

Powertip Technology Corporation
Parent company only Financial Statements
and Independent Auditor's Report

For the Years 2024 and 2023

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Independent Auditor's Report

To the board of directors of Powertip Technology Corporation:

Audit Opinions

We have audited the balance sheet of Powertip Technology Corporation as at December 31, 2024 and 2023, and the statement of comprehensive income, statement of changes in equity, cash flow statement, and the accompanying footnotes (including summary of key accounting policies) for the periods January 1 to December 31, 2024 and 2023.

In our opinion, all material disclosures of the parent company only financial statements mentioned above were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and the version of International Financial Reporting Standards, and presented a fair view of the financial position of Powertip Technology Corporation as at December 31, 2024 and 2023, and business performance and cash flow for the periods January 1 to December 31, 2024 and 2023.

Basis of audit opinion

We have conducted our audits on the financial statements in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards. Our responsibilities as an auditor for the parent company only financial statements under the abovementioned standards are explained in the Responsibilities paragraph. All relevant personnel of the accounting firm have followed CPA code of ethics and maintained independence from Powertip Technology Corporation when performing their duties. We believe that the evidence obtained provide an adequate and appropriate basis for our opinion.

Key audit issues

Key audit issues are matters that we considered to be the most important, based on professional judgment, when auditing the 2024 parent company only financial statements of Powertip Technology Corporation. These issues have already been addressed when we audited and formed our opinions on the parent company only financial statements. Therefore we do not provide opinions separately for individual issues. Other than the matters described in the paragraph regarding the material uncertainty of continuing operations, below are the key audit issues that we consider relevant for disclosure in this audit report:

I. Revenue recognition

Please refer to Note 4 (14) "Revenue recognition" in the parent company only financial statements for the accounting policy on revenue recognition; please refer to Note 6 (12) "Revenue from contracts with customers" for additional information on revenue.

Explanation of key audit issues:

Powertip Technology Corporation mainly engages in the manufacturing and sales of various LCD modules. Operating revenue is one of the important items in the parent company only financial statements, and the amount and changes in the operating revenue may affect the financial statement users' understanding of such statements. For this reason, revenue recognition testing was identified as one of our key audit matters when we audited the parent company only financial statements of Powertip Technology Corporation.

Audit procedures:

Our main audit procedures for the above key audit matter included testing the control over the sales and collection cycle, checking and reconcile the sales system data and the general ledger, randomly inspecting the relevant supporting documents to verify the authenticity of the revenues, implementing the external confirmation against the accounts receivable, and assessing if the timings of Powertip Technology Corporation's recognition of operating revenue and the recognized amounts were handled in accordance with the relevant standards.

Responsibilities of the management and governance body to the parent company only financial statements

Responsibilities of the management were to prepare and ensure fair presentation of parent company only financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and to exercise proper internal control practices that are relevant to the preparation of consolidated financial statements so that the parent company only financial statements are free of material misstatements, whether caused by fraud or error.

The management's responsibilities when preparing parent company only financial statements also involved: assessing the ability of Powertip Technology Corporation to operate, disclose information, and account for transactions as a going concern unless the management intends to liquidate Powertip Technology Corporation or cease business operations, or is compelled to do so with no alternative solution.

The governance body of Powertip Technology Corporation (including the Audit Committee) is responsible for supervising the financial reporting process.

Responsibilities of the auditor when auditing parent company only financial statements

The purposes of our audit were to obtain reasonable assurance of whether the parent company only financial statements were prone to material misstatements, whether due to fraud or error, and to issue a report of our audit opinions. We considered assurance to be reasonable only if it is highly credible. However, audit tasks conducted in accordance with the auditing principles do not necessarily guarantee detection of all material misstatements within the parent company only financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if the individual amount or aggregate total is reasonably expected to affect economic decisions of the parent company only financial statement user.

When conducting audits in accordance with the auditing principles, we exercised judgments and skepticism as deemed professionally appropriate. We also performed the following tasks as an auditor:

1. Identifying and assessing risks of material misstatement due to fraud or error; designing and executing appropriate response measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Fraud may involve conspiracy, forgery, intentional omission, untruthful declaration, or breach of internal control, and our audit did not find any material misstatement where the risk of fraud is greater than the risk of error.
2. Developing the required level of understanding on relevant internal controls and designing audit procedures that are appropriate under the prevailing circumstances, but without providing opinion on the effectiveness of internal control system of Powertip Technology Corporation.
3. Assessing the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures made.
4. Forming conclusions regarding the appropriateness of management's decision to account for the business as a going concern, and whether there are doubts or uncertainties about the ability of Powertip Technology Corporation to operate as a going concern, based on the audit evidence obtained. We are bound to remind users of parent company only financial statements and make related disclosures if uncertainties exist in regards to the abovementioned events or circumstances, and amend audit opinions when the disclosures are no longer appropriate. Our conclusions are based on the audit evidence obtained up to the date of audit report. However, future events or change of circumstances may still render Powertip Technology Corporation no longer capable of operating as a going concern.
5. Assessing the overall presentation, structure, and contents of the parent company only financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the parent company only financial statements.

6. Obtaining sufficient and appropriate audit evidence on the financial information of equity-accounted investments, and expressing opinions on the parent company only financial statements. Our responsibilities as auditor are to instruct, supervise, and execute audits and form audit opinions on Powertip Technology Corporation.

We have communicated with the governance body about the scope, timing, and significant findings (including significant defects identified in internal control) of our audit.

We have also provided the governance body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with auditors' professional ethics of the Republic of China, and communicated with the governance body on all matters that may affect the auditor's independence (including protection measures).

We have identified the key audit issues after communicating with the governance body regarding the 2024 parent company only financial statements of Powertip Technology Corporation. These issues have been addressed in our audit report except for: 1. Certain topics that are prohibited by law from disclosing to the public; or 2. Under extreme circumstances, topics that we decide not to communicate in the audit report because of higher negative impacts they may cause than the benefits they bring to public interest.

KPMG

Wang Yiwen

CPA:

Xin Yuting

Approval reference of the securities authority : Jin-Guan-Zheng-Shen-0990013761
Jin-Guan-Zheng-Shen-Zi
No.1120333238
March 12, 2025

Notes to Readers

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

Powertip Technology Corporation
Balance Sheet
As at December 31, 2024 and 2023

Unit: NT\$ thousand

Assets		2024.12.31		2023.12.31				Liabilities and equity		2024.12.31		2023.12.31	
		Amount	%	Amount	%					Amount	%	Amount	%
Current assets								Current liabilities					
1100	Cash and cash equivalents (Note 6(1))	\$ 455,512	21	578,102	24	2170	Notes and accounts payable	\$ 33,804	2	45,177	2		
1170	Notes and accounts receivable - net (Note 6 (2) and (12))	167,436	8	154,649	7	2180	Accounts payable - related parties (Note 7)	201,251	9	344,826	14		
1180	Accounts receivable - related parties, net (Notes 6(2), (12) and 7)	1,554	-	1,449	-	2200	Other payables) (including related parties) (Note 7)	47,000	2	72,949	3		
1310	Inventory (Note 6(4))	78,056	4	97,923	4	2230	Current income tax liabilities	-	-	4,660	-		
1476	Other financial assets - current (Notes 6(3), 7, and 8)	7,136	-	7,325	-	2300	Other current liabilities (Note 6(12))	48,571	2	40,918	2		
1470	Other current assets	7,475	-	7,506	-	2322	Long-term borrowings due within 1 year or 1 business cycle (Notes 6 (7) and 8)	11,198	1	42,431	2		
		717,169	33	846,954	35			341,824	16	550,961	23		
Non-current assets								Non-current liabilities :					
1550	Equity-accounted investments (Note 6(5))	993,119	46	1,117,114	46	2540	Long-term borrowings (Notes 6(7) and 8)	-	-	11,198	-		
1600	Property, plant and equipment (Notes 6(6) and 8)	454,447	21	460,423	19	2640	Net defined benefit liabilities - non-current (Note 6(8))	8,684	-	12,667	1		
1780	Intangible assets	1,154	-	2,107	-	2570	Deferred income tax liabilities and others (Notes 6(9) and 7)	2,146	-	1,441	-		
1840	Deferred income tax assets (Note 6(9))	2,739	-	8,741	-			10,830	-	25,306	1		
1900	Other current assets	1,215	-	2,604	-			352,654	16	576,267	24		
		1,452,674	67	1,590,989	65			Total liabilities					
								Equity: (Note 6(10))					
						3110	Common share capital	1,621,732	75	1,621,732	67		
						3200	Capital reserve	8,300	-	5,626	-		
						3310	Legal reserve	49,561	3	29,562	1		
						3320	Special reserve	116,962	5	6,423	-		
						3350	Retained earnings	110,043	5	315,295	13		
						3400	Other equity item	(89,409)	(4)	(116,962)	(5)		
								1,817,189	84	1,861,676	76		
								Total equity					
								Major contingent liabilities and unrecognized contractual commitments (Note 9)					
								Total liabilities and equity					
								\$ 2,169,843	100	2,437,943	100		
Total assets		\$ 2,169,843	100	2,437,943	100								

(Please refer to the Notes to the Parent Company Only Financial Report attached below)

Chairman: Shih-Yue Wang

Managerial Officer: Shih-Yue Wang

Head of Accounting: Shao-Ling Liu

Powertip Technology Corporation
Statement of Comprehensive Income
For the year end December 31, 2024 and 2023

Unit: NT\$ thousand

		2024		2023	
		Amount	%	Amount	%
4100	Net sales revenues (Notes 6(12) and 7)	\$ 976,250	100	1,601,156	100
5000	Operating costs (Notes 6(4), 6(8), 7, and 12)	913,546	94	1,431,084	89
5900	Gross profit	62,704	6	170,072	11
5920	Plus: realized (unrealized) gain or loss on sale	763	-	1,513	-
5900	Gross profit	63,467	6	171,585	11
Operating expenses (Notes 6(8), 7 and 12):					
6100	Selling and marketing expenses	35,976	3	43,755	3
6200	General and administrative expenses	57,704	6	64,754	4
6300	Research and development expenses	45,782	5	45,465	3
		139,462	14	153,974	10
6900	Net operating profit (loss)	(75,995)	(8)	17,611	1
Non-operating income and expenses :					
7100	Interest income	5,061	1	10,434	1
7375	Share of gain from subsidiaries, associated companies, and joint ventures accounted using the equity method (Note 6(5))	62,542	6	166,617	10
7190	Other income (Note 7)	9,647	1	8,220	-
7230	Gain (loss) on foreign exchange (Note 6(14))	10,172	1	8,519	1
7510	Interest expenses	(505)	-	(1,050)	-
		86,917	9	192,740	12
7900	Profit before tax	10,922	1	210,351	13
7950	Less: income tax expense (benefit) (Note 6(9))	7,611	1	7,033	-
8200	Current net income	3,311	-	203,318	13
8300	Other comprehensive income :				
8310	Items not reclassified into profit or loss:				
8311	Remeasurement of defined benefit plan	1,050	-	(1,313)	-
8349	Less: Income tax on items not reclassified into profit or loss (Note 6(9))	-	-	-	-
		1,050	-	(1,313)	-
8360	Items likely to be reclassified into profit or loss:				
8361	Exchange differences on translation of financial statements of foreign operations	26,868	3	(13,703)	(1)
8380	Share of other comprehensive income from equity-accounted subsidiaries, associated companies and joint ventures - likely to be reclassified into profit or loss	6,058	1	(3,071)	-
8399	Less: Income tax on items likely to be reclassified into profit or loss (Note 6(9))	5,373	1	(2,740)	-
	Sum of items likely to be reclassified into profit or loss	27,553	3	(14,034)	(1)
8300	Other current comprehensive income (loss) (net, after-tax)	28,603	3	(15,347)	(1)
8500	Total comprehensive income - current	<u>\$ 31,914</u>	<u>3</u>	<u>187,971</u>	<u>12</u>
	Earnings per share (NTD) (Note 6(11))				
9750	Basic earnings per share (NTD)	<u>\$ 0.02</u>		<u>1.25</u>	
9850	Diluted earnings per share (NTD)	<u>\$ 0.02</u>		<u>1.25</u>	

(Please refer to the Notes to the Parent Company Only Financial Report attached below)

Chairman: Shih-Yue Wang Managerial Officer: Shih-Yue Wang Head of Accounting: Shao-Ling Liu

Powertip Technology Corporation
Statement of Changes in Equity
For the year end December 31, 2024 and 2023

Unit: NT\$ thousand

							Other equity items			
	Common share capital	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total	Total equity	
Balance as at January 1, 2023	\$ 1,621,732	7,060	4,137	6,336	254,334	(63,438)	(39,490)	(102,928)	1,790,671	
Earnings provision and distribution:										
Legal reserve	-	-	25,425	-	(25,425)	-	-	-	-	
Special reserve	-	-	-	87	(87)	-	-	-	-	
Cash dividends on common stock	-	-	-	-	(113,521)	-	-	-	(113,521)	
			25,425	87	(139,033)				(113,521)	
Current net income	-	-	-	-	203,318	-	-	-	203,318	
Other comprehensive income (loss) - current	-	-	-	-	(1,313)	(14,034)	-	(14,034)	(15,347)	
Total comprehensive income (loss) - current	-	-	-	-	202,005	(14,034)	-	(14,034)	187,971	
Changes in associated companies accounted for using the equity method	-	(1,434)	-	-	(2,011)	-	-	-	(3,445)	
Balance as at December 31, 2023	1,621,732	5,626	29,562	6,423	315,295	(77,472)	(39,490)	(116,962)	1,861,676	
Earnings provision and distribution:										
Legal reserve	-	-	19,999	-	(19,999)	-	-	-	-	
Special reserve	-	-	-	110,539	(110,539)	-	-	-	-	
Cash dividends on common stock	-	-	-	-	(81,086)	-	-	-	(81,086)	
			19,999	110,539	(211,624)				(81,086)	
Current net income	-	-	-	-	3,311	-	-	-	3,311	
Other comprehensive income - current	-	-	-	-	1,050	27,553	-	27,553	28,603	
Total comprehensive income - current	-	-	-	-	4,361	27,553	-	27,553	31,914	
Changes in associated companies accounted for using the equity method	-	2,674	-	-	2,011	-	-	-	4,685	
Balance as at December 31, 2024	\$ 1,621,732	8,300	49,561	116,962	110,043	(49,919)	(39,490)	(89,409)	1,817,189	

(Please refer to the Notes to the Parent Company Only Financial Report attached below)

Chairman: Shih-Yue Wang

Managerial Officer: Shih-Yue Wang

Head of Accounting: Shao-Ling Liu

Powertip Technology Corporation
Cash Flow Statement
For the year end December 31, 2024 and 2023

Unit: NT\$ thousand

	<u>2024</u>	<u>2023</u>
Cash flow from operating activities:		
Current profit before tax	\$ 10,922	210,351
Adjustments:		
Income, expenses and losses:		
Depreciation expenses	21,462	20,501
Amortization expenses	849	1,182
Interest expenses	505	1,050
Interest income	(5,061)	(10,434)
Share of gain from subsidiaries, associated companies, and joint ventures accounted using the equity method	(62,542)	(166,617)
Others	(952)	(1,195)
Total income, expenses and losses	(45,739)	(155,513)
Net change in assets related to operating activities:		
(Increase) decrease in notes and accounts receivable	(12,787)	54,620
Decrease (increase) in accounts receivable - related parties	(105)	36,941
Decrease (increase) in inventory	19,867	(10,549)
Decrease in other financial assets	757	3,468
Decrease in other current assets	31	4,254
Total net change in assets related to operating activities	7,763	88,734
Net change in liabilities related to operating activities:		
Increase (decrease) in notes and accounts payable	(154,948)	102,246
Decrease in other payables and other current liabilities	(16,797)	(14,848)
Decrease in net defined benefit liabilities	(2,933)	(2,930)
Total net change in liabilities related to operating activities	(174,678)	84,468
Total net change in assets and liabilities related to operating activities	(166,915)	173,202
Total adjustments	(212,654)	17,689
Cash (outflow) inflow from operating activities	(201,732)	228,040
Interest received	4,992	10,447
Interest paid	(534)	(1,139)
Income tax paid	(11,427)	(19,201)
Net cash inflow (outflow) from operating activities	(208,701)	218,147
Cash flow from investing activities:		
Refunded share payment from capital decrease by a equity-accounted investee	186,442	-
Acquisition of property, plant and equipment	(16,956)	(13,532)
Dividends received	38,762	37,181
Other investing activities	1,380	(2,116)
Net cash inflow from investing activities	209,628	21,533
Cash flow from financing activities:		
Repayment of long-term borrowings	(42,431)	(32,900)
Payout of cash dividends	(81,086)	(113,521)
Net cash outflow from financing activities	(123,517)	(146,421)
(Decrease) increase in cash and cash equivalents in the current period	(122,590)	93,259
Opening cash and cash equivalents balance	578,102	484,843
Closing cash and cash equivalents balance	<u>\$ 455,512</u>	<u>578,102</u>

(Please refer to the Notes to the Parent Company Only Financial Report attached below)

Chairman: Shih-Yue Wang

Managerial Officer: Shih-Yue Wang Head of Accounting: Shao-Ling Liu

Powertip Technology Corporation
Notes to Parent Company Only Financial Statements
For the Years 2024 and 2023
(Unless otherwise specified, all amounts are presented in NTD thousands)

I. Company history

Powertip Technology Corporation (the Company) was incorporated on September 2, 1991 under the approval of the Ministry of Economic Affairs, and has business address registered at No. 8, Gongyequ 6th Road, Xitun District, Taichung City. The Company is mainly involved in the manufacturing, processing, and trading of various types of LCD display module.

II. Financial statement approval date and procedures

The parent company only financial statements were passed during the board of directors meeting dated March 12, 2025.

III. Application of new and amended standards and interpretations

- (I) Effect of adopting the latest and amended standards and interpretations approved by Financial Supervisory Commission ("FSC")

The Company became subject to the newly revised international financial reporting standards listed below since January 1, 2024, and the adoption of which had no material impact on the parent company only financial statements.

- Amendments to IAS 1 regarding "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

- (II) Impact of not adopting FSC-endorsed IFRS

Based on the Company's own evaluation, adopting the newly revised international financial reporting standards listed below that take effect from January 1, 2025 onwards do not have material impact on the parent company only financial statements.

- Amendment to IAS No. 21 "Lack of Convertibility"

- (III) Newly published/revised standards and interpretations that are not yet approved by FSC

The standards and interpretations that have been issued and revised by the International Accounting Standards Board (IASB) but have not yet been endorsed by the FSC and may be relevant to the Company are as follows:

<u>New and amended standards</u>	<u>Major details</u>	<u>Effective date announced by IASB</u>
IFRS 18 "Presentation and Disclosure in Financial Statements"	The new standard introduces three categories of income and expenses, two subtotals of income statement, and one single note about the management performance measurement (MPM). These three amendments and enhancements provide a guide for how to disaggregate information in financial statements, and lay a foundation to provide users with better and more consistent information, and will affect all companies.	January 1, 2027

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

<u>New and amended standards</u>	<u>Major details</u>	<u>Effective date announced by IASB</u>
	<ul style="list-style-type: none"> · The more structured income statement: pursuant to the current standard, a company uses different formats to present its operating results, so that investors cannot easily compare the financial performance of different companies. The new standard uses a more structured income statement, and introduces the subtotal "operating profits" newly defined, while specifying all incomes and expenses are classified into three new categories based on the Company's main business activities. · Management Performance Measurement (MPM): The new standard introduces the definition of management performance measurement, and requires companies to provide the information on each measurement indicator in a single note to the financial statements, explaining why the indicator provides useful information, how to calculate, and how to reconcile between the MPM and the amount recognized by the IFRS accounting standards. · More disaggregated information: the new standard include the guides to enhance the information grouping in the financial statement. This include whether information shall be included in the main financial statements or further disaggregated in the notes. 	
Annual improvement of IFRS	<p>The amendments are described as below:</p> <ol style="list-style-type: none"> 1. IFRS 1 "First-time Adoption of International Financial Reporting Standards" <p>Amended the first-time adoption of hedge accounting, to deal with the inconsistency of the term "hedge accounting" in IFRS 1 Paragraph B6 and IFRS 9 "Financial Instruments."</p> <ol style="list-style-type: none"> 2. IFRS 7 "Financial Instruments: Disclosures" <p>The amendment may clarify the confusion arising from inconsistency between the terms of "fair value measurement" in IFRS 7 and IFRS 13.</p>	January 1, 2026

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

<u>New and amended standards</u>	<u>Major details</u>	<u>Effective date announced by IASB</u>
	3. IFRS 9 “Financial instruments”	
	·Derecognition of the lessee's lease liabilities The amendment clarify that if the lease liabilities are derecognized, the derecognition requirements for financial liabilities specified IFRS 9 shall be complied with, that is, the difference between the book value of the lease liability and the consideration paid for the same shall be recognized as gains and losses. However, when a lease liability is modified, it shall be handled in accordance with the lease modification provisions of IFRS 16 "Lease."	
	·Transaction price The amendment requires enterprises to measure accounts receivable that do not include significant financial components at initial recognition in accordance with IFRS 15 "Revenue from Contracts with Customers" to eliminate the conflict between IFRS 9 and IFRS 15 on the initial measurement of accounts receivable.	
	4. IFRS 10 "Consolidated Financial Statements” Clarify the judgment of the substantive agent in IFRS 10 .	
	5. IAS 7 “Statement of Cash Flows” The wording of "Cost Method" in Paragraph 37 of IAS 7 is deleted to avoid any confusion for the application.	

The Company is currently evaluating the impact of the above standards and interpretations on its financial position and operating performance and will disclose relevant impacts when completing the evaluation.

The Company does not expect that other new and revised standards that have not yet been endorsed will have a material impact on the parent company only financial statements.

- Amendments to IFRS 10 and IAS 28 regarding "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 - Insurance Contracts and amendments to IFRS 17
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Classification and Measurement of Financial Instruments”
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

IV. Summary of significant accounting policies

Below is a summary of significant accounting policies adopted for the preparation of parent company only financial statements. Unless otherwise specified, the following accounting policies have been applied consistently across all periods presented in this financial statement.

(I) Statement of compliance

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

(II) Basis of preparation

1. Basis for measurement

This financial statement is prepared on the basis of historical cost, except for the key balance sheet items listed below:

- (1) Financial assets at fair value through profit or loss (including derivatives);
- (2) Financial assets at fair value through other comprehensive income; and
- (3) Net defined benefit liabilities, which is measured by deducting the present value of defined benefit plan obligations and the effect of the limits described in Note 4(16) from the fair value of pension fund assets.

2. Functional currency and presentation currency

The Company has designated its functional currency as the main currency used in the economic environment where operations take place. The parent company only financial statements are presented using the Company's functional currency (NTD). All financial figures denominated in NTD have been presented in NTD thousands.

(III) Foreign currency

1. Foreign currency transactions

Foreign currency transactions are converted into the functional currency using exchange rates as of the date of transaction. Foreign currency monetary items outstanding at the end of each reporting period (referred to as reporting date below) are subsequently converted into the functional currency using exchange rate applicable on that day.

Foreign currency-denominated non-monetary items carried at fair value are converted into the functional currency using exchange rate as of the valuation date. Foreign currency-denominated non-monetary items carried at historical cost are converted using exchange rate as of the initial transaction date.

Differences from foreign currency conversion are generally recognized through profit or loss, or recognized through other comprehensive income under the following circumstances:

- (1) Equity instruments designated to be carried at fair value through other comprehensive income;
- (2) Financial liabilities designated to hedge net investment in foreign operations, within the effective scope of hedge; or
- (3) Qualifying cash flow hedge, within the effective scope of hedge.

2. Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising at the time of acquisition, are converted into the functional currency using exchange rates as at the reporting date. Income, expenses, and losses are converted into the functional currency using average exchange rate for the current period. Any differences on exchange are recognized through other comprehensive income.

If a disposal of foreign operation results in a loss of control, joint control, or significant influence, all conversion differences previously accumulated on the foreign operation are reclassified into profit or loss. In a partial disposal of subsidiary that contains foreign operations, conversion differences previously accumulated on the subsidiary are re-allocated proportionally to non-controlling shareholders. In a partial disposal of associated company or joint venture that contains foreign operations, conversion differences previously accumulated on the investment are reclassified proportionally to profit or loss.

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

For monetary receivables or payables of foreign operations that do not have defined settlement plans and are impossible to be settled in the foreseeable future, any gains/losses arising from foreign currency exchange are treated as a part of net investments in the foreign operation and recognized through other comprehensive income.

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

The Company treats assets that meet one of the following conditions are classified as current assets; assets that do not meet the criteria for current asset are classified as non-current assets:

1. Assets that are expected to be realized, or intended to be sold or consumed, over the normal operating cycle;
2. Assets that are held mainly for the purpose of trading;
3. Assets that are expected to be realized within 12 months after the end of the reporting period; or
4. Cash or cash equivalents (defined as IAS 7), except those that will be swapped or used to repay liabilities at least 12 months from the reporting period, and those with restricted uses.

The Company treats liabilities that match any of the following criteria are classified as current liabilities; liabilities that do not meet the criteria for current liability are classified as non-current liabilities:

1. Liabilities that are expected to be repaid within the normal operating cycle;
2. Liabilities that are held mainly for the purpose of trading;
3. Liabilities that are expected to be settled within 12 months after the end of the reporting period; or
4. The liability has no right to defer the liability settlement to at least 12 months after the reporting period on the end date of the reporting period.

(V) Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalent refers to short-term and highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Time deposit that meets the abovementioned definition and is intended to meet short-term cash commitment instead of investment or other purposes is stated as cash equivalent.

(VI) Financial instruments

Accounts receivable and debt securities issued are recognized at the time occurred. All other financial assets and financial liabilities are recognized at initiation when the Company becomes a party to a financial instrument contract. Financial assets or liabilities that are not carried at fair value through profit or loss (excluding accounts receivable without major financial component) are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance. Accounts receivable without major financial component are initially measured at transaction price.

1. Financial assets

Purchase and sale of financial asset that conforms with customary practices is accounted using trade day accounting, and the same approach is applied consistently to financial assets of the same classification.

Financial assets are classified at initiation into: financial assets carried at amortized cost, financial assets at fair value through other comprehensive income, or financial assets at fair value through profit or loss.

Only when the Company changes the ways financial assets are managed will it reclassify the affected financial assets according to policy, starting from the next reporting period.

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

(1) Financial assets carried at amortized cost

Financial assets that meet all of the following conditions and are not designated to be carried at fair value through profit or loss are carried at amortized cost:

- Financial assets that are held for the purpose of collecting contractual cash flow.
- Contractual terms of the financial asset give rise to cash flows on specific dates, and the cash flows are intended solely to pay principals and interests accruing on outstanding principals.

These assets are subsequently carried at initial cost plus/less accumulated amortization calculated using the effective interest rate method and after adjusting for loss provisions. Interest income, gain/loss on foreign currency exchange, and impairment loss are recognized through profit or loss. When removed from balance sheet, gains or losses are recognize through profit or loss.

(2) Financial assets at fair value through other comprehensive income

Debt instruments that satisfy all of the following conditions and are not designated to be carried at fair value through profit or loss are carried at fair value through other comprehensive income:

- Financial assets that are held for the purpose of collecting contractual cash flow and sale.
- Contractual terms of the financial asset give rise to cash flows on specific dates, and the cash flows are intended solely to pay principals and interests accruing on outstanding principals.

At initiation, the Company can make an irrevocable choice to account for subsequent fair value changes through other comprehensive income for equity instruments that are not held for trading. The above choice is determined on an instrument-by-instrument basis.

Investments in debt instruments are subsequently measured at fair value. Interest income calculated using the effective interest method, gain/loss on currency exchange, and impairment loss are recognized through profit or loss; other net gains or losses are recognized through other comprehensive income. When removed from balance sheet, amounts accumulated under other comprehensive income are reclassified into profit or loss.

Investments in equity instruments are subsequently measured at fair value. Dividend income is recognized through profit or loss (unless the dividends clearly represent a partial recovery of the investment cost). Other net gains or losses are recognized through other comprehensive income and are not reclassified into profit or loss.

Dividend income from equity investments are recognized on the day the Company becomes entitled to collect them (which is usually the ex-dividend day).

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

Financial assets that are neither carried at amortized cost nor at fair value through other comprehensive income (such as those held for trading and for management and performance evaluation at fair value) are carried at fair value through profit or loss; this includes derivative financial assets. At initial recognition, the Company can make an irrevocable decision to designate financial assets that satisfy the criteria of being carried at amortized cost or at fair value through other comprehensive income to be carried at fair value through profit or loss, for the purpose of eliminating or reducing accounting mismatch.

Balance is initially measured at fair value with transaction costs recognized through profit or loss, and subsequently measured at fair value with remeasurement gains or losses (including any dividend and interest income) recognized through profit or loss.

(4) Impairment on financial assets

The Company recognizes loss provisions on financial assets carried at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, guarantee deposits paid, and other financial assets) based on expected credit loss.

Loss provisions for the following financial assets are made based on 12-month expected credit loss; for all other financial assets, loss provisions are made based on expected credit loss for the remaining lifetime:

- Debt securities that are deemed to be of low risk as of the reporting date; and
- Other debt securities and bank deposits that exhibit no significant increase in credit risk (i.e. risk of default over the financial instrument's expected duration) since initial recognition.

Loss provisions for accounts receivable and contractual assets are measured based on expected credit loss over the remaining lifetime.

When assessing whether a financial instrument has significantly increased in credit risk since initial recognition, the Company uses reasonable and verifiable information (that can be obtained without excessive cost or investment) including qualitative and quantitative data in conjunction with its own past experience, credit rating, and forecasts.

The Company considers a debt security to be of low credit risk if it is awarded a credit risk rating equivalent to the "investment grade" commonly recognized in the world (i.e. BBB by Standard & Poor-, Baa3 by Moody's, or twA by Taiwan Ratings, or higher).

The Company considers credit risk to have increased significantly if contractual payment is overdue for more than 30 days.

The Company considers financial asset to have defaulted if contractual payment is overdue for more than 90 days, or if the borrower is unlikely to fulfill credit obligation and make pay full payment to the Company.

Expected credit loss for the remaining lifetime refers to the amount of credit losses that the financial instrument is likely to incur due to any possible default event in the remaining lifetime.

12-month expected credit loss refers to the amount of credit loss that a financial instrument may incur due to default event in the next 12 months (or shorter, if the financial instrument's expected remaining lifetime is less than 12 months).

The longest duration by which expected credit loss is measured is the maximum contract duration in which the Company is exposed to credit risk.

Expected credit loss is estimated by weighing credit losses for the remaining lifetime of a financial instrument against probability of occurrence. Credit losses are measured as the shortfall of cash collected, which is the difference between the amount of contractual cash flow collectible and the amount of cash flow the Company expects to collect. Expected credit losses are discounted at effective interest rate applicable to the financial asset.

The Company assesses financial assets carried at amortized cost for credit impairment on every reporting date. A financial asset is deemed to have credit-impaired if estimated future cash flow exhibits one or several adverse events. Evidence of credit impairment includes any observable data that can be used to establish the following with respect to a financial asset:

- The borrower or issuer encounters significant financial distress;
- Event of default, such as delinquency or more than 90-day overdue;
- The Company grants compromise to the borrower for reasons relating to financial distress or contractual obligation that the Company would not have done so otherwise;

- The borrower is very likely to file for bankruptcy or undergo financial restructuring; or
- Occurrence of financial distress that may cause the financial asset to be removed from active market.

Loss provisions on financial assets carried at amortized cost are deducted from book value. Loss provisions and reversals are recognized through profit or loss.

When the Company has reason to believe that it may not recover part or all of a financial asset, the total book value of financial asset is reduced directly to reflect the expectation. If the counterparty is a corporate entity, the Company would analyze the timing and amount of charge-off based on rational expectations about recoverability. The Company expects no major reversal of amounts that it has charged off. However, the Company may still make claims on charged-off financial assets according to its recovery procedures.

(5) Removal of financial assets

Financial assets can be removed from balance sheet only if all contractual cash flow entitlements have ended, or if the asset has been transferred with virtually all risks and returns of ownership assumed by another party, or in situations where the Company neither transfers nor retains virtually all risks and returns associated with ownership and retains no control over such financial asset.

The Company will continue recognizing financial assets it has signed transfer agreement for on the balance sheet if it retains virtually all risks and returns associated with the ownership of the transferred asset.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

Debt and equity instruments issued by the Company are classified into financial liabilities or equity depending on the terms of the underlying contract and the definitions of financial liability and equity used.

(2) Equity transactions

Equity instrument refers to any contract that represents the Company's entitlement to assets net of liabilities. Equity instruments issued by the Company are recognized at the amount of proceeds received net of direct issuing costs.

(3) Financial liabilities

Financial liabilities are classified into those that are carried at amortized cost and those that are carried at fair value through profit or loss. Financial liabilities are carried at fair value through profit or loss if they are held for trading, characterized as derivative instrument, or designated to be so at initial recognition. Financial liabilities at fair value through profit or loss are carried at fair value with net gains and losses, including any interest expense, recognized through profit or loss.

Other financial liabilities are recognized at fair value plus directly attributable transaction costs at initiation, and subsequently measured at amortized cost using the effective interest method. Interest expenses and gains/losses on currency exchange are recognized through profit or loss. When removing from balance sheet, any gains or losses incurred are also recognized through profit or loss.

(4) Removal of financial liabilities

Financial liabilities are removed from the consolidated balance sheet upon fulfillment, cancellation, or expiry of contractual obligation. If a change in the terms of a financial liability alters cash flow by a significant extent, the old financial liability is removed and a new financial liability will be recognized based on the revised terms.

When a financial liability is removed, the difference between book value and the consideration paid or payable (including any non-cash assets transferred or any additional liabilities borne) is recognized through profit or loss.

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

(5) Offset of financial assets and liabilities

Financial assets and financial liabilities may be offset against each other and reported on the balance sheet in net amount only when the Company is legally entitled to do so, and has the intention to settle assets and liabilities in net amount or realize them both at the same time.

3. Derivative instruments and hedge accounting

The Company holds derivative instruments for hedging foreign currency and interest rate risks. For instruments with embedded derivatives, the embedded derivatives are accounted separately from the master contract if they meet certain criteria and that the master contract is not a financial asset. These derivatives are measured at fair value at initiation, and subsequently measured at fair value with remeasurement gains or losses recognized directly through profit or loss.

(VII) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost includes all costs incurred to acquire, produce, process, and bring inventory to its usable state and location, and is calculated using the weighted average method. Cost of finished goods and work-in-progress includes manufacturing overheads, which are allocated proportionally based on normal production capacity. However, given the insignificant difference between actual and normal capacity, overheads were allocated based on actual capacity instead.

Net realizable value refers to the estimated selling price less all additional costs required for completion and all associated marketing expenses under normal circumstances.

(VIII) Investment in associated companies

Associated company is an entity in which the Company has significant influence over financial and operating decisions, but no single or joint control.

The Company accounts for associated companies using the equity method. Under the equity method, investments are accounted at acquisition cost at initiation; acquisition cost includes transaction cost. The book value of associated company includes goodwill recognized at initiation less any cumulative impairment losses.

The parent company only financial statements include profit or loss and other comprehensive income from associated companies, recognized based on percentage of equity ownership and adjusted for consistency of accounting policy, from the day the Company gains significant influence until the day it no longer exercises significant influence. If an associated company undergoes a change of equity that is not attributed to profit, loss, or other comprehensive income and has no impact on the Company's shareholding percentage, the Company will recognize the change of equity proportionally in "Capital reserve."

Unrealized gains and losses arising from transactions between the Company and associated companies are recognized in corporate financial statements only for the percentage of ownership that is controlled by non-related investors.

The Company will stop recognizing losses on associated companies when its share of the loss equals or exceeds the value of equity held. The Company will recognize extra losses and liabilities only for legal obligations and constructive obligations occurred, or payments made on behalf of investees.

(IX) Investment in subsidiaries

When preparing parent company only financial statements, the Company accounts for controlled investees using the equity method. Under the equity method, the amount of current profit/loss and other comprehensive income attributable to parent company shareholders are consistent between parent company only and consolidated financial statements, and the amount of equity attributable to parent company shareholders are also consistent between parent company only and consolidated financial statements.

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

Change of ownership interest in a subsidiary without losing control is treated as equity transaction between owners.

(X) Property, plant, and equipment

1. Recognition and measurement

Property, plant and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

Where the useful lives of the material components of any property, plant, or equipment, it is treated as a separate item under the property, plant, or equipment

Gain or loss on disposal of property, plant, and equipment is recognized through profit or loss.

2. Subsequent costs

Subsequent expenditures are capitalized only when the Company is very likely to realize future economic benefits.

3. Depreciation

Depreciation is calculated using the straight-line approach, in which the cost of asset net of residual value is divided by the useful life of each component, and recognized through profit or loss.

No depreciation is provided on land.

The following useful life estimates are used for the current and comparative periods:

- (1) Buildings and accessory equipment: 1-50 years
- (2) Machinery: 1-10 years
- (3) Molding equipment: 1-6 years
- (4) Transport equipment: 1-5 years
- (5) Office and sundry equipment: 1-10 years

The Company reviews its depreciation method, useful life, and residual value estimates yearly on each reporting date. Changes are made as deemed necessary and appropriate.

(XI) Leases

The Company evaluates whether a contract meets the criteria of (or contains arrangements characterized as) lease on the day of establishment. A contract is considered as lease or deemed to contain lease elements if it involves a transfer of control over identified assets for a period of time in exchange for consideration.

1. As a lessee

The Company recognizes right-of-use assets and lease liabilities on the lease start date. Right-of-use assets are measured at cost at initiation; this cost includes the initial amount of lease liability, adjusted for any lease payments paid on or before the lease start date, plus any initial direct costs incurred and any estimated costs to dismantle/remove the asset and restore the location or the asset to its original state, less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis from the lease start date until the end of useful life of right-of-use asset or until expiry of the lease tenor, whichever the earlier. Furthermore, the Company regularly assesses right-of-use assets for impairment and accounts for impairment losses as they occur. Right-of-use assets are also adjusted in circumstances where lease liabilities are subject to remeasurement.

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

Lease liabilities are initially measured as the present value of unpaid lease payments as at the lease start date. Interest rate implicit in a lease is used as the discount rate if it can be easily determined; if the rate can not be easily determined, the Company's incremental borrowing rate will be used as the discount rate instead. In general, the Company uses incremental borrowing rate as the discount rate.

The types of lease payments included in the calculation of lease liabilities include:

- (1) Fixed payments, including in-kind fixed payments;
- (2) Variable lease payments that are determined by certain index or rate, which are initially measured using index or rate as at the lease start date.

Lease liabilities subsequently accrue interest using the effective interest approach, and are remeasured in the following circumstances:

- (1) When there is a change in the index or rate used for determining lease payments, which leads to changes in future lease payments;
- (2) When there is a change in the likelihood of exercising lease extension/termination option, which may alter expectation about the lease tenor; and
- (3) When there is a change in leased asset, scope of lease, or other terms.

When lease liability is remeasured due to a change in the index or rate used to determine lease payment or due to a change in the assessment of purchase, extension, or termination option, a corresponding adjustment is also made to the book value of right-of-use asset at the same time. When book value of the right-of-use asset has been reduced to zero, further remeasurements are recognized through profit or loss instead.

Any contract amendment that reduces the scope of lease is accounted by reducing the book value of right-of-use asset by an amount that reflects partial or total termination of lease arrangement. Any difference between right-of-use asset and remeasured lease liability is recognized through profit or loss.

Right-of-use assets that do not meet the definition of investment property and lease liabilities are presented on the balance sheet as single-line items.

For short-term leases such as corporate vehicles and photocopiers and leases of low-value assets, the Company chooses not to recognize right-of-use asset or liability, but instead recognizes lease payments as expenses over the course of the lease tenor on a straight-line basis.

2. As a lessor

For lease arrangements where the Company is a lessor, the terms of the lease contract are evaluated to determine whether virtually all risks and returns associated with ownership of the asset are transferred on the day of lease commencement. If so, the contract would be classified as a financial lease; if not, the asset would be classified as an operating lease. When evaluating leases, the Company takes into consideration whether the lease tenor covers a major portion of the asset's useful life, among other indicators.

For lease arrangements where the Company is an intermediate lessor, the Company accounts for the master lease and the sublease separately, and classifies the sublease based on the right-of-use asset given rise by the master lease. If the master lease is short-term in nature and is exempted from lease recognition, the sublease is classified as operating lease.

(XII) Intangible assets

1. Research and development

Expenses relating to research activities are recognized in profit or loss when incurred.

Development expenses are capitalized only if: the amount can be measured reliably; the product or process being developed is technologically or commercially feasible; the Company is very likely to receive future economic benefits; and the Company has both the intention and adequate resources to complete the development and make use or sell the completed result. All other development expenses are recognized through profit or loss when incurred. After initial recognition, capitalized development expenses are measured at cost less accumulated amortization and impairment.

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

2. Other intangible assets

Other intangible assets of limited useful life acquired by the Company are carried at cost less accumulated amortization and cumulative impairment.

3. Subsequent expenses

Subsequent expenses are capitalized only if they are able to increase future economic benefits of certain assets. All other expenses are recognized through profit or loss when incurred, including internally developed goodwill and brands.

4. Amortization

When accounting for amortization, the amortizable amount is determined as the cost of asset less residual value.

Except for goodwill and intangible assets with undefined useful life, intangible assets are amortized using the straight-line method over the useful life from the time they reach the usable state. Amortizations are recognized in profit or loss.

The following useful life estimates are used for the current and comparative periods:

- (1) Cost of computer software: 1-5 years
- (2) Patent: amortized over the number of useful years

The Company examines its amortization method, useful life, and residual value estimates for intangible assets on each reporting date. Changes are made as deemed necessary and appropriate.

(XIII) Impairment of non-financial assets

The Company evaluates non-financial assets (excluding inventory, contractual assets, and deferred income tax assets) for signs of impairment in the book value on each reporting date. Assets that exhibit any of the signs will have recoverable amount estimated.

For the purpose of impairment testing, assets that generate cash inflows that are largely independent of cash inflows from other assets or groups of assets are determined as a smallest identifiable group of assets. Goodwill acquired through business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination.

Recoverable amount is determined as fair value less disposal cost or the utilization value, whichever the higher. Utilization value is assessed by discounting projected cash flows to the present value using the pre-tax discount rate. This discount rate reflects the time value that the market has currently priced for the given currency, and risks that are specific to the given asset or cash-generating unit.

If the recoverable amount of an individual asset or cash-generating unit falls below its book value, the difference is recognized as impairment loss.

Impairment losses are immediately recognized through current profit or loss against a reduction to the book value of goodwill that has been allocated to the cash-generating unit; any remaining amount of impairment will then be taken to reduce book values of other assets within the unit on a pro-rated basis (i.e. proportionally based on book value weight of each asset).

Goodwill impairment is not reversed in any case. For non-financial assets other than goodwill, impairment losses can be reversed provided that doing so does not exceed the new book value (net of depreciation or amortization) of the particular asset if impairment losses were not recognized in the first place.

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

(XIV) Revenue recognition

1. Revenue from contracts with customers

Income is measured as the amount of consideration expected to receive for the delivery of merchandise or service. The Company recognizes income when control of merchandise or service has been transferred to customers and the contractual obligations fulfilled. A more detailed description by main revenue categories is as follows:

(1) Sale of merchandise

The Company manufactures and sells LCD display modules. The Company recognizes revenues when control of product has been transferred. Product control is deemed to have transferred upon delivery, at a time when customer is able to exercise full discretion over the use of sales channel and selling price and no unfulfilled obligations exist that may otherwise affect customer's acceptance of the product. Delivery is deemed to have taken place when products are shipped to the designated location where all risks of obsolescence and loss are assumed by the customer, and that the customer accepts the products according to sales contract, thereby voiding the acceptance clause, or under any other circumstances where the Company has objective evidence to prove having satisfied all inspection criteria.

The Company recognizes accounts receivable at the time merchandise is delivered, as the Company has unconditional rights to collect consideration at this point.

(2) Financial component

The Company expects no more than one year between the time at which merchandise or service is transferred to customers and the time at which payment is received for such merchandise or service for all its customers. As a result, no time value adjustment is made to the transaction price.

(XV) Accounting for sale of raw materials and buyback of finished goods

The Company sells raw materials directly to Mainland subsidiaries for production; some of the finished goods are bought back directly by the Company and sold to customers. When preparing financial statements, this type of material sale is accounted as subcontracted processing in accordance with Correspondence No. (87)-Tai-Tsai-Cheng-(6)-00747 issued by Securities and Futures Institute on March 18, 1998, in which the sale of raw materials is offset against sales revenues and cost of sales.

(XVI) Employee benefits

1. Defined contribution plan

Obligated contributions under the defined contribution plan are recognized as expense for the duration of services rendered.

2. Defined benefit plan

The Company's net obligation under defined benefit plans are determined as the present value of employees' future benefits earned from current or previous services rendered, and deduct any fair value of plan assets.

Defined benefit obligations are estimated by a qualified actuary using the Projected Unit Credit Method on a yearly basis. Where actuarial results are likely favorable to the Company, the asset recognized is limited to the refunded contribution from the plan, or the present value of economic benefits available in the form of lowering the future contributions to the plan. When calculating present value of economic benefit, the Company takes the minimum contribution requirement of all applicable plans into consideration.

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

Remeasurement of net defined benefit obligation (asset) includes actuarial gains/losses, return on plan assets (excluding interests), and any changes in the effect of the asset ceiling (excluding interests), and such is immediately recognized in other comprehensive income, and accumulated in the retained earnings. When the Company determines the net interest expense (income) of the net defined benefit liability (asset), the net defined benefit liability (asset) and discount rate determined at the beginning of the annual reporting period are adopted. The net interest expenses and gains/losses on defined benefit plan are recognized in profit or loss.

When the plan is amended or reduced, the benefit changes related to the prior service cost or reduced profits or losses are recognized immediately in profit or loss. The Company recognizes gain or loss on the settlement of defined benefit plan at the time it takes place.

3. Short-term employee benefits

Short-term employee benefit obligation is recognized as expense when relevant services are rendered. If the Company has a statutory or constructive obligation to pay benefits in the current period due to services rendered by employee in the past and such obligation can be estimated reliably, the amount is recognized as liability.

(XVII) Income tax

Income tax expense comprises current income tax and deferred income tax. Current income tax and deferred income tax are recognized through profit or loss, except for amounts that arise in relation to business combination and items that are recognized directly under equity or other comprehensive income.

Current income tax includes all income taxes refundable/payable for the current year, which is calculated based on current year's taxable income (or loss), plus any adjustment to income tax payable/refundable in previous years. This amount represents the best estimate for the amount payable/collectible using statutory or substantively enacted tax rates as of the reporting date.

Deferred income tax represents the tax impact of temporary differences between asset/liability figures presented on reporting date and asset/liability figures used for taxation basis. No deferred income tax is recognized on temporary differences that arise under the following circumstances:

1. Assets or liabilities that are not originally recognized due to a merger transaction, and at the time of the transaction, (i) affect neither accounting profit nor taxable profit (tax loss), and (ii) do not give rise to equal taxable and deductible temporary differences.
2. Temporary differences arising from investment in subsidiaries, associated companies, and joint ventures, where the Company has control over the timing at which temporary difference is reversed and that the temporary difference is unlikely to be reversed in the foreseeable future; and
3. Taxable temporary differences arising from initial recognition of goodwill.

Unused tax losses and tax credits can be carried forward, added to deductible temporary differences, and recognized as deferred income tax assets to the extent that is likely to be offset against taxable income earned in the future. Deferred income tax assets are evaluated on each reporting date. Tax benefits that are not very likely to be realized will be reduced down to the realizable amount, and amounts previously reduced may be reversed up to the point where sufficient taxable income can be generated.

Deferred income tax is calculated using tax rate that is expected to be effective at the time the temporary difference is reversed. In this financial statement, the statutory tax rate or substantively enacted tax rate is used for calculation.

The Company will offset deferred income tax assets against deferred income tax liabilities only when the following conditions are met:

1. When it is legally entitled to offset current income tax assets against current income tax liabilities; and
2. The deferred income tax assets and deferred income tax liabilities arise in relation to income taxes imposed by the same tax authority, and the tax-paying entities meet any of the following conditions:
 - (1) The tax-paying entities are one and the same; or

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

(2) The tax-paying entities are different, but all entities have the intent to settle current income tax liabilities and assets on a netted basis or realize them at the same time, for every future period in which they expect to recover deferred income tax assets and settle deferred income tax liabilities.

Additional business income tax on unappropriated retained earnings is treated as income tax expense for the following year after a resolution is sought during the annual general meeting to retain the earning.

(XVIII) Earnings per share

The Company presents earnings per share attributable to the Company's common shareholders in basic and diluted terms. Basic earnings per share of the Company is calculated by dividing the amount of profits attributable to the Company's common shareholders with the weighted average number of outstanding common shares for the given period. Diluted earnings per share is calculated after adjusting the amount of profits attributable to the Company's common shareholders and weighted average number of common shares for the dilutive effect of potential common shares.

(XIX) Segment information

The Company has already disclosed segment information in the consolidated financial statements, therefore no segment information is disclosed in the parent company only financial statements.

V. Sources of uncertainty to significant accounting judgments, estimates, and assumptions

When preparing the parent company only financial statements, the management is required to make judgments, estimates for the future (including climate-related risks and opportunities), which may affect the types of accounting policies adopted and amounts of asset, liability, income, and expense reported. The actual outcome may differ from initial estimates.

The management examines its estimates and basic assumptions on an ongoing basis, whether they are consistent to the Company's risk management and climate-related commitments. Impacts from changes in accounting estimate are recognized in the year when the changes take place and in future years when impacts materialize.

Please refer to the 2024 consolidated financial statements for more details on how the management forms its judgment of whether the Company has control and material influence over associated companies.

Of which, the uncertainty regarding the estimate and assumption of inventory valuation has material risks, and the related information resulting in material adjustment in the coming year are as below:

Due to the fact that inventory is measured at the lower of cost and net realizable value, the Company assesses inventory on each reporting date for any decrease in sales value due to normal wear, obsolescence, or absence of market demand, and reduces inventory cost to net realizable value accordingly. This inventory valuation is made by estimating product demand within a specific period of time in the future, which may give rise to significant changes due to rapid development of the industry. For details on inventory valuation, please refer to Note 6(4).

VI. Notes to major accounts

(I) Cash and cash equivalents

	<u>2024.12.31</u>	<u>2023.12.31</u>
Petty cash and cash on hand	\$ 325	299
Check and current deposits	346,287	577,803
Time deposits	108,900	-
	<u>\$ 455,512</u>	<u>578,102</u>

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

The Company has time deposits with an initial maturity of three months and longer but within one year, for NT\$2,500 thousand and NT\$0, respectively, at December 31, 2024 and 2023, and accounted under Other financial assets - current; please refer to Note 6 (3).

Please see Note 6(14) for detailed disclosure of exchange rate risk, interest rate risk, and sensitivity analysis on the Company's financial assets and liabilities.

Some of the Company's demand deposits and time deposits have been placed as collateral and presented as Other financial assets - current. Please see Note 6(3) and 8 for details.

(II) Notes & accounts receivable (including related parties)

	<u>2024.12.31</u>	<u>2023.12.31</u>
Notes receivable	\$ 125	6
Accounts receivable	167,311	154,643
Accounts receivable - related parties	<u>1,554</u>	<u>1,449</u>
	168,990	156,098
Less: loss provisions	<u>-</u>	<u>-</u>
Notes and accounts receivable (net)	<u>\$ 168,990</u>	<u>156,098</u>

The Company adopts the simplified approach to estimate expected credit loss on all notes and accounts receivable, which involves measuring expected credit loss for the duration of its receivables. To facilitate this approach, notes and accounts receivable are divided into several groups of common credit risk characteristics by assessing customers' ability to make contractual payments at maturity. This approach takes into account forward-looking information such as the macroeconomic outlook and industry prospects. Expected credit loss analysis for notes and accounts receivable is explained below:

	<u>2024.12.31</u>		
	<u>Book value of notes and accounts receivable</u>	<u>Weighted average expected credit loss rate</u>	<u>Provision for expected credit loss over the remaining duration</u>
Current	\$ 168,231	0%	-
Overdue 31 - 60 days	759	0%	-
Overdue 61 - 90 days	-	0%	-
Overdue 91 - 180 days	-	0%	-
Overdue 181 days and above	<u>-</u>	100%	<u>-</u>
	<u>\$ 168,990</u>		<u>-</u>

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

	2023.12.31		
	Book value of notes and accounts receivable	Weighted average expected credit loss rate	Provision for expected credit loss over the remaining duration
Current	\$ 151,887	0%	-
Overdue 31 - 60 days	3,699	0%	-
Overdue 61 - 90 days	7	0%	-
Overdue 91 - 180 days	505	0%	-
Overdue 181 days and above	-	100%	-
	<u>\$ 156,098</u>		<u>-</u>

The Company's changes in loss provisions on notes and accounts receivable in 2024 and 2023 are explained below:

	2024	2023
Opening balance	\$ -	-
Impairment loss recognized	-	341
Unrecoverable amount charged off in the current year	-	(341)
Closing balance	<u>\$ -</u>	<u>-</u>

None of the Company's notes receivable and accounts receivable was placed as collateral as at December 31, 2024 and 2023.

Please see Note 6(14) for more details on exchange rate risk and sensitivity analysis concerning the Company's notes and accounts receivable for 2024 and 2023.

(III) Other financial assets - current

	2024.12.31	2023.12.31
Time deposits	\$ 2,500	-
Restricted bank deposits	2,509	2,500
Other receivables (including related parties)	2,127	4,825
	<u>\$ 7,136</u>	<u>7,325</u>

The Company had placed some of its time deposits that did not meet the definition of cash equivalent as collaterals for customs guarantee as at December 31, 2024 and 2023. Please see Note 8 for details.

(IV) Inventory

	2024.12.31	2023.12.31
Finished goods	\$ 22,304	28,807
Work-in-progress and semi-finished goods	4,465	21,601
Raw materials	46,069	45,987
Merchandise	5,218	1,528
	<u>\$ 78,056</u>	<u>97,923</u>

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

Details of operating costs recognized by the Company:

	<u>2024</u>	<u>2023</u>
Selling costs and expenses	\$ 906,637	1,431,899
Reversal of inventory obsolescence and devaluation loss	(6,840)	(13,458)
Inventory write-off and others	<u>13,749</u>	<u>12,643</u>
	<u>\$ 913,546</u>	<u>1,431,084</u>

The Company scrapped the inventories in 2024 and 2023 so that the net realizable values of the inventories were lower than the costs, resulting in a reversal of the allowance for losses.

None of the Company's inventory was pledged as collateral as at December 31, 2024 and 2023.

(V) Equity-accounted investments

The Company's equity-accounted investments as at the reporting date are presented below:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Subsidiary	\$ 768,196	929,218
Associated companies	<u>225,878</u>	<u>189,907</u>
	994,074	1,119,125
Less: unrealized gain/loss	<u>(955)</u>	<u>(2,011)</u>
	<u>\$ 993,119</u>	<u>1,117,114</u>

1. Subsidiaries

Please refer to the 2024 consolidated financial statements.

2. Associated companies

(1) The Company's share of profit or loss from associated companies for 2024 and 2023 is summarized below:

	<u>2024</u>	<u>2023</u>
The Company's share of current net income from associated companies	<u>\$ 52,585</u>	<u>58,314</u>

(2) Information of associated companies that are significant to the Company:

Name of associated company	Nature of relationship with the Group	Main business location/ country of registration	Percentage of ownership/voting right	
			<u>2024.12.31</u>	<u>2023.12.31</u>
Powertip Image Corp. (Powertip Image)	Main business activities are the manufacturing of electronic parts and optical instruments	Taiwan	23.27% Note 2	23.38% Note 1

Note 1: Powertip Image, an associate of the Consolidated Entity, granted a total of 140,000 and 160,000 shares of employee stock options in June and July 2023, respectively, resulting in the dilution of the Company's shareholding in Powertip Image to 23.38%.

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

Note 2: Powertip Image, an associate of the Group, delivered a total of 181,000 shares of employee stock options in July 2024, resulting in the dilution of Powertip Technology Group's shareholding in Powertip Image to 23.27%.

(3) The following is a collective disclosure of financial information for the Company's significant associated companies. The figures of each associated company have been adjusted when preparing IFRS-compliant parent company only financial statements to reflect the amount of adjustments the Company had made for fair value and difference in accounting policy at the time of acquisition:

Summary financial information of Powertip Image Corp.:

	2024.12.31	2023.12.31
Total assets	\$ 1,643,761	1,405,642
Total liabilities	(684,923)	(593,380)
Net asset attributable to owners of the investee	<u>\$ 958,838</u>	<u>812,262</u>
	2024	2023
Operating revenues	\$ 1,031,810	881,952
Current net income from continuing operations	228,672	251,913
Other comprehensive income	17,698	(8,919)
Total comprehensive income attributable to owners of the investee	<u>\$ 246,370</u>	<u>242,994</u>
	2024	2023
Opening share of net asset in associated companies	\$ 186,450	155,637
Dividends received from associated companies in the current period	(23,937)	(23,762)
Total comprehensive income attributable to the Company in the current period	57,420	56,921
Changes in equity owned by associated companies during this period	<u>3,189</u>	<u>(2,346)</u>
Closing share of net asset in associated companies	223,122	186,450
Plus: land use rights	2,236	2,314
Buildings	520	1,143
Intangible assets	-	-
Closing book value of equity in associated company	<u>\$ 225,878</u>	<u>189,907</u>

3. Collateral

None of the Company's equity-accounted investment was pledged as collateral as at December 31, 2024 and 2023.

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

(VI) Property, plant and equipment

Changes in cost and accumulated depreciation of the Company's property, plant, and equipment during 2024 and 2023 are explained below:

	Land	Buildings	Machinery and equipment	Others	Total
Cost or deemed cost:					
Balance as at January 1, 2024	\$ 184,079	444,638	688,910	89,083	1,406,710
Additions	-	3,762	9,724	2,000	15,486
Inward (outward) reclassification	-	-	9,334	(9,334)	-
Disposals	-	-	-	(703)	(703)
Balance as at December 31, 2024	\$ 184,079	448,400	707,968	81,046	1,421,493
Balance as at January 1, 2023	\$ 184,079	442,387	763,204	81,930	1,471,600
Additions	-	2,251	187	11,276	13,714
Inward (outward) reclassification	-	-	-	(6)	(6)
Disposals	-	-	(74,481)	(4,117)	(78,598)
Balance as at December 31, 2023	\$ 184,079	444,638	688,910	89,083	1,406,710
Depreciation or impairment loss:					
Balance as at January 1, 2024	\$ -	209,387	665,393	71,507	946,287
Depreciation	-	10,483	6,796	4,183	21,462
Disposals	-	-	-	(703)	(703)
Balance as at December 31, 2024	\$ -	219,870	672,189	74,987	967,046
Balance as at January 1, 2023	\$ -	198,980	733,823	71,581	1,004,384
Depreciation	-	10,407	6,051	4,043	20,501
Disposals	-	-	(74,481)	(4,117)	(78,598)
Balance as at December 31, 2023	\$ -	209,387	665,393	71,507	946,287
Book value:					
December 31, 2024	\$ 184,079	228,530	35,779	6,059	454,447
December 31, 2023	\$ 184,079	235,251	23,517	17,576	460,423
January 1, 2023	\$ 184,079	243,407	29,381	10,349	467,216

The Company had placed some of its property, plant, and equipment as collateral for long-term borrowings and credit limits as at December 31, 2024 and 2023. Please see Note 8 for details.

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

(VII) Long-term borrowings

Details, conditions, and terms of the Company's medium-term and long-term borrowings are as follows:

2024.12.31			
	Currency	Year of maturity	Amount
Unsecured bank borrowings	NTD	114	\$ 1,667
Secured bank borrowings	NTD	114	9,531
Less: portion maturing within 1 year			(11,198)
			<u>\$ -</u>
Unused limit			<u>\$ 104,538</u>
Interest rate range			<u>1.58%~1.61%</u>

2023.12.31			
	Currency	Year of maturity	Amount
Unsecured bank borrowings	NTD	114	\$ 11,667
Secured bank borrowings	NTD	114	41,962
Less: portion maturing within 1 year			(42,431)
			<u>\$ 11,198</u>
Unused limit			<u>\$ 104,538</u>
Interest rate range			<u>1.45%~1.48%</u>

1. Please see Note 6(14) for details on the Company's interest rate, exchange rate, and liquidity risk exposure.

2. Collaterals placed for bank borrowings

(1) Please see Note 7 for information regarding guarantors of the Company's short-term and long-term borrowings.

(2) Please see Note 8 for bank borrowings secured with the Company's assets.

(VIII) Employee benefits

1. Defined benefit plan

Reconciliation between present value of defined benefit obligations and fair value of plan assets:

	2024.12.31	2023.12.31
Present value of defined benefit obligations	\$ (63,512)	(63,469)
Fair value of plan assets	54,828	50,802
Net defined benefit liabilities	<u>\$ (8,684)</u>	<u>(12,667)</u>

Contributions for defined benefit plan are made to a dedicated pension fund account opened with Bank of Taiwan. For retirees who opted for the pension scheme mentioned in the Labor Standards Act, the amount of pension benefit is calculated based on average salary for the six months preceding their retirement and the number of basis points accumulated over the duration of their service.

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

(1) Composition of plan assets

Pension fund contributions that the Company has made in accordance with the Labor Standards Act are collectively managed by the Bureau of Labor Funds (BLF), Ministry of Labor. Pursuant to "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund," plan assets can only be allocated to investments that offer annual yields higher than the 2-year time deposit rate quoted by local banks.

As at the reporting date, balance of the Company's labor pension reserve account held with Bank of Taiwan totaled NT\$54,828 thousand. Please visit the BLF website for more information such as fund yield and allocation of fund assets.

(2) Changes in present value of defined benefit obligations

The Company's changes in present value of defined benefit obligations for 2024 and 2023 are explained below:

	<u>2024</u>	<u>2023</u>
Defined benefit obligations as at January 1	\$ (63,469)	(64,653)
Service cost and interest in the current period	(854)	(978)
Remeasurement of net defined benefit liabilities (assets)	(3,525)	(1,720)
Payment of plan benefits	4,336	3,882
Defined benefit obligations as at December 31	<u>\$ (63,512)</u>	<u>(63,469)</u>

(3) Changes in the fair value of pension plan assets

The Company's changes in the fair value of defined benefit plan assets in 2024 and 2023 are explained below:

	<u>2024</u>	<u>2023</u>
Fair value of plan assets as at January 1	\$ 50,802	50,369
Interest income	608	652
Remeasurement of net defined benefit liabilities (assets)	4,575	407
Amount contributed to the plan	3,179	3,256
Payment of plan benefits	(4,336)	(3,882)
Fair value of plan assets as at December 31	<u>\$ 54,828</u>	<u>50,802</u>

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

(4) Expenses recognized in profit or loss

The Company recognized the following expenses in profit or loss in 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Service costs for the current period	\$ 104	151
Net interest on net defined pension liabilities (assets)	142	175
	<u>\$ 246</u>	<u>326</u>
Operating costs	\$ 104	150
Selling and marketing expenses	33	39
General and administrative expenses	60	72
Research and development expenses	49	65
	<u>\$ 246</u>	<u>326</u>

(5) Actuarial assumptions

Key actuarial assumptions that the Company had made to determine the present value of defined benefit obligations as at the reporting date are as follows:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Discount rate	1.65%	1.20%
Future salary increase	3.20%	2.00%

The Company expects to contribute NT\$1,621 thousand to the defined benefit plan within one year from the 2024 reporting date.

The defined benefit plan has a weighted average duration of 9 years.

(6) Sensitivity analysis

When calculating present value of defined benefit obligations, the Company is required to exercise judgments and make estimates in order to determine actuarial assumptions as at the balance sheet date. These assumptions include the discount rate and future salary changes. Any changes in actuarial assumption may cause significant impacts on the Company's defined benefit obligations.

The following shows impact of changes in actuarial assumption on the present value of defined benefit obligations as at December 31, 2024 and 2023:

	<u>Impact on defined benefit obligations</u>	
	<u>0.25% increase</u>	<u>0.25% decrease</u>
December 31, 2024		
Discount rate	(1,390)	1,439
Future salary increase	1,414	(1,373)
December 31, 2023		
Discount rate	(1,438)	1,490
Future salary increase	1,474	(1,431)

The above sensitivity analysis assumes changes to one variable at a time while keeping all other variables constant. In reality, however, multiple assumptions may change at the same time and are related to each other. The sensitivity analysis was conducted using the same method as how net pension liabilities are presented in the balance sheet.

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

Methodology and assumption for current period's sensitivity analysis are consistent with those of the previous period.

2. Defined contribution plan

The Company's defined contribution plan complies with the Labor Pension Act, in which the Company contributes an amount equal to 6% of employees' salaries each month to employees' pension accounts held with the Bureau of Labor Insurance. Under this plan, the Company is freed of additional pension obligations (whether statutory or constructive) once it has contributed the designated amount to the Bureau of Labor Insurance.

The Company's pension expenses recognized for the defined contribution plan in 2024 and 2023 were NT\$6,918 thousand and NT\$6,848 thousand, respectively, which have been contributed to the Bureau of Labor Insurance.

(IX) Income tax

1. Income tax expenses

(1) Below are details of the Company's income tax expenses for 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Current income tax expense	\$ 6,277	4,372
Deferred income tax expense		
Occurrence and reversal of temporary difference	1,334	2,661
Income tax expenses	<u>\$ 7,611</u>	<u>7,033</u>

(2) Below are details of income tax expenses (income) recognized by the Company under other comprehensive income in 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Items likely to be reclassified into profit or loss:		
Exchange differences on translation of financial statements of foreign operations	<u>\$ 5,373</u>	<u>(2,740)</u>

(3) The Company's reconciliation of income tax expense and profit before tax for 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Profit before tax	\$ 10,922	210,351
Income tax calculated by applying local tax rate of the country where the Company is located	2,184	42,070
Net investment gains/losses and tax-exempt income	(15,389)	(17,096)
Change in unrecognized deductible temporary difference	6,575	(18,847)
Non-deductible expenses	7,752	-
Underestimations in past periods and others	3,990	(1,568)
Additional tax on unappropriated earnings	3,570	4,909
Tax incentive	(1,071)	(2,435)
	<u>\$ 7,611</u>	<u>7,033</u>

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

2. Deferred income tax assets and liabilities

(1) Items not recognized as deferred income tax liability: None.

(2) Items not recognized as deferred income tax asset

The following items were not recognized as deferred income tax asset:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Deductible temporary differences	\$ 42,577	39,733
Tax credits	3,731	-
	<u>\$ 46,308</u>	<u>39,733</u>

Unrecognized deductible temporary differences were mostly attributed to losses on subsidiary investments; the Company did not recognize deferred income tax assets because they are not very likely to be realized in the foreseeable future.

Tax credits, as defined in the Income Tax Act, are losses certified by the tax authority in the last 10 years that can be taken to reduce current year's taxable income. Tax credits were not recognized as deferred income tax assets because the Company is not very likely to generate adequate taxable income to offset tax credits in the future.

As at December 31, 2024, the Company did not have any tax credits that were not recognized as deferred income tax asset, :

<u>Year of loss</u>	<u>Deductible balance</u>	<u>Final year for the deduction</u>
Year 2024 (estimates)	<u>\$ 18,654</u>	Year 2034

(3) Changes in recognized deferred income tax assets and liabilities in 2024 and 2023:

	<u>Exchange differences on translation of financial statements of foreign operations</u>	<u>Others</u>	<u>Total</u>
Deferred income tax liabilities:			
Balance as at January 1, 2024	\$ -	1,304	1,304
Debited/(credited) profit or loss	-	-	-
Debit/(credit) other comprehensive income	705	-	705
Balance as at December 31, 2024	<u>\$ 705</u>	<u>1,304</u>	<u>2,009</u>
Balance as at January 1, 2023 (i.e. balance at end of period)	<u>\$ -</u>	<u>1,304</u>	<u>1,304</u>

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

	Exchange differences on translation of financial statements of foreign operations	Tax loss and others	Total
Deferred income tax assets:			
Balance as at January 1, 2024	\$ 4,668	4,073	8,741
(Debit)/credit profit or loss	-	(1,334)	(1,334)
(Debit)/credit other comprehensive income	(4,668)	-	(4,668)
Balance as at December 31, 2024	<u>\$ -</u>	<u>2,739</u>	<u>2,739</u>
Balance as at January 1, 2023	\$ 1,928	6,734	8,662
(Debit)/credit profit or loss	-	(2,661)	(2,661)
(Debit)/credit other comprehensive income	2,740	-	2,740
Balance as at December 31, 2023	<u>\$ 4,668</u>	<u>4,073</u>	<u>8,741</u>

3. Assessment of income tax return

The Company's profit-seeking enterprise income tax returns have been assessed by the tax authority up till 2022.

(X) Capital and other equity items

1. Common share capital

A resolution was made during the Company's annual shareholder meeting dated June 16, 2009 to increase authorized capital to NT\$2,400,000,000. This authorized capital has been legally registered.

Authorized capital as at December 31, 2024 and 2023, was reported at NT\$2,400,000,000 (13,500,000 shares were reserved to accommodate the conversion of employee warrants on both reporting dates).

2. Capital reserve

The following is a breakdown of the Company's capital reserve:

	2024.12.31	2023.12.31
Change of ownership interest in subsidiaries	\$ 7,187	4,513
Difference between the actual price and book value of equity of subsidiaries acquired/disposed of	1,113	1,113
	<u>\$ 8,300</u>	<u>5,626</u>

According to The Company Act, balances of realized capital reserve can be distributed in shares or cash back to shareholders at the current shareholding percentage after reimbursing cumulative losses. The term "realized capital reserve" mentioned above includes shares issued at premium and gains from gifts. Pursuant to Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital reserves converted into share capital is capped at 10% of paid-up capital per year.

3. Retained earnings

A. The Company allocates year-end earnings, if any, in the following order:

- a. Taxation.
- b. Reimbursement of losses.
- c. 10% provision for statutory reserve, unless the balance of statutory reserve has accumulated to the same amount as the Company's paid-up capital.
- d. Provision for special reserve from current earnings in accordance with laws or relevant rules, which can be distributed only if reversed.
- e. The balance that remains after a to d is added to unappropriated earnings from previous years and is available for earnings distribution. The dividends are distributed in whole or in part to shareholders in proportion to their shareholdings. The actual distribution ratio shall be resolved by the shareholders' meeting in accordance with Article 240 of the Company Act, and the distribution of cash dividends shall be authorized by the Board of Directors with the presence of at least two-thirds of the Directors and the resolution of a majority of the Directors present to distribute all or part of the dividends and bonuses in the form of cash and to report to the shareholders' meeting.

B. Dividend policy

For the consistency of dividend payouts, the board of directors may choose to pay more than 70% of distributable earnings as dividends, with no less than 20% of dividends being cash, after taking into consideration the Company's business prospects and capital availability. The board may also opt to pay a higher percentage or the entirety of dividends in cash if capital can be sourced through alternative means or at times of abundant liquidity, and thereby avoid over-diluting earnings per share.

(1) Statutory reserve

The Company may distribute statutory reserve in cash or in shares in the absence of cumulative losses, subject to resolution of a shareholders meeting; however, only the amount of statutory reserve that exceeds 25% of paid-up capital is distributable.

(2) Special reserve

In accordance with the regulations of the Financial Supervisory Commission, when distributing available surplus, the Company shall make a special reserve from the current year's net profit after tax and the items other than the current year's net profit after tax for the difference between the net deduction from other shareholders' equity for the current year and the special reserve appropriated as stated above. For any subsequent reversal of the deduction from other shareholders' equity, the amount reversed may be distributed from the surplus profit derived from the reversal. If the amount debited to other shareholders' equity is reversed afterwards, the reversed amount may be distributed as earnings.

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

(3) Earnings appropriation

On March 12, 2024 and March 21, 2023, the board of directors resolved a decision on the amount of cash dividends in the 2023 and 2022 earnings appropriation plan that includes the following dividends to be paid to shareholders:

	2023		2022	
	Stock dividends per share (NTD)	Amount	Stock dividends per share (NTD)	Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 0.50	<u>81,086</u>	\$ 0.70	<u>113,521</u>

On March 12, 2025, the board of directors proposed its 2024 earnings appropriation plan. The details of the dividends to be paid to shareholders are as follows:

	2024	
	Stock dividends per share (NTD)	Amount
Dividends distributed to ordinary shareholders:		
Cash	\$ 0.20	<u>32,435</u>

(XI) Earnings per share

1. Basic earnings per share

Basic earnings per share of the Consolidated Entity for 2024 and 2023 were calculated based on net income attributable to common shareholders of the Company totaling NT\$3,311 thousand and NT\$203,318 thousand, respectively, and weighted average outstanding common shares of 162,173 thousand. Detailed calculations are explained below:

	2024	2023
Current net income	<u>\$ 3,311</u>	<u>203,318</u>
Weighted average outstanding shares (thousand shares)	<u>162,173</u>	<u>162,173</u>
Basic earnings per share (NTD)	<u>\$ 0.02</u>	<u>1.25</u>

2. Diluted earnings per share

Diluted earnings per share for 2024 and 2023 were calculated based on net income attributable to common shareholders of the Company totaling NT\$3,311 thousand and NT\$203,318 thousand, respectively, and weighted average outstanding common shares after adjusting for dilutive effect of all potential common shares, which were 162,343 thousand and 163,115 thousand shares in the respective years. Detailed calculations are explained below:

	2024	2023
Current net income	<u>\$ 3,311</u>	<u>203,318</u>
Weighted average outstanding shares (thousand shares)	162,173	162,173
Dilutive effect of potential common shares		
Effects of employee remuneration paid in shares	<u>170</u>	<u>941</u>
Weighted average outstanding shares (after adjusting for dilutive effect of potential common shares)	<u>162,343</u>	<u>163,115</u>
Diluted earnings per share (NTD)	<u>\$ 0.02</u>	<u>1.25</u>

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

(XII) Revenue from contracts with customers

1. Breakdown of income

	<u>2024</u>	<u>2023</u>
Main regions and markets:		
Taiwan	\$ 120,110	117,783
USA	127,783	267,113
Germany	390,671	539,800
Sweden	60,179	170,327
Other countries	<u>277,507</u>	<u>506,133</u>
	<u>\$ 976,250</u>	<u>1,601,156</u>
Main products:		
LCD display modules	\$ 935,058	1,533,565
Others	<u>41,192</u>	<u>67,591</u>
	<u>\$ 976,250</u>	<u>1,601,156</u>

2. Contract balance

	<u>2024.12.31</u>	<u>2023.12.31</u>	<u>112.1.1</u>
Notes and accounts receivable	\$ 168,990	156,098	247,659
Less: loss provisions	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 168,990</u>	<u>156,098</u>	<u>247,659</u>
Contract liabilities (presented as other current liabilities)	<u>\$ 39,223</u>	<u>32,423</u>	<u>35,207</u>

Please refer to Note 6(2) for disclosures on notes and accounts receivable and impairment.

The opening balances of contract liabilities on January 1, 2024 and 2023 were recognized as revenue in 2024 and 2023 are NT\$6,189 thousand and NT\$13,749 thousand, respectively.

(13) Remuneration to employees, directors, and supervisors

Pursuant to the revised Articles of Incorporation, profits concluded from a financial year are subject to employee remuneration of no less than 5% and director remuneration of no more than 1%. However, if the Company has accumulated losses, it shall reserve in advance the amount to make up the losses beforehand. Employee remuneration, as mentioned above, can be paid in shares or cash to employees of affiliated companies that satisfy certain criteria. This criterion is determined by the board of directors.

The Company has estimated 2024 and 2023 employees' remuneration at NT\$581 thousand and NT\$11,189 thousand, respectively, and directors' remuneration at NT\$116 thousand and NT\$2,238 thousand, respectively. Both figures were estimated by multiplying profit before tax and employee/director remuneration with the respective percentages stated in the Company's Articles of Incorporation, and have been recognized as 2024 and 2023 operating costs or operating expenses, respectively. If the board of directors decides to pay shares as remuneration to employees, the basis for calculating the shares as remuneration shall be based on the average trading price of the common stock on the day before the resolution of the board of directors.

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

There is no difference between the amount of employees' and directors' remuneration distributed by the above-mentioned board of directors' meeting and the estimated amount in the 2024 and 2023 parent company only financial statements. The relevant information can be obtained from the Market Observation Post System.

(14) Financial instruments

1. Credit risk

(1) Amount of maximum credit risk exposure

For financial assets, the book value represents the maximum credit risk exposure.

(2) Concentration of credit risk

The customers whose purchases account for 10% or more of the Company's operating revenue accounted for 25% and 22% of its sales revenue for 2024 and 2023, respectively. As of December 31, 2024 and 2023, the accounts receivable of said customers accounted for 38% and 17% of its total accounts receivable, respectively, resulting in a significant credit concentration risk. Please refer to Note 6 (15) for the Company's credit risk management policy for more details.

(3) Credit risk of receivables

For credit risk information on notes receivable and accounts receivable, please refer to Note 6(2).

Other financial assets carried at amortized cost include other receivables and time deposits. The Company measures loss provisions based on 12-month expected credit loss for the above financial assets that are deemed to be of low risk. No impairment loss was expected on the above proceeds as at December 31, 2024 and 2023.

2. Liquidity risk

The following chart shows contract maturity date for financial liabilities, including the effect of estimated interest.

	<u>Book value:</u>	<u>Contractual cash flow</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>More than 2 years</u>
December 31, 2024					
Non-derivative financial liabilities					
Notes and accounts payable	\$ 33,804	(33,804)	(33,804)	-	-
Accounts payable - related parties	201,251	(201,251)	(201,251)	-	-
Long-term borrowings (including current portion maturing in one year)	11,198	(11,219)	(11,219)	-	-
Other payables	47,000	(47,000)	(47,000)	-	-
Guarantee deposits received	138	(138)	-	-	(138)
	\$ 293,391	(293,412)	(293,274)	-	(138)
December 31, 2023					
Non-derivative financial liabilities					
Notes and accounts payable	\$ 45,177	(45,177)	(45,177)	-	-
Accounts payable - related parties	344,826	(344,826)	(344,826)	-	-
Long-term borrowings (including current portion maturing in one year)	53,629	(54,091)	(42,874)	(11,217)	-
Other payables	72,949	(72,949)	(72,949)	-	-
Guarantee deposits received	138	(138)	-	-	(138)
	\$ 516,719	(517,181)	(505,826)	(11,217)	(138)

The Company does not expect cash flows in the maturity analysis to occur at any earlier time, or in amounts that differ significantly, except for certain long-term borrowings that may be repaid early depending on capital availability.

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

3. Exchange rate risk

(1) Exchange rate risk exposure

The Company had the following financial assets and liabilities that were exposed to significant foreign currency/exchange rate risk:

	2024.12.31			Unit: thousands of foreign currency 2023.12.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
US Dollar	\$	9,150 USD/NTD= 32.835	300,440	13,137	USD/NTD= 30.755	404,028
Financial liabilities						
Monetary items						
US Dollar		6,660 USD/NTD= 32.835	218,681	11,775	USD/NTD= 30.755	362,140

(2) Sensitivity analysis

The Company's exchange rate exposure arises primarily from the conversion of cash, cash equivalents, notes receivable, accounts receivable, other receivables, accounts payable, and other payables denominated in foreign currencies. Conversion of foreign currency-denominated amounts gives rise to gains/losses on exchange. The following analysis shows the effect on profit (loss) before tax for 2024 and 2023 if foreign currencies weakened/strengthened against NTD by 5% as of December 31, 2024 and 2023, using the same basis of comparison while all other factors remained unchanged:

	2024	2023
USD (relative to NTD)		
Strengthened by 5%	\$ 4,088	2,094
Weakened by 5%	(4,088)	(2,094)

(3) Exchange gain/loss on monetary items

Due to the extensive variety of transaction currencies used, the Company has opted to disclose gains (losses) on exchange of monetary items on a collective basis. Gains (losses) (including realized and unrealized) incurred on exchange of foreign currencies in 2024 and 2023 are explained below:

	2024	2023
Foreign exchange gain	\$ <u>10,172</u>	<u>8,519</u>

4. Interest rate analysis

Interest rate risk exposure concerning the Company's financial assets and financial liabilities has been explained as part of liquidity risk management in this footnote.

Sensitivity analysis has been prepared based on interest rate risk exposures of derivatives and non-derivatives as at the reporting date. For assets and liabilities that bear floating interests, the analysis is conducted by assuming that the amount of assets and liabilities outstanding as at the reporting date remained outstanding throughout the entire year. Interest rate sensitivity analyses are reported to the management by applying a variance of 0.25% above and below. This variance conforms with the management's expectation about the possible and reasonable range of interest rate variation.

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

If interest rate increased/decreased by 0.25% while other variables remained unchanged, the Company's profit before tax would have increased/decreased by NT\$1,110 thousand and NT\$1,310 thousand in 2024 and 2023, respectively. This potential change is primarily the result of the Company's floating-interest rate borrowings and demand deposits.

5. Fair value information

(1) Category and fair value of financial instruments

Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. Book value and fair value of financial assets and liabilities are shown below (categorized by level of fair value input; however, it is not required to disclose fair value information for lease liabilities and financial instruments that are not subject to fair value assessment and where the book value resembles the fair value):

		2024.12.31				
		Book value:	Fair value			Total
			Level 1	Level 2	Level 3	
Financial assets carried at						
amortized cost						
Cash and cash equivalents	\$	455,512	-	-	-	-
Notes and accounts receivable, net (including related parties)		168,990	-	-	-	-
Other receivables		2,127	-	-	-	-
Other financial assets- - current		5,009	-	-	-	-
Guarantee deposits paid						
(presented as other non-current assets)		<u>331</u>	-	-	-	-
Total	\$	<u><u>631,969</u></u>				
Financial liabilities carried at						
amortized cost						
Notes and accounts payable (including related parties)	\$	235,055	-	-	-	-
Other payables		47,000	-	-	-	-
Long-term borrowings						
(including current portion maturing in one year)		11,198	-	-	-	-
Guarantee deposits received		<u>138</u>	-	-	-	-
Total	\$	<u><u>293,391</u></u>				

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

		2023.12.31				
		Book value:	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets carried at						
amortized cost						
Cash and cash equivalents	\$	578,102	-	-	-	-
Notes and accounts receivable,		156,098	-	-	-	-
net (including related						
parties)						
Other receivables		4,825	-	-	-	-
Other financial assets- - current		2,500	-	-	-	-
Guarantee deposits paid						
(presented as other						
non-current assets)						
		331	-	-	-	-
Total	\$	741,856				
Financial liabilities carried at						
amortized cost						
Notes and accounts payable	\$	390,003	-	-	-	-
(including related parties)						
Other payables		72,949	-	-	-	-
Long-term borrowings						
(including current portion						
maturing in one year)						
		53,629	-	-	-	-
Guarantee deposits received		138	-	-	-	-
Total	\$	516,719				

There was no change of fair value transfer among levels during 2024 and 2023.

(2) Fair value assessment techniques for financial instruments carried at fair value

Non-derivative instruments

Financial instruments that are openly quoted in an active market will have fair value determined at the openly quoted price. Fair values of public-listed (OTC-traded) equity instruments and debt instruments openly quoted in active markets are determined based on market prices quoted on major exchange and OTC center for actively traded government bonds.

A financial instrument is deemed to be openly quoted on an active market if reliable quotations (that are representative of transactions actually and frequently taking place in a fair market) can be obtained from stock exchange, brokers, underwriters, industry associations, pricing institutions, or the authority on a timely and frequent basis. A market is deemed inactive if it fails to satisfy the above conditions. In general, increasing or excessive bid-ask spread and lack of transaction volume are considered signs of inactive market.

Except for financial instruments traded in active markets, as described above, fair values of all other financial instruments are obtained either by applying valuation techniques or by making reference to counterparties' quotations. Fair value by valuation technique may be obtained by making reference to the prevailing fair value of financial instruments that share similar terms and characteristics or using valuation techniques such as the discounted cash flow method in conjunction with market information available as at the balance sheet date.

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

(3) Change between level 1 and level 2

There had been no transfer among levels of fair value input when assessing financial instruments during 2024 and 2023.

(15) Financial risk management

1. Summary

Use of financial instrument exposes the Company to the following risks:

- (1) Credit risk
- (2) Liquidity risk
- (3) Market risk

This footnote discloses exposure, assessment, and the Company's management goals, policies, and procedures for the abovementioned risks. For further quantitative disclosures, please see notes to the parent company only financial statements.

2. Risk management framework

The board of directors has been fully empowered to establish and supervise implementation of risk management framework within the Company. The management is responsible for the development and control of risk management policies within the Company, and reports to the board of directors on a regular basis.

The Company has established its risk management policy to identify and analyze the risks associated with business activities, to set appropriate risk limits and controls, and to monitor risk exposures as well as compliance with various risk limits. The risk management policy and system are regularly examined to reflect changes in market condition and the Company's operations. The Company develops a disciplined and constructive control environment through training, management guidelines, and operating procedures, so that all employees are able to comprehend their roles and duties.

The board of directors regularly reviews compliance of risk management policies and procedures within the Company, as well as the appropriateness of the risk management framework that the Company has adopted in response to the risks encountered. The Company has internal audit personnel in place to assist the board of directors with supervisory duties. These personnel conduct regular and ad-hoc reviews over existing risk management controls and procedures, and report their findings to the board of directors.

3. Credit risk

Credit risk refers to the risk of financial loss the Company may incur due to its customers or financial instrument counterparties being unable to fulfill contractual obligations. Credit risk mainly arises from customers' accounts receivable.

(1) Accounts receivable and other receivables

Credit risk exposure of the aforementioned accounts varies from customer to customer. The management also takes into consideration common factors including default risk of customers' industries and countries, as these risks are also likely to affect credit risk. The Company monitors customers' financial position and recoverability of accounts receivable to minimize credit risks.

The Company has established its own credit policy, which requires every new customer to have credit rating analyzed before being awarded standard payment and delivery terms. The Company also obtains timely data from external sources, such as contact with rating agencies and banking partners, as part of its review. The Company assigns credit limits to customers on a case-by-case basis; these limits represent the maximum amount of transactions that can be undertaken on credit without the management's approval. These limits are reviewed on a regular basis. Customers that do not meet the Group's basic credit rating requirements may transact with the Company only on a prepaid basis.

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

(2) Investments

Credit risks associated with bank deposit and other financial instruments are assessed and monitored by the Company's Treasury Department. The Company transacts and deals only with banks of strong credit standing and financial institutions of investment grade and above, hence there is no material concern in terms of contract fulfillment or credit risk exposure.

(3) Guarantees

According to internal policies, the Company may only offer financial guarantee to subsidiaries in which it holds more than 50% voting interest and companies it has business dealings with.

4. Liquidity risk

Liquidity risk represents risk of the Company being unable to settle financial liabilities with cash or other financial assets, or being unable to fulfill relevant obligations.

The Company maintains adequate position of cash and cash equivalents to support corporate operations and to mitigate effects of cash flow variation. The management constantly monitors use of bank limits and makes sure that borrowing terms are duly complied.

Bank borrowing constitutes a main source of liquidity for the Company. The Company had undrawn short-term banking limits of NT\$152,835 thousand and NT\$150,755 thousand respectively, as at December 31, 2024 and 2023. Please see Note 6 (7) for details of undrawn long-term banking limits.

5. Market risk

Market risk refers to the effect a change of market price may have on the income or value of financial instruments held on hand, whether it is an exchange rate instrument, interest rate instrument, equity instrument or otherwise. The goal of market risk management is to control market risk exposure within a tolerable range while optimizing investment returns.

(1) Exchange rate risk

The Company is exposed to exchange rate risks arising from sales, purchases, and borrowings that are denominated in non-functional currencies. NTD represents the Company's main functional currency; transactions are also denominated in currencies such as USD and RMB.

For monetary assets and liabilities denominated in other foreign currencies, the Company buys in or sell off foreign currencies at the spot exchange rate whenever a short-term mismatch arises, and in doing so ensures that the net exposure is kept within the tolerable level.

(2) Interest rate risk

The Company constantly monitors changes in market interest rate and maintains close relationship with financial institutions to secure the most favorable rate. Short-term, medium-term, and long-term credit limits are drawn in a manner that minimizes interest expenses.

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

(16) Capital management

The Company makes capital plans after taking into consideration the characteristics of the given industry, future prospects of the Company, and changes in the external environment. Capital management ensures that the Company has the financial resources and operational plans needed to support future working capital, capital expenditure, research and development projects, debt repayment, and dividend payment. The management primarily uses debt-to-equity ratio and interest-bearing-liabilities-to-equity ratio to determine the optimal capital structure for the Company. The management also strives to optimize debt and equity balances while maintaining strong capital structure for improvement to shareholders' returns.

The Company regularly examines its debt-to-equity ratio as a way to manage capital. Capital of the Company is represented by "Total equity" shown on the balance sheet, which equals total assets less total liabilities.

Debt-to-equity ratio as at the reporting date is shown below:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Total liabilities	\$ 352,654	576,267
Total equity	1,817,189	1,861,676
Interest-bearing liabilities	11,198	53,629
Debt-to-equity ratio	19%	31%
Interest-bearing-liabilities-to-equity ratio	1%	3%

There had been no change to the Company's capital management approach as at December 31, 2024.

(17) Non-cash investing and financing activities

The non-cash transaction investment and financing activities of the consolidated company in 2024 and 2023 are as follows:

	<u>2024.1.1</u>	<u>Cash flow</u>	<u>2024.12.31</u>
Long-term borrowings (including current portion maturing in one year)	\$ 53,629	(42,431)	11,198
Guarantee deposits received	138	-	138
Total liabilities relating to financing activities	<u>\$ 53,767</u>	<u>(42,431)</u>	<u>11,336</u>
	<u>2023.1.1</u>	<u>Cash flow</u>	<u>2023.12.31</u>
Long-term borrowings (including current portion maturing in one year)	\$ 86,529	(32,900)	53,629
Guarantee deposits received	138	-	138
Total liabilities relating to financing activities	<u>\$ 86,667</u>	<u>(32,900)</u>	<u>53,767</u>

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

VII. Related party transactions

(I) Name of related party and relationship

Subsidiaries and related parties that transacted with the Company during the period covered by the parent company only financial statements:

<u>Name of related party</u>	<u>Relationship with the Consolidated Entity</u>
Powertip Technology Inc. (USA) ("Powertip USA")	Subsidiary of the Company
Powertip Technology Ltd. (H.K) ("Powertip HK")	Subsidiary of the Company
America Technology Corp. ("Powertip Samoa")	Subsidiary of the Company
Ta Cheng International Investing Co., Ltd. (referred to as Ta Cheng)	Subsidiary of the Company
Ta Ho International Investing Co., Ltd. (referred to as Ta Ho)	Subsidiary of the Company
Ta Yang International Investing Co., Ltd. (referred to as Ta Yang)	Subsidiary of the Company
Powertip Technology (C.I.) Corp. ("Powertip C.I.")	Subsidiary of the Company
Powertip (Jiangsu) Photoelectric Co., Ltd. (referred to as Powertip (Jiangsu))	Subsidiary of the Company
Powertip (Dongguan) Photoelectric Co., Ltd. (referred to as Powertip (Dongguan))	Subsidiary of the Company
Powertip Image Corp. (referred to as Powertip Image)	Associated company of the Company
Mr. Shih-Yue Wang	Chairman of the Company

(II) Significant transactions with related parties

1. Merchanting trade

In 2024 and 2023, the Company sold raw materials, semi-finished goods, and factory supplies to subsidiaries, and had them processed and produced before buying back the finished goods in the form of a merchandising trade. The finished goods were then sold to customers. The sale of raw materials and buyback of finished goods had been eliminated when preparing the 2024 and 2023 financial statements, and were not treated as purchase or sale.

Raw materials and semi-finished goods are sold to subsidiaries at cost, and accounts receivable that arise as a result can be offset against accounts payable from purchase.

2. Operating revenues

Material sales to related parties and amounts:

	<u>2024</u>	<u>2023</u>
-Subsidiary Powertip USA	\$ 98,228	158,254
-Subsidiary Others	36,453	66,758
	<u>\$ 134,681</u>	<u>225,012</u>

The Company's sales transactions are priced based on volume or location. There is no significant difference in the price of goods sold to related and unrelated parties, except for some subsidiaries where selling price is incomparable due to differences of the products involved. Collection term for sales to related parties is not significantly different from ordinary sales.

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

3. Purchase

Purchases made by the Company from related parties:

	2024	2023
Subsidiary - Powertip (Jiangsu)	<u>\$ 756,628</u>	<u>1,273,234</u>

There is no significant difference in the price of purchases made from related and unrelated parties, except for some subsidiaries where purchase price is incomparable due to the special nature and differences of the products involved.

4. Related party payables

Related party payables that arose from the above transactions and other collections and payments made on behalf of related parties are explained below:

<u>Presentation account</u>	<u>Type of related party</u>	<u>2024.12.31</u>	<u>2023.12.31</u>
Accounts payable	Subsidiary - Powertip (Jiangsu)	\$ 201,251	344,826
Other payables	Subsidiary - Powertip Samoa	-	1,169
		<u>\$ 201,251</u>	<u>345,995</u>

5. Leases

For the years ended 2024 and 2023, the Company generated NT\$860 thousand and NT\$863 thousand of rental income from the 6-year plant, equipment, and office premise leasing agreement signed with associated companies and collected NT\$138 thousand of rental deposit as of December 31, 2023, and 2022, which were presented as guarantee deposits received and others. Furthermore, NT\$254 thousand and NT\$229 thousand of proceeds were paid/collected on behalf of associated companies for electricity, networking, and management expenses incurred on the leased plant, equipment, and office premises.

6. Property transaction

The Company had unrealized deferred gains of NT\$285 thousand and NT\$578 thousand as at December 31, 2024 and 2023, from contributing machinery and equipment as capital in-lieu in a subsidiary.

7. Related party receivables and advanced payment

Related party receivables that arose from the above transactions and other collections and payments made on behalf of related parties are explained below:

<u>Presentation account</u>	<u>Type of related party</u>	<u>2024.12.31</u>	<u>2023.12.31</u>
Accounts receivable	Subsidiary - Powertip HK	\$ 1,554	1,449
Other receivables	-Subsidiary - Powertip Samoa	-	767
Other receivables	Associated companies	97	94
Advance receipts	-Subsidiary Powertip USA	4,093	6,059
		<u>\$ 5,744</u>	<u>8,369</u>

(III) Transactions involving key management personnel

1. Compensation to key management personnel

Compensation to key management personnel includes the following:

	2024	2023
Short-term employee benefits	<u>\$ 9,976</u>	<u>13,233</u>

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

2. Offering of guarantees

The Company's short-term and long-term credit facilities as at December 31, 2024 and 2023, were guaranteed by key management personnel.

VIII. Pledged assets

Book value of assets pledged by the Company is explained below:

<u>Name of asset</u>	<u>Collateral</u>	<u>2024.12.31</u>	<u>2023.12.31</u>
Demand deposits (presented as other financial assets - current)	Security for import customs duty	\$ 2,509	-
Time deposit (presented as other financial assets - current)	Security for import customs duty	-	2,500
Land	Long-term borrowings	184,079	184,079
Buildings	Long-term borrowings	228,530	235,251
		<u>\$ 415,118</u>	<u>421,830</u>

IX. Major contingent liabilities and unrecognized contractual commitments: none.

X. Losses from major disasters: None.

XI. Major post-balance sheet date events: None.

XII. Others

Summary of employee benefit, depreciation, depletion, and amortization expenses by function:

By nature	2024			2023		
	Presented as operating cost	Presented as operating expense	Total	Presented as operating cost	Presented as operating expense	Total
Employee benefit expenses						
Salary expenses	50,181	73,162	123,343	63,869	83,605	147,474
Labor/health insurance premium	6,443	8,448	14,891	6,832	8,500	15,332
Pension expense	3,086	4,078	7,164	3,086	4,088	7,174
Directors' compensation	-	1,576	1,576	-	2,868	2,868
Other employee benefit expenses	3,017	3,234	6,251	3,952	3,520	7,472
Depreciation expenses	17,554	3,908	21,462	17,251	3,250	20,501
Amortization expenses	-	849	849	-	1,182	1,182

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

Additional information on employee size and employee benefit expenses for 2024 and 2023 is presented below:

	2024	2023
Employee count	202	210
No. of directors without concurrent position as employee	8	8
Average employee benefit expenses	\$ 782	878
Average employee salary expenses	\$ 636	730
Adjustments to average employee salary expenses	(12.88)%	
Supervisors' compensation	\$ -	-

(I) Information regarding the Company's salary and compensation policies (including directors, supervisors, managers, and staff):

1. Compensation for staff and managers comprises two parts: fixed salary and variable salary. Fixed salary is paid on a monthly basis irrespective of profitability, and is determined based on work duties and job grades. Variable salary includes festive bonus, performance bonus, and employee remuneration. Variable salary is determined after taking into consideration the overall environment, the market level, corporate profitability, individual performance evaluation, work duties, and contribution to corporate operations. It is set at a level that adequately reflects work performance of individual employees. The level of variable compensation is set in line with current year's earnings, and is therefore highly correlated with the Company's business performance.
2. Compensations for the Company's directors and supervisors are determined in accordance with the Articles of Incorporation, and take into account their individual participation and contribution to the Company's operations. Aside from business performance, the Company also follows a well-established set of compensation standards, structure, and system that is designed in reference to peers and TWSE/TPEX listed companies. The compensation standards, structure, and systems are proposed by the Remuneration Committee and resolved by the board of directors.
3. All salaries and compensations paid by the Company are rigorously reviewed. Compensations to managers, directors, and supervisors are reviewed and resolved by the Remuneration Committee and the board of directors to ensure that they do not give rise to major risks in the future.

XIII. Other disclosures

(I) Information relating to significant transactions

Significant transactions in 2024 that require further disclosures under Regulations Governing the Preparation of Financial Reports by Securities Issuers are as follows:

1. Loans to external parties: None.
2. Endorsement/guarantee to external parties: None.
3. End-of-period holding position of marketable securities (excluding investment in subsidiaries, associated companies, and joint ventures):

Unit: thousand shares

Company held	Name and type of securities	Relationship with the securities issuer	Presentation account	End of period				Remark
				Shareholding	Book value:	Shareholding percentage	Fair value	
PTC	Everest Technology Inc.	None	Financial assets at fair value through other comprehensive income - non-current	3,730	\$ -	5.49%	\$ -	

4. Cumulative purchase or sale of any single marketable security that amounts to NT\$300 million or more than 20% of paid-up capital: None.
5. Acquisition of real estate amounting to NT\$300 million or more than 20% of paid-up capital: None.
6. Disposal of real estate amounting to NT\$300 million or more than 20% of paid up capital: None.

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

7. Sales and purchases with related parties amounting to NT\$100 million or more than 20% of paid-up capital:

Name of buyer (seller)	Name of counterparty	Relationship	Transaction summary				Distinctive terms of trade and reasons		Notes and accounts receivable (payable)		Remark
			Purchase (sale)	Amount	As a percentage to total purchases (sales)	Loan tenor	Unit price	Loan tenor	Balance	As a percentage of total notes and accounts receivable (payable)	
PTC	Powertip (Jiangsu)	Wholly-owned subsidiary - Powertip C.I.'s wholly-owned subsidiary	Purchase	756,628	94 %	No significant difference from ordinary transaction	Incomparable due to the special nature and differences of the products involved	Monthly settlement, 90 days	Accounts payable (201,251)	(86)%	Note 1
Powertip (Jiangsu)	PTC	Wholly-owned subsidiary - Powertip C.I.'s wholly-owned subsidiary	(Sale)	(756,628)	(91) %	No significant difference from ordinary transaction	Incomparable due to the special nature and differences of the products involved	Monthly settlement, 90 days	Accounts receivable 201,251	90%	"

Note 1: Accounts payable by Powertip (Jiangsu) to the Company includes purchase and sales transactions that have been offset in a merchandising trade.

8. Related party receivables amounting to NT\$100 million or 20% of paid-up capital or above:

Companies presented as receivables	Name of counterparty	Relationship	Balance of related party receivables	Turnover rate	Overdue balance of related party receivables		Amount of related party receivables collected after the balance sheet date	Loss provisions provided
					Amount	Treatment		
Powertip (Jiangsu)	PTC	Corporate shareholder with 100% holding interest	201,251	2.77	-	Debt claims are offset against debt obligations each month with proceeds collected or paid depending on capital availability	165,617	-

Note 1: data as of February 21, 2025.

9. Derivative transactions: None.

(II) Information on business investments:

Information about the Company's business investments in 2024 (excluding Mainland investees):

Unit: thousands of NTD or foreign currency/thousand shares

Name of investor	Name of investee	Location	Main business activities	Sum of initial investment		Period-end holding position			Current period profit/loss of the investee	Investment gains/losses recognized in the current period	Remarks
				Current period-end (Note)	Previous period-end (Note)	Shareholding	Percentage	Book value (Note)			
PTC	Powertip HK	Hong Kong	Processing and manufacturing of LCD modules	166,570	166,570	39,500	100.00%	33,600	1,406	1,406	Subsidiary
PTC	Powertip USA	California, USA	Trading of LCD modules, electronic parts, and computer peripherals	53,135	53,135	155	100.00%	76,139	(3,595)	(3,595)	"
PTC	Powertip Samoa	Samoa	Holding company	5 (US\$17,711)	5 (US\$23,711)	17,711	100.00%	552,580	(12,216)	(12,216)	"
PTC	Powertip Image Corp.	Taichung City	Manufacturing of electronic parts and optical instruments	50,466		9,575	23.27%	225,878	228,672	52,585	Equity-accounted investee
PTC	Ta Cheng	Taichung City	Investments	27,446	24,546	2,744	100.00%	38,813	8,961	8,961	Subsidiary
PTC	Ta Ho	Taichung City	Investments	27,448	24,548	2,744	100.00%	38,825	8,968	8,968	"
PTC	Ta Yang	Taichung City	Investments	23,900	20,100	2,390	100.00%	28,239	6,433	6,433	"
Less: unrealized gain/loss on associated companies								(955)		-	
								<u>993,119</u>		<u>62,542</u>	
Powertip Samoa	Powertip C.I.	Cayman Islands	Holding company	5 (US\$17,678)	5 (US\$23,678)	17,678	100.00%	53 (US\$16,283)	(18,236) (-US\$567)	Recognized by Powertip Samoa pro rata to its shareholding.	Investee accounted by subsidiary using the equity method
Ta Cheng	Powertip Image Corp.	Taichung City	Manufacturing of electronic parts and optical instruments	27,500	27,500	1,638	3.98%	38,633	228,672	Recognized according to the shareholding percentage of Ta Cheng	"
Ta Ho	Powertip Image Corp.	Taichung City	Manufacturing of electronic parts and optical instruments	27,500	27,500	1,638	3.98%	38,633	228,672	Recognized according to the shareholding percentage of Ta Ho	"
Ta Yang	Powertip Image Corp.	Taichung City	Manufacturing of electronic parts and optical instruments	19,873	19,873	1,184	2.88%	27,955	228,672	Recognized according to the shareholding percentage of Ta Yang	"

Note 1: Translated into NTD at the exchange rate ((USD/TWD:32.835) a the date of the financial report.

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

(III) Information on Mainland investments:

1. Name, main business activities, and relevant information of Mainland investments:

Unit: thousands of NTD/foreign currency

Name of Mainland investee	Main business activities	Paid-up capital (Note 4)	Method of investment	Opening cumulative balance of investment capital invested from Taiwan (Note 4)	Investment capital contributed or recovered during the current period		Closing cumulative balance of investment capital invested from Taiwan (Note 4)	Current period profit/loss of the investee	The Company's direct or indirect holding percentage	Investment gains/losses recognized in the current period (Note 1)	Closing investment book value (Note 4)	Investment gains recovered to date
					Outward remittance	Recovered						
Powertip (Jiangsu)	Processing of LCD devices and electronic components	558,195 (US\$17,000)	Indirect investment through Powertip Samoa (Note 6)	755,205 (US\$23,000)	-	197,010 (US\$6,000)	558,195 (US\$17,000)	(18,268) (-US\$568)	100.00%	(18,268) (-US\$568)	534,652 (US\$16,283)	-
Powertip (Dongguan)	Processing and manufacturing of LCD devices and electronic components	42,520 (HK\$10,000)	Indirect investment through Powertip HK (Note 5)	-	-	-	-	1,530 (HK\$369)	100.00%	1,530 (HK\$369)	15,035 (HK\$3,536)	-

2. Approved limit on Mainland investments:

Unit: thousands of foreign currency

Company name	Closing cumulative balance of investment capital transferred from Taiwan into the Mainland	Investment limit authorized by the Investment Commission, Ministry of Economic Affairs	Limits authorized by the Investment Commission, Ministry of Economic Affairs, for investing into Mainland China
PTC	647,178 (US\$19,710)	649,345 (US\$19,776)	No limit (Note 2)

Note 1: Gains/losses of investees for the current period were recognized based on audited financial statements of the parent company in Taiwan, except for Dongguan Jiuzheng, which were recognized based on their unaudited financial statements.

Note 2: According to the rules on Mainland investment limits stipulated by the Investment Commission in the revised "Review Principles for Investment or Technological Collaboration in the Mainland Area" on August 29, 2008, the Company has already obtained proof of operational headquarters from the Industrial Development Bureau, Ministry of Economic Affairs, and therefore is not subject to the Mainland investment limit.

Note 3: Dongguan Jiuli, one of the Company's business investments, was de-registered on January 7, 2009; the cumulative amount of investment outstanding at the end of the current period included USD 2,710 thousand of realized losses that were attributed to Dongguan Jiuli.

Note 4: Converted into NTD using exchange rate as at the reporting end date (USD/TWD 32.835; HKD/TWD4.252).

Note 5: Powertip HK contributed proprietary funds and machinery and equipment in lieu of capital to the investment.

Note 6: On May 9, 2024, upon the resolution of the Board of Directors, Powertip (Jiangsu) Optoelectronics Co., Ltd. decreased its capital and refunded share payment of US\$6,000 thousand, and the change registration was completed on August 21, 2024. On September 2, 2024, US\$6,000 thousand was remitted back to the Company. The Company has applied on September 13, 2024 to decrease the indirect investment in Powertip (Jiangsu) in Mainland China via the investee, Powertip Technology (C.I.) Corp in British Cayman Islands, which is an investee of the investment business in a third place, America Technology Corp (Samoa), and recognized the decreased investment amounted US\$6,000 thousand; the application was approved by the Investment Commission, MOEA.

Through Powertip HK, a business located at a third location, the Company established Dongkeng Jiuzheng Photoelectric, a processing plant for LCD devices and electronic components, in Dongguan, Mainland China, for a sum of HKD 9,024 thousand; this project was approved by the Investment Commission, Ministry of Economic Affairs, on November 20, 2002. Powertip HK later made an indirect investment into the Mainland and founded Powertip (Dongguan) Photoelectric Co., Ltd. by contributing HKD 5,792 thousand of its funds and the electronics plant of Dongkeng Jiuzheng Photoelectric, an existing investment approved by the Investment Commission, Ministry of Economic Affairs, valued at HKD 4,208 thousand for a total share capital of HKD 10,000 thousand. This project was approved by the Investment Commission, Ministry of Economic Affairs, on July 13, 2012 and completed on April 25, 2013.

3. Significant transactions:

Please refer to "Information related to significant transactions" in the parent company only financial statements for more details on direct and indirect significant transactions between the Consolidated Entity and Mainland investees in 2024 (which have been eliminated when preparing the consolidated financial statements).

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

(IV) Information on major shareholders:

Name of major shareholder	Shares	Number of shares held	Shareholding percentage
Bright LED Electronics Corp. (BLEC)		19,020,148	11.72%

Note: (1) Information on major shareholders, as presented in this chart, was taken from records of Taiwan Depository & Clearing Corporation as at the final business day of the reported quarter; and included parties holding book-entry common and preferred shares (including treasury stock) for an aggregate ownership of 5% and above. Share capital reported in the Company's financial statements may differ from the number of shares delivered via book entry due to different basis of preparation/calculation.

(2) Shareholders who placed shares under trust are disclosed in trustors' sub-accounts held with various trustees. Shareholders with more than 10% ownership interest are subject to insider equity reporting, according to Securities and Exchange Act. Insider equity includes shares held in own name and any shares placed under trust that the insider has control over. Please access Market Observation Post System for reports on insider equity.

XIV. Segment information

Please refer to the 2024 consolidated financial statements.

Powertip Technology Corporation
Details of cash and cash equivalents

December 31, 2024

Unit: NTS thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Cash on hand in foreign currencies and petty cash		<u>\$ 325</u>
Demand deposits	NTD	200,900
	Foreign currencies (US\$4,317 thousand, JPY 5,492 thousand, and CNY550 thousand)	<u>145,387</u>
		<u>346,287</u>
Time deposits	NTD	<u>108,900</u>
		<u>\$ 455,512</u>

Note: The foreign currency exchange rates are 1 USD to 32.835 NTD, 1 JPY to 0.2119 NTD, and 1 CNY to 4.503 NTD

Details of notes and accounts receivable

<u>Name of customer</u>	<u>Summary</u>	<u>Amount</u>
Notes receivable	Operating revenue from non-related parties	<u>\$ 125</u>
Accounts receivable		
Company D	"	64,287
Company L	"	15,522
Company J	"	14,946
Company G	"	11,856
Others (Note 1)	"	<u>60,700</u>
		<u>167,311</u>
Notes and accounts receivable - net		<u>\$ 167,436</u>

Note 1: Each amount that did not exceed 5% of the balance of this account was not listed independently.

Powertip Technology Corporation

Details of inventories

December 31, 2024

Unit: NTS thousand

<u>Item</u>	<u>Amount</u>	
	<u>Cost</u>	<u>Net realizable value</u>
Finished goods	\$ 22,304	22,697
Work-in-progress and semi-finished goods	4,465	4,943
Raw materials	46,069	48,358
Merchandise	5,218	6,064
Net amount	<u>\$ 78,056</u>	<u>82,062</u>

Details of property, plant and equipment

For the year ends December 31, 2024

Please see note 6(6) for details.

Details of other financial assets - current

December 31, 2024

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Other receivables - related parties	Receivables for purchases of equipment and raw materials on behalf of others	\$ 97
Other receivables	Business tax and interest receivable	2,030
Other financial assets - current	Time deposits maturing three months later but within one year	2,500
Restricted assets - current	Time deposits pledged	<u>2,509</u>
Total		<u>\$ 7,136</u>

Powertip Technology Corporation
Details of changes in investments using equity method
For the year ends December 31, 2024

Unit: NT\$ thousand/in
thousands of shares

Name	Opening balance		Increase during this period (Note 5)		Decrease during this period (Note 1, 2, 3, and 4)		Investment income (loss) recognized using the equity method	Exchange differences on translation of financial statements of foreign operations	Capital reserve	Closing balance				
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount				Number of shares	Shareholding percentage	Amount	Net equity value	Collateral or pledge
Powertip HK	39,500	\$ 30,465	-	-	-	-	1,406	1,729	-	39,500	100.00%	33,600	33,600	None
Powertip USA	155	74,754	-	-	-	-	(3,595)	4,980	-	155	100.00%	76,135	76,139	"
Powertip Samoa	23,711	731,079	-	-	(6,000)	(186,442)	(12,216)	20,159	-	17,711	100.00%	552,580	552,580	"
Ta Cheng	2,454	34,690	290	-	-	(5,545)	8,961	707	-	2,744	100.00%	38,813	38,813	"
Ta Ho	2,454	34,708	290	-	-	(5,558)	8,968	707	-	2,744	100.00%	38,825	38,825	"
Ta Yang	2,010	23,522	380	-	-	(2,227)	6,433	511	-	2,390	100.00%	28,235	28,239	"
Powertip Image Corp.	9,575	189,907	-	-	-	(20,747)	52,585	4,133	-	9,575	23.27%	225,878	223,122	"
		1,119,125		-		(220,519)	62,542	32,926	-			994,074		
Less: unrealized gain/loss on associated companies		(2,011)		-		1,056	-	-	-			(955)		
		<u>\$ 1,117,114</u>		<u>-</u>		<u>(219,463)</u>	<u>62,542</u>	<u>32,926</u>	<u>-</u>			<u>993,119</u>		

Note 1: The decrease during this period is due to the cash dividends of NT\$23,937 thousand from associated companies.

Note 2: The decrease during this period is due to the cash dividends of NT\$14,825 thousand from subsidiaries.

Note 3: The decrease during this period is due to capital surplus of NT\$4,685 thousand adjusted using the equity method.

Note 4: The decrease during this period is due to a subsidiary's capital reduction by NT\$186,442 thousand and repatriation.

Note 5: The increase in the current period is a result of the capitalization of 960 thousand shares of the subsidiary's earnings.

Powertip Technology Corporation

Details of accounts payable

December 31, 2024

Unit: NT\$ thousand

<u>Name of customer</u>	<u>Summary</u>	<u>Amount</u>
Accounts payable:		
Company E	Operating expense to non-related parties	\$ 6,670
Company G	"	1,856
Company H	"	1,826
Company I	"	1,796
Company J	"	1,774
Others (Note)	"	<u>19,882</u>
Total		<u><u>\$ 33,804</u></u>

Note: Each amount did not exceed 5% of the balance of this account, so it was not listed independently.

Details of other payables

December 31, 2024

Unit: NT\$ thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Salary, wages, and bonuses payable		\$ 21,386
Provisions for employee benefits		6,890
Professional service fee payable		3,388
Others (Note)	Equipment payment, pension, director remuneration, interest expenses, commission fees, insurance fees, mailing fees payable, and employees' remuneration	<u>15,336</u>
		<u><u>\$ 47,000</u></u>

Note: Each amount did not exceed 5% of the balance of this account, so it was not listed independently.

Powertip Technology Corporation
Details of medium- and long-term borrowings
December 31, 2024

Unit: NT\$ thousand

Creditor	Financing facility	Amount		Contract period	Amount (in NT\$)	Interest rate	Mortgage or guaranteed
		Portion due within one year	Portion due beyond one year				
Bank SinoPac	\$ 114,069	9,531	-	2020.2~2025.5	9,531	1.61%	Land and buildings
Taichung Ind	1,667	1,667	-	2020.2~2025.2	1,667	1.58%	No collateral
Park Office							
Branch,							
Bank of							
Taiwan							
	<u>\$ 115,736</u>	<u>11,198</u>	<u>-</u>		<u>11,198</u>		

Details of operating revenue
For the year ends December 31, 2024

Unit: NT\$ thousand

Item	Quantity (in thousands of units)	Amount
LCD module	2,181	\$ 923,055
LCD Monitor	98	12,003
Others (Note)	2,497	41,192
Net operating income		<u>\$ 976,250</u>

Note: Each amount that did not exceed 10% of the total revenue was not listed independently.

Powertip Technology Corporation
Details of operating costs
For the year ends December 31, 2024

Unit: NTS thousand

<u>Item</u>	<u>Amount</u>
Inventory at the beginning of the period	\$ 2,163
Add: Purchases during this period	683,544
Others	45
Less: Inventory at the end of the period	(5,524)
Scrapping, production, and reclassification to sample fees	(2,244)
Cost of purchases and sales	677,984
Raw materials at the beginning of the period	62,740
Add: Net purchases during this period	59,946
Other items to be added	6,082
Less: Raw materials at the end of the period	(54,611)
Cost of raw materials sold	(20,394)
Scrapping and reclassification to expenses	(11,129)
Direct raw materials	42,634
Direct labor	14,964
Overheads	88,497
Manufacturing cost	146,095
Add: Work-in-progress and semi-finished goods at the beginning of the period	29,152
Semi-finished goods purchased and supplies used	48,845
Less: Work-in-progress and semi-finished goods at the end of the period	(12,259)
Cost of semi-finished goods sold	(21,297)
Scrapping and reclassification to research and development expenses and merchandise	(11,118)
Cost of finished goods	179,418
Add: Finished goods at the beginning of the period	35,799
Research and development materials returned to inventory	2,394
Less: Finished goods at the end of the period	(30,751)
Cost of finished goods sold	186,860
Add: Cost of raw materials sold	20,394
Cost of semi-finished goods sold	21,297
Others	102
Cost of production and sales	228,653
Costs of purchases and sales and production and sales	906,637
Gain on reversal of inventory valuation and obsolescence losses	(6,840)
Inventory write-off and others	13,749
Operating costs	<u><u>\$ 913,546</u></u>

Powertip Technology Corporation

Details of operating expenses

For the year ends December 31, 2024

Unit: NTS thousand

Item	Selling and marketing expenses	General and administrat ive expenses	Research and development expenses
Salary and wages	\$ 15,252	29,647	28,263
Advertising expenses	2,806	70	179
Insurance	2,116	3,540	3,053
Export expense	7,173	-	-
Professional service fee	102	7,332	356
Research materials	-	-	3,796
Molding expense	-	-	3,259
Travel expenses	2,837	407	633
Other expenses (Note)	<u>5,690</u>	<u>16,708</u>	<u>6,243</u>
Total	<u>\$ 35,976</u>	<u>57,704</u>	<u>45,782</u>

Note: Each amount did not exceed 5% of the balance of this account, so it was not listed independently.