12	60 days from the end of the month	-	-	57,134	11	
	Dongguan Welkin	Associate	Sales	(121,571)	(4)	60 days from the end of the month	-	-	(30,119)	(3)	
Thinking Yichang	Jiangxi Thinking	Associate	Purchases	299,762	38	60 days from the end of the month	-	-	65,822	27	
	Dongguan Welkin	Associate	Sales	(464,899)	(34)	60 days from the end of the month	-	-	(107,236)	(24)	
Jiangxi Thinking	Dongguan Welkin	Associate	Sales	(310,904)	(28)	60 days from the end of the month	-	-	(63,958)	(25)	
	Zhongshan Welkin	Associate	Sales	(261,909)	(23)	60 days from the end of the month	-	-	(50,212)	(19)	
Dongguan Welkin	Zhongshan Welkin	Subsidiary	Purchases	1,433,903	52	60 days from the end of the month	-	-	239,286	23	

Note: All intercompany transactions have been eliminated upon consolidation.

TABLE 7

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2024

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

[illegible]

Note: All intercompany transactions have been eliminated upon consolidation.

TABLE 8**THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES****INFORMATION OF INVESTEEES****FOR THE YEAR ENDED DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2024			Net Income (Loss) of the Investee	Share of profit (Loss)	Note
				December 31, 2024	December 31, 2023	Number of shares	Percentage of ownership (%)	Carrying Amount			
The Company	Yenyo	Yilan	Processing, sales and manufacturing of diodes	\$ 304,410	\$ 304,410	25,732,508	63.76	\$ 208,674	\$ (48,475)	\$ (30,908)	Note 1
	Greenish	British Virgin Island	Investment holding and international trading	242,300 (US\$ 7,375 thousand)	242,300 (US\$ 7,375 thousand)	7,374,997	100	3,112,322	265,246	260,149	Note 1
	Thinking Holding	Cayman	Investment holding and international trading	792,506 (US\$ 25,476 thousand)	792,506 (US\$ 25,476 thousand)	25,476,302	100	4,826,241	783,082	752,821	Note 1
	Thinking USA	USA	Electronic product design and marketing	30,715 (US\$ 1,000 thousand)	30,715 (US\$ 1,000 thousand)	1,000,000	100	995	(10,949)	(10,949)	
	Thinking Viet Nam	Vietnam	Manufacturing and selling thermistors, varistors and sensors	149,313 (US\$ 4,800 thousand)	149,313 (US\$ 4,800 thousand)	-	100	143,283	(755)	(755)	
Thinking Holding	Thinking International	Mauritius	Investment holding and international trading	205,781 (US\$ 6,375 thousand)	205,781 (US\$ 6,375 thousand)	6,375,000	100	1,426,553	170,995	170,995	
	Thinking HK	Hong Kong	Investment holding and international trading	311,753 (US\$ 10,040 thousand)	311,109 (US\$ 10,020 thousand)	10,040,000	100	1,148,316	196,224	196,224	
	View Full Samoa	Samoa	Investment holding and international trading	155,108 (US\$ 5,055 thousand)	155,108 (US\$ 5,055 thousand)	5,055,000	100	2,049,942	366,707	366,707	
	Thinking Samoa	Samoa	Investment holding and international trading	112,518 (US\$ 3,864 thousand)	112,518 (US\$ 3,864 thousand)	3,864,354	100	276,795	49,426	49,426	

Note 1: The share of profits or losses of investee includes the effect of unrealized gross profit on intercompany transaction.

Note 2: Information of investees which located in mainland China, refer to Table 9.

TABLE 9**THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES****INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 6)	Carrying Amount as of December 31, 2024 (Note 6)	Accumulated Repatriation of Investment Income as of December 31, 2024	Note
					Outward	Inward							
Thinking Changzhou	Manufacturing and selling thermistors, varistors and sensors	\$ 1,008,050 (US\$ 31,260 thousand)	Note 1	\$ 452,725	\$ -	\$ -	\$ 452,725	\$ 435,953	100	\$ 426,263	\$ 3,775,325	\$ 1,608,656 (US\$ 52,277 thousand)	Notes 9 and 10
Thinking Yichang	Manufacturing and selling thermistors, varistors and sensors	203,439 (US\$ 6,300 thousand)	Note 2	203,439	-	-	203,439	171,105	100	171,105	1,425,362	-	Note 10
Jiangxi Thinking	Manufacturing and selling thermistors and varistors	310,330 (US\$ 10,000 thousand)	Note 3	310,330	-	-	310,330	196,482	100	196,482	1,147,705	-	Note 10
Dongguan Welkin	Manufacturing and selling thermistors, varistors, sensors and equipment	868,640 (CN¥194,782 thousand)	Note 4	265,306	-	-	265,306	564,515	100	564,515	3,161,840	-	Note 10
Zhongshan Welkin	Manufacturing and selling thermistors, varistors and sensors	658,145 (CN¥150,000 thousand)	Note 5	-	-	-	-	129,956	100	129,956	853,938	-	Note 10

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$1,231,800 (US\$ 38,774 thousand)	\$1,148,451 (US\$ 35,094 thousand) (Note 7)	\$6,353,970 (Note 8)

Note 1: Indirectly investment in mainland China through Greenish which was registered in the third area. The Company increased the amount of indirect investments in mainland China through Greenish since 2003.

Note 2: Indirectly investment in mainland China through companies registered in the third area (Thinking International).

Note 3: Indirectly investment in mainland China through companies registered in the third area (Thinking HK).

Note 4: Indirectly investment in mainland China through companies registered in the third area, View Full Samoa and Thinking Samoa and the subsidiary, Thinking Changzhou.

Note 5: Indirectly investment in mainland China through subsidiary (Dongguan Welkin).

Note 6: The financial statements have been audited by the ultimate parent company's certified public accountant.

Note 7: The amount of US\$35,094 thousand was the difference between the MOEA approved investment amount of US\$38,774 thousand and the amount of accumulated outflow of investment from Taiwan of US\$3,680 thousand. Such difference was the result of deducting the capital increase of US\$32,024 thousand from the subsidiary in mainland China, deductions of US\$176 thousand for remittance of liquidation proceeds to third parties not yet approved. The added surplus of the subsidiary in mainland China, which was approximately US\$35,831 thousand, was repatriated, and the difference between the exchange rate of the remitted funds and US\$49 thousand. The balance as of December 31, 2024 was based on the exchange rate of US\$1=NT\$32.725.

Note 8: The upper limit on investment in mainland China is determined by 60% of the Company's consolidated net worth.

Note 9: The Company recognized share of profits of Thinking Changzhou was \$202,018 thousand, and Greenish recognized share of profits of Thinking Changzhou was \$224,245 thousand. Total amount of share of profits was \$426,263 thousand. The difference between total amount of share of profits and the net income of Thinking Changzhou resulted from unrealized gross profit on intercompany transactions.

Note 10: All intercompany transactions have been eliminated upon consolidation.

TABLE 10

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

**INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Intercompany Transactions			
				Financial Statement Item	Amount	Terms	Percentage of Consolidated Total Sales or Total Assets
0	The Company	Thinking Changzhou	1	Sales	\$ 200,626	Pricing by cost-plus practice	3
		Thinking Changzhou	1	Purchases	865,687	Pricing by cost-plus practice	12
		Thinking Changzhou	1	Accounts receivable	89,893	60 days from the end of the month	1
		Thinking Changzhou	1	Accounts payable	171,571	60 days from the end of the month	1
		Thinking Yichang	1	Sales	8,248	Pricing by cost-plus practice	-
		Thinking Yichang	1	Purchases	104,352	Pricing by cost-plus practice	1
		Thinking Yichang	1	Accounts receivable	3,024	60 days from the end of the month	-
		Thinking Yichang	1	Accounts payable	12,899	60 days from the end of the month	-
		Dongguan Welkin	1	Sales	39,067	Pricing by cost-plus practice	1
		Dongguan Welkin	1	Purchases	1,119,749	Pricing by cost-plus practice	15
		Dongguan Welkin	1	Accounts receivable	16,666	60 days from the end of the month	-
		Dongguan Welkin	1	Accounts payable	203,719	60 days from the end of the month	1
		Dongguan Welkin	1	Other accounts payable	1,419	60 days from the end of the month	-
		Yenyo	1	Purchases	987	Pricing by cost-plus practice	-
		Zhongshan Welkin	1	Sales	481,006	Pricing by cost-plus practice	6
		Zhongshan Welkin	1	Accounts receivable	112,203	60 days from the end of the month	1
1	Thinking Changzhou	Thinking Yichang	2	Sales	98,956	Pricing by cost-plus practice	1
		Thinking Yichang	2	Purchases	324,806	Pricing by cost-plus practice	4
		Thinking Yichang	2	Accounts receivable	20,613	60 days from the end of the month	-
		Thinking Yichang	2	Accounts payable	71,176	60 days from the end of the month	-
		Jiangxi Thinking	2	Sales	95,587	Pricing by cost-plus practice	1
		Jiangxi Thinking	2	Purchases	208,435	Pricing by cost-plus practice	3
		Jiangxi Thinking	2	Accounts receivable	31,072	60 days from the end of the month	-
		Jiangxi Thinking	2	Other accounts receivable	1,821	60 days from the end of the month	-
		Jiangxi Thinking	2	Accounts payable	57,134	60 days from the end of the month	-
		Dongguan Welkin	2	Sales	121,571	Pricing by cost-plus practice	2
		Dongguan Welkin	2	Purchases	66,170	Pricing by cost-plus practice	1
		Dongguan Welkin	2	Accounts receivable	30,119	60 days from the end of the month	-
		Dongguan Welkin	2	Accounts payable	12,697	60 days from the end of the month	-
		Dongguan Welkin	2	Other accounts payable	5,455	60 days from the end of the month	-
		Dongguan Welkin	2	Prepayments	1,438	T/T days from the end of the month	-
		Zhongshan Welkin	2	Sales	35,493	Pricing by cost-plus practice	-
		Zhongshan Welkin	2	Purchases	12,717	Pricing by cost-plus practice	-
		Zhongshan Welkin	2	Accounts receivable	6,522	60 days from the end of the month	-
		Zhongshan Welkin	2	Accounts payable	4,558	60 days from the end of the month	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship (Note)	Intercompany Transactions			
				Financial Statement Item	Amount	Terms	Percentage of Consolidated Total Sales or Total Assets
2	Thinking Yichang	Jiangxi Thinking	2	Sales	\$ 16,800	Pricing by cost-plus practice	-
		Jiangxi Thinking	2	Purchases	299,762	Pricing by cost-plus practice	4
		Jiangxi Thinking	2	Accounts receivable	3,143	60 days from the end of the month	-
		Jiangxi Thinking	2	Other accounts receivable	2,595	60 days from the end of the month	-
		Jiangxi Thinking	2	Accounts payable	65,822	60 days from the end of the month	-
		Jiangxi Thinking	2	Other accounts payable	2,086	60 days from the end of the month	-
		Dongguan Welkin	2	Sales	464,899	Pricing by cost-plus practice	6
		Dongguan Welkin	2	Purchases	29,790	Pricing by cost-plus practice	-
		Dongguan Welkin	2	Accounts receivable	107,236	60 days from the end of the month	1
		Dongguan Welkin	2	Accounts payable	1,099	60 days from the end of the month	-
		Dongguan Welkin	2	Other accounts payable	10,294	60 days from the end of the month	-
		Zhongshan Welkin	2	Sales	19,691	Pricing by cost-plus practice	-
		Zhongshan Welkin	2	Purchases	1,355	Pricing by cost-plus practice	-
		Zhongshan Welkin	2	Accounts receivable	5,023	60 days from the end of the month	-
3	Jiangxi Thinking	Dongguan Welkin	2	Sales	310,904	Pricing by cost-plus practice	4
		Dongguan Welkin	2	Purchases	15,232	Pricing by cost-plus practice	-
		Dongguan Welkin	2	Accounts receivable	63,958	60 days from the end of the month	-
		Dongguan Welkin	2	Accounts payable	684	60 days from the end of the month	-
		Dongguan Welkin	2	Other accounts payable	3,894	60 days from the end of the month	-
		Zhongshan Welkin	2	Sales	261,909	Pricing by cost-plus practice	3
		Zhongshan Welkin	2	Purchases	2,332	Pricing by cost-plus practice	-
		Zhongshan Welkin	2	Accounts receivable	50,212	60 days from the end of the month	-
4	Dongguan Welkin	Zhongshan Welkin	1	Sales	24,650	Pricing by cost-plus practice	-
		Zhongshan Welkin	1	Purchase	1,433,903	Pricing by cost-plus practice	19
		Zhongshan Welkin	1	Accounts receivable	8,230	60 days from the end of the month	-
		Zhongshan Welkin	1	Accounts payable	239,286	60 days from the end of the month	2

(Concluded)

Note : Transactions are categorized as follows:

- 1) Transactions from parent company to subsidiaries.
- 2) Transactions between subsidiaries.

TABLE 11

THINKING ELECTRONIC INDUSTRIAL CO., LTD

INFORMATION OF MAJOR SHAREHOLDERS

DECEMBER 31, 2024

[illegible]

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter. The share capital in the parent company only financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.