

**LIEN HWA INDUSTRIAL HOLDINGS
CORPORATION AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditor's Report
For the Years Ended December 31, 2024 and 2023**

Address : 10F, No. 209, Sec. 1, Nangang Rd., Nangang Dist., Taipei City, R.O.C.

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Declaration of Consolidated Financial Statements of Affiliates Enterprises

In connection with the Consolidated Financial Statements of Affiliated Enterprises of Lien Hwa Industrial Holdings Corporation (the “ Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2024 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of Lien Hwa Industrial Holdings Corporation and its subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard 10, as well as that, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, Lien Hwa Industrial Holdings Corporation does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,

Company name: Lien Hwa Industrial Holdings Corporation

Chairman: Matthew Feng-Chiang Miao

Date: March 10, 2025

Independent Auditors' Report

To the Board of Directors and Shareholders of Lien Hwa Industrial Holdings Corporation:

Opinion

We have audited the consolidated balance sheet of Lien Hwa Industrial Holdings Corporation and its subsidiaries (LHIHC Group) as at December 31, 2024 and 2023, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement, and the notes to consolidated financial statements (including the summary of significant accounting policies) for the year ended December 31, 2024 and 2023.

In our opinion, all material disclosures of the consolidated financial statements mentioned above were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Firms, international financial reporting standards approved by the Financial Supervisory Commission, the International Accounting Standards and interpretations thereof, and presented a fair view of the consolidated financial position of LHIHC Group as at December 31, 2024 and 2023, and consolidated business performance and cash flow for the year ended December 31, 2024 and 2023.

Basis for opinion

We have conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards. Our responsibility to the standards will be explained in the paragraph of auditor's responsibilities when auditing the consolidated financial statements. All relevant independent personnel subject to the CPA professional ethics within the firm remain independent from the LHIHC Group and implement responsibilities regulated in the ethics. We believe we have obtained sufficient appropriate audit evidence to serve as the basis for the audit opinion.

Key audit matters

Key audit matters are the most important matters that we audit in the 2024 consolidated financial statements of the LHIHC Group based on our professional judgment. All relevant matters were audited during the audit of the consolidated financial statements and the formulation of the audit opinions. We will not express our opinions on those matters separately. The key audit matters that we determine shall be listed on the audit report include:

Recognition of revenue

Regarding the accounting policies for the recognition of revenue, please see note 4(17) to the Consolidated Financial Statements; for the important accounting estimate and the uncertainty assumed, please see note 5(2) to the Consolidated Financial Statements; for the content of revenue, please see note 6(24) to the Consolidated Financial Statements.

Description of the key audit matters:

LHIHC Group- The main product of the flour business is flour made from wheat. The product is sold by distributors and chained stores. In addition, the food company will purchase the product to make food and sells it to the consumer. Since the main customers of the Group are distributors, chained stores and food companies, whether LHIHC Group gives the sales discount correctly is important to the recognition of revenue of the company. As a result, it is a matter we need to highly focus on when auditing the financial statements.

Corresponding audit process:

The audit process we perform for the above key audit matters includes: Understanding the company's revenue recognition accounting policies; Testing the effectiveness of internal controls over sales and collections, along with performing detailed testing procedures; We execute sampling procedures to select sales transaction samples from a period before and after the financial reporting date, verify relevant forms and vouchers, and evaluate the accuracy of the revenue recognition timing.

LHIHC Group- It is a business group of integrated system service with the main business including information engineering projects and intelligent projects. The completion percentage is estimated pursuant to the accounting standards and the income of the engineering project is calculated based on that percentage and the total contract price. We have to refer to the internal and external vouchers and certain estimated information to calculate the completion percentage; as a result, the calculation is more complex. The income amount is a major item and, therefore, a matter of high focus during the auditing of the financial statements.

Corresponding audit process:

Our main audit process for the above key audit matters include: We learn and examine whether the design and implementation of the internal control mechanism is effective. The mechanism is related to the correctness of the estimated completion percentage and the project income recognition. In addition, we evaluate whether the use of the accounting policies in the calculation of the completion percentage are consistent. We also perform substantive tests on the project contract details that are not complete at the end of the period. This way, we can ensure the estimated completion percentage and the project income recognition are correct.

Other matters

We hereby express an unqualified opinion in favor of Lien Hwa Industrial Holdings Corporation on the financial statements of the parent company only so prepared for 2024 and 2023.

The responsibility of the management and the governing body for the consolidated financial statements

The management is responsible for preparing the appropriate consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Firms, international financial reporting standards approved by the Financial Supervisory Commission, the International Accounting Standards and interpretations thereof. Additionally, it is responsible for

maintaining the internal control mechanism that is related to and necessary for the preparation of the consolidated financial statements. As a result, it can ensure material misstatement due to fraud or error is not pertained in the consolidated financial statements.

Other than the situation that the management intends to liquidate LHIHC Group or stop the business, or no other approaches can be used except for these two measures, during the preparation of the consolidated financial statements, the responsibility of the management also includes evaluating the going concern capacity of the LHIHC Group, disclosure of relative matters, and adoption of the going concern accounting basis.

The governing body of the LHIHC Group (including the Audit Committee) has the responsibility to supervise the financial reporting procedures.

Our responsibility for the audit of the consolidated financial statements

The purpose for us to audit the consolidated financial statements is to obtain reasonable assurance that there is no material misstatement due to fraud or error in the consolidated financial statements, and we issue the audit report afterwards. Reasonable assurance means high assurance. Only that the audit work implemented in accordance with the Generally Accepted Auditing Standards cannot give the promise that every material misstatement in the consolidated financial statements are found. Misstatement might result from fraud or error. If we can reasonably expect the individual amounts or the total amount in the misstatement would influence the financial decision made by the user of the consolidated financial statements, the misstatement is considered material.

When performing the audit according to the Generally Accepted Auditing Standards, we exercise professional judgment and remain skeptical professionally. We also perform the following work:

1. We identify the material misstatement resulting from fraud or error in the consolidated financial statement and assess its risk. We design and implement appropriate corresponding measures for the assessed risk. We acquire sufficient and appropriate audit evidence to serve as the basis for the audit opinion. Due to the fact that fraud might include collusion, forgery, intended omission, misstatement and violation of internal control, the risk of the misstatement resulting from fraud is higher than that resulting from error.
2. We acquire necessary understanding of the internal control mechanism that is related to the audit to design appropriate audit process for the situation at the time. The purpose of the knowledge is not expressing opinions to the effectiveness of the internal control mechanism of the LHIHC Group.
3. We evaluate whether the accounting policies adopted by the management are suitable and whether the accounting estimation as well as relative disclosures are appropriate.
4. Based on the acquired audit evidence, we decide whether the going concern accounting basis adopted by the management is suitable, whether events that might affect the going concern capacity of Lien Hwa exist, and whether there is major uncertainty. A conclusion will be made afterwards. We believe under the circumstances that there is major uncertainty, a reminder shall be

included in the audit report to inform the consolidated financial statements user to pay attention to relative disclosures in the statements. We shall modify the audit opinion when the disclosure is considered improper. Our conclusion is based on the audit evidence acquired as of the date of the audit report. Future events or circumstances might still result in the fact that LHIHC Group no longer has the going concern capacity.

5. We evaluate the overall statements, structures and contents of the consolidated financial statements (including relative notes) and see whether the statements appropriately state relevant transactions and events.
6. We examine the financial information of individual companies within the Group to acquire sufficient and appropriate audit evidence for expressing opinions in the consolidated financial statements. We are responsible to guide, supervise and implement the audit for the Company. In addition, we are responsible for the formulation of opinions for the company.

We communicate with the governing body on the scope and time of the audit as well as the significant findings (including significant deficiencies of the internal control mechanism identified during the audit process).

We have issued a declaration of independence to the governing body, which assured that all relevant personnel within the CPA firm had complied with ethical rules of the CPA profession. Besides, we mention the relation or situation that may compromise the CPA's independence (including relevant preventive measures) to the governing body.

After communicating the above matters with the governing body, we decide the key audit matters in the 2024 consolidated financial report of LHIHC Group. We clearly state all above matters in the audit report, unless the law prohibits us to publicly disclose certain matters, or under rare circumstances we decide not to include certain matters in the audit report since we can reasonably expect the resulting negative impact is greater than the public interest they bring.

The engagement partners on the audit resulting in this independent auditors' report are Swimming Hsu and Prudence Kuo

KPMG

Taipei, Taiwan (Republic of China)
March 10, 2025

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

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2024 and 2023

(Expressed in thousands of New Taiwan dollars)

Assets	December 31, 2024		December 31, 2023		Liabilities and Equity	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets :					Current liabilities :				
1100 Cash and cash equivalent (note 6(1))	\$ 4,966,714	6	4,686,205	6	2100 Short-term loan (note 6(13))	\$ 8,244,000	9	7,787,000	10
1110 Financial assets measured at fair values through profit or loss – current (note 6(2))	279,722	-	554,907	-	2110 Short-term notes payable (note 6(14))	998,535	1	1,298,464	2
1120 Financial assets measured at fair values through other comprehensive income – current (note 6(3) and 8)	750,031	1	836,658	1	2130 Contract liabilities– current (note 6(23))	2,167,018	2	1,874,557	2
1140 Contract assets – current (note 6(24))	5,302,731	6	4,993,031	6	2150 Notes payable (note 7)	25,697	-	64,730	-
1150 Notes receivable, net (note 6(4))	155,888	-	282,401	-	2170 Accounts payable (note 7)	1,824,628	2	2,455,020	3
1170 Accounts receivable, net (note 6(4) and 7)	2,282,692	3	3,054,969	4	2200 Other payables (note 6(21) and 7)	627,503	1	739,418	1
1200 Other receivables (note 6(5) and 7)	74,110	-	68,159	-	2230 Current income tax liabilities	138,144	-	118,453	-
1210 Other receivables due from related parties (note 6(5) and 7)	304,881	-	4,952	-	2280 Lease liabilities – current (note 6(17) and 7)	57,203	-	51,780	-
1220 Current income tax assets	4,890	-	3,589	-	2320 Long-term liabilities, current portion (note 6(15))	100,000	-	309,166	-
130X Net inventory (note 6(6))	1,375,760	1	1,565,551	2	2300 Other current liabilities	30,114	-	125,252	-
1460 Non-current Assets Held for Sale (Net) (note 6(7))	9,688	-	-	-		<u>14,212,842</u>	<u>15</u>	<u>14,823,840</u>	<u>18</u>
1470 Other current assets (note 7 and 8)	457,970	-	561,676	1	Non-current liabilities:				
	<u>15,965,077</u>	<u>17</u>	<u>16,612,098</u>	<u>20</u>	2530 Bonds payable (note 6(16))	2,497,793	3	2,496,866	3
Non-current assets :					2540 Long-term loan (note 6(15))	800,000	1	1,129,590	2
1510 Financial assets at fair value through profit or loss – non-current (note 6(2))	232,920	-	52,877	-	2570 Deferred income tax liabilities	161,898	-	158,936	-
1517 Financial assets at fair value through other comprehensive income – non-current (note 6(3) and 8)	43,046,939	47	37,224,457	44	2580 Lease liabilities – non-current (note 6(17) and 7)	394,986	-	415,980	-
1550 Investment under the equity method (note 6(8))	24,427,011	27	22,645,341	27	2640 Net defined benefit liabilities – non-current	5,318	-	7,014	-
1600 Property, plant and equipment (note 6(11) and 8)	4,427,703	5	4,991,649	6	2645 Deposits received(note 7)	119,192	-	90,977	-
1755 Right-of-use assets (note 6(12) and 7)	500,804	1	515,427	1	2670 Other non-current liabilities – other(note 7)	110,657	-	92,454	-
1760 Net investment property (note 6(13) and 8)	3,006,556	3	1,944,313	2		<u>4,089,844</u>	<u>4</u>	<u>4,391,817</u>	<u>5</u>
1780 Intangible assets	224,754	-	245,878	-	Total liabilities	<u>18,302,686</u>	<u>19</u>	<u>19,215,657</u>	<u>23</u>
1840 Deferred income tax assets (note 6(21))	56,895	-	83,039	-	Equity attributable to the owners of the parent company (note 6(22)) :				
1920 Guaranteed deposits paid (note 8)	111,537	-	149,062	-	3110 Common stock share capital	17,104,388	19	15,837,396	19
1975 Net defined benefit assets – non-current	39,143	-	35,985	-	3200 Additional paid-in capital	1,150,677	1	1,163,321	1
1995 Other non-current assets-others (note 8)	63,534	-	83,194	-	3300 Retained earnings	16,201,843	18	15,308,863	18
	<u>76,137,796</u>	<u>83</u>	<u>67,971,222</u>	<u>80</u>	3400 Other equities	18,067,464	20	13,432,597	16
					3500 Treasury stock	(136,868)	-	(136,868)	-
						<u>52,387,504</u>	<u>58</u>	<u>45,605,309</u>	<u>54</u>
					36XX Non-controlling interests	<u>21,412,683</u>	<u>23</u>	<u>19,762,354</u>	<u>23</u>
					Total equity	<u>73,800,187</u>	<u>81</u>	<u>65,367,663</u>	<u>77</u>
Total assets	<u>\$ 92,102,873</u>	<u>100</u>	<u>84,583,320</u>	<u>100</u>	Total liabilities and equity	<u>\$ 92,102,873</u>	<u>100</u>	<u>84,583,320</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2024 and 2023

(Expressed in thousands of New Taiwan dollars)

	2024		2023	
	Amount	%	Amount	%
4000 Operating revenue (note 6(24) and 7)	\$ 12,946,776	100	13,598,464	100
5000 Operating cost (note 6(6) and 7)	10,254,375	79	11,114,722	82
Operating gross profit	2,692,401	21	2,483,742	18
Operating expenses:				
6100 Marketing expense(note 7)	698,134	5	788,486	6
6200 Management expense	580,870	5	477,153	4
6300 R&D expenses	82,398	1	56,067	-
6450 Estimate credit loss (reversal gain) (note 6(4))	75	-	(2,642)	-
	1,361,477	11	1,319,064	10
Net operating profit	1,330,924	10	1,164,678	8
Non-operating income and expenses:				
7100 Interest revenues (note 6(26))	183,400	1	124,849	1
7010 Other revenues (note 6(26))	445,618	3	437,726	3
7020 Other profit and loss (note 6(26))	163,589	1	(34,044)	-
7050 Financial cost (note 6(26))	(222,096)	(1)	(205,675)	(1)
7060 Shareholding in the profit or loss of the affiliated companies and joint ventures under the equity method (note 6(8))	3,162,377	25	3,445,784	25
	3,732,888	29	3,768,640	28
Net income before tax	5,063,812	39	4,933,318	36
7951 Less: Income tax expenses (note 6(21))	197,028	1	157,281	1
Net income	4,866,784	38	4,776,037	35
8300 Other comprehensive income:				
8310 Titles not reclassified into income				
8311 Remeasurements of defined benefit plans	4,386	-	7,818	-
8316 Unrealized valuation gains and losses from the equity instrument investment measured at fair value through other comprehensive income	5,277,003	41	7,524,963	55
8320 Share of other comprehensive income of affiliates and joint ventures under equity method	153,646	1	1,792,895	13
8349 Less: Income tax related to items not reclassified	731	-	1,303	-
Total items not reclassified into profit or loss	5,434,304	42	9,324,373	68
8360 Titles potentially reclassified into income subsequently				
8361 Exchange difference in the financial statements of foreign operations	437,900	3	(141,940)	(1)
8370 Share of other comprehensive income of affiliates and joint ventures under equity method	428,673	3	(80,507)	-
8399 Less: Income tax related to items not reclassified	72,983	1	(23,656)	-
Total items not reclassified into profit or loss	793,590	5	(198,791)	(1)
8300 Other comprehensive income in current period (net amount after tax)	6,227,894	47	9,125,582	67
Total comprehensive income	\$ 11,094,678	85	13,901,619	102
Net profit attributable to:				
8610 Parent company shareholders	\$ 4,190,598	33	4,158,206	30
8620 Non-controlling interests	676,186	5	617,831	5
Net income	\$ 4,866,784	38	4,776,037	35
Total comprehensive income attributable to:				
8710 Parent company shareholders	\$ 8,853,700	68	10,147,711	75
8720 Non-controlling interests	2,240,978	17	3,753,908	27
Total comprehensive income	\$ 11,094,678	85	13,901,619	102
EPS (unit: \$NTD) (note 6(23))				
9750 Basic earnings per share	\$ 2.46		2.44	
9850 Net income	\$ 2.46		2.44	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statement of Changes in Shareholders' Equity

For the Years Ended December 31, 2024 and 2023

(Expressed in thousands of New Taiwan dollars)

Equity attributable to the owners of parent company

	Equity attributable to the owners of parent company					Other equities		Treasury stocks	Total equity attributed to parent compan shareholders	Non-controlling interests	Total equities
	Share capital		Retained earnings			Exchange difference in the financial statements of foreign operations	Unrealized loss and profit of financial assets at fair value calculated through other comprehensive income				
	Common stock share capital	Additional paid-in capital	Legal reserve	Special reserve	Undistributed earnings						
Balance on January 1, 2023	\$ 14,801,305	1,101,041	4,219,316	141,843	9,732,138	26,492	7,435,280	(136,868)	37,320,547	16,111,576	53,432,123
Net income	-	-	-	-	4,158,206	-	-	-	4,158,206	617,831	4,776,037
Other comprehensive income	-	-	-	-	(4,484)	(213,963)	6,207,952	-	5,989,505	3,136,077	9,125,582
Total comprehensive income	-	-	-	-	4,153,722	(213,963)	6,207,952	-	10,147,711	3,753,908	13,901,619
Allocation and distribution of earnings:											
Legal reserve appropriated	-	-	397,220	-	(397,220)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(1,924,170)	-	-	-	(1,924,170)	-	(1,924,170)
Stock dividends on ordinary shares	1,036,091	-	-	-	(1,036,091)	-	-	-	-	-	-
Changes of affiliates and joint ventures under equity method	-	(29,528)	-	-	2,077	-	(2,077)	-	(29,528)	-	(29,528)
Changes in Other Capital Surplus	-	380	-	-	-	-	-	-	380	-	380
Adjustments to Capital Surplus from Dividends Distributed to Subsidiaries	-	7,756	-	-	-	-	-	-	7,756	-	7,756
Changes in Ownership Interests in Subsidiaries	-	83,672	-	-	(1,059)	-	-	-	82,613	-	82,613
Increase/decrease in non-controlling equity	-	-	-	-	-	-	-	-	-	(103,130)	(103,130)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	21,087	-	(21,087)	-	-	-	-
Balance on December 31, 2023	15,837,396	1,163,321	4,616,536	141,843	10,550,484	(187,471)	13,620,068	(136,868)	45,605,309	19,762,354	65,367,663
Net income	-	-	-	-	4,190,598	-	-	-	4,190,598	676,186	4,866,784
Other comprehensive income	-	-	-	-	20,155	799,056	3,843,891	-	4,663,102	1,564,792	6,227,894
Total comprehensive income	-	-	-	-	4,210,753	799,056	3,843,891	-	8,853,700	2,240,978	11,094,678
Allocation and distribution of earnings:											
Legal reserve appropriated	-	-	417,583	-	(417,583)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(2,058,861)	-	-	-	(2,058,861)	-	(2,058,861)
Common stock dividends	1,266,992	-	-	-	(1,266,992)	-	-	-	-	-	-
Changes of affiliates and joint ventures under equity method	-	(21,127)	-	-	8,080	-	(8,080)	-	(21,127)	-	(21,127)
Other changes in capital surplus	-	209	-	-	-	-	-	-	209	-	209
Distribution of dividend to the subsidiary to adjust the additional paid in capital	-	8,298	-	-	-	-	-	-	8,298	-	8,298
Changes in ownership interests in subsidiaries	-	(24)	-	-	-	-	-	-	(24)	-	(24)
Increase/decrease in non-controlling equity	-	-	-	-	-	-	-	-	-	(590,649)	(590,649)
Balance on December 31, 2024	\$ 17,104,388	1,150,677	5,034,119	141,843	11,025,881	611,585	17,455,879	(136,868)	52,387,504	21,412,683	73,800,187

See accompanying notes to consolidated financial statements.

Lien Hwa Industrial Holdings Corporation and Subsidiaries
Consolidated Statement of Cash Flow
For the Years Ended December 31, 2024 and 2023
(Expressed in thousands of New Taiwan dollars)

	2024	2023
Cash flow from operating activities:		
Net income before tax	\$ 5,063,812	4,933,318
Adjustments:		
Income/expenses		
Depreciation expense	385,690	374,794
Amortization expense	38,719	37,937
Estimate credit (reversal gain) loss	74	(2,642)
Net earnings of financial assets and liabilities measured at fair value through profit or loss	(98,552)	(26,106)
Interest expense	222,096	205,675
Interest income	(183,400)	(124,849)
Dividend income	(1,437,334)	(1,561,738)
Shareholding in the profit of the affiliated companies and joint ventures under the equity method	(3,176,067)	(3,458,436)
Loss from the disposal and scrap of property, plants and equipment	(13,640)	3,822
Gain on disposal of investment properties	(68,540)	(2,696)
Impairment of non financial assets (reversal gain)	13,902	9,104
Other adjustments to reconcile profit	(892)	(670)
Income/expenses	(4,317,944)	(4,545,805)
Changes in operating activities related assets and liabilities:		
Net changes in assets relating to operating activities:		
Contract assets	(309,700)	48,674
Receivable notes	123,004	22,361
Accounts receivable	773,358	(1,361,864)
Other receivable	22,105	(14,806)
Other receivable-related parties	212	148
Inventory	176,524	168,851
Other current assets	126,467	(91,570)
Net defined benefit assets	(479)	(12,910)
Net changes in assets relating to operating activities	911,491	(1,241,116)
Net changes in liabilities relating to operating activities:		
Contract liabilities	289,620	85,403
Notes payable	(39,033)	57,392
Accounts payable	(630,616)	913,188
Other payable	(65,972)	78,282
Other current liabilities	(91,211)	83,956
Net changes in liabilities relating to operating activities	(537,212)	1,218,221
Changes in operating activities related assets and liabilities	374,279	(22,895)
Adjustments	(3,943,665)	(4,568,700)
Cash flow from operating activities	1,120,147	364,618
Interest received	162,096	103,939
Dividend received	3,177,811	3,372,296
Interest paid	(223,573)	(202,931)
Income tax paid	(154,985)	(98,000)
Net cash inflow from operating activities	4,081,496	3,539,922

(Continued)

Lien Hwa Industrial Holdings Corporation and Subsidiaries
Consolidated Statement of Cash Flow
For the Years Ended December 31, 2024 and 2023
(Expressed in thousands of New Taiwan dollars)

	<u>2024</u>	<u>2023</u>
Cash flow from investing activities:		
Acquisition of financial assets measured at fair values through other comprehensive profit or loss	\$ (285,965)	(2,500)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	60,399
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	44,775	49,623
Acquisition of financial assets at fair value through profit or loss	(1,165,199)	(1,565,198)
Proceeds from disposal of financial assets at fair value through profit or loss	1,050,656	1,086,881
Acquisition of investments under the equity method	(681)	-
Net cash flow from acquisition of subsidiaries	-	(160,679)
Acquisition of property, plant and equipment	(323,608)	(628,574)
Proceeds from disposal of property, plant and equipment	24,565	4,302
Refundable deposits	37,923	(24,054)
Acquisition of intangible assets	(28,695)	(31,761)
Acquisition of investment properties	(566,313)	(16,240)
Proceeds from disposal of investment properties	72,915	6,934
Increase in other non current assets	257,562	(48,770)
Net cash outflow from investing activities	<u>(882,065)</u>	<u>(1,269,637)</u>
Cash flow from financing activities:		
short-term debt	457,000	579,000
Short-term Notes Payable	(299,929)	240,267
Borrowing of long term loan	-	650,000
Retirement of long term loans	(538,756)	(38,570)
Deposits received	27,450	13,253
Payments of lease liabilities	(58,725)	(61,775)
Non-current lease liabilities	16,330	17
Cash dividend distribution	(2,056,064)	(1,916,414)
Change in non controlling interests	(584,029)	(1,319)
Other financing activities	(145)	411
Net cash outflow from financing activities	<u>(3,036,868)</u>	<u>(535,130)</u>
Effect of foreign exchange rate change	<u>117,946</u>	<u>37,004</u>
Current cash and cash equivalents increase	280,509	1,772,159
Opening balance of cash and cash equivalents	<u>4,686,205</u>	<u>2,914,046</u>
Closing balance of cash and cash equivalents	<u>\$ 4,966,714</u>	<u>4,686,205</u>

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

Lien Hwa Industrial Holdings Corporation and Subsidiaries
Notes to the consolidated financial statements
For the Years Ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company profile

Lien Hwa Industrial Holdings Corporation (Hereinafter referred to as “the Company”.) was established in the Republic of China. The Company's primary business involves overseeing the operations of its subsidiaries and managing investments to enhance the overall efficiency of the group. To align with the Company's business development needs, a resolution was passed at the shareholders' meeting on May 27, 2024, approving the name change. The change was subsequently approved by the Ministry of Economic Affairs on August 28, 2024, officially renaming the Company from Lianhua Industrial Investment Holdings Co., Ltd. to Lian Hwa Industrial Holdings Co., Ltd.

II. Financial report approval date and procedures

The parent company only financial statements were approved and published by the Board of Directors on March 10, 2025.

III. Application of new standards, amendments and interpretations

(1) We have adopted the new standards, amendments and interpretations approved by the Financial Supervisory Commission.

The company has applied the following amended IFRS since January 1, 2024, and its application of such amended IFRS shall have little chance leading to material impacts in the parent company only financial statements

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

(2) Effect when the Company has yet to adopt the IFRSs approved by the FSC.

The company evaluated that the application of the following amended IFRS since January 1, 2025 shall have little chance leading to material impacts in the parent company only financial statements.

- Amendments to IAS21 "Lack of Exchangeability"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and measurement of Financial Instruments" Regarding the Application Guidance of Section 4.1 of National Financial Reporting Standard No. 9 and the Relevant Disclosure Standards of National Financial Reporting Standard No. 7.

Lien Hwa Industrial Holdings Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

Name of investment company	Name of subsidiary	Nature of business	Shareholding ratio		Remarks
			December 31, 2024	December 31, 2023	

(3) The impact of IFRSs issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC :

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS18 "Presentation and Disclosure in Financial Statements"	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> •A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. •Management Performance Measures (MPM): The new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. •Greater disaggregation of information: <ul style="list-style-type: none"> The new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

The consolidated company is currently assessing the impact of the above criteria and interpretations on its financial position and operating results. The related impact will be disclosed upon completion of the evaluation."

The consolidated company expects that the following newly issued and revised standards, which have not yet been adopted, will not have a significant impact on the

Lien Hwa Industrial Holdings Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- IFRS 19 "Subsidiaries not publicly accountable: Disclosure"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and measurement of Financial Instruments"
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 " amendments on contracts that reference nature-dependent electricity"

IV. Summary of Significant Accounting Policies

The important accounting policies applied by the financial statements are summarized as follows: The following accounting policies have been applied during the presentation period of the consolidated financial statements.

(I) Statement of compliance

The consolidated financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Regulations) and IFRSs, IASs, and interpretations thereof (collectively referred to as FSC-approved IFRS) that were recognized and released by the FSC.

(II) Basis for preparation

1. Basis for measurement

Except the following important items in the balance sheet, the consolidated financial statement was prepared based on the historical cost:

- (1) Financial assets measured at fair value through profit or loss;
- (2) Financial assets measured at fair value through other comprehensive profit or loss; and
- (3) Net defined benefit liabilities (assets) measured at the fair value of pension fund assets with the deduction of the present value of a defined benefit obligation and the ceiling effect described in note 4(19).

2. Functional currency and presentation currency

Each vehicle of the consolidated company used the currency of the primary economic environment as its functional currency. The consolidated financial statements were prepared in the Company's functional currency, NT Dollar. All of the financial information presented in NTD should be held presented in NTD 1,000 as the currency unit.

Lien Hwa Industrial Holdings Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

(III) Basis for consolidation

1. Principle for the preparation of consolidated financial statements

The entities in the consolidated financial statements include the Company and the entities controlled by the Company (subsidiaries). When the Company is exposed to the changes of remuneration participated by the invested entities or is entitled to changes of remuneration, and is able to influence the remuneration by virtue of its power over the invested entities, the Company is held controlling the entities.

The financial statements of the subsidiaries are incorporated in the consolidated financial statements from the day the Company acquires control over the subsidiaries until the day it loses control over the subsidiaries. The inter-company transaction, balance amount, and unrealized income and expense of the consolidated company are eliminated when preparing the consolidated financial statements. The total amount of the comprehensive profit or loss of subsidiaries should be attributable to the owner of the Company and be stated as non-controlling interests, and the same shall apply if the non-controlling interests become loss.

The financial statements of subsidiaries are adjusted as appropriate for the purpose of consistency between their accounting policies and the accounting policies applied by the consolidated company.

If the consolidated company's equity ownership change in a subsidiary does not result in the loss of control of the subsidiary, it is treated as equity transaction with the shareholders. The price difference between the adjustment value of non-controlling interests and fair value of paid or collected consideration shall be recognized as equity and attributed to the owner of the Company directly.

2. The subsidiaries included in the consolidated financial statements

The subsidiaries included in the consolidated financial statements include:

Name of investment	Name of subsidiary	Nature of business	Shareholding ratio		Remarks
			December 31, 2024	December 31, 2023	
The Company	Hua Cheng Investment Co., Ltd	General investment	100.00%	100.00%	(Note7)
"	Lien Rui Investment Corp	"	100.00%	100.00%	
"	Fortune Dragon Holding Inc	"	100.00%	100.00%	
"	MiTAC Inc	"	35.89%	35.89%	

Lien Hwa Industrial Holdings Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

"	MiTAC Information Technology Corp.	Integrated system service, automatic system, applied software design and sale of industrial computer	38.77%	38.77%	(Note 1)
"	Lien Hwa Property Development Corporation	General investment	100.00%	100.00%	
"	Asia Hydrogen Energy Corporation	Manufacture of machinery and equipment for power generation, transmission and distribution, and energy technology service.	50.927%	50.927%	(Note 2)
"	Lien Hwa Milling Corporation	Flour production and sale	74.999%	74.999%	
"	Lien Hwa Industrial Corporation	General investment	100.00%	100.00%	(Note 8)
Hua Cheng Investment Co., Ltd	Jian Foods Incorporation	Wholesaling and retailing business	0.001%	0.001%	Hua Cheng Investment Co., Ltd. and Lien Rui Investment Corp. hold 97.091% of the shares of the company. It is therefore deemed as a subsidiary.
"	Camel Ring International Company	"	0.16%	0.16%	Hua Cheng Investment Co., Ltd. and Lien Rui Investment Corp. hold 100% of the shares of the company. It is therefore deemed as a subsidiary
"	MiTAC Inc	General investment	1.95%	1.95%	
"	MiTAC Information Technology Corp.	Integrated system service, automatic system, applied software design and sale of industrial computer	5.30%	5.30%	(Note1)

Lien Hwa Industrial Holdings Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

Hua Cheng Investment Co., Ltd	Lien Hwa Milling Corporation	Flour production and sale	0.001%	0.001%	Hua Cheng Investment Co., Ltd. and Lien Rui Investment Corp. hold 75% of the shares of the company. It is therefore deemed as a subsidiary
"	Asia Hydrogen Energy Corporation	Manufacture of machinery and equipment for power generation, transmission and distribution, and energy technology service.	0.007%	0.007%	Hua Cheng Investment Co., Ltd. and Lien Rui Investment Corp. hold 50.934% of the shares of the company. It is therefore deemed as a subsidiary. (Note 2)
Lien Rui Investment Corp.	Jian Foods Incorporation	Wholesaling and retailing business	97.09%	97.09%	(Note3)
"	Oggi Restaurant Group Co., Ltd	Restaurant business	100.00%	100.00%	
"	Camel Ring International Company	Wholesaling and retailing business	99.84%	99.84%	
Fortune Dragon Holding Inc.	Pacific Gateway Holdings Inc.	General investment	100.00%	100.00%	
"	Hifood Co.,Ltd.	"	65.81%	65.81%	
"	Sun Lead International Limited	"	100.00%	100.00%	
Pacific Gateway Holdings Inc	Yantai Taihwa Food Industrial Co., Ltd.	Flour production and sale	100.00%	100.00%	
Hifood Co., Ltd.	Hifood(Shanghai) Co., Ltd	Rental and leasing business	100.00%	100.00%	
MiTAC Inc.	Mix System Holdings Ltd. (MIX)	General investment	100.00%	100.00%	
"	Ho Li Investment Co., Ltd.	"	100.00%	100.00%	
"	MiTAC Hikari Corp.	System integration service	50.00%	50.00%	
"	MiTAC Information Technology Corp.	Integrated system service, automatic system, applied software design and sale of industrial computer	33.22%	33.18%	(Note 4)
"	MiTAC Advance Technology Corp.	Information Software Services, Computer and Peripheral Equipment Manufacturing, Other Electrical Engineering and Electronic Machinery Equipment Manufacturing	11.05%	11.05%	MiTAC Inc. and MiTAC Information Technology Corp. hold 70.5% of the shares of the company. It is therefore deemed as a subsidiary. (Note 5)
MIX	Mitac Investment China Co., Ltd. (MICCL)	General investment	100.00%	100.00%	

Lien Hwa Industrial Holdings Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

MICCL	Mitac (Shanghai) Business Management Consulting Co., Ltd.	Business management consulting, business information consulting and system integration services	100.00%	100.00%	
Mitac (Shanghai) Business Management Consulting Co., Ltd.	Claridy Solutions (Wuxi), Inc.	Research and development of Radio Frequency Identification (RFID) technology; production and sale of the products	6.33%	6.33%	Mitac (Shanghai) Business Management Consulting Co., Ltd. and Aidixun hold 100% of the shares of the company. It is therefore deemed as a subsidiary.
MiTAC Information Technology Corp.	MiTAC Communication Co., Ltd	Sale, rental and maintenance of telephone switching systems and data communication products, communication system project contracting	100.00%	100.00%	
	Samoa Mitac Information Holding Ltd. (MiTAC Information Holding Co., Ltd.)	General investment	100.00%	100.00%	
"	Mitac Information Technology (Singapore) Pte. Ltd	Semiconductor Facility Monitoring and Control System engineering, Network Communication System engineering	100.00%	100.00%	
"	General Resources Co.	Railway E&M system engineering、Environmental protection solutions engineering (exhaust gas system treatment)	100.00%	100.00%	
"	MiTAC Advance Technology Corp.	Information Software Services, Computer and Peripheral Equipment Manufacturing, Other Electrical Engineering and Electronic Machinery Equipment Manufacturing	59.45%	59.45%	(Note5)
General Resources Co	General Resources Company (HK) Limited	Railway E&M system engineering	100.00%	100.00%	
	GENERAL RESOURCES VIETNAM COMPANY LIMITED	Railway E&M system engineering	100.00%	100.00%	
MiTAC Information Holding Co., Ltd.	Aidixun Investment Co.,Ltd(Aidixun)	General investment	100.00%	100.00%	
Aidixun	Claridy Solutions (Wuxi), Inc.	Research and development of Radio Frequency Identification (RFID) technology; production and sale of the products	93.67%	93.67%	(Note6)

Note 1: MiTAC Information Technology Corp. carried out a cash capital increase of NT\$ 240,000 thousand on August 18, 2023. The company and Hua Cheng Investment Co., Ltd.

Lien Hwa Industrial Holdings Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

relinquished their subscription shares on September 21, 2023.

Note 2: The consolidated company invested in Asia Hydrogen Energy Corporation on November 30, 2023, with a total investment amount of NT\$303,958 thousand and shareholding ratio of 50.93%.

Note 3: Jian Foods Incorporation conducted a cash capital increase of NT\$36,000 thousand on August 22, 2023, all of which were subscribed by Lien Rui Investment Corp.

Note 4: MiTAC Information Technology Corp. carried out a cash capital increase of NT\$36,000 thousand on August 18, 2023, with MiTAC Inc. subscribed for NT\$237,054 thousand.

Note 5: MiTAC Information Technology Corp. invested in the establishment of MiTAC Advance Technology Corp. on July 27, 2023, with a total investment of NT\$1,000 thousand and shareholding ratio is 100%. Additionally, in August 2023, the board of directors decided to spin off its Innovation Technology business group to Shenyao Technology Co., Ltd. On August 18, 2023, the board of directors approved the division of its innovative technology business group to MiTAC Advance Technology Corp. were exchanged for 50,000 thousand shares of common stock at NT\$10 per share, totaling 50,100 thousand shares. The record date of the division is November 1, 2023. MiTAC Advance Technology Corp. conducted cash capital increase of 4,900 thousand shares on November 24, 2023 and 35,000 thousand shares on December 6, 2023. MiTAC Information Technology Corp. subscribed for a total of 3,410 thousand shares, MiTAC Inc. subscribed for a total of 9,943 thousand shares.

Note 6: The consolidated company conducted an investment structure adjustment in October 2023 and merged Claridy Solutions (Wuxi), Inc. and Claridy Solutions (Nanjing), Inc. After the merger, Claridy Solutions (Nanjing), Inc. became an eliminated company, and Claridy Solutions (Wuxi), Inc. as the surviving company. The adjusted shareholding ratio in Claridy Solutions (Wuxi), Inc. increased from 89.69% to 93.67%.

Note 7: Hua Cheng Investment Co., Ltd. conducted a cash capital increase of NT\$295,000 thousand on May 16, 2024, all of which were subscribed by our company.

Note 8: Lien Hwa Industrial Corporation conducted a cash capital increase of NT\$23,000 thousand on July 26, 2024, all of which were subscribed by our company.

3. The subsidiaries that are not included in the consolidated financial statements: None.

(IV) Foreign currency

1. Transactions in foreign currencies

Foreign currency transactions are converted into the functional currency using exchange rates on the date of transaction. Monetary foreign currency accounts as of the end of the reporting period (referred to as the reporting date) are converted into the functional currency using exchange rates on the reporting date.

Lien Hwa Industrial Holdings Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

The foreign currency non-monetary item measured at fair value is converted into functional currency in accordance with the exchange rate on the valuation date. The foreign currency non-monetary item valued at historical cost is converted in accordance with the exchange rates on the transaction date.

The foreign currency exchange difference generated from conversion shall be recognized in profit and loss. But under the circumstances below, it shall be recognized in other comprehensive income.

- (1) Equity instrument designated to be measured at fair value through other comprehensive income ;
- (2) Financial liabilities designated as hedges of foreign institution's net investment are within the effective hedge scope ; or
- (3) Qualified cash flow hedge is within the effective hedge scope.

2.Foreign operating agency

Assets and liabilities of foreign operations, including the goodwill and fair value adjustment generated at the time of acquisition, shall be converted into NTD on the reporting date. Income and expenses are converted into NTD at the average exchange rate in the current period, and the exchange different generated therefor shall be stated as other comprehensive profit or loss.

When the disposal of a foreign operation causing a loss of control, loss of joint control, or significant influence, the cumulative exchange difference related to the foreign operation is entirely reclassified as profit or loss. If the disposal involves any subsidiary of the foreign operations, the relevant accumulated exchange difference shall be reclassified into the non-controlling interests on a pro rata basis. If the disposal involves any affiliate or joint venture of the foreign operations, the relevant accumulated exchange difference shall be reclassified into income or loss on a pro rata basis.

If no repayment program is defined with respect to monetary item receivable or payable of the foreign operations and it is impossible to settle in the foreseeable future, the foreign currency exchange gain or loss generated therefor shall be held as a part of the net investment of the foreign operations and recognized as other comprehensive profit or loss.

(V) Classification of assets and liabilities as current and non-current

Assets that meet any of the following criteria are classified as current assets; assets other than the current assets are classified as non-current assets:

- 1.Assets expected to be realized, intent to be sold or consumed over the normal operating cycles ;
- 2.Assets held primarily for the trading purpose ;

Lien Hwa Industrial Holdings Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

3. Assets expected to be realized within 12 months after the reporting period ; or
4. Assets in cash or cash equivalents, except for those that are used for an exchange or to settle a liability, or otherwise remain restricted in more than 12 months after the reporting period.

Liabilities that meet any of the following criteria are classified as current liabilities; liabilities other than current liabilities are classified as non-current liabilities:

1. Liabilities expected to be settled over the normal operating cycles ;
2. Liabilities held primarily for the trading purpose ;
3. Liabilities expected to be settled within 12 months after the reporting period ; or
4. Liabilities whose settlement period may not be unconditionally extended for at least 12 months after the reporting period. Liabilities under the terms that give counterparties the option to repay in the form of equity instruments and without the effect on their classification due to such terms

(VI) Cash and cash equivalent

Cash includes cash reserves and current deposit balance. Cash equivalent includes short-term and highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of changes in value. The time deposits that fall into the above definition and are intended to satisfy the short-term cash commitment instead of investment or other purposes shall be stated as cash or cash equivalents.

(VII) Financial instruments

Accounts receivable and debt securities issued are recognized at time of generation. All other financial assets and financial liabilities are recognized when the Company becomes a contracting party of the terms and conditions of the financial instruments concerned. For the financial assets that are not measured at fair value through profit or loss (excluding accounts receivable that comprises material financial parts) or financial liabilities shall be initially evaluated based on the fair value, plus the directly attributable acquired or issued transaction cost. Accounts receivable that comprises material financial parts shall be initially measured based on the transaction price.

1. Financial assets

For the financial assets that are purchased or sold in accordance with the general trade practice, and the financial assets that are classified in the same way, the Company processes the purchase and sale in accordance with the trade date accounting.

The financial assets can be classified into the following categories during the initial recognition: financial assets measured at amortized cost and the equity instrument investment measured at fair value through other comprehensive income. When, and only

Lien Hwa Industrial Holdings Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

when, the Company changes its business model for managing financial assets, it must reclassify all affected financial assets from the first day of the reporting period.

(1) Financial assets measured at amortized cost

The financial asset that meets the following criteria and is not designated to be measured at fair value through profit and loss shall be measured at amortized cost:

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

The above assets are measured at initial recognition value plus or minus, and the accumulated amortization is calculated with the effective interest method. And the amortized cost of the loss allowance is adjusted before the measurement. The interest revenue, foreign currency exchange gain or loss and impairment are recognized in profit or loss. During derecognition, the profit or loss is recognized in profit or loss.

(2) Financial assets measured at fair values through other comprehensive profit or loss

The debt instrument investment that meets the following criteria and is not designated to be measured at fair value through profit and loss shall be measured at fair value through other comprehensive profit or loss:

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

The consolidated company may, at initial recognition, irrevocably make a choice to recognize the later fair value change of the equity instrument investment held not for transaction in other comprehensive profit or loss. The above choice is made on the basis of the instrument-by-instrument approach.

The debt instrument investment shall be measured at fair value. The interest revenue, foreign currency exchange gain or loss and impairment calculated using the effective interest method are recognized in profit or loss. Other net profit or loss is recognized in other comprehensive profit or loss. When derecognizing, the accumulated amount of other comprehensive profit or loss will be reclassified as profit or loss.

The equity instrument investment shall be measured at fair value. Dividend income (excluding obvious recovery of partial investment cost) is recognized in profit or loss. Other net profit or loss is recognized in other comprehensive profit or loss and will not be reclassified as profit or loss.

Lien Hwa Industrial Holdings Corporation and Subsidiaries

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Dividend income of the equity investment will be recognized on the day when the consolidated company has the right to collect the dividend income (usually the ex-dividend date)

(3) Financial assets measured at fair value through profit and loss

Financial assets that are not measured at amortized cost or fair value through other comprehensive profit or loss shall be measure at fair value through profit or loss. The derivative financial assets are assets of this kind. If the consolidated company intends to sell the account receivable immediately or in the near future, and the account receivable is measures at fair value through profit or loss, the account receivable shall be included in the account receivable below. The consolidated company may, at initial recognition, irrevocably designate a financial asset that would otherwise have to be measured at amortized cost or fair value through other comprehensive income to be measured at fair value through profit or loss if doing so would eliminate or significantly reduce accounting mismatch.

The asset will be measured at fair value through profit or loss and the net profit or loss (including any dividend and interest income) is recognized in profit or loss.

(4) Impairment of financial assets

The consolidated company recognizes the financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, guaranteed deposits paid and other financial assets), debt instrument investment measured at fair value through other comprehensive income and expected credit losses of contract assets in loss allowance.

The loss allowance of the following financial asset is measured at 12-month expected credit losses. The other is measured at expected credit losses of the duration:

- The determined credit risk of the debt security on the reporting date is low ; and
- The credit risk of other debt securities and bank deposits (i.e. the default risk happened throughout the expected duration of the financial instrument) does not increase significantly after the initial recognition.

The loss allowance of notes receivable, accounts receivable and contract assets are measured at the expected credit losses throughout the duration.

When determining whether the credit risk has increased significantly after the initial recognition, the consolidated company shall take reasonable and supporting materials into consideration (acquired through not too much cost and effort), including qualitative and quantitative data. Besides, the experience of the consolidated company, credit assessment and forward-looking information shall be used for the analysis.

Lien Hwa Industrial Holdings Corporation and Subsidiaries

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The consolidated company determines the expected credit loss rate based on the local industry environment where the business department is at and the customer's credit rating. Taiwan, mainland China and the system integration business are assessed respectively.

If the payment of the above contracts has past due for over 120 days and 180 days, the consolidated company will assume the credit risk of the financial asset has increased significantly.

If the payment of the above contracts has past due for over 180 days and 365 days, the consolidated company takes it as a default of the financial asset contract has occurred.

The expected credit loss is the weighted credit loss rate estimation of the financial instrument throughout the expected duration. The credit loss is measured at present value of the all cash shortfalls. The cash shortfall is the difference between the contractual cash flow that the consolidated company can collect and the cash flow the consolidated company expects to collect. The expected credit loss uses the effective rate of the financial asset for discount.

The consolidated company assesses whether credit impairment has occurred on every reporting date based on financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive profit or loss. When one or several matters that will negatively affect the estimated future cash flow of financial assets happen, the credit impairment occurs. The evidence that proves the credit impairment of financial assets includes the following observable information:

- The borrower or issuer has major financial difficulty ;
- Contract default. Such as overdue or non-performance of payment for over 180 to 365 days.
- Due to economic or contractual reason with respect to the borrower's financial difficulty, the consolidated company compromises on things it would not give in.
- The borrower is likely to file for bankruptcy or proceed with other financial reorganizations; or
- The active market of financial assets might extinguish due to financial difficulty.

The loss allowance of financial assets measured at amortized cost is deducted from the book value of assets. The loss allowance of debt instrument investment measured at fair value through other comprehensive profit or loss adjusts profit or loss and is recognized in other comprehensive income (and the book value of assets will not

Lien Hwa Industrial Holdings Corporation and Subsidiaries
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decrease)

When the consolidated company cannot reasonably expect all or parts of the recovered financial assets, it will reduce the total book value of its financial assets directly. For company customers, the consolidated company analyzes the write-off time and amount respectively based on whether it can reasonably expect the recovery. The consolidated company expects the written-off amount will not result in significant reversal. However, the enforcement of the written-off financial assets can still be performed to be in conformity with the procedure for the consolidated company to recover the overdue amount.

(5) Derecognition of financial assets

The consolidated company derecognizes financial assets only when the contractual rights on the cash flow of the assets are terminated, or financial assets are transferred and almost full risk and return of the asset ownership are transferred to other business, or almost full risk and return of the ownership is not transferred or retained and the control of financial assets is not retained.

When the consolidated company is entering a financial asset transaction, if all or almost full risk and return of the transferred assets ownership are retained, recognition in the balance sheet will still be performed.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

The debt and equity instruments issued by the consolidated company are classified as financial liability or equity in accordance with the substance of contractual agreements and the definition of financial liabilities and equity instruments.

(2) Equity transaction

Equity instruments are the contracts that evidence a residual interest in the assets of the consolidated company after deducting all of its liabilities. The equity instruments issued by the consolidated company are recognized based on the amount of the acquired price with deduction of the direct issuance cost.

(3) Treasury stocks

When repurchasing the equity instrument that has been recognized by the Company, the consideration paid for the repurchase (including directly attributable costs) is recognized as equity loss. The share that is repurchased is classified as treasury stock. The collected amount of the sale or repurchase of treasury stocks will be recognized as equity increase. The surplus or deficit result from the transaction will be recognized as additional paid-in capital or retained earnings (if the additional paid-in capital is

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insufficient for write-off).

(4) Financial liabilities

Financial liabilities can be classified as the liabilities measured at amortized cost or the liabilities measured at fair value through profit or loss. If the financial liabilities are held for trading, are derivatives or designated during initial recognition, the financial liabilities will be measured at fair value through profit or loss. The financial liabilities that are measured at fair value through profit or loss measured at fair value will be recognized in profit or loss. This applies to relative net profit and loss, including any interest payment.

Other financial liabilities are measured at amortized cost using the effective interest method. The interest payment and exchange gain or loss are recognized in profit or loss. Any profit or loss is recognized in profit or loss when derecognizing.

(5) Derecognition of financial liabilities

Consolidated company will have financial liabilities derecognized when the contractual obligation is performed, discharged, or expired. When the financial liabilities clauses are modified and the cash flow of the modified liabilities has significant difference, the original financial liabilities will be derecognized and the new financial liabilities will be recognized at fair value based on the modified clauses.

When removing financial liabilities from the balance sheet, any differences between the book value and the amount paid or payable (including any non-cash assets transferred and any liabilities assumed as part of the arrangement) are recognized through profit and loss.

(6) Offset of financial assets and liabilities

Financial assets and liabilities may be offset against each other and reported in the balance sheet in net amount only when the consolidated company is entitled to such offset exercisable under laws and intends to settle in net amount, or assets are realized and liabilities are repaid at the same time.

(VIII) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost should include the costs of acquisition, production or processing or others incurred when the inventory is sellable or producible and at the location where the inventory is sellable or producible, and calculated under weighted average method. The costs of inventories for finished goods and work in process include the manufacturing expenses amortized based on the normal productivity on a pro rata basis.

Net realizable value is the estimated selling price of inventories less all estimated costs

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of completion and necessary selling costs under the normal operation.

The equipment related to the integrated system service purchased and stored at the location of the customer for pre-sale tests according to the contract is presented as contract assets.

(IX) Non-current Assets Held for Sale

1. Non-current Assets (or Disposal Groups) Held for Sale

Non-current assets or disposal groups consisting of assets and liabilities are classified as held for sale when it is highly probable that they will be recovered principally through a sale rather than through continuing use. Before being classified as held for sale, the components of the asset or disposal group are remeasured in accordance with the accounting policies of the consolidated company. After classification as held for sale, they are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then allocated on a pro-rata basis to the remaining assets and liabilities, except for those assets that are not within the scope of IAS 36 (Impairment of Assets), which continue to be measured according to the consolidated company's accounting policies.

Impairment losses recognized on initial classification as held for sale and subsequent remeasurements resulting in gains or losses are recognized in profit or loss. However, any reversal of impairment gains should not exceed the cumulative impairment losses previously recognized.

(X) Investment in Affiliated enterprise

Affiliated enterprise is the one that the consolidated company has significant influence on and no control or joint control over its financial and operating policies.

The equities of the consolidated company in the affiliated enterprise are disposed under the equity method. Under the equity method, the original acquisition is recognized at cost and the investment cost includes the transaction cost. The book value of investments in an affiliated enterprise includes the goodwill identified in original investment net of any accumulated impairment loss.

The consolidated financial statements shall include the profit and loss from the invested affiliates recognized subject to the equity ratio and other comprehensive income upon adjustment made in line with the consolidated company's accounting policy, from the date when the consolidated company has major influence till the date when the consolidated company loses the major influence. When changes to equity irrespective of profit and loss or comprehensive income occur to an affiliated enterprise with no impact on the shareholding ratio of the consolidated company, the consolidated company's share of such changes in

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equity will be recognized as additional paid-in capital based on the shareholding ratio.

The unrealized gain and loss deriving from the transactions between the consolidated company and the affiliated enterprise are recognized in the financial statement of the enterprise within the scope of equity of the non-related investor in the affiliated enterprise.

When the loss in the affiliated enterprise recognized proportionally by the consolidated company equals or exceeds its interest in the affiliated enterprise, stop recognizing loss; also, only recognizes additional loss and related liability upon the occurrence of a legal obligation, constructive obligations, or prepayment made on behalf of the invested company.

The investment is no longer recognized under the equity method from the date on which the consolidated company stops the investment in the affiliated enterprise. The preserved equity is measured at fair value. The difference between the fair value and the disposal amount of the preserved equity and the book value of investment on the date on which the equity method is not adopted is recognized as current profit and loss. Where the accounting treatment for the values related to the investment as recognized into other comprehensive income previously is identical with the basis for the affiliated enterprise's direct disposition of related assets or liabilities, namely, when the related assets or liabilities are disposed, the gain or loss recognized in other comprehensive profit or loss previously is to be reclassified as retained earnings. If the ownership interest of the consolidated company in the affiliated enterprise decreases but remains under the equity method, the consolidated company will follow the method stated above to reclassify and adjust the gain or loss recognized in other comprehensive profit or loss previously relating to such ownership interest decrease based on the decline ratio.

When an affiliated company issues new shares and the company does not subscribe in proportion to its shareholding, resulting in a change in the shareholding ratio and, consequently, a change in the equity value of the investment, the increase or decrease is adjusted to capital surplus and accounted for using the equity method. If such an adjustment reduces capital surplus but the remaining balance of capital surplus arising from the equity method investment is insufficient, the shortfall is debited to retained earnings. However, if the company's failure to subscribe in proportion to its shareholding results in a decrease in its ownership interest in the affiliated company, any amounts previously recognized in other comprehensive income related to the affiliated company shall be reclassified in proportion to the reduction. The accounting treatment follows the same basis as that required when the affiliated company directly disposes of related assets or liabilities.

(XI) Investment property

Investment property is held for earning rent income or for capital appreciation, or both,

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rather than for normal business operation, for sale, used in production, for supply of goods or services, or for administrative purposes. Investment property is initially measured at cost and then subsequently measured at cost subtracting by accumulated depreciation and Impairment. The depreciation methods, life duration and residual values of investment property are same as the practice of the property, plant, and equipment.

The gain or loss on disposal of investment property (calculated based on the difference between the net disposal proceeds and the book value of such item) is recognized in profit and loss.

The rent income arising from investment property is recognized as rent income in accordance with the straight-line method over the lease period. Also, the given lease incentives is recognized as part of the overall rent income over the lease period.

(XII) Property, plant, and equipment

1. Recognition and Measurement

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

When the crucial components of the property, plant and equipment have different useful years, the property, plant and equipment shall be disposed separately (for major components).

The gain or loss on disposal of property, plant and equipment is recognized in the profit or loss.

2. Subsequent cost

The subsequent cost may be capitalized only when its future economic effect will probably inflow to the consolidated company.

3. Depreciation

The depreciation shall be calculated at the cost of assets less residual value and recognized as income using straight-line method over the estimated useful years for each component.

No depreciation of land is required.

The estimated useful years in the current period and comparative period are stated as follows:

(1) Building and structure	2 - 55 years
(2) Machine and equipment	1 - 20 years
(3) Transportation equipment	2 - 6 years
(4) Office equipment	3 - 20 years
(5) Other equipment	2 - 20 years

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The consolidated company shall review the depreciation, useful years and residual value on the reporting date every year and make appropriate adjustment if necessary.

4. Reclassified to investment property

When the usage of the own-occupied property is changed to investment property, the property shall be reclassified as investment property in accordance with the book value at the time of changing the intended use.

(XIII) Lease

The consolidated company assesses whether the contract belongs to or includes the lease on the formation date of the contract. If the contract transfers the controlling interest in the use of identified asset for a period of time to exchange for consideration, then the contract belongs to or includes the lease.

1. Lessee

The right-of-use assets and lease liabilities are recognized by the consolidated company on the starting date of the lease. The right-of-use asset is initially measured by the cost, including the initial measurement amount of the lease liabilities, any lease payment paid on the starting date of the lease adjustment or in advance plus the initial direct costs generated and the estimated costs for the removal and restoration of the underlying assets with its locations while deducting any received lease incentives.

The subsequent right-of-use assets are depreciated under straight-line method from the lease starting date to the end of its useful years or the expiration of the lease period, the earlier one expired shall prevail. In addition, the consolidated company regularly assesses whether the right-of-use assets have impairment, manages any occurred impairment losses and adjusts the right-of-use assets in case of re-measurement of the lease liabilities.

The lease liabilities are initially measured at current value of the unpaid lease payment on the lease starting date. If the interest rate implicit in a lease is easily defined, then the discount rate will be the interest rate. If not, the consolidated company's incremental borrowing rate of interest will be adopted. Generally, the consolidated company adopts its incremental borrowing rate of interest as the discount rate.

The lease payments included in the lease liabilities measurement contains:

- (1) Fixed payments including the substantive fixed payment;
- (2) Variable lease payments depending on certain index or rate. The initial measurement adopts the index or rate on the lease starting date.
- (3) The residual guarantee amount of the expected payment; and
- (4) The exercise price or required penalties when exercising the purchase or lease termination options in reasonable and certain manner.

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The interest of the lease liabilities is calculated by effective interest method afterwards, the its amount is measured in case of the following:

- (1) The changes in the index or rate determining the lease payments cause the changes in the future lease payments;
- (2) Changes in the residual guarantee amount of the expected payment;
- (3) Changes in the assessment relating the purchase options of underlying assets;
- (4) The assessment made during the lease term changes due to the changes in the assessment of whether to extend or terminate the options;
- (5) Modification in the subject, scope or other clauses of the lease.

When the lease liabilities are re-measured due to the changes in the index or rate determining the lease payments, changes in the residual guarantee amount and the re-measurement resulted from the assessment changes in the extension or termination of options, the book amount of the right-of-use assets shall be adjusted accordingly. When the book value of the right-of-use assets is reduced to zero, the remaining re-measured amount shall be recognized as income.

For the lease modification in reducing the scope of lease, the book value of the right-of-use assets is reduced to reflect the partial or overall termination of lease and the difference between the re-measured amounts of lease modification and liabilities shall be recognized as income.

The consolidated company will use line item to display the right-of-use assets and lease liabilities not conforming to the definition of investment property separately in the balance sheet of the consolidated company.

For the short-term lease of office and transportation equipment and lease of underlying low-value assets, the consolidated company chooses not to recognize the right-of-use assets and lease liabilities, but to recognize relevant lease payments as expenses on the straight-line basis over the lease term.

2. Lessor

For transactions concerning the consolidated company as lessor, the lease contract will be classified based on whether to transfer most risks and returns attached to the underlying assets on the contract date. If yes, it will be classified as a financial lease, otherwise it will be classified as business lease. During the assessment, the consolidated company will consider relevant specific indexes, such as whether the lease term covers the main part of economic life for the underlying assets.

If the consolidated company is the sublessor, it shall manage the main lease and sublease transactions separately and use the right-of-use assets generated from the main

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lease to assess the classification of the sublease transactions. If the main lease is short term and applicable to recognition exemption, the sublease transactions of the main lease shall be classified as business lease.

If the agreement includes the lease and non-lease components, the consolidated company shall allocate the consideration in the contract according to the regulations specified in IFRS 15.

The assets held under financial lease are presented as financial lease receivables by the amount of the net investment of lease. The original direct cost generated from negotiation and arrangement for business lease is included in the net investment of the lease. The net investment of lease is amortized and recognized as interest income over the lease term in the form which can reflect the fixed rate of return in each period. For the business lease, the consolidated company states the received lease payments as rent income on the straight-line basis over the lease term.

(XIV) Intangible asset

1. Recognition and measurement

The Goodwill arising from the acquisition of subsidiaries is measured at the cost less accumulated impairment.

Relevant expenses of research activities are recognized as income upon occurrence.

The R&D expenditure may be capitalized only when the measurement, product or process of technology or business feasibility is completed, the future economic effect will probably inflow to the consolidated company, and the consolidated company intends to complete such development with sufficient resources for further usage or sale of such assets. Other R&D expenses are recognized as income upon occurrence. After initial recognition, the capitalized R&D expenditure is measured at its cost less accumulated amortization and impairment.

Other intangible assets with limited durability acquired by the consolidated company, including the customer relationship, patents and trademarks, is measured at the cost less accumulated amortization and impairment.

2. Subsequent expenses

The subsequent expenses may be capitalized only when they are able to increase the future economic effect of the relevant specific assets. All of the other expenses are recognized as income upon occurrence, including the goodwill and brands developed internally.

3. Amortization

Other than goodwill, the amortization shall be calculated at the cost of assets less

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residual value and recognized as income under straight-line method over useful years since the intangible assets become usable.

The estimated useful years in the current period and comparative period are stated as follows:

- | | |
|----------------------------|-----------|
| (1) Computer software | 1-5 years |
| (2) Other intangible asset | 4-5 years |

The consolidated company shall review the amortization method, useful years and residual value of the intangible assets on the reporting date and make appropriate adjustment if necessary.

(XV) Impairment of non-financial assets

The company shall assess whether the book value of the non-financial assets (except inventories, contract assets, deferred tax assets) has any possible sign of impairment. In case of any possible sign of impairment, the consolidated company shall estimate the recoverable amount of such asset. Goodwill is tested regularly for impairment every year.

For the purpose of impairment testing, inflow the cash to one of the asset groups that has most cash inflow independent from other individual assets or asset groups as the minimum identifiable asset group. The goodwill acquired in a business consolidation shall be allocated to the consolidated company's cash-generating units or cash-generating group that is expected to benefit from the synergies of the consolidation effort.

The collectible amount shall be the higher of the fair value of individual asset or cash generation unit less the disposal cost and the value in use. When assessing the value in use, the estimated future cash flow is discounted to current value by pre-tax discount rate. The pre-tax discount rate shall reflect the specific risk assessment of the current market toward the time value of money and the asset or cash generation unit.

If the collectible amount of individual asset or cash generation unit is less than the book value, the amount shall be recognized as impairment loss.

The impairment loss is immediately recognized as income and the book value of each amortized cash-generating unit shall be reduced first, then the book values of other assets shall be reduced based on each book value ratio of each asset in the unit.

The impairment loss on goodwill shall not be reversed. The non-financial assets other than goodwill can only be reversed within the book value of the asset (less depreciation or amortization) without impairment loss recognized in the previous year.

(XVI) Reserve for liabilities

The reserve for liabilities shall be recognized when the consolidated company has a present obligation as a result of a past event, and it is probable that an outflow of resources

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embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The reserve for liabilities is discounted to current value by the pre-tax discount rate. The pre-tax discount rate shall reflect the specific risk assessment of current market toward the time value of money and the liabilities. The discounted amortization is then recognized as financial cost.

(XVII) Recognition of revenue

1. Revenue from Contracts with Customers

Revenue is measured by the expected consideration in which the consolidated company has the right to acquire from the product transfer or labor service. The consolidated company shall recognize the revenue as income when transferring the control of product or labor service to the customer to meet the performance obligation. The main income items of the consolidated company are described as follows:

(1) Sale of goods

A. Flour products

The consolidated company grinds and manufactures flour products and sells the products to each channel. The revenue is recognized as income when the control of product is transferred. The transfer of product control means the product is delivered to the customer and the customer can fully determine the sales channels and prices of the product without any undelivered obligation affecting the customer's acceptance of the product. The delivery occurs when the product is delivered to the specified location, the risk of loss has transferred to the customer, the customer accepts the product according to the sales contract and the acceptance terms become invalid, or the consolidated company has objective evidence to prove that all acceptance conditions has been fulfilled.

When selling flour products to the distributor, the consolidated company will provide quantity discount to the customer if the shipment reaches the basis of certain quantity. The consolidated company recognizes the income based on the contract price less the net amount of estimated quantity discount. The amount of quantity discount is estimated by the expected value based on the past accumulated experience and is recognized as income only within the scope of height may not result in significant reversal.

For the product selling, according to the contract, the consolidated company shall pay commissions and slotting fees to the customer based on the sales volume. The consideration is treated as decrease in transaction price and income because it cannot exchange for the classifiable product or labor service transferred by the

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customer.

The consolidated company recognizes the receivables upon product delivery because the consolidated company has the rights to receive consideration without any condition at that point in time.

B. Equipment product

The sale revenue of the consolidated company's product is from the selling of equipment product. During the installation of the equipment product, because the customer has the right to price and use the product and is mainly responsible for the resale of product along with the obsolescence risk of product, the consolidated company shall recognize the income and receivables at that point of time.

(2) Rental income

The rent income of the consolidated company arising from investment property is recognized in accordance with the straight-line method over the lease period; also, the given lease incentives is deemed as part of the overall rent income and it is credited to the rent income in accordance with the straight-line method over the lease period. The income generated from the sublease of property is recognized in the "Rent income" of the operating income.

(3) Construction revenue

For the construction contract during the construction process, the consolidated company shall gradually recognize the income over time. Because the cost input of the construction has direct relation to the completion progress in the performance obligation, the consolidated company shall use the actual cost input proportion of the total expected cost to measure the progress in completion. The consolidated company shall gradually recognize the contract assets during the conduction process and recognize the receivables when issuing the invoice. If the construction payment on the issued invoice exceeds the amount recognized as income, the difference is recognized as contract liability.

(4) Labor service revenue

According to the contract, the revenue generated from the labor service provided is recognized upon the completion of service.

(5) Financing components

The consolidated company expects the interval between the time of product transfer or labor service to all customers based on the contract and the payment time of the product or labor service by the customer shall not exceed one year, thus the consolidated company will not adjust the time value of money of the transaction price.

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(XVIII)Income tax

The income tax consists of current income tax and deferred income tax. The current income tax and deferred income tax shall be recognized in profit or loss, other than the income tax related to combined entities, and items stated into other comprehensive income or stated into equity directly.

The current income tax includes the projected income tax payable or tax refund receivable based on the current taxable income (loss), and the adjustment on income tax payable or tax refund receivable in the previous years. The amount refers to the best estimates of the expected payables or receivables measured on the basis of the statutory tax rate or tax rate substantially enacted on the reporting date.

The deferred income tax is recognized based on the book value of assets and liabilities for the purpose of financial reporting and temporary difference generated from the taxation basis for assets and liabilities. No deferred income tax will be recognized in the case of the temporary difference generated under the following circumstances:

1. Assets or liabilities recognized initially in the transactions other than combined business, and the accounting profit and taxable income (loss) remain unaffected at the time of transaction.
2. Taxable temporary difference generated from investment in subsidiaries, affiliates and joint ventures, of which the time of reverse is controllable by the consolidated company and which is not likely to be reversed in the foreseeable future;
3. Taxable temporary difference generate from the initial recognition of goodwill.

The unused taxation loss and unused income tax credit carry-forward and deductible temporary difference shall be stated as deferred income tax assets when the temporary difference is very likely to credit against the future taxable income. Meanwhile, revaluation shall be conducted on each reporting date, so that the related income tax gains may be adjusted or decreased when they are not likely to be realized; or when it is very likely that there will be sufficient taxable income afford to reverse the decreased amount.

The deferred income tax is measured at the tax rate prevailing when the temporary difference is reversed, and based on the statutory tax rate or tax rate substantially enacted on the reporting date.

The merged company will have deferred income tax assets and deferred income tax liabilities offset only when meeting the following conditions:

1. When the consolidated company is entitled to the right to offset the current income tax assets against the current income tax liabilities; and

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2. The deferred income tax assets and deferred income tax liabilities are related to the subjects on whom the same tax collection authority imposed the income tax;

(1) The same tax collection subject; or

(2) Different subjects, but each subject desires to repay the assets and liabilities on a net basis or concurrently realize and repay the assets and liabilities in each of the following periods in which the major deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be repaid.

(XIX) Employee benefits

1. Defined contribution plan

The obligation of defined contribution plan is recognized as expense during the service period of the employee. The prepaid contribution may be recognized as assets, insofar as it may result in the refunding of cash or the reduction of future payment.

2. Defined benefit plan

The net obligation of the defined benefit plan by the consolidated company is converted to the present value based on the future benefit earned from the services provided by the employees in the current period or in the past under each benefit plan subtracting the fair value of any planned assets.

A qualified actuary using the Projected Unit Credit Method estimates defined benefit obligations each year. When the calculation result may be favorable to the consolidated company, the assets recognized shall be no more than the refund under the plan or the present value of economic benefit to be earned by decrease in the contribution under the plan. The calculation of present value of economic benefit shall take into consideration the minimum funding contribution needed.

The re-measurement of net defined benefit liability, including the actuarial income, return on remuneration of planned assets (excluding interest) and any change in the asset cap effect (excluding interest), is immediately recognized in other comprehensive income and accumulated in the retained earnings. The consolidated company determines the net interest expense (income) of the net defined benefit liability (assets) by the net defined benefit liability (assets) and discount rate determined during the start of the reporting period. The net interest expense of the net defined benefit liability and other expenses are recognized as income.

When the plan is modified or reduced, the benefit variance generated in relation to the previous service cost or impaired gain or loss is immediately recognized as income. In the event of settlement of the consolidated company, recognize the profits and loss of

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settlement of the welfare plan.

3. Other long-term employee benefits

The net obligation of other long-term employee benefits by the consolidated company is converted to the present value based on the future benefit earned from the services provided by the employees in the current period or in the past. The re-measurement is recognized as income upon occurrence.

4. Short-term employee benefits

Short-term employee benefit obligation shall be recognized as expense when the service is provided by the employee. If the consolidated company has a present statutory or presumed benefit obligation due to the past service provided by employee and such obligation may be estimated reliably, the amount shall be recognized as liabilities.

(XX) Business combination

The consolidated company adopts the acquisition method to proceed with each business combination. The goodwill is measured at the fair value of the considerations transferred on the acquisition date, including the non-controlling equity amount attributable to the acquired entity and net of the identifiable assets acquired and net liabilities assumed (usually it is the fair value). If the balance is a negative value, the consolidated company reassesses whether the assets acquired and liabilities assumed are identified correctly before recognizing the gains of the bargain purchase in the profit or loss.

Except for those related to debt issuance or equity instruments, the transaction cost related to corporate merger should be recognized as an expense of the consolidated company immediately upon occurrence.

Among the non-controlling equity attributable to the acquired entity, those attributed to the current ownership, of which the holder is entitled to the business's net assets on a pro rata basis at the time of liquidation, the consolidated company will base on each transaction to choose to measure the fair value based on the fair value on the date of acquisition or subject to the current ownership instrument proportion in the recognized amount of the acquired identifiable net assets. Other non-controlling equity shall be measured at the fair value on the date of acquisition or other bases regulated in the IFRSs approved by FSC.

(XXI) EPS

The consolidated company will enumerate the basic and diluted EPS vested in the consolidated company's common stock holders. The consolidated company's basic earnings per share is based on the profit or loss of the Company's common stock shareholder divided by the weighted average number of outstanding common stock shares of the period. The diluted EPS is calculated upon adjustment of the effect of all potential diluted common

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stocks based on the income vested in the common stock holders and the number of shares of the weighted average outstanding common stock.

(XXII) Department information

An operating segment is an integral part of the consolidated company, engaged in the business activities that may earn income and incur expenses (including the income and expense of the transactions conducted with other divisions within the consolidated company). All operating segments' operating results are regularly reviewed by the chief operator of the consolidated company for decision-making in regard of the resource allocation to each division and evaluating its performance. Each operating division has independent financial information provided.

V. Significant accounting judgments, estimations and major sources of assumption uncertainty

When the management has the parent company only financial statements prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", it is necessary to make judgments, estimations, and assumptions that are influential to the accounting policies adopted and the assets, liabilities, and income and expenses amount reported. Actual results may differ from those estimations.

The management continues to review estimations and assumptions. Changes in accounting estimates will be recognized in the period of change and future periods affected.

For the significant judgments involved in accounting policies and the influential information to the amount recognized in the parent company only financial report, please refer to the following notes:

(1) For the significant judgments involved in accounting policies and the influential information to the amount recognized in the consolidated financial report, please refer to the following notes:

Determining the consolidated company's substantial control over an investee

The consolidated company holds 32.33% of the voting shares in UPC Technology Corp. Although the remaining 67.67% of the voting shares of UPC Technology Corp. is not concentrated in a certain shareholder, the consolidated company is not able to obtain the majority of the Director seats, nor the majority voting right in shareholders' meetings. Thus, the consolidated company is deemed to have significant influence on UPC Technology Corp.

(2) Below are main sources of uncertainty to key assumptions and estimates made in this report; these uncertainties may have significant risks that result in significant adjustments to the book value of assets and liabilities in the following financial year:

Recognition of revenue

The consolidated company estimates the possible amount of sales discount and completion costs according to the historical experience, market and the economic situation,

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project features and other known causes. The estimated sales discount is recognized as the deduction from sales revenue in the period in which the product is sold. The recognition of construction revenue is estimated based on the percentage of completion. The consolidated company periodically reviews the reasonableness of estimation. Significant adjustment may occur due to changes in the estimated amount and basis caused by elements such as the market price competition, economy and impact of construction conditions.

VI. Description of significant accounting items

(I) Cash and cash equivalent

	December 31, 2024	December 31, 2023
Cash	\$ 940	2,045
Demand deposit	1,220,967	1,899,227
Time deposit	<u>3,744,807</u>	<u>2,784,933</u>
Cash and cash equivalents listed in the Statement of Cash	<u>\$ 4,966,714</u>	<u>4,686,205</u>

Flows:

For the interest rate risk and sensitivity analysis disclosure of the Company's financial assets and liabilities, please refer to note 6(17).

(II) Financial assets at fair value through profit and loss

	December 31, 2024	December 31, 2023
Financial assets at fair value enforced through profit or loss		
Stock warrants	\$ 133,773	52,877
Fund benefit certificate	265,616	520,391
Stock unlisted in domestic markets	99,147	-
Structured deposit	<u>14,106</u>	<u>34,516</u>
Total	<u>\$ 512,642</u>	<u>607,784</u>

The financial assets stated above are not used as long-term loan or financing collateral.

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

	December 31, 2024	December 31, 2023
Equity instruments at fair value through other comprehensive income:		
Stock listed in domestic markets	\$ 40,417,421	34,865,769
Stock listed in foreign markets	999,748	551,406

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Stock unlisted in domestic markets	1,441,861	1,477,728
Stock unlisted in foreign markets	937,940	1,166,212
Total	<u>\$ 43,796,970</u>	<u>38,061,115</u>

The equity instrument investment held by the consolidated company is for strategic investment instead of trading purposes, and therefore is designated to be measured at fair value through other comprehensive income.

The Group recognized dividend income (recorded under other income) from equity investments designated as financial assets at fair value through other comprehensive income in 2024 and 2023, amounting to NT\$445,099 thousand and NT\$437,208 thousand, respectively.

In 2023, the Group sold financial assets at fair value through other comprehensive income. The fair value at the time of disposal was NT\$60,399 thousand, and the accumulated gain on disposal was NT\$23,164 thousand. Therefore, the accumulated gain on disposal was transferred from other equity to retained earnings.

For the credit risk and market risk information, please refer to note 6(28).

The financial assets stated above has not been used as collaterals.

(IV) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Receivable notes	\$ 155,888	282,401
Accounts receivable	2,291,045	3,063,182
Less: Loss allowance	(8,353)	(8,213)
	<u>\$ 2,438,580</u>	<u>3,337,370</u>

For the flour business, rental business and other departments of the consolidated company, the consolidated company applies simplified method to estimate the expected credit losses of all notes and accounts receivable, i.e. using the expected credit losses throughout the duration for measurement. For this measurement purpose, the notes and accounts receivable is classified according to the common credit risk features concerning the representative customers' capacity of paying all amount due on the contract and is included in the forward-looking information. For the expected credit losses of the notes and accounts receivable in relation to the flour business, rental business and other departments of the consolidated company, the analysis is as follows:

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December 31, 2024			
	Book value of notes and accounts receivable	Weighted average rate of expected credit losses	Allowance for expected credit losses throughout the duration
Undue	\$ 843,323	0.00%~0.01%	65
individual assessment	538	100%	538
	\$ 843,861		603
December 31, 2023			
	Book value of notes and accounts receivable	Weighted average rate of expected credit losses	Allowance for expected credit losses throughout the duration
Undue	\$ 956,238	0.00%~0.01%	2
Overdue within 30 days	15,947	0.02%~1.35%	8
Overdue for 31~60 days	5,777	0%	-
Overdue for 61~90 days	5,240	0%	-
	\$ 983,202		10

The consolidated company's business entity of integrated system service recognizes the loss allowance of the receivables for all notes and accounts receivable based on the expected credit losses throughout the duration. The expected credit losses throughout the duration takes the past default record of the customer, the present financial status and the economic situation of the industry into consideration and applies different customer's credit ratings of the receivables to establish the rate of expected credit losses. 100% of loss allowance shall be recognized if there is evidence showing that the trading counterpart is facing serious financial difficulty and the recoverable amount cannot be reasonably expected. For the expected credit losses of the notes and accounts receivable in relation to the system integration business of the consolidated company, the analysis is as follows:

December 31, 2024	
	Allowance for expected credit losses throughout the duration
Book value of notes and accounts receivable	Allowance for expected credit losses throughout the duration

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Individual evaluation–undue	\$ 1,378,182	-
Individual evaluation–overdue	224,890	7,750
	\$ 1,603,072	7,750

December 31, 2023

	Book value of notes and accounts receivable	Allowance for expected credit losses throughout the duration
Individual evaluation–undue	\$ 2,043,768	148
Individual evaluation–overdue	318,613	8,055
	\$ 2,362,381	8,203

The statement of changes in the loss allowance for the notes and accounts receivable of the consolidated company is as follows:

	2024	2023
Beginning balance	\$ 8,213	13,436
Recognized (reversed) impairment loss	75	(2,642)
Amounts irrecoverable and written off in the current period	(189)	(2,566)
Profit or loss of currency translation	254	(15)
Ending balance	\$ 8,353	8,213

The financial assets stated above are not used as long-term loan or financing collateral.

(V) Other receivable

	December 31, 2024	December 31, 2023
Other receivables - related parties	\$ 304,881	4,952
Others	74,110	68,159
Less: Loss allowance	-	-
	\$ 378,991	73,111

According to the historical experience, other receivables stated above is estimated to have no expected credit losses generated since there are no defaults throughout the duration, therefore the rate of its expected credit losses is estimated to be zero.

Lien Hwa Industrial Holdings Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

(VI) Inventory

	<u>December 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Raw material and consumables	\$ 929,038	1,055,686
Work in progress	60,962	77,395
Finished goods	163,280	195,075
System integration products	222,480	237,395
	<u>\$ 1,375,760</u>	<u>1,565,551</u>

The elements of the consolidated company's operating costs in 2024 and 2023 are stated as follows:

	<u>2024</u>	<u>2023</u>
Cost of sales	\$ 6,228,334	7,079,647
Construction cost	3,312,165	3,338,020
Labor service cost	498,617	476,231
Rental cost	125,538	115,891
Other operating costs.	91,517	81,291
Idle capacity	8,052	16,084
Inventory devaluation, scrap and obsolescence (revaluation gains)	(9,729)	7,665
Revenue from sale of scraps	(119)	(107)
	<u>\$ 10,254,375</u>	<u>11,114,722</u>

In 2024, the factors that previously caused the net realizable value of inventory to be lower than its cost have ceased to exist, resulting in an increase in the net realizable value of inventory. As a result, a reduction in operating costs of NT\$9,729 thousand was recognized.

In 2023, a loss on inventory write-down to net realizable value of NT\$7,665 thousand was recognized.

As of December 31, 2024 and 2023, the consolidated company had not pledged its inventory as collaterals.

(VII) Non-current Assets Held for Sale (and disposal group)

The Group has formulated a plan to sell certain manufacturing equipment of its overseas pasta business and has already started processing the related sale matters. These equipment are thus classified as non-current assets held for sale (or disposal groups). As of December 31, 2024, the amount of these non-current assets held for sale (or disposal groups) is NT\$9,688 thousand, with the details as follows: :

Lien Hwa Industrial Holdings Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

	December 31,
	2024
Property, plant and equipment	\$ 9,688
Assets Held for Sale	\$ 9,688

(VIII) Investment under the equity method

The consolidated company's investment under the equity method on the reporting date is as follows:

	December 31,	December 31,
	2024	2023
Affiliates	\$ 24,427,011	22,645,341

1. Affiliated enterprises

The information about affiliates important to the consolidated company is stated as follows:

<u>Name of Affiliate</u>	<u>Nature of relationship with consolidated company</u>	<u>Principal business place/country where the company is registered</u>	<u>Proportion of ownership and voting right</u>	
			<u>December 31, 2024</u>	<u>December 31, 2023</u>
UPC Technology Corporation and its subsidiaries	The affiliate of the consolidated company which primarily engaged in producing and selling organic acid, acid anhydride and its derivatives, plastic toughener.	Taiwan	32.33%	32.43%
Linde Lienhwa Industrial Gases Co., Ltd. and its subsidiaries	The affiliate of the consolidated company which primarily engaged in manufacturing liquid and industrial gases such as helium, hydrogen and ethane.	Taiwan	50.00%	50.00%

For listed affiliates important to the consolidated company, its fair value is stated as follows:

	December 31, 2024	December 31, 2023
UPC Technology Corporation and its subsidiaries	\$ 3,827,848	6,530,111

The summarized financial information of affiliates important to the consolidated company is shown below. The financial information has adjusted the amounts included in each affiliate's consolidated financial statements adopting the IFRSs to reflect the fair value adjustment made by the consolidated company upon the acquisition of the affiliate stock and adjustment made according to the accounting policy differences.

Lien Hwa Industrial Holdings Corporation and Subsidiaries
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(1) Summarized financial information of the UPC Technology Corporation and its subsidiaries

	December 31, 2024	December 31, 2023
Current assets	\$ 20,835,789	20,812,329
Non-current assets	36,260,566	34,844,340
Current liabilities	(9,918,108)	(8,634,420)
Non-current liabilities	(17,687,108)	(16,972,718)
Net assets	\$ 29,491,139	30,049,531
Net assets attributable to investee	\$ 29,491,139	30,049,531
	2024	2023
Operating revenue	\$ 73,320,280	73,196,046
Net profit from continuing operations	\$ (2,358,405)	(282,826)
Other consolidated income/loss	2,040,680	4,403,273
Total comprehensive income	\$ (317,725)	4,120,447
Total comprehensive income attributable to investee	\$ (317,725)	4,120,447
Consolidated company's shares of the affiliate's net assets at the beginning	\$ 9,654,806	8,430,216
Total comprehensive income attributable to the consolidated company in current period	(124,373)	1,310,513
Dividend acquired from affiliates in current period	(85,923)	(85,923)
Book value concerning the consolidated company's equity in affiliates at the ending	\$ 9,444,510	9,654,806

(2) Summarized financial information of Linde Lienhwa Industrial Gases Co., Ltd. and its subsidiaries

	December 31, 2024	December 31, 2023
Current assets	\$ 15,377,124	14,100,755
Non-current assets	43,191,548	40,574,086
Current liabilities	(19,957,474)	(20,865,255)
Non-current liabilities	(5,447,844)	(5,515,673)
Net assets	\$ 33,163,354	28,293,913

Lien Hwa Industrial Holdings Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

Net assets attributable to non-controlling equity	<u>\$ 4,406,669</u>	<u>4,082,843</u>
Net assets attributable to investee	<u>\$ 28,756,685</u>	<u>24,211,070</u>
	<u>2024</u>	<u>2023</u>
Operating revenue	<u>\$ 41,044,580</u>	<u>36,629,844</u>
Net profit from continuing operations	\$ 9,177,119	7,974,208
Other consolidated income/loss	<u>(2,108,861)</u>	<u>(237,673)</u>
Total comprehensive income	<u>\$ 7,068,258</u>	<u>7,736,535</u>
Total comprehensive income attributable to non-controlling equity	<u>\$ 1,030,925</u>	<u>939,166</u>
Total comprehensive income attributable to investee	<u>\$ 6,037,333</u>	<u>6,797,369</u>
Consolidated company's shares of the affiliate's net assets at the beginning	\$ 12,174,685	9,825,496
Total comprehensive income attributable to the consolidated company in current period	3,930,382	3,399,189
Dividend acquired from affiliates in current period	<u>(1,867,319)</u>	<u>(1,050,000)</u>
Book value concerning the consolidated company's equity in affiliates at the ending	<u>\$ 14,237,748</u>	<u>12,174,685</u>

The financial information about the individually unimportant affiliates of the consolidated company under the equity method is summarized as follows. The financial information refers to the amounts included into the consolidated financial statements of the consolidated company:

	<u>December 31,</u>	<u>December 31,</u>
	<u>2024</u>	<u>2024</u>
Summarized book value of equity in individually unimportant affiliate at the ending	<u>\$ 744,753</u>	<u>815,850</u>
	<u>2024</u>	<u>2023</u>
Shares attributable to the consolidated company:		
Net profit from continuing operations	\$ 36,521	32,857
Other consolidated income/loss	<u>(62,615)</u>	<u>252,199</u>
Total comprehensive income	<u>\$ (26,094)</u>	<u>285,056</u>

2. Collateral

As of December 31, 2024 and 2023, the investment under the equity method of the

Lien Hwa Industrial Holdings Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

consolidated company had not been pledged as collaterals. °

(IX) Subsidiaries with significant non-controlling equity

Subsidiaries with non-controlling equity important to the consolidated company are listed as follows:

Name of subsidiary	Principal business place/country where the company is registered	<u>Ownership and voting right proportion of non-controlling equity</u>	
		December 31, 2024	December 31, 2023
MiTAC Inc.	Taiwan	62.16%	62.16%

The summarized financial information of the above subsidiaries is listed as follows. The financial information is prepared in accordance with the IFRSs approved by FSC and reflects the fair value adjustment made upon the acquisition date of the consolidated company and adjustment made according to the accounting policy differences. Also, the financial information refers to the amount of the inter-company transactions before canceling.

Summarized financial information of the MiTAC Inc. and its subsidiaries:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current assets	\$ 1,284,673	2,327,831
Non-current assets	31,513,110	28,451,359
Current liabilities	(511,702)	(1,166,712)
Non-current liabilities	(96,766)	(76,398)
Net assets	<u>\$ 32,189,315</u>	<u>29,536,080</u>
Book value of non-controlling equity at the ending	<u>\$ 18,826,086</u>	<u>18,371,448</u>
	<u>2024</u>	<u>2023</u>
Revenue	<u>\$ 1,157,752</u>	<u>1,155,332</u>
Net income	\$ 1,013,622	1,025,369
Other consolidated income/loss	2,528,640	5,018,697
Total comprehensive income	<u>\$ 3,542,262</u>	<u>6,044,066</u>
Net profit attributable to non-controlling equity	<u>\$ 622,184</u>	<u>637,356</u>

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Total comprehensive income attributable to non-controlling equity	<u>\$ 1,038,936</u>	<u>3,756,710</u>
Cash flow from operating activities	\$ 37,190	3,895
Cash flow from investment activities	1,565,255	772,752
Cash flow from financing activity	(1,575,684)	(862,701)
Foreign exchange rate effect	<u>17,277</u>	<u>(3,443)</u>
Increase (decrease in) cash and cash equivalents	<u>\$ 44,038</u>	<u>(89,497)</u>

(X) Acquisition of subsidiaries and non-controlling equity.

The consolidated company acquired 50.934% equity of Asia Hydrogen Energy Corporation on November 30, 2023 (acquisition date) for NT\$ 505,022 thousand (including non-controlling interests) and gained control over the company. The company's main business items is green energy development and application company. In order to enable the consolidated company to expand its green energy system to increase operational synergy and enhance shareholder equity.

From the acquisition date to December 31, 2023, the net operating revenues and net losses after tax contributed by the aforesaid three companies were NT\$3,608 thousand and NT\$7,928 thousand, respectively. If the acquisition occurred on January 1, 2023, the management estimated that from January 1, 2023 to December 31, 2023, the net operating revenues and net losses after tax contributed to the Group would have been NT\$35,868 thousand and NT\$18,765 thousand, respectively. When determining such amounts, the management assumed that the acquisition occurred on January 1, 2023 and then assumed that the temporary adjustment to the fair value generated on the acquisition date to stay the same.

1. Transfer consideration mainly categorized as below

Cash	<u>\$ 505,222</u>
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2. Identifiable assets and liabilities

The fair value of the identifiable assets and liabilities acquired and borne on the date of acquisition is stated as following:

Current assets

Cash and cash equivalent	\$ 344,543
Accounts receivable	9,351
Inventory	10,729
Prepayments	16,289

Non-current assets

Lien Hwa Industrial Holdings Corporation and Subsidiaries
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Property, plant and equipment	17,664
Other assets	7,413
Current liabilities	
Accounts payable	(2,211)
Other payable	(1,834)
Contract liabilities	(3,880)
Non-current liabilities	
Long-term loan	(3,167)
Fair value of identifiable net assets	<u><u>\$ 394,897</u></u>

3. Goodwill

Goodwill recognized due to acquisition:

Transfer consideration	\$ 505,022
Less: Fair value of identifiable net assets	<u>(394,897)</u>
Goodwill and Other Intangible assets	<u><u>\$ 110,125</u></u>

(XI) Property, plant and equipment

The details of changes in the property, plant, and equipment of the consolidated company in 2024 and 2023 are as follows:

	Land	Building and structure	Machine & equipment	Transport ation equipment	Office equipment	Other equipment	Constructi on in progress	Total
Cost or identified cost:								
Balance as at January 1, 2024 \$	2,148,505	2,783,714	1,460,789	48,030	64,749	666,842	666,486	7,839,115
Additions	-	44,517	46,628	5,031	540	50,235	91,795	238,746
Transfer in	264,930	8,830	91,116	-	118	21,229	1,397	387,620
Transfer out	-	(581,227)	(492,157)	(4,283)	(11,834)	(1,250)	(642,596)	(1,733,347)
Disposal	-	4,846	(54,939)	(11,438)	(6,936)	(110,640)	-	(179,107)
Effect of foreign exchange rate change	-	(3,498)	15,686	358	864	1,694	-	15,104
Balance as at December 31, 2024	<u>\$ 2,413,435</u>	<u>2,257,182</u>	<u>1,067,123</u>	<u>37,698</u>	<u>47,501</u>	<u>628,110</u>	<u>117,082</u>	<u>6,568,131</u>

	Land	Building and structure	Machine & equipment	Transport ation equipment	Office equipment	Other equipment	Constructi on in progress	Total
Balance as at January 1, 2023 \$	2,148,505	2,786,017	1,276,400	50,094	70,090	685,110	236,447	7,252,663
Acquired in a business combination	-	-	-	-	-	-	17,664	17,664
Additions	-	6,098	13,619	3,985	6,378	30,458	640,287	700,825
Transfer in	-	6,605	201,777	-	-	19,300	3,790	231,472

Lien Hwa Industrial Holdings Corporation and Subsidiaries
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Transfer out	-	-	(36)	-	(213)	-	(231,674)	(231,923)
Disposal	-	(4,196)	(21,026)	(5,842)	(11,042)	(67,107)	3,599	(105,614)
Effect of foreign exchange rate change	-	(10,810)	(9,945)	(207)	(464)	(919)	(3,627)	(25,972)
Balance as at December 31, 2023	<u>\$ 2,148,505</u>	<u>2,783,714</u>	<u>1,460,789</u>	<u>48,030</u>	<u>64,749</u>	<u>666,842</u>	<u>666,486</u>	<u>7,839,115</u>

Depreciation and impairment loss:

Balance as at January 1, 2024 \$	-	1,315,209	1,002,398	29,580	42,752	457,527	-	2,847,466
Current depreciation	-	74,096	89,554	3,094	7,643	67,189	-	241,576
Reversal of impairment loss	-	-	-	(551)	(3)	(519)	-	(1,073)
Transfer in	-	-	-	-	-	30	-	30
Transfer out	-	(294,613)	(479,956)	(3,597)	(8,505)	(1,096)	-	(787,767)
Disposal	-	4,846	(53,534)	(10,275)	(6,833)	(102,387)	-	(168,183)
Effect of foreign exchange rate change	-	(8,910)	15,227	294	637	1,131	-	8,379
Balance as at December 31, 2024	<u>\$ -</u>	<u>1,090,628</u>	<u>573,689</u>	<u>18,545</u>	<u>35,691</u>	<u>421,875</u>	<u>-</u>	<u>2,140,428</u>

Balance as at January 1, 2023 \$	-	1,248,488	961,232	29,225	44,717	444,857	-	2,728,519
Current depreciation	-	74,870	71,744	3,837	8,046	73,707	-	232,204
Reversal of impairment loss	-	-	-	972	106	2,746	-	3,824
Transfer out	-	-	-	-	(9)	-	-	(9)
Disposal	-	(2,969)	(20,912)	(4,282)	(9,755)	(63,170)	-	(101,088)
Effect of foreign exchange rate change	-	(5,180)	(9,666)	(172)	(353)	(613)	-	(15,984)
Balance as at December 31, 2023	<u>\$ -</u>	<u>1,315,209</u>	<u>1,002,398</u>	<u>29,580</u>	<u>42,752</u>	<u>457,527</u>	<u>-</u>	<u>2,847,466</u>

Book value:

December 31, 2024	<u>\$ 2,413,435</u>	<u>1,166,554</u>	<u>493,434</u>	<u>19,153</u>	<u>11,810</u>	<u>206,235</u>	<u>117,082</u>	<u>4,427,703</u>
January 1, 2023	<u>\$ 2,148,505</u>	<u>1,537,529</u>	<u>315,168</u>	<u>20,869</u>	<u>25,373</u>	<u>240,253</u>	<u>236,447</u>	<u>4,524,144</u>
December 31, 2023	<u>\$ 2,148,505</u>	<u>1,468,505</u>	<u>458,391</u>	<u>18,450</u>	<u>21,997</u>	<u>209,315</u>	<u>666,486</u>	<u>4,991,649</u>

1. Collateral

As of December 31, 2024 and 2023, please refer to Note 8 for the details of financing collateral.

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(XII) Right-of-use assets

The details of changes in the cost and depreciation of the land, buildings and transportation equipment rented by the consolidated company are as follows:

	<u>Land</u>	<u>Building and structure</u>	<u>Machine & equipment</u>	<u>Transportat ion equipment</u>	<u>Total</u>
Cost of right-of-use assets:					
Balance as at January 1, 2024	\$ 77,188	239,476	268,661	15,293	600,618
Additions	67,205	20,669	-	2,133	90,007
Decrease	-	(95,255)	-	(3,618)	(98,873)
Effect of foreign exchange rate change	2,461	197	-	-	2,658
Balance as at December 31, 2024	<u>\$ 146,854</u>	<u>165,087</u>	<u>268,661</u>	<u>13,808</u>	<u>594,410</u>
Balance as at January 1, 2023	\$ 78,289	317,946	268,661	13,280	678,176
Additions	3,565	33,974	-	11,286	48,825
Decrease	(3,347)	(112,463)	-	(9,273)	(125,083)
Effect of foreign exchange rate change	(1,319)	19	-	-	(1,300)
Balance as at December 31, 2023	<u>\$ 77,188</u>	<u>239,476</u>	<u>268,661</u>	<u>15,293</u>	<u>600,618</u>
Depreciation of right-of-use assets:					
Balance as at January 1, 2024	\$ 11,870	31,099	37,101	5,121	85,191
Appropriation of depreciation	9,881	33,501	15,352	5,088	63,822
Other decrease	-	(53,970)	-	(1,876)	(55,846)
Effect of foreign exchange rate change	360	79	-	-	439
Balance as at December 31, 2024	<u>\$ 22,111</u>	<u>10,709</u>	<u>52,453</u>	<u>8,333</u>	<u>93,606</u>
Balance as at January 1, 2023	\$ 12,254	81,624	21,749	9,346	124,973
Appropriation of depreciation	3,144	42,524	15,352	5,049	66,069

Lien Hwa Industrial Holdings Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

Other decrease	(3,347)	(93,056)	-	(9,274)	(105,677)
Effect of foreign exchange rate change	(181)	7	-	-	(174)
Balance as at December 31, 2023	<u>\$ 11,870</u>	<u>31,099</u>	<u>37,101</u>	<u>5,121</u>	<u>85,191</u>

Book value:

December 31, 2024	<u>\$ 124,743</u>	<u>154,378</u>	<u>216,208</u>	<u>5,475</u>	<u>500,804</u>
January 1, 2023	<u>\$ 66,035</u>	<u>236,322</u>	<u>246,912</u>	<u>3,934</u>	<u>553,203</u>
December 31, 2023	<u>\$ 65,318</u>	<u>208,377</u>	<u>231,560</u>	<u>10,172</u>	<u>515,427</u>

(XIII) Investment property

	<u>Land and improvements</u>	<u>Building and structure</u>	<u>Total</u>
Balance as at January 1, 2024	\$ 633,307	2,612,117	3,245,424
Additions	256	566,057	566,313
Transfer in	-	1,143,805	1,143,805
Transfer out	(264,930)	(386)	(265,316)
Disposal and scrap	(3,031)	(1,371)	(4,402)
Effect of foreign exchange rate change	-	30,025	30,025
Balance as at December 31, 2024	<u>\$ 365,602</u>	<u>4,350,247</u>	<u>4,715,849</u>
Balance as at January 1, 2022	\$ 624,918	2,624,643	3,249,561
Additions	8,389	7,851	16,240
Transfer in	-	11,092	11,092
Disposal and scrap	-	(37,124)	(37,124)
Effect of foreign exchange rate change	-	5,655	5,655
Balance as at December 31, 2023	<u>\$ 633,307</u>	<u>2,612,117</u>	<u>3,245,424</u>

Depreciation and impairment loss:

Balance as at January 1, 2024	\$ -	1,301,110	1,301,110
Depreciation	-	80,292	80,292
Transfer in	-	311,960	311,960
Transfer out	-	(14)	(14)
Disposal and scrap	-	(27)	(27)
Effect of foreign exchange rate change	-	15,972	15,972
Balance as at December 31, 2024	<u>\$ -</u>	<u>1,709,293</u>	<u>1,709,293</u>
Balance as at January 1, 2023	\$ -	1,247,191	1,247,191
Depreciation	-	76,521	76,521

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Transfer in	-	9	9
Disposal and scrap	-	(32,886)	(32,886)
Effect of foreign exchange rate change	-	10,276	10,276
Balance as at December 31, 2023	<u>\$ -</u>	<u>1,301,111</u>	<u>1,301,111</u>

Book value:

December 31, 2024	<u>\$ 365,602</u>	<u>2,640,954</u>	<u>3,006,556</u>
January 1, 2023	<u>\$ 624,918</u>	<u>1,377,452</u>	<u>2,002,370</u>
December 31, 2022	<u>\$ 633,307</u>	<u>1,311,006</u>	<u>1,944,313</u>

Fair value

December 31, 2024	<u>\$ 13,833,880</u>
December 31, 2023	<u>\$ 12,615,632</u>

Investment property contains a number of commercial properties leased to others. The lease term differs in areas and the term is 1~20 years. The consolidated company will negotiate the following lease term with the lessee without collecting the contingent rent. Please refer to Note 6(19) for relevant information.

The fair value of investment property is based on the evaluation of the consolidated company's personnel (with relevant experience and has relevant experience recently in the location and type of the investment property) in compliance with the property evaluation method of the consolidated company. The evaluation performs the market value assessment based on the income approach of the Regulations on Real Estate Appraisal and adopts the comparison approach to decide the value of the property only in case of insufficient information on the objective net operating income. The intervals of the operating income rate adopted in 2024 and 2023 is 1.44%~4.20%.

As of December 31, 2024 and 2023, please refer to Note 8 for the details of the long-term loan and financing collateral.

(XIV) Short-term loan

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Unguaranteed bank loans	\$ 5,644,000	6,069,000
Guaranteed bank loans	2,600,000	1,718,000
Total	<u>\$ 8,244,000</u>	<u>7,787,000</u>
Outstanding quota	<u>\$ 12,693,064</u>	<u>10,835,880</u>
Interest rate interval	<u>0.50%~2.33%</u>	<u>1.65%~2.30%</u>

For the consolidated company's assets pledged as collateral for bank loans, please refer to Note 8.

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(XV) Sort-term notes payable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Commercial paper payable	\$ 1,000,000	1,300,000
Unamortized discount	(1,465)	(1,536)
	<u>\$ 998,535</u>	<u>1,298,464</u>
Outstanding quota	<u>\$ 2,110,000</u>	<u>1,860,000</u>
Interest rate interval	<u>1.50%~2.45%</u>	<u>1.35%~2.34%</u>

For the loan term less than one year, please refer to note 6(26) for relevant interest expense.

(XVI) Long-term loan

The long-term loan details of the consolidated company are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Unguaranteed bank loans	\$ 900,000	1,403,000
Guaranteed bank loans	-	35,756
Minus : current portion	(100,000)	(309,166)
	<u>\$ 800,000</u>	<u>1,129,590</u>
Outstanding quota	<u>\$ 4,800,000</u>	<u>3,300,000</u>
Interest rate interval	<u>1.85%~2.04%</u>	<u>1.70%~3.24%</u>
Expiry date	<u>2025.05.16~2026.11.30</u>	<u>2024.05.06~2029.05.23</u>

(XVII) Bonds payable

The bonds payable details of the consolidated are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Domestic guaranteed non-convertible corporate bonds	<u>\$ 2,497,793</u>	<u>2,496,866</u>

The domestic guaranteed corporate bonds issuance conditions of the consolidated are as follows:

	<u>Domestic guaranteed corporate bonds of 2022</u>
Total issuance	2,500,000
Ending balance	2,500,000
Due within one year	-

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Release date	May 17, 2022
Issue period	5 years
Coupon rate	1.30%
Bond Interest Base Date	May 17, 2022
Repayment situation	Bullet repayment

(XVIII) Lease liabilities

The book value of the consolidated company's lease liabilities is as follows:

	<u>December 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Current	<u>\$ 57,203</u>	<u>51,780</u>
Noncurrent	<u>\$ 394,986</u>	<u>415,980</u>

Please refer to Note 6 (27) Financial Instruments for maturity analysis

The amount of lease recognized in profit or loss is as follows:

	<u>2024</u>	<u>2023</u>
Interest expense of lease liabilities	<u>\$ 9,026</u>	<u>9,239</u>
Lease payments not included in the lease liabilities measurement	<u>\$ 45</u>	<u>10</u>
Income from the sublease of right-of-use assets	<u>\$ 819</u>	<u>1,708</u>
Expense of short-term loan	<u>\$ 4,991</u>	<u>9,882</u>
Expense of low-value lease assets (excluding low-value lease of short-term lease)	<u>\$ 257</u>	<u>260</u>

Amount recognized in the statement of cash flows is as follows:

	<u>2024</u>	<u>2023</u>
Total cash outflow of lease	<u>\$ 73,044</u>	<u>81,166</u>

1. Leases of Land, Buildings, and Structures

The consolidated company leases land, buildings, and structures as required for its operations. Lease terms for land typically range from five to fifty years, while those for buildings and structures range from one to eighteen years. Some leases include options to extend the lease for a period equal to the original term upon expiration.

Certain lease payments are linked to changes in local land price indices. In some contracts, the consolidated company is responsible for advancing payments for property-related taxes and insurance on behalf of the lessor, which are generally incurred annually.

The consolidated company subleases some of the right-of-use assets under both

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operating and finance lease arrangements. Please refer to Note 6(19) for further details.

2. Leases of Machinery and Equipment

The consolidated company leases machinery and equipment for operational needs. Lease terms for such assets typically range from three to eighteen years. Some leases include options to extend the lease for a period equal to the original term upon expiration.

3. Other Leases

The consolidated company leases parking spaces and office equipment. These leases qualify as short-term leases and leases of low-value assets. The consolidated company has elected to apply the recognition exemption and therefore does not recognize the related right-of-use assets and lease liabilities.

(XIX) Operating lease

Because the consolidated company does not transfer the risk and return attached to the title of assets when renting its investment property, the lease contract is classified as operating lease. Please refer to Note 6(13) Investment property.

The maturity analysis of the lease payment will be listed based on the total undiscounted lease payment which will be collected after the reporting date:

	December 31, 2024	December 31, 2023
Within 1 year	\$ 485,885	430,257
1-2 years	517,009	354,548
2-3 years	319,562	299,860
3-4 years	279,220	93,033
4-5 years	61,648	51,838
More than 5 years	326,118	363,135
Total undiscounted lease payment	<u>\$ 1,989,442</u>	<u>1,592,671</u>

The rent income arising from the investment property amounted to NT\$384,332 thousand and NT\$352,954 thousand as of 2024 and 2023, respectively.

(XX) Employee benefits

1. Defined benefit plan

	December 31, 2024	December 31, 2023
Present value of defined benefit obligation	\$ 63,231	66,800
The fair value of plan assets	<u>(97,056)</u>	<u>(95,771)</u>

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Net defined benefit assets \$ (33,825) (28,971)

Contributions for defined benefit plans of the consolidated company are appropriated to a dedicated pension fund account opened with Bank of Taiwan. The pension payment to each employee that is subject to the Labor Standards Act is based on the pension point received for the years of service and the average salary six months prior to the retirement.

(1) Composition of plan assets

The pension fund appropriated by the consolidated company in accordance with the Labor Standards Act is managed by the Bureau of Labor Funds, Ministry of Labor (referred to as the “Bureau of Labor Funds” hereinafter). According to the “Guidelines for Labor Pension Fund Safekeeping and Implementation,” the annual minimum yield generated from the use of fund may not be less than the interest income generated from a local bank’s two-year time deposit.

The consolidated company’s labor pension fund account at the Bank of Taiwan has a balance of NT\$95,056 thousand as of the reporting date. For information of the Labor Pension Fund Asset Management, including the fund yield rate and pension asset allocation, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(2) Changes in the present value of defined benefit obligations

The details of changes in the present value of the consolidated company’s defined benefit obligation in 2024 and 2023 are as follows:

	2024	2023
Defined benefit obligations as at 1 January	\$ 66,800	84,626
Current service cost and interest	1,309	1,650
Re-measurement of net defined benefit liabilities (assets)		
- Actuarial gains/losses due to change of financial assumption	(385)	1,757
- Actuarial gains/losses due to empirical adjustment	4,740	1,024
Benefits planned to be paid	(9,233)	(13,833)
Liabilities incurred in business combination	-	(8,424)
Defined benefit obligations as at 31 December	<u>\$ 63,231</u>	<u>66,800</u>

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

The details of changes in the fair value of the consolidated company’s defined benefit plan assets in 2024 and 2023 are as follows:

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	<u>2024</u>	<u>2023</u>
Fair value of plan assets, January 1	\$ 95,771	102,853
Interest income	1,237	1,561
Re-measurement of net defined benefit liabilities (assets)		
- Return on plan assets (excluding current interest)	8,730	615
Contribution from participants in the plan	551	82
Benefits paid by the plan	<u>(9,233)</u>	<u>(9,340)</u>
Fair value of plan assets, December 31	<u>\$ 97,056</u>	<u>95,771</u>

(4) Expenses recognized in profit and loss

The details of expenses recognized in profit or loss by the consolidated company in 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Current service cost	\$ 481	502
Net interest of net defined benefit liabilities	<u>(409)</u>	<u>(413)</u>
	<u>\$ 72</u>	<u>89</u>
Operating cost	\$ 34	45
Marketing expense	(182)	216
Management expense	152	(234)
R&D expenses	<u>68</u>	<u>62</u>
	<u>\$ 72</u>	<u>89</u>

(5) Actuarial assumptions

The consolidated company's principal actuarial assumptions are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate	1.50%~1.625%	1.13%~1.50%
Future salary increases	2.50%~3.00%	2.25%~3.00%

The consolidated company plans to pay NT\$87 thousand for the defined benefit plan within one year after the reporting date as of 2024.

The weighted average duration of the defined benefit plan is 8.9~26.7 years.

(6) Analysis of sensitivity

The effect of changes in the adopted principal actuarial assumptions on the present value of defined benefit obligations on December 31, 2024 and 2023 is stated as follows:

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	Effect on defined benefit obligation	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2024		
Discount rate	\$ (1,524)	1,580
Future salary increases	1,537	(1,490)
December 31, 2023		
Discount rate	\$ (1,671)	1,734
Future salary increases	1,684	(1,631)

Said analysis of sensitivity refers to the analysis of the effect produced by any change of single hypothesis under the circumstance that the other hypotheses remain unchanged. In practice, a lot of changes in hypotheses might be linked with each other. The analysis of sensitivity adopted the same method used for calculation of net benefit liabilities on the balance sheet.

The methods and hypotheses used by the analysis of sensitivity prepared in the current period are identical with those used in the previous period.

2. Defined contribution plan

The consolidated company's defined contribution plan is based on Labor Pension Act. An amount equivalent to 6% of the monthly wages is appropriated to the Labor Pension personal accounts of the Bureau of Labor Insurance. In this plan, after appropriating a fixed amount to the Bureau of Labor Insurance, the consolidated company has no legal or constructive obligation to make additional contribution.

The consolidated company's pension expense as of 2024 and 2023 under the defined contribution plan amounted to NT\$69,238 thousand and NT\$63,916 thousand, respectively, and it has been appropriated to the Bureau of Labor Insurance already.

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3. The details of pension expenses contributed by the foreign consolidated company pursuant to the local laws in 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Operating cost	\$ 8,264	10,105
Management expense	5,792	6,061
	<u>\$ 14,056</u>	<u>16,166</u>

(XXI) Income tax

1. Income tax expenses

The details of income tax expenses of the consolidated company in 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Income tax expenses in current period		
Generated in current period	\$ 189,529	132,104
Adjustment to previous year's income tax expense	(15,117)	(4,288)
	<u>174,412</u>	<u>127,816</u>
Deferred income tax expenses		
Occurrence and reversal of temporary difference	22,616	29,465
Income tax expenses	<u>\$ 197,028</u>	<u>157,281</u>

The relationship between the consolidated company's income tax expenses and net income before tax in 2024 and 2023 is adjusted as follows:

	<u>2024</u>	<u>2023</u>
Net income before tax	<u>\$ 5,063,812</u>	<u>4,933,318</u>
Income tax calculated based on the income tax rate of the country the Company operates	\$ 1,012,763	986,664
Tax rate difference effect in foreign jurisdiction	(5,783)	(6,894)
Non-deductible expenses	(264,804)	(283,305)
Nontaxable income	(600,104)	(695,654)
Recognition of taxation loss not recognized in previous period	-	20,332
Current taxation loss of unrecognized deferred income tax assets	95,620	71,011
Unrecognized changes in temporary difference	(66,397)	13,079

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Underestimation (overestimation) in the previous period	(15,117)	(4,288)
Imposition on undistributed earnings	24,663	56,336
Income Basic Tax	16,187	-
Total	<u>\$ 197,028</u>	<u>157,281</u>

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax assets

As of December 31, 2024 and 2023, the total deductible temporary differences of the deferred income tax assets not recognized in the consolidated balance sheet were NT\$418,567 thousand and NT\$389,976 thousand.

As of December 31, 2024, the deduction period of the consolidated company's future deductible income and the taxation loss of unrecognized deferred income tax assets based on the Income Tax Act is as follows:

Subsidiaries not situated in the location of the Company

<u>Year of loss</u>	<u>Unrecognized Losses yet to be deducted</u>	<u>Last year for deduction</u>
2020	\$ 38,805	2025
2021	47,830	2026
2022	114,874	2027
2023	117,397	2028
2024	351,244	2029

Subsidiaries situated in the location of the Company

<u>Year of loss</u>	<u>Unrecognized Losses yet to be deducted</u>	<u>Last year for deduction</u>
2015	\$ 546,862	2025
2016	318,030	2026
2017	140,257	2027
2018	75,215	2028
2019	117,580	2029
2020	473,569	2030
2021	41,046	2031
2022	25,869	2032
2023	407,410	2033
2024	33,509	2034

(2) Recognized deferred income tax assets and liabilities

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The changes in the deferred income tax assets and liabilities in 2024 and 2023 are as follows:

	Long-term investment under the equity method	Unrealized exchange gain	Land increment al tax	Others	Total
Deferred income tax liabilities :					
Balance as at January 1, 2024	\$ (42,682)	(1,077)	(93,543)	(21,634)	(158,936)
(Debit) credit profit and loss	1,721	(62)	-	349	2,008
(Debit) credit other comprehensive income	-	-	-	(4,932)	(4,932)
Exchange difference in the financial statements of foreign operations	-	(38)	-	-	(38)
Balance as at December 31, 2024	<u>\$ (40,961)</u>	<u>(1,177)</u>	<u>(93,543)</u>	<u>(26,217)</u>	<u>(161,898)</u>
Balance as at January 1, 2022	\$ (40,402)	(1,093)	(93,543)	(23,297)	(158,335)
(Debit) credit profit and loss	(2,280)	(4)	-	903	(1,381)
(Debit) credit other comprehensive income	-	-	-	760	760
Exchange difference in the financial statements of foreign operations	-	20	-	-	20
Balance as at December 31, 2023	<u>\$ (42,682)</u>	<u>(1,077)</u>	<u>(93,543)</u>	<u>(21,634)</u>	<u>(158,936)</u>
Deferred income tax assets :					
		Loss carryforwa rds	Investment Tax Credit	Others	Total
Balance as at January 1, 2024	\$	62,804	-	20,235	83,039
(Debit) credit profit and loss		(23,074)	-	(1,550)	(24,624)
(Debit) credit other comprehensive income		-	-	(1,520)	(1,520)
Balance as at December 31, 2024	<u>\$</u>	<u>39,730</u>	<u>-</u>	<u>17,165</u>	<u>56,895</u>
Balance as at January 1, 2023	\$	67,320	-	43,233	110,553
(Debit) credit profit and loss		(4,516)	-	(23,568)	(28,084)
(Debit) credit other comprehensive income		-	-	570	570
Balance as at December 31, 2023	<u>\$</u>	<u>62,804</u>	<u>-</u>	<u>20,235</u>	<u>83,039</u>

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The income tax returns of the Company's profit-seeking business have been audited by the tax authorities up to 2022.

(XXII) Capital and other equity

1. Issuance of common shares

As of December 31, 2024 and 2023, the total authorized capital of the Company was NT\$25,000,000 thousand and NT\$20,000,000 thousand, respectively, with a par value of NT\$10 per share, divided into 2,500,000 thousand and 2,000,000 thousand shares, respectively. The authorized capital mentioned above consisted of common shares, and the number of shares issued was 1,710,438 thousand and 1,583,739 thousand, respectively.

The outstanding stock of the Company in 2024 and 2023 is adjusted as follows:
(Stated in thousand shares)

	Common shares	
	2024	2023
Balance, January 1	1,583,739	1,480,130
Capitalization of retained earnings	126,699	103,609
Balance, December 31	1,710,438	1,583,739

On May 27, 2024 and May 31, 2023, the consolidated company distributed the stock dividends to shareholders from undistributed earnings, NT\$1,266,992 thousand and NT\$1,136,091 thousand, respectively, per the resolution of the shareholders' meeting. The capital increase project took effective on July 4, 2024 and July 6, 2023 upon approval of the Financial Supervisory Commission (FSC). The record dates for said capital increase are August 3, 2024 and August 1, 2023, respectively. The related statutory procedures were already completed.

2. Capital reserve

The balance of the Company's capital surplus is as follows:

	December 31, 2024	December 31, 2023
Stock premium	\$ 289,318	289,318
Treasury stock trading	100,089	91,791
Actual difference between the equity price and book value of the subsidiary's equity acquired or disposed	899	899

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Changes in the net equity of the affiliated company and joint venture are recognized in accordance with the equity method.	421,749	442,876
Recognition of changes in the ownership in subsidiaries	337,335	337,359
Others	1,287	1,078
	<u>\$ 1,150,677</u>	<u>1,163,321</u>

Pursuant to the Company Act, the capital surplus shall be first used to offset losses, then new shares or cash may be allocated based on realized capital surplus subject to shareholding ratio. The term realized capital surplus mentioned above includes the shares issued at premium exceeding the par value and the gains in the form of gifts. According to the Regulations Governing the Offering and Issuance of Securities by the Issuer, the capital surplus that can be capitalized annually shall not exceed 10% of the total paid-in capital.

3. Retained earnings

Pursuant to the Company's Articles of Incorporation, if the Company has annual earnings, it shall first pay taxes, make up any losses from past years and then appropriate 10% as legal reserves, unless the legal reserve reaches the amount of the Company's paid-in capital; if necessary, make provision of special reserves according to the laws and the needs of company operation. The residual earnings shall be added to undistributed earnings at the beginning. The Board of Directors shall draft a motion for the distribution of the residual earnings and submit to the shareholders' meeting for distribution.

The Company is now at the stable growth stage and most of the earnings are from the investees recognized under the equity method. For the sustainable operation and long-term development of the company, the Company shall first use the earning to offset accumulated losses and pay tax, then appropriate 10% of the earnings as legal reserve and appropriate or reverse the special reserve according to laws. When distributing the remaining earnings with the accumulated earnings undistributed, the Board of Directors shall propose a motion for the distribution. When distributing in the form of new shares, a motion shall be submitted to the shareholders' meeting for approval before distribution. In accordance with Article 240 Paragraph 5 of the Company Act, if the aforementioned earnings are distributed in the form of cash, approval for such distribution should be passed by at least half of the Directors in attendance in a Board meeting attended by no less than two-thirds of all Board members. The results should then be reported during a shareholders' meeting.

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The directors' meeting shall consider the financial structure of the Company, future funding demand and profit-seeking conditions to plan the ratio of the earning distribution and shareholder's cash dividends and the cash dividends shall not be less than 10% of the total dividends.

(1) Legal reserve

When the Company suffers no loss, new shares or cash may be allocated from the legal reserve upon resolution of the shareholders' meeting, provided that the new shares or cash allocated shall be no more than 25% of the paid-in capital

(2) Special reserve

When first applying the IFRS approved by the FSC, the Company chose to adopt the exemption in IFRS 1 "First-time Adoption of International Financial Reporting Standards". The unrealized revaluation increment under the shareholder's equity was stated following the rule of using the fair value on the conversion date as the recognized cost to increase retained earnings. Pursuant to the FSC's requirements, a same amount of special reserves should be stated. When relative assets were used, disposed or reclassified, the original rate to state the special reserves could be used to reverse the allocation of earnings. The special reserves balances on December 31 in 2024 and 2023 were both NT\$141,843 thousand.

According to the FSC's requirements, when the Company distributes the distributable earnings, for the deduction net amount of other shareholders' equity stated in the current year and the difference of special reserves balance stated above, the special reserves shall be stated from current profit or loss and the undistributed earnings in the previous period. For the deduction amount of other shareholders' equity in the previous period, special reserves shall be stated from undistributed earnings in the previous period and shall not be distributed. If the deduction amount of other shareholders' equity reverses, the earnings of the reversing part can be distributed.

(3) Distribution of earnings

The Company distributed the cash dividend from 2023 earnings per the resolution of the Board meeting on March 8, 2024. Meanwhile, the other distributions from earnings in 2023 were resolved by the general annual meeting on May 27, 2024, and the distribution of earnings 2022 was also resolved by the general annual meeting on May 31, 2023 as follows:

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	2023		2022	
	Share distribution rate (NT\$)	Amount	Share distribution rate (NT\$)	Amount
Dividend distributed to common stock shareholders:				
Cash	\$ 1.30	2,058,861	1.30	1,924,170
Stocks	0.80	<u>1,266,992</u>	0.70	<u>1,036,091</u>
Total		<u>\$ 3,325,853</u>		<u>2,960,261</u>

The proposal for the distribution in 2024 was drafted in the meeting of the Board of Directors on March 10, 2025. The dividend amount distributed to the shareholders is as follows. Other than the cash dividend, the items in the earning distribution form need to be recognized by the shareholders:

	2024	
	Share distribution rate (NT\$)	Amount
Dividend and share distribution rate distributed to common stock shareholders:		
Cash	\$ 1.30	2,223,570
Stocks	0.50	<u>855,219</u>
Total		<u>\$ 3,078,789</u>

4. Treasury stock

The Company's stocks held by the subsidiaries of the consolidated company on December 31, 2024 and 2023 are stated as follows:

Ledger account	December 31, 2024			December 31, 2023		
	Number of shares (thousand shares)	Cost	market price	Number of shares (thousand shares)	Cost	market price
Financial assets measured at fair values through other comprehensive profit or loss- non-current	6,894	136,868	349,532	6,383	136,868	425,776

Pursuant to the Securities and Exchange Act, the treasury stocks held by the subsidiaries cannot be pledged. And before the transfer, the shareholder's right is not permitted.

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5. Other equity (net amount after tax)

	Exchange difference in the financial statements of foreign operations	Unrealized profit or loss of the financial assets measured at fair values through other comprehensive profit or loss	Non-controlli ng interests
Balance as at January 1, 2024	\$ (187,471)	13,620,068	19,762,354
Exchange difference gathered for the calculation of net assets of foreign operations	370,383	-	(5,466)
Share of the exchange difference of affiliated companies using the equity method	428,673	-	-
Unrealized profit or loss of the financial assets measured at fair values through other comprehensive profit or loss	-	3,688,986	1,588,017
Disposal of equity instrument measured at fair value through other comprehensive income	-	-	(87)
Unrealized profit or loss of the financial assets measured at fair values through other comprehensive profit or loss of affiliated companies using the equity method	-	154,905	(19,462)
Disposal of equity instrument at fair value through other comprehensive income by affiliates	-	(8,080)	(704)
Others	-	-	88,031
Balance as at December 31, 2024	\$ 611,585	17,455,879	21,412,683
Balance as at January 1, 2022	\$ 26,492	7,435,280	16,111,576
Exchange difference gathered for the calculation of net assets of foreign operations	(133,456)	-	15,172
Share of the exchange difference of affiliated companies using the equity method	(80,507)	-	-
Unrealized profit or loss of the financial assets measured at fair values through other comprehensive profit or loss	-	4,492,550	3,032,413
Disposal of equity instrument measured at fair value through other comprehensive income	-	(21,087)	(14,687)

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Unrealized profit or loss of the financial assets measured at fair values through other comprehensive profit or loss of affiliated companies using the equity method	-	1,715,402	80,131
Disposal of equity instrument at fair value through other comprehensive income by affiliates	-	(2,077)	(7,935)
Others	-	-	545,684
Balance as at December 31, 2022	<u>\$</u>	<u>(187,471)</u>	<u>13,620,068</u>
			<u>19,762,354</u>

(XXIII) Earnings per share

1. Basic EPS

The basic earnings per share of the consolidated company in 2024 and 2023 were calculated based on the net profit attributed to common stock shareholders of the Company and weighted average outstanding shares of common stocks. The calculation is stated as follows:

(1) Net income attributed to the Company's common stock shareholders

	<u>2024</u>	<u>2023</u>
Net income attributable to the Company's common stock shareholders:	<u>\$ 4,190,598</u>	<u>4,158,206</u>

(2) Weighted average outstanding shares of common stocks (thousand shares)

	<u>2024</u>	<u>2023</u>
Common stocks issued on January 1	1,583,739	1,583,739
Effect of the treasury stock	(6,894)	(6,894)
Effect of the stock dividend	126,699	126,699
Weighted average outstanding shares of common stocks on December 31	<u>1,703,544</u>	<u>1,703,544</u>
Basic earnings per share (NTD)	<u>\$ 2.46</u>	<u>2.44</u>

2. Diluted EPS

The diluted earnings per share in 2024 and 2023 were calculated based on the net profit attributed to common stock shareholders of the Company and weighted average outstanding shares of common stocks with adjusted diluted effect of all potential common stocks. The calculation is stated as follows:

(1) Net income attributed to the Company's common stock shareholders (diluted)

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	2024	2023
Net income attributed to the Company's common stock shareholders (diluted)	\$ 4,190,598	4,158,206
 (2) Weighted average outstanding shares of common stocks (diluted) (thousand shares)		
	2024	2023
Weighted average outstanding shares of common stocks (basic)	1,703,544	1,703,544
Effect of employee stock compensation	95	77
Weighted average outstanding shares of balance common stocks on December 31 (diluted)	1,703,639	1,703,621
 Diluted earnings per share (NTD)	\$ 2.46	2.44

(XXIV) Revenue from contracts with customers

1. Income details

		2024					
		Rental business	Flour business	Flour business overseas	System integration business	All other departments	Total
Main area and market							
Taiwan	\$	343,645	5,110,099	-	4,720,427	1,303,069	11,477,240
People's Republic of China		33,367	-	236,712	130,138	5,937	406,154
Other countries		-	198,152	3,995	861,235	-	1,063,382
		\$ 377,012	5,308,251	240,707	5,711,800	1,309,006	12,946,776
Main product/service line							
Product sale	\$	-	5,308,251	240,707	1,354,441	292,938	7,196,337
Investment property and rental revenue		377,012	-	-	2,800	4,520	384,332
Construction revenue		-	-	-	3,642,417	-	3,642,417
Maintenance revenue		-	-	-	659,834	-	659,834
Investment revenue		-	-	-	-	1,006,018	1,006,018
Others		-	-	-	52,308	5,530	57,838
		\$ 377,012	5,308,251	240,707	5,711,800	1,309,006	12,946,776
		2023					
		Rental business	Flour business	Flour business overseas	System integration business	All other departments	Total

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Main area and market

Taiwan	\$	311,376	5,178,896	-	5,024,883	1,421,551	11,936,706
People's Republic of China		34,365	-	485,230	148,318	2,406	670,319
Other countries		-	202,921	7,396	781,122	-	991,439
		<u>\$ 345,741</u>	<u>5,381,817</u>	<u>492,626</u>	<u>5,954,323</u>	<u>1,423,957</u>	<u>13,598,464</u>

Main product/service line

Product sale	\$	-	5,381,817	492,626	3,784,880	277,537	9,936,860
Investment property and rental revenue		345,741	-	-	3,626	3,587	352,954
Construction revenue		-	-	-	1,680,926	-	1,680,926
Maintenance revenue		-	-	-	453,362	-	453,362
Investment revenue		-	-	-	-	1,137,545	1,137,545
Others		-	-	-	31,529	5,288	36,817
		<u>\$ 345,741</u>	<u>5,381,817</u>	<u>492,626</u>	<u>5,954,323</u>	<u>1,423,957</u>	<u>13,598,464</u>

2. Contract balance

		<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Contract assets - System engineering	\$	4,009,006	3,996,704	4,018,819
Contract assets - Maintenance and trading		<u>1,293,725</u>	<u>996,327</u>	<u>1,022,886</u>
		<u>\$ 5,302,731</u>	<u>4,993,031</u>	<u>5,041,705</u>
Contract liabilities - System engineering	\$	1,413,073	1,301,678	1,200,536
Contract liabilities - Maintenance and trading		<u>753,945</u>	<u>572,879</u>	<u>586,459</u>
		<u>\$ 2,167,018</u>	<u>1,874,557</u>	<u>1,786,995</u>

The disclosure of the notes and accounts receivable and the impairment are detailed in note 6(4).

The balances of contract liabilities on January 1, 2024 and 2023 that were recognized as revenue in 2024 and 2023 were NT\$516,245 thousand and NT\$535,818 thousand, respectively.

(XXV) Remuneration to employees and directors

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According to the Articles of Incorporation, annual profits concluded by the Company shall be subject to employee remuneration of no less than 0.1% in 2023 and 2024, and director remuneration of no more than 1%. However, profits must first be taken to offset against cumulative losses if any. Employees' remuneration, as mentioned above, can be paid in shares or cash to employees of affiliated companies that satisfy certain criteria.

In 2024 and 2023, the amounts of employee remuneration were estimated at NT\$4,250 thousand and NT\$4,207 thousand respectively, and the amounts of director remuneration NT\$9,020 thousand and NT\$9,420 thousand respectively. These estimates were made by applying the Company's before-tax profits with the deduction of the remunerations to employees and directors, and subject to the appropriate percentages for the remuneration to employees and directors set based on the Articles of Incorporation, then estimated based on the historical experience and stated as operating expenses in 2024 and 2023. For related information, please visit the MOPS. Said amounts of remuneration to employees and directors per the resolution of the Board of Directors were consistent with the estimated amounts reported in the Company's 2024 and 2023 consolidated financial statements.

Any differences between the amounts actually paid in 2024 and the amount previously estimated would be treated as a change in accounting estimate, and recognized as profit or loss in 2025.

(XXVI) Non-operating revenue and expense

1. Interest income

The consolidated company's interest income is stated as follows:

	2024	2023
Interest on bank deposits	154,021	121,409
Other interest income	29,379	3,440
Total interest income	183,400	124,849

2. Other revenue

The consolidated company's other revenues as of 2024 and 2023 were stated as follows:

	2024	2023
Dividend income	445,099	437,208
Labor service revenue	519	518
	445,618	437,726

3. Other profits and losses

The consolidated company's other profit and loss in 2024 and 2023 are stated as follows:

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	2024	2023
Loss from the disposal and scrap of property, plants and equipment(loss)	13,639	(3,822)
Gains on disposals of investment property	68,540	2,696
Foreign exchange gain (loss)	44,306	(18,233)
financial asset or financial liability at fair value through profit or (loss)	99,533	(1,905)
Impairment loss	(13,902)	(9,104)
Other expense	(85,425)	(59,898)
Other revenue	36,898	56,222
	163,589	(34,044)

4. Financial cost

The consolidated company's operating costs in 2024 and 2023 are stated as follows:

	2024	2023
Interest expense	222,096	205,675

(XXVII) Financial instruments

1. Credit risk

(1) Credit risk exposure

The book value of financial assets and contract assets represents the maximum credit risk exposure amount.

(2) Concentration of credit risk

The consolidated company has a broad customer base and does not have business conducted significantly focusing on single customer. Besides, the sales regions are dispersed. Therefore, there is no significant and concentrated credit risk in accounts receivable. The consolidated company continues to regularly assess the financial condition of customers in order to reduce credit risk. Only that it usually does not require customers to provide collaterals.

2. Liquidity risk

The contract maturities of financial liabilities are illustrated in the table below, including the estimated interest but not the impact of net amount agreed.

	Book value	Contractual cash flows	Within 6 months	6 12 months	1-2 years	2-5 years	More than 5 Year
December 31, 2024							
Non-derivative financial liabilities							

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Short-term notes payable\$	998,535	1,002,161	1,002,161	-	-	-	-
Unguaranteed bank	6,544,000	6,619,592	2,855,719	2,952,150	811,723	-	-
loans							
Guaranteed bank loans	2,600,000	2,631,799	23,208	2,608,591	-	-	-
Payable notes and	1,850,325	1,850,325	1,850,325	-	-	-	-
payable accounts							
Other payable	627,503	627,503	627,433	70	-	-	-
Lease liabilities	452,189	508,807	32,693	33,027	60,740	109,847	272,500
Bonds payable	2,497,793	2,577,110	16,116	16,384	32,500	2,512,110	-
	\$ 15,570,345	15,817,297	6,407,655	5,610,222	904,963	2,621,957	272,500

December 31, 2023

Non-derivative financial
liabilities

Short-term notes payable\$	1,298,464	1,303,050	1,202,309	100,741	-	-	-
Unguaranteed bank	7,472,000	7,548,422	3,438,703	2,995,658	1,114,061	-	-
loans							
Guaranteed bank loans	1,753,756	1,773,801	138,445	1,612,157	9,789	12,845	565
Payable notes and	2,519,750	2,519,750	2,519,750	-	-	-	-
payable accounts							
Other payable	739,418	739,418	739,418	-	-	-	-
Lease liabilities	467,760	515,471	30,934	29,432	53,552	99,053	302,500
Bonds payable	2,496,866	2,609,699	16,205	16,384	32,500	2,544,610	-
	\$ 16,748,014	17,009,611	8,085,764	4,754,372	1,209,902	2,656,508	303,065

The consolidated company does not expect the maturity analysis of cash flows will be significantly pre-matured or the actual amount will be significantly different.

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3. Exchange rate risk

(1) Exchange rate risk exposure

The consolidated company's financial assets and liabilities exposed to significant foreign exchange rate risk is as follows:

December 31, 2024				
		Foreign currency (thousand)	Rate	TWD
Financial assets				
<u>Monetary items</u>				
USD	\$	8,288	USD : TWD	32.7850
HKD		5,913	HKD : TWD	4.2220
EUR		155	EUR : TWD	34.1400
RMB		5,936	RMB : TWD	4.4780
<u>Financial liability</u>				
<u>Monetary items</u>				
USD		414	USD : TWD	32.7850
December 31, 2023				
		Foreign currency (thousand)	Rate	TWD
Financial assets				
<u>Monetary items</u>				
USD	\$	21,237	USD : TWD	30.7050
HKD		3,603	HKD : TWD	3.9290
EUR		113	EUR : TWD	33.9800
RMB		6,570	RMB : TWD	4.3270
<u>Financial liability</u>				
<u>Monetary items</u>				
USD		10,288	USD : TWD	30.7050

(2) Sensitivity analysis

The exchange rate risk of the monetary account of the consolidated company is mainly from foreign currency denominated cash and cash equivalent as well as accounts receivable. Foreign exchange gain and loss arise from the translation. If the main accounting currency used for preparing the reports on December 31, 2024 and 2023 appreciated or depreciated by 1%, under the condition that all other factors stayed

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unchanged, the net profit after tax would increase by NT\$2,736 thousand in 2024 and decreased by NT\$5,588 thousand in 2023.

(3) Exchange gain or loss of monetary items

In consideration of multiple functional currency types used by the consolidated company, the information about exchange gain or loss of monetary items is disclosed by summarization. The foreign currency exchange gain (including the realized and unrealized) was NT\$44,306 thousand and NT\$(18,233) thousand in 2024 and 2023.

4. Interest rate analysis

Please refer to the Note regarding liquidity risk management for the interest rate risk exposure of the consolidated company's financial assets and financial liabilities.

The following sensitivity analyzes are based on the interest rate risk exposure of the derivative and non-derivative instruments on the reporting date. The analysis of floating rate liabilities is by assuming the outstanding liability amount on the reporting date stays outstanding the entire year. The rate of change used in the consolidated company's internal report to the management was the interest rate with an increase or decrease of 0.5% pips. In addition, the interest rate is assessed within the reasonable and possible range of change by the management.

If interest rate is increased or decreased by 0.5%, with all other variables stayed unchanged, the consolidated company's net profit would decrease by NT\$20,340 thousand in 2024 and increase by NT\$13,655 thousand in 2023.

5. Other pricing risks

The effect of the changes in equity price on the reporting date (the analysis of two terms is completed by using the same basis, and assuming all other variables held constant) on the comprehensive profit and loss is as follows:

Stock price on the reporting date	2024		2023	
	Other comprehensive profit or loss after tax	Profit or loss after tax	Other comprehensive profit or loss after tax	Profit or loss after tax
Increased by 3%	\$ 1,242,515	-	1,062,515	-
Decreased by 3%	(1,242,515)	-	(1,062,515)	-

6. Information about fair value

(1) Type and fair value of the financial instrument

Financial assets measured at fair values through other comprehensive profit or loss by the consolidated company is based on repetition and measured at fair value. The

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book value and fair value of different financial assets and liabilities (including fair value level information but financial instruments not measured at fair value level but with a book value close to the reasonable amount of fair value and leasing liabilities are not required for the disclosure of fair value according to the regulations) are listed down below:

	December 31, 2024				
	Book value	Fair value			Total
		Class I	Class II	Class III	
Financial assets at fair value through profit or loss					
Stock warrants	\$ 133,773	133,773	-	-	133,773
Stock unlisted in domestic markets	99,147	-	-	99,147	99,147
Structured deposit	14,106	-	14,106	-	14,106
Fund Beneficiary Certificate	265,616	265,616	-	-	265,616
Subtotal	512,642	399,389	14,106	99,147	512,642

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	December 31, 2024				
	Book value	Fair value			Total
		Class I	Class II	Class III	
Financial assets at fair value					
through other comprehensive income					
Stocks listed in domestic and foreign markets	41,417,169	41,417,169	-	-	41,417,169
Stocks unlisted in domestic and foreign markets	2,379,801	40,000	717,349	1,622,452	2,379,801
Subtotal	43,796,970	41,457,169	717,349	1,622,452	43,796,970
Financial assets measured at amortized cost					
Cash and cash equivalent	4,966,714	-	-	-	-
Notes and accounts receivable	2,438,580	-	-	-	-
Other receivable	378,991	-	-	-	-
Guarantee deposits paid	111,537	-	-	-	-
Other current assets - current	52,650	-	-	-	-
Other current assets - noncurrent	59,126	-	-	-	-
Subtotal	8,007,598	-	-	-	-
Total	\$ 52,317,210	41,856,558	731,455	1,721,599	44,309,612
Financial liabilities measured at amortized cost					
Short-term loans	\$ 8,244,000	-	-	-	-
Short-term notes payable	998,535	-	-	-	-
Notes payable	25,697	-	-	-	-
Accounts payable	1,824,628	-	-	-	-
Other payable	627,503	-	-	-	-
Long-term loan	900,000	-	-	-	-
Deposits received	119,192	-	-	-	-
Lease liabilities	452,189	-	-	-	-
Bonds payable	2,497,793	-	-	-	-
Total	\$ 15,689,537	-	-	-	-

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	December 31, 2023				
	Book value	Fair value			Total
		Class I	Class II	Class III	
Financial assets at fair value					
through profit or loss					
Beneficiary certificates of funds	\$ 52,877	52,877	-	-	52,877
Structured deposit	34,516	-	34,516	-	34,516
Beneficiary Certificate	520,391	520,391	-	-	520,391
Subtotal	607,784	573,268	34,516	-	607,784
Financial assets at fair value					
through other comprehensive income					
Stocks listed in domestic and foreign markets	35,417,175	35,417,175	-	-	35,417,175
Stocks unlisted in domestic and foreign markets	2,643,940	-	944,919	1,699,021	2,643,940
Subtotal	38,061,115	35,417,175	944,919	1,699,021	38,061,115
Financial assets measured at amortized cost					
Cash and cash equivalent	4,686,205	-	-	-	-
Notes and accounts receivable	3,337,370	-	-	-	-
Other receivable	73,111	-	-	-	-
Guarantee deposits paid	149,062	-	-	-	-
Other current assets current	30,664	-	-	-	-
Other current assets noncurrent	57,349	-	-	-	-
Subtotal	8,333,761	-	-	-	-
Total	\$ 47,002,660	35,990,443	979,435	1,699,021	38,668,899
Financial liabilities measured at amortized cost					
Short-term loans	\$ 7,787,000	-	-	-	-
Short-term notes payable	1,298,464	-	-	-	-
Notes payable	64,730	-	-	-	-
Accounts payable	2,455,020	-	-	-	-
Other payable	739,418	-	-	-	-

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Long-term loan	1,438,756	-	-	-	-
Deposits received	90,977	-	-	-	-
Lease liabilities	467,760	-	-	-	-
Bonds payable	2,496,866	-	-	-	-
Total	<u>\$ 16,838,991</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(2) Fair value evaluation technology for the financial instrument measured at fair value

(2.1) Non-derivative financial instrument

If a financial instrument has a quoted price in the active market, the quoted price will be the fair value. The market price announced by the Taiwan Stock Exchange Corporation is the basis for listed companies' equity instrument.

If the financial instrument possessed by the consolidated company is in the active market, its fair value is listed by category and attribute below:

The fair value of financial assets and liabilities and listed company stocks with standard terms/conditions and traded in the active market shall be decided subject to the market quotation.

Except for the financial instrument in the active market, the fair value of other financial instruments is based on the evaluation technology or the quotation of the counterparty. The fair value acquired through the evaluation technology can take reference from other substantial conditions and the evaluation technology used on similar financial instruments, including the market information that can be acquired on the date of preparing the consolidated balance sheet. The information is then used on a calculation model.

If the financial instrument possessed by the consolidated company is an equity instrument that does not have an open quotation, its fair value is measured using the cash flow discount model. The main assumption is to apply the expected cash flow estimated by the investee to reflect the time value of money and the risk and rate of return on investment and measure with the discount. When adopting the market approach to measure the fair value, the main assumption uses the quotation of the listed company to calculate the P/S ratio (sales multiple) and applies it on the measurement. The discount effect resulting from the lack of market liquidity of the equity security is considered and the estimated number has been adjusted.

(2.2) Derivative financial instruments

The forward foreign exchange contracts are usually valued based on the current forward foreign exchange rate.

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(3) Details of change in Class III

	Measuring at fair values through other comprehensive profit or loss Equity instrument with no open quotation	Fair Value Through Profit or Loss Equity instrument with no open quotation
January 1, 2024	\$ 1,699,021	-
Total profit or loss		
Recognized in profit or loss	-	(853)
Recognized in other comprehensive income	(148,855)	-
Reclassification	50,000	-
Purchase	52,500	100,000
Refunds from decapitalization	(44,774)	-
Disposal	14,560	-
December 31, 2024	\$ 1,622,452	99,147
January 1, 2023	\$ 1,871,442	-
Total profit or loss		
Recognized in other comprehensive income	(93,052)	-
Reclassification	6,235	-
Purchase	2,500	-
Refunds from decapitalization	(49,623)	-
Foreign exchange rate effect	(38,944)	-
Disposal	463	-
December 31, 2023	\$ 1,699,021	-

The above total profits or losses are stated in “unrealized valuation gain (loss) of financial assets measured at fair value through other comprehensive profit or loss”. Items related to the assets possessed on December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Total profit or loss		
Recognized in profit or loss (presented under 'Other gains and losses)	<u>(853)</u>	<u>-</u>

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Refunds from decapitalization (unrealized valuation gain (loss) of (148,855) (93,052)
financial assets measured at fair value through other
comprehensive profit or loss)

(4) Quantitative data used on measuring the fair value of the unobservable major input
(Level 3)

The consolidated company's item that is measured at fair value and classified as Class III includes financial assets measured at fair value through other comprehensive profit or loss- equity security investment.

Most of the fair value of the consolidated company has only one unobservable major input. Only the equity instrument investment that is not in an active market has multiple unobservable major inputs, The unobservable major inputs of the equity instrument investment that is not in an active market are separated from one another. They are not relevant to each other.

For some of the consolidated company's equity investment instruments that do not have an active market quotation and with the purpose not for short-term trading, the management will refer to the recent financial report of the invested company, evaluate the industry development and examine the information that is available to the public. Based on the information, the Company assesses the operating status and future operating performance of the invested company to estimate the fair value of the invested company. The change in the industry and future of the market is in highly positive correlation with the change of the invested company's operation and future performance.

The quantitative data of the unobservable major input are as follow:

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Item	Evaluation technology	Unobservable major input	Relationship between the unobservable major input and the fair value
Financial assets measured at fair values through other comprehensive profit or loss- equity instrument investment that is not in an active market	company comparables	·Price-to-book ratio (1.31 and 1.27 on December 31, 2024 and 2023) ·Discount for Lack of Marketability (25% as of both December 31, 2024 and December 31, 2023)	·The higher the equity multiple, the higher the fair value. ·The higher the discount for lack of marketability, the lower the fair value.
Financial assets measured at fair values through other comprehensive profit or loss- equity instrument investment that is not in an active market	Net asset value method	·Non-controlling discount (24.64% and 22.06% on December 31, 2024 and 2023)	·The higher the non-controlling discount is, the lower the fair value is.

(5) For the fair value Level 3 measurement, the fair value is used for the sensitivity analysis of reasonably possible alternative.

The fair value measurement of the consolidated company's financial instrument is reasonable. If different valuation model or valuation parameter is used, it might result in different valuation results. When the valuation parameter of the financial instrument classified as Class III is changed, it will have effect on other comprehensive profit or loss. The effect is as follows:

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	Input	Increase or decrease	Change in fair value reflected on other comprehensive profit or loss	
			Advantageous change	Disadvantageous change
December 31, 2024				
Financial assets at fair value				
through other comprehensive income				
Equity instrument not in an active market	Discount rate	0.50%	\$ 60	(60)
December 31, 2023				
Financial assets at fair value				
through other comprehensive income				
Equity instrument not in an active market	Discount rate	0.50%	\$ 226	(226)

The advantageous and disadvantageous change of the consolidated company is the change in fair value. The fair value is based on unobservable input parameters of different levels and calculated using the evaluation technology. The fair value of the financial instrument might be affected by more than 1 input value. The above table only reflects the effect resulting from a single input value change. The relevance between and variability in the input values are not taken into account.

(XXVIII) Financial risk management

1. Summary

The consolidated company is exposed to the following risks due to the use of the financial instruments:

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

The consolidated company's risk exposure information and the consolidated company's measurement and risk management objectives, policies, and procedures are expressed in this Note. Please refer to the notes to the standalone financial statements for further quantitative disclosure. °

2. Risk management structure

The board of directors is fully responsible for the establishment and supervision of

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the consolidated company's risk management structure. The board of directors has authorized a responsible department as appropriate. The department is responsible for developing and controlling the risk management policies of the consolidated company. Besides, it is required to report its operation to the board of directors regularly. Internal audit staff will assist the consolidated company's board of directors to play the supervisory role. These personnel conduct regular and extraordinary review for the risk management control mechanism and procedure. The review result will be reported to the board of directors.

3. Credit risk

Credit risk is the risk of financial losses faced by the consolidated company when the client or the counterparty of financial instruments trade is unable to meet its contractual obligations. It is mainly from the consolidated company's accounts receivables from customers and securities investment.

(1) Accounts receivable and other receivables

The financial product included in the accounts receivable of the consolidated company is not significantly concentrated on one customer. Besides, the sales regions are dispersed. As a result, the credit risk of accounts receivable is not significantly concentrated.

The credit policy of the consolidated company is established. Pursuant to the policy, the consolidated company shall analyze the credit rating of every new customer before giving it payment standards and delivery terms and conditions. When applicable, the consolidated company's review includes external ratings and bank reference under some circumstances. The purchase limit of each customer is established separately. The limit represents the maximum uncollected amount allowed without the authorization of the appropriate responsible department. The limit amount is reviewed regularly. Customers that do not meet the standard credit rating of the consolidated company can only enter into transaction with the consolidated company when prepayment is paid.

The consolidated company is in the traditional business with little change in the market environment. The customers of the consolidated company are mainly old customers. As a result, not impairment due to customers has been recognized before. Customers shall be classified based on their credit features when the consolidated company monitors their credit risk.

The consolidated company has the allowance account setup to reflect the estimated losses of the accounts receivable. The allowance account mainly includes specific loss related to individual significant exposure and the combined loss of the similar assets

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cluster that has incurred but yet to be identified. The allowance account for combined loss is determined in accordance with the historical payment statistics of similar financial assets.

(2)Investment

The credit risk of bank deposits and other financial instruments is measured and monitored by the Finance Department of the consolidated company. The consolidated company's trading counterparty and performing party are reputable banks, investing financial institutions and corporate organizations with no significant performance concerns. Therefore, there is no significant credit risk.

(3)Guarantees

Pursuant to the consolidated company's policy, the parties to whom financial guarantees are provided shall comply with the criteria set forth in the "Procedures for Endorsements and Guarantees." For details regarding the endorsements/guarantees provided by the consolidated company to its subsidiaries as of December 31, 2024 and December 31, 2023, please refer to Note 13.

4. Liquidity risk

Liquidity risk is the risk that the consolidated company is unable to pay cash or financial asset to settle the financial liability and unable to perform its obligations. The method applied by the consolidated company to manage liquidity is to ensure that the consolidated company in general practice or under pressure has sufficient current fund to liquidate liabilities when due, without incurring unacceptable losses or causing harm to the consolidated company's reputation.

The consolidated company will ensure that it has sufficient cash to meet the need for expected operating expenditure for 60 days, including performance of financial obligation, but excluding the potential effect which it is impossible to expect reasonably under extreme circumstances such as natural disaster. Meanwhile, the unused loan amounts of the consolidated company as of December 31, 2024 and 2023 were NT\$19,603,064 thousand and NT\$15,995,880 thousand.

5. Market risk

Market risk is the risk that the market price change, such as exchange rate, interest rate and equity instrument price change, will affect the profit or value of the financial instrument possessed by the consolidated company. The objective of market risk management is to control the market risk exposure within the affordable range and to optimize return on investment.

The consolidated company conducts derivative instruments transactions for managing market risk with financial liabilities then resulted. All transactions are made in compliance

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with internal control mechanisms and relative operation guidelines.

(1) Exchange rate risk

The consolidated company is exposed to exchange rate risk resulting from the sale, procurement and load transactions measured with a currency other than the functional currency of the Company. The functional currency of the Company mainly includes New Taiwan Dollar, RMB and US Dollar. These transactions are denominated in major currencies of New Taiwan Dollar, Renminbi, Hong Kong Dollar and US Dollar.

(2) Interest rate risk

The rate risk of the consolidated company comes from the floating-rate of the long-term and short-term loans. The change of rate will result in changes in the effective rate of long-term and short-term loans. Therefore, the future cash flow will also change. Relative interest rate analysis is detailed in Note 6(27).

(XXIX) Capital management

The policy of the board of directors maintains the basis of unimpaired capital. It helps maintain the confidence of the investor, creditor and market. It also supports future operating development. Capital includes stock, additional paid-in capital, retained earnings, and other equity and non-controlling equity. The board of directors controls the return on capital. It also controls the dividend quality of common shares.

The debt to equity ratio on the reporting date is as follows:

	December 31, 2024	December 31, 2023
Total liabilities	\$ 18,302,686	19,215,657
Minus: Cash and cash equivalent	(4,966,714)	(4,686,205)
Net liabilities	\$ 13,335,972	14,529,452
Total capital	\$ 73,800,187	65,367,663
Debt to equity ratio	18.07%	22.23%

As of December 31, 2024, the capital management method of the consolidated company remained unchanged.

(XXX) Investing/financing activities for non cash transactions

The consolidated company's financing activities for non cash transactions in 2024 and 2023 are stated as follows:

The liability adjustment from financing activities is as follows:

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	January 1, 2024	Cash flow	Non cash change		December 31, 2024
			Exchange rate change	Other changes	
Long-term loan (include expiry within one year)	\$ 1,438,756	(538,756)	-	-	900,000
Short-term loans	7,787,000	457,000	-	-	8,244,000
Lease liabilities	467,760	(58,725)	-	43,154	452,189
Short-term notes payable	1,298,464	(299,929)	-	-	998,535
Bonds payable	2,496,866	-	-	927	2,497,793
Total liabilities from financing activities	\$ 13,488,846	(440,410)	-	44,081	13,092,517

	January 1, 2023	Cash flow	Non cash change			December 31, 2023
			Acquired in a business combination	Exchange rate change	Other changes	
Long-term loan (include expiry within one year)	\$ 824,216	611,430	3,167	(57)	-	1,438,756
Short-term loans	7,208,000	579,000	-	-	-	7,787,000
Lease liabilities	502,589	(61,775)	-	-	26,946	467,760
Short-term notes payable	1,058,197	240,267	-	-	-	1,298,464
Bonds payable	2,495,939	-	-	-	927	2,496,866
Total liabilities from financing activities	\$ 12,088,941	1,368,922	3,167	(57)	27,873	13,488,846

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VII. Transactions with related party

(D) Names of related parties and their relationship with the Company

Related parties that have performed transactions with the consolidated company during the period of the consolidated financial statement include:

<u>Name of related party</u>	<u>Relationship with the consolidated company</u>
Linde Lienhwa Industrial Gases Co., Ltd.	Affiliated companies of the consolidated company
UPC Technology Corp.	Affiliated companies of the consolidated company
Lienhwa United LPG Co., Ltd.	Affiliated companies of the consolidated company
Boc Lienhwa (B.V.I) Holding Co., Ltd.	Affiliated companies of the consolidated company
Tung Bao Corp.	Subsidiaries of affiliated companies of the consolidated company
United Industrial Gases Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
Lien Hwa Cryo Equipment Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
Asia Union Electronic Chemical Corp.	Subsidiaries of affiliated companies of the consolidated company
Far Eastern Industrial Gases Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
Yuan Rong Industrial Gases Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
Lien Fung Precision Technology Development Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
Lien Tong Gases Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
Lien Quan Industrial Gases Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
FETC International Co, Ltd.	Subsidiaries of affiliated companies of the consolidated company
Yih Yuan Investment Corp.	Other related party of the consolidated company
MiTAC International Corporation	Other related party of the consolidated company
Harbinger Venture Management Co., Ltd.	Other related party of the consolidated company
MiTAC Computing Technology Corporation	Other related party of the consolidated company
MiTAC Digital Technology Corp.	Other related party of the consolidated company
Synnex Technology International Corp.	Other related party of the consolidated company
MiTAC Holdings Corporation	Other related party of the consolidated company

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EasyCard Corporation	Other related party of the consolidated company
Mei Feng Investment Co., Ltd.	Other related party of the consolidated company
Ares International Corp.	Other related party of the consolidated company
Chiao Thai Hsing Enterprise Co., Ltd.	Other related party of the consolidated company
Atemitech Corporation	Other related party of the consolidated company
Getac Holdings Corporation	Other related party of the consolidated company
Yu Shiu Educational Foundation	Other related party of the consolidated company
Pao Hwa Trading Co., Ltd.	Other related party of the consolidated company
Mei An Investment Co., Ltd.	Other related party of the consolidated company
Mei An Culture and Education Foundation	Other related party of the consolidated company
Far Eastern Electronic Toll Collection Co., Ltd.	Other related party of the consolidated company
Harbinger VII Venture Capital Corp.	Other related party of the consolidated company
Confederate Tedhnology Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
Lien Hwa Industrial Holdings Corporation Employee Welfare Committee	Other related party of the consolidated company

(II) Material transactions with related parties

1. Operating revenue

The amount of material transactions between the consolidated company and related parties is as follows:

	<u>2024</u>	<u>2023</u>
Affiliates	\$ 75,007	47,828
Other related party	101,284	71,197
	<u>\$ 176,291</u>	<u>119,025</u>

The price of the consolidated company's sale to affiliates was not significantly different from the general selling price. The collection term is O/A 60 to 90 days. No collateral is collected for the accounts receivable of related parties. After assessment, not bad debt shall be recognized.

2. Lease to related parties

The revenue of leased assets collected from related parties by the consolidated company is as follow:

	<u>2024</u>	<u>2023</u>
Affiliates		

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Linde Lienhwa Industrial Gases Co., Ltd.	\$	62,102	50,266
Other affiliated enterprise:		30,680	30,749
Other related party:			
Getac Technology Corp.		55,046	44,467
Atemitech Corp.		20,344	18,532
Other related party		10,673	10,204
		<u>\$</u>	<u>178,845</u>
			<u>154,218</u>

The lease commences from May 15, 2017 until December 31, 2024. The rent of said leased assets was decided through negotiation in reference to the assessed present value or predetermined value of land/buildings. Meanwhile, the consolidated company collected lease deposits, NT\$22,547 thousand and NT\$28,116 thousand, from said related parties on December 31, 2024 and 2023.

3. Purchase

The consolidated company's purchase value to related parties are stated as follows:

	<u>2024</u>	<u>2023</u>
Other related party 人：		
Affiliates	\$ 24	13
Other related party：		
Chiao Thai Hsing Enterprise Co., Ltd.	656,788	748,023
Other related party	63,739	72,301
	<u>\$ 720,551</u>	<u>820,337</u>

The purchased conditions for the related party required by the consolidated company are the same as general transaction conditions. The payment term is 1 to 2 months.

4. Receivables-related parties

The consolidated company's receivable accounts-related parties are stated as following:

<u>Title</u>	<u>Type</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable	Affiliates	\$ 28,556	32,454
	Other related party	12,149	29,294
Other receivable	Affiliated enterprise:		
	BOC Lienhwa (BVI) Holding Co.,Ltd.	301,459	-
	Other affiliated enterprise:	1,559	1,372
	Other related party：		

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Other related party	1,863	3,580
	\$ 345,586	66,700

Said accounts receivable include the rent of the Nangang building, out-of-pocket expenses and cash dividends.

5. Payables-related parties

The consolidated company's payable accounts-related parties are stated as following:

Title	Type	December 31, 2024	December 31, 2023
Notes payable	Other related party: :		
	Other related party:	\$ 441	448
Accounts payable	Affiliates	8	-
	Other related party: :		
	Other related party:	17,899	24,055
Other payable	Affiliates	79	86
	Other related party:	1,188	2,219
		\$ 19,615	26,808

6. Prepayment (stated as other current assets)

The consolidated company's payable accounts-related parties are stated as follow:

	December 31, 2024	December 31, 2023
Other related party	\$ 20	195
	\$ 20	195

7. Exchange of property

(1) Purchase of equipment

The total price spent in purchase of equipment from other related parties in 2024 and 2023 was NT\$3,321 thousand and NT\$4,583 thousand.

8. Operating expenses

Type	2024	2023
Other related party	\$ 11,523	12,000
	\$ 11,523	12,000

9. Lease

The consolidated company rented the plant, machine and equipment from Chiao Thai Hsing Enterprise Co., Ltd. in August 2021. The lease contract is for 210 months. The total contract amount was NT\$442,730 thousand, and the contract was stated as the right-of-use

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asset by the consolidated company.

The interest expenses recognized in 2024 and 2023 was NT\$7,623 thousand and NT\$8,069 thousand. As of December 31, 2024 and 2023, the balance of lease liabilities has been NT\$368,100 thousand and NT\$390,477 thousand.

10. Others

The consolidated company sold factory land to Lienhwa Industrial Gases Co., Ltd. in 1985 and 1998. The sales revenue was NT\$71,934 thousand. Since Lienhwa Industrial has not yet sold the land, the consolidated company stated the sales revenue as the deferred loans-gains on inter-affiliate accounts (stated as other noncurrent liabilities others).

The consolidated company purchased 25,000 thousand shares of subsidiary from other related party in 2023, the total amount was NT\$400,000 thousand.

(III) Key management personnel transactions

Remuneration to key management personnel includes the following:

	2024	2023
Short-term employee benefits	\$ 34,172	31,863
Post-employment benefits	499	639
Other long-term employee benefits	165	133
	\$ 34,836	32,635

VIII. Pledged Assets

The book value of the consolidated company's pledged assets is as follows:

Assets name	Charged and pledged guarantees	December 31, 2024	December 31, 2023
Time deposit pledge (Other current assets and other noncurrent assets others)	Bank loan	\$ 31,613	25,990
Financial assets at fair value through other comprehensive income	"	1,734,750	1,681,425
Property, plant and equipment	"	247,952	220,028
Investment property	"	1,044,574	1,366,538
Guarantee deposits paid		111,537	149,062
		\$ 3,170,426	3,443,043

IX. Significant contingent liabilities and unrecognized contractual commitments

Significant unrecognized contractual commitments :

(I) The consolidated company's letter of credit that is issued but not used :

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	December 31, 2024	December 31, 2023
Letter of credit issued but not used		
USD	\$ 7,271	5,994

(II) The consolidated company executed the co-construction contract and real estate lease contract with Ally Logistic Property (ALP) in October 2021. In order to undertake the “Lien Hwa and Fugang Logistic Center Asset Development and Co-construction Project,” the consolidated company contracted the design, planning and construction to ALP. However, in order to carry out follow-up engineering and contract performance matters, the total contract amount was revised to NT\$2,200,000 thousand. As of December 31, 2024, the consolidated company has been paid NT\$1,122,173 thousand.

X. Losses due to major disasters: None.

XI. Significant post events: None.

XII. Others

(I) Classification of employee benefits, depreciation, depletion and amortization expenses by function is summarized as follows:

By function Nature	2024			2023		
	Classified as operating cost	Classified as operating expense	Total	Classified as operating cost	Classified as operating expense	Total
Employee benefit expense						
Salary expense	858,820	680,291	1,539,111	798,612	675,618	1,474,230
Labor and health insurance expense	79,707	64,083	143,790	79,943	64,718	144,661
Pension expense	47,134	36,232	83,366	42,775	37,056	79,831
Other employee welfare expense	41,288	42,956	84,244	36,308	39,905	76,213
Depreciation expense	308,458	77,232	385,690	279,072	95,722	374,794
Amortization expense	6,917	31,802	38,719	4,996	32,941	37,937

(II) Seasonality of Operation :

Other Current Assets and Other Non-current Assets – Others ◦

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XIII. Supplementary disclosure

(D) Information on material transactions

According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the consolidated company should also disclose the information about material transactions in 2024:

1. Loaning of funds to others :

Unit: NTD thousand

No.	Lender	Borrowing company	Account titles	Related party	Current maximum amount	Ending balance	Drawdown	Interest rate interval	Nature of loaning of funds (Note 1)	Business transaction amount	Reasons of necessary short-term financing	Amount recognized in loss allowance	Collateral		Limit of loans to individual borrowers	Limit of total loans
													Name	Value		
0	Lien Hwa Property Development Corporation	Lien Hwa Milling Corporation	Other receivable	Yes	600,000	600,000	100,000	1.81%	2	-	For business turnover	-	-	-	5,238,750	10,477,501
1	Fortune Dragon Holding Inc.	Yantai Taihwa Food Industrial Co., Ltd.	"	"	361,185	163,925	163,925	-	2	-	"	-	-	-	9,672,022	13,540,831
1	"	Hifood Co., Ltd	"	"	45,969	22,950	-	5.13%~5.56%	2	-	"	-	-	-	3,868,809	13,540,831
2	MiTAC Inc.	MiTAC Information Technology Corp.	"	"	500,000	500,000	-	-	2	-	"	-	-	-	3,079,149	6,158,298
2	"	MiTAC Advance Technology Corp.	"	"	1,000,000	500,000	-	1.9%	2	-	"	-	-	-	3,079,149	6,158,298
3	MiTAC Information Technology Corp.	General Resources Co., Ltd.	"	"	300,000	300,000	140,000	1.95%~2.1%	2	-	"	-	-	-	659,789	659,789
3	"	MiTAC Advance Technology Corp.	"	"	300,000	-	-	-	2	-	"	-	-	-	659,789	659,789
4	MiTAC Communication Co., Ltd.	General Resources (Hong Kong) Co., Ltd.	"	"	32,835	32,785	-	2.5%	2	-	"	-	-	-	49,789	49,789
5	Lien Rui Investment Corp.	Jian Foods Incorporation	"	"	7,700	-	-	-	2	-	"	-	-	-	38,565	38,565

Note 1: 1. A business associate.

2. Needs for short-term financing.

Note 2: The limit amount of loans to each borrower shall not exceed 10% of the net value of the recent financial statements audited or reviewed by the CPA, and the total limit of loans shall not exceed 20% of that.

Note 3: If both the borrower and lender are the foreign company that the parent company owns directly or indirectly with 100% of voting rights, the limit amount for the Fortune Dragon Holding Inc. to loan to each borrower and the limit amount of total loans shall not exceed 100% of the net value of the recent financial statements audited or reviewed by the CPA. If the borrower and lender do not meet said criteria, the amount shall not exceed 40%. Said amount loaned shall not exceed 140% in total.

Note 4: MiTAC Inc.'s limit for loans to each borrower and all borrowers in aggregate shall not exceed 20% of the latest financial statements audited or reviewed by the CPA

Note 5: MiTAC Information Technology Corp.'s limit for loans to each borrower and all borrowers in aggregate shall not exceed 40% of the latest financial statements audited or reviewed by the CPA

Note 6: MiTAC Communication Co., Ltd.'s limit for loans to each borrower and all borrowers in aggregate shall not exceed 40% of the latest financial statements audited or reviewed by the CPA

Note 7: Lien Rui Investment Corp's limit for loans to each borrower and all borrowers in aggregate shall not exceed 40% of the latest financial statements audited or reviewed by the CPA

Note 8: The transactions had been eliminated in the consolidated financial statements.

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2. Making endorsements/guarantees for others:

Unit: NTD thousand

No.	Endorsing/guaranteeing company	Endorsed/guaranteed company		Limit amount of endorsement/guarantee to a single enterprise	Current maximum endorsement/guarantee balance	Current endorsement/guarantee - ending	Actual amount drawn down	Endorsement/guarantee amount secured with property as collateral	Ratio of the cumulative endorsement/guarantee amount to the net worth in the most recent financial statements	Maximum endorsements/guarantees	Endorsement/guarantee made by the parent company for its subsidiaries	Endorsements/guarantees made by the subsidiaries for its parent company	Endorsement/guarantee made for the operations in Mainland China
		Company name	Relationship (Note 1)										
0	Lien Hwa Industrial Holdings Corporation	Pacific Gateway Holdings Inc.	2	52,387,504	197,010	-	-	-	- %	52,387,504	Y	N	N
0	"	Fortune Dragon Holding Inc.	2	52,387,504	377,603	377,028	-	-	0.72%	52,387,504	Y	N	N
0	"	Lien Hwa Milling Corporation	2	52,387,504	3,678,350	3,670,000	722,781	-	7.01%	52,387,504	Y	N	N
0	"	Lien Hwa Property Development Corporation	2	52,387,504	100,000	100,000	35,000	-	0.19%	52,387,504	Y	N	N
1	Lien Hwa Property Development Corporation	Lien Hwa Industrial Holdings Corporation	3	8,330,842	4,024,390	4,024,390	3,024,390	4,024,390	144.92%	8,330,842	N	Y	N
2	MiTAC Inc.	MiTAC Information Technology Corp.	1	30,791,489	3,852,883	3,797,883	1,597,182	2,783,908	12.33%	30,791,489	N	N	N
3	MiTAC Information Technology Corp.	General Resources Co., Ltd.	2	1,649,472	450,000	367,434	287,434	-	22.28%	1,649,472	N	N	N
3	"	MiTAC Advance Technology Corp	2	1,649,472	96,244	96,244	96,244	-	5.83%	1,649,472	N	N	N
3	"	General Resources (Hong Kong) Co., Ltd.	2	1,649,472	52,620	52,620	52,620	-	3.19%	1,649,472	N	N	N
4	Lien Rui Investment Corp.	MiTAC Information Technology Corp.	3	200,000	5,709	5,709	-	-	4.59%	200,000	N	N	N

Note 1: The relationship between the endorsing/guaranteeing subject and the endorsed/guaranteed subject is classified into 3 categories as follows:

1. A business associate.
2. A company that directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50% of the voting shares.

Note 2: The total endorsement and guarantee amount made by the Company for others shall not exceed 100% of the net value in the most recent financial statements. The endorsement and guarantee amount made by the Company to a single subsidiary shall not exceed 100% of the net value in the most recent financial statements.

Note 3: The limit of the endorsement and guarantee amount made by Lien Hwa Property Development Corporation to a single company and the total limit of endorsement and guarantee shall not exceed 300% of the net value in the most recent financial statements of Lien Hwa Property Development Corporation audited or reviewed by the CPA.

Note 4: The limit of the endorsement and guarantee amount made by MiTAC Inc. to a single company and the total limit of endorsement and guarantee shall not exceed 100% of the net value in the most recent financial statements of MiTAC Inc. audited or reviewed by the CPA.

Note 5: The limit of the endorsement and guarantee amount made by MiTAC Information Technology Corp. to a single company and the total limit of endorsement and guarantee shall not exceed 100% of the net value in the most recent financial statements of MiTAC Information Technology Corp. audited or reviewed by the CPA.

Note 6: The limit of the endorsement and guarantee amount made by MiTAC Communication Co., Ltd. to MiTAC Information Technology Corp. shall not exceed the lesser of 30% of the net value in the most recent financial statements of MiTAC Information Technology Corp. audited or reviewed by the CPA, or NT\$200,000 thousand.

Note 7: The transactions had been eliminated in the consolidated financial statements.

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3. Marketable securities held at the end of year (excluding the equity held by invested subsidiaries, affiliates and joint ventures):

Unit: NTD Thousand/ Thousand shares

Company in possession	Type and name of marketable securities	Relationship with the security issuer	Ledger account	Ending				Highest shareholding in the interim or contribution status	Remarks
				Number of shares (Number of unit)	Book value	Percentage held	Fair value (Notes 1 and 3)		
Lien Hwa Industrial Holdings Corporation	Great Wall Enterprise Co., Ltd.	The Company is the juridical person director of the company	Financial assets measured at fair values through other comprehensive profit or loss non-current	19,013	979,159	2.12%	979,159	2.12%	
"	MiTAC Holdings Corp.	The chairman of the company is the one of the Company	"	105,941	7,511,213	8.78%	7,511,213	8.78%	
"	Synnex Technology International Corp.	"	"	59,526	4,214,450	3.57%	4,214,450	3.57%	
"	Pao Long International Co., Ltd.	-	"	2,365	32,406	1.57%	32,406	1.57%	
"	Getac Holdings Corporation	The chairman of the Company is the representative of the juridical person director of the company	"	7,210	764,260	1.18%	764,260	1.18%	
"	Formosa Golf and Country Club Corp.	-	"	2	354	0.01%	354	0.01%	
"	Hsin Yu Energy Development Co., Ltd	-	"	6,076	-	2.44%	-	2.44%	
"	Harbinger Venture Capital Corp.	The Company is the juridical person chairman of the company	"	7	38	3.35%	38	3.35%	
"	Global Investment Holdings Co. Ltd.	The Company is the juridical person director of the company	"	1,053	14,231	3.33%	14,231	3.33%	
"	Shihlien Fine Chemicals Co., Ltd.	The Company is the juridical person director of the company	"	24,384	9,056	9.38%	9,056	9.38%	
Hua Cheng Investment Co., Ltd	Lien Hwa Industrial Holdings Corporation	Parent company	"	188	9,540	0.01%	9,540	0.01%	Note 2
"	Waffer Technology Corp.	-	"	2	111	- %	111	- %	
"	Great Wall Enterprise Co.,Ltd	-	"	3,550	182,825	0.40%	182,825	0.40%	
"	Shihlien Fine Chemicals Co., Ltd.	-	"	11,001	4,086	4.23%	4,086	4.23%	
"	Harbinger Venture Management Co., Ltd.	-	"	863	21,915	19.99%	21,915	19.99%	
"	B Current Impact Investment	-	"	-	7,083	3.13%	7,083	3.13%	
"	Taian Insurance Co.,Ltd.	-	"	921	27,813	0.31%	27,813	0.31%	
"	China Trade and Development Corp.	-	"	50	1,228	0.08%	1,228	0.08%	
"	Harbinger VI Venture Capital Corp.	-	"	2,410	22,641	9.96%	22,641	9.96%	
"	Harbinger VII Venture Capital Corp.	-	"	5,333	68,777	9.39%	68,777	9.39%	
"	B Current Impact Investment Inc.	-	"	500	3,897	6.25%	3,897	6.25%	
"	Harbinger VIII Venture Capital Corp.	-	"	13,149	145,221	11.57%	145,221	11.57%	
"	Harbinger IX Venture Capital Corp.	-	"	5,000	48,091	9.70%	48,091	9.90%	
"	Lucky Royal Co., Ltd.	-	"	500	40,000	0.71%	40,000	0.71%	
Fortune Dragon Holding Inc.	Budworth Investment Limited	-	"	30	-	3.33%	-	3.33%	
"	Asia Global Venture Capital Co., Ltd	-	"	366	11,272	10.00%	11,272	10.00%	
"	Harbinger Ruyi Venture Limited	-	"	500	11,786	14.29%	11,786	14.29%	
"	Asia Global Venture Capital II Co., Ltd	-	"	132	3,911	3.00%	3,911	3.00%	
"	Ever Victory Global Limited.	-	"	72,810	717,349	11.76%	717,349	11.76%	
"	eT Capital, L.P.	-	"	-	99,162	10.43%	99,162	10.55%	
"	Acorn Accelerator Fund I, L.P.	-	"	-	53,657	7.41%	53,657	7.41%	
Sun Lead International Limited	Kelington Group Berhad	-	"	39,635	999,748	5.76%	999,748	6.16%	
"	Kelington Group Berhad-Warrants B	-	Financial assets at fair value through profit or loss -	8,725	133,773	- %	133,773	- %	

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MITAC Inc.	Lien Hwa Industrial Holdings Corporation	Parent company	noncurrent Financial assets measured at fair values through other comprehensive profit or loss non-current	6,706	339,992	0.39%	339,992	0.39%	Note 2
"	Ares International Corp.	The Company is the juridical person director of the company	"	1,000	53,521	2.12%	53,522	2.12%	
"	Synnex Technology International Corp.	The chairman of the company is the one of the Company	"	260,521	18,444,890	15.62%	18,444,890	15.62%	Note 4
"	MiTAC Holdings Corp.	"	"	101,431	7,191,464	8.41%	7,191,464	8.41%	Note 5
"	EasyCard Investment Holding Co., Ltd.	The Company serves as the supervisor of the said company.	"	4,184	196,063	6.28%	196,063	6.28%	
"	Far Eastern Electronic Toll Collection Co. Ltd.	The Company is the juridical person director of the company	"	27,723	283,663	9.24%	283,663	9.24%	
"	Digital economy limited partnership	-	"	-	27,795	6.29%	27,795	6.29%	
"	Harbinger VII Venture Capital Corp.	-	"	5,333	68,775	9.39%	68,775	9.39%	
"	Harbinger III Venture Capital Corp.	The Company is the juridical person director of the company	"	6	87	6.00%	87	6.00%	
"	Harbinger Venture Capital Corp.	The chairman of the company is the one of the Company	"	19	107	9.50%	107	9.50%	
"	Lian Jie Er Investment Co. Ltd.	The Company serves as the supervisor of the said company.	"	1,625	17,747	16.25%	17,747	16.25%	
"	Harbinger VIII Venture Capital Corp.	The Company is the juridical person director of the company	"	8,766	96,813	7.71%	96,813	7.71%	
"	ProMOS Technologies Inc.	-	"	44	-	0.10%	-	0.10%	

Lien Hwa Industrial Holdings Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

Company in possession	Type and name of marketable securities	Relationship with the security issuer	Ledger account	Ending				Highest shareholding in the interim or contribution status	Remarks
				Number of shares (Number of unit)	Book value	Percentage held	Fair value (Notes 1 and 3)		
MiTAC Inc.	OCP Holding Company Limited	-	Financial assets at fair value through profit or loss - non-current	10,000	99,147	17.24%	99,147	17.24%	
"	Renaissance Capital I Limited Partnership	-	Financial assets measured at fair values through other comprehensive profit or loss non-current	-	97,036	12.82%	97,036	12.82%	
"	CTCI Corporation	-	"	7,593	293,090	0.94%	293,090	0.95%	
"	EasyCard	The Company is the juridical person director of the company	"	1,759	114,823	2.51%	114,823	2.51%	
"	Harbinger IX Venture Capital Corp	-	"	5,000	48,115	9.70%	48,115	9.90%	
Mix System Holdings	Budworth Investment Limited	-	Financial assets measured at fair values through other comprehensive profit or loss non-current	91	-	10.00%	-	10.00%	
"	DynaComware Corporation	-	"	21	1,423	0.97%	1,423	0.97%	
"	Harbinger Ruyi II Venture Limited	-	"	5	35,350	16.13%	35,350	16.13%	
"	Temple of Light Limited	-	"	226	448	1.19%	448	1.20%	
Ho Li Investment Co., Ltd.	MiTAC Inc.	Parent company	"	2,561	196,315	0.64%	196,315	0.64%	Note 2
"	MiTAC Information Technology Corp.	Fellow subsidiary of the parent company	"	-	2	- %	2	- %	
"	Harbinger VI Venture Capital Corp.	The chairman of the parent company is its chairman	"	1,607	19,605	6.64%	19,605	6.64%	
"	Far Eastern Electronic Toll Collection Co., Ltd.	The parent company is the juridical person director of the company	"	5,256	53,767	1.75%	53,767	1.75%	
"	UPC Technology Corp.	The chairman of the parent company is its chairman	Financial assets measured at fair values through other comprehensive profit or loss current	8,467	75,443	0.62%	75,443	0.62%	
"	Synnex Technology International Corp.	"	"	460	32,568	0.03%	32,568	0.03%	
"	Getac Holdings Corporation	Invested company of MiTAC Holdings Corporation under the equity method	"	5,358	567,948	0.87%	567,948	0.88%	
"	Waffer Technology Corp.	-	"	1	76	- %	76	- %	
"	CTCI Corporation	-	"	1,917	73,996	0.24%	73,996	0.24%	
"	PGIM Money Market Fund	-	Financial assets measured at fair values through other comprehensive profit or loss non-current	276	4,558	- %	4,558	- %	
Shen Tong International Management Consulting Co., Ltd.	Mitac (Shanghai) Computer Co., Ltd.	-	Financial assets measured at fair values through other comprehensive profit or loss non-current	-	3,582	10.00%	3,582	10.00%	
MiTAC Communication Co., Ltd.	Fubon Chi-Hsiang Money Market Fund	-	Financial assets at fair value through profit or loss - non-current	6,616	108,051	- %	108,051	- %	
Claridy Solutions (Wuxi), Inc.	Suyin Wealth OpenSource Cash 1	-	"	-	14,106	- %	14,106	- %	
MiTAC Advance Technology Corp.	Fubon Chi-Hsiang Money Market Fund	-	"	-	62,909	- %	62,909	- %	
MiTAC Information Technology Corp.	Fubon Chi-Hsiang Money Market Fund	-	"	-	90,098	- %	90,098	- %	

Lien Hwa Industrial Holdings Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

- Note 1: For the TWSE/TPEX-listed company with a public market price, the closing price on the last transaction date in the accounting period shall apply.
- Note 2: The parent company's stocks possessed by subsidiaries have been deducted from the book value and these stocks were deemed as treasury stocks.
- Note 3: The market price listed by the non-TWSE/TPEX-listed company refers to the equity net value. Some of it is listed in the financial statements of the same period that is prepared by the invested company or audited by the CPA.
- Note 4: Among the other things, 23,000 thousand shares were pledged to the bank as the collateral to secure the application of MiTAC Information Technology Corp. for the facility under the bank's project.
- Note 5: Among the other things, 1,500 thousand shares were pledged to the bank as the collateral to secure the application of MiTAC Information Technology Corp. for the facility under the bank's project.
- Note 6: The transactions had been eliminated in the consolidated financial statements.

Lien Hwa Industrial Holdings Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

4. The amount of the accumulated purchase or sale of the same securities is over NT\$300 million or 20% or more of the paid-in capital: :

Unit: NTD Thousand/ Thousand shares

Buying/selling company	Type and name of marketable securities	Ledger account	Trading counterpart	Relationship	Beginning of the period		Buy		Sell				Yearend	
					Number of shares	Amount	Number of shares	Amount (Note)	Number of shares	Selling price	Book cost	Disposal gain or loss	Number of shares	Amount
MITAC Advance Technology Corp.	Fubon Chi-Hsiang Money Market Fund	Financial assets measured at fair values through other comprehensive profit or loss current		Non-related party	29,826	480,300	12,188	197,751	35,398	572,682	570,000	2,682	6,616	108,051
MITAC Information Technology Corp.	"	"		"	-	-	19,704	320,098	14,187	230,172	230,000	172	5,517	90,098
MITAC Inc.	"	"		"	-	-	41,176	668,000	41,176	668,526	668,000	526	-	-

Note1: Including the amount recognized for valuation adjustments.

5. The purchase amount of real property exceeds NT\$300 million or 20% of stock capital collected: :

Unit: NTD Thousand

Company acquiring real estate	Property Name	Date of event	Transaction value	Payment status	Counterparty	Relationship	If the counterparty is a related party, prior transfer details				Basis for price determination	Purpose of acquisition and usage	Other terms and conditions
							Owner	Relationship with the issuer	Transfer date	Amount			
MITAC Inc.	Three real estate properties located in Taipei City: one on Zhongxiao East Road in Da'an District, and two on Nanjing East Road and Xinhui 1st Road in Neihu District.	August 21, 2024	300,100	Paid in full	General Resources Co.	Affiliate	Individual	Non-related Party	February 1989, July 1991, August 1991, and January 2010	182,480	Professional appraisal reports and market pricing	To ensure effective utilization of the Group's assets, reduce operating costs, and implement the Group's professional division of labor, thereby enhancing overall operational synergies.	

Note1 : The above transactions have already been eliminated during the preparation of the consolidated report.

6. The amount of real property disposed exceeds NT\$300 million or 20% of stock capital collected: None

Unit: NTD Thousand

Disposal of Real Estate by the Company	Asset Name	Date of Occurrence	Original Acquisition Date	Book Value	Transaction Amount	Payment Collection Status	Gain/Loss on Disposal	Counterparty to the Transaction	Relationship	Purpose of Disposal	Basis for Determining the Price	Other Agreed Terms
General Resources Co	Three real estate properties located in Taipei City: one on Zhongxiao East Road in Da'an District, and two on Nanjing East Road and Xinhui 1st Road in Neihu District.	August 21, 2024	March 2, 1989 September 10, 1991 February 8, 2010	157,412	300,100	Payment Received in Full	142,688	MITAC Inc	Related Party	To enhance the overall operational efficiency of the Group by optimizing asset utilization, reducing operating costs, and implementing a professional division of labor within the Group.	Professional Valuation Report and Market Trends	

Note1 : The above transaction has been eliminated in the preparation of the consolidated financial statements.

Lien Hwa Industrial Holdings Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

7. The purchase and sales conducted with the related parties for an amount over NT\$100 million or 20% or more of paid-in capital:

Unit: NTD Thousand

Purchaser/seller	Name of the trading counterpart	Relationship	Transactions				The circumstances of and reasons for the trading conditions different from general transactions		Accounts/notes receivable (payable)		Remarks
			Purchase (sale)	Amount	Percentage in total purchase (sale) amount	Credit period	Unit price	Credit period	Balance amount	Percentage in total accounts/notes receivable (payable)	
Lien Hwa Milling Corporation	Chiao Thai Hsing Enterprise Co., Ltd.	Other related party	Purchase	656,691	8%	on demand	-	No significant differences	296	- %	

8. Amount receivable from related parties exceeds NT\$100 million or 20% or more of the paid-in capital:

Unit: NTD Thousand

Stated company of account receivable	Name of the trading counterpart	Relationship	Balance of receivable accounts-related parties	Turnover rate	Overdue receivable accounts-related parties		Subsequent recovered amount of receivable accounts-related parties	Appropriated allowance for bad debt
					Amount	Treatment		
Lien Hwa Industrial Holdings Corp.	Lien Hwa Property Development Corporation	Parent-subsidiary	100,000	-	-		-	-
Fortune Dragon Holding Inc	Yantai Taihwa Foods Industrial Co., Ltd.	Parent-subsidiary	163,925	-	-		-	-
"	Boc Lienhwa (B.V.I) Holding Co., Ltd.	Affiliated enterprises	301,459	-	-		-	-
MiTAC Information Technology	General Resources Co	Parent-subsidiary	140,000	-	-		-	-

Note : The above transactions, which involve dividend receivables and fund lending with consolidated entities, had been eliminated in the consolidated financial statements.

9. Engaging in derivative transactions: None. : For further details, please refer to Notes 6(2) and 6(27) to the consolidated financial statements.
10. Business relationship and important transactions between the parent company and subsidiaries :

In 2024, there was no material transaction between the parent company and subsidiaries other than the loan funding. Details about the loan funding are in Note 13(1).

Lien Hwa Industrial Holdings Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

(II) Information about invested business :

The information about invested business (excluding the invested business in Mainland China) of the consolidated company in 2024 is stated as follows:

Unit: NTD Thousand/ Thousand shares

Name of investment company	Name of invested company	Location	Main business	Original investment amount		Held at yearend			Highest shareholding in the interim or contribution status	Investee income recognized in the current period	Investment gains and losses recognized in the current period	Remarks
				End of the period	End of last year	Number of shares	Ratio	Book value				
Lien Hwa Industrial Holdings Corp.	UPC Technology Corp.	Taipei City	Organic acid, acid anhydride and its derivatives, plastic toughener, etc.	3,142,213	3,142,213	424,881	31.97%	9,338,342	32.07%	(2,358,405)	(754,925)	
"	Linde Lienhwa Industrial Gases Co., Ltd.	"	Production of liquid nitrogen, nitrogen, hydrogen, acetylene and other industrial gases.	400,000	400,000	1,886	50.00%	10,201,758	50.00%	4,820,288	2,410,144	
"	MiTAC Inc.	"	General investment	731,636	731,636	143,480	35.89%	11,182,096	35.89%	1,025,647	354,940	Subsidiary Note 1 and 2
"	MiTAC Information Technology Corp.	"	Integrated system service, automatic system, applied software design and sale of industrial computer	1,289,599	1,289,599	65,900	38.77%	659,469	38.77%	65,928	14,553	Subsidiary Note 3
"	Hua Cheng Investment Co., Ltd.	"	General investment	1,122,116	827,116	136,420	100.00%	1,786,869	100.00%	43,450	43,224	Subsidiary Note 1
"	Lienhwa United LPG Co., Ltd.	"	Installation, purchase/sale and technical maintenance of the equipment for propane, butane and the mixture.	62,253	62,253	7,694	24.04%	99,430	24.04%	42,113	10,126	
"	Lien Rui Investment Corp.	"	General investment	623,500	623,500	12,000	100.00%	96,412	100.00%	(23,379)	(23,392)	Subsidiary Note 3
"	Fortune Dragon Holding Inc.	B.V.I.	"	3,737,817	3,737,817	120,155	100.00%	9,672,022	100.00%	1,617,090	1,617,090	Subsidiary

Lien Hwa Industrial Holdings Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

Name of investment company	Name of invested company	Location	Main business	Original investment amount		Held at yearend			Highest shareholding in the interim or contribution status	Investee income recognized in the current period	Investment gains and losses recognized in the current period	Remarks
				End of the period	End of last year	Number of shares	Ratio	Book value				
Lien Hwa Industrial Holdings Corporation	Lien Hwa Milling Corporation	Taipei City	Manufacturing and sale of flour	913,563	913,563	74,999	74.999%	1,405,866	75.00%	223,269	168,188	Subsidiary Note 3
"	Lien Hwa Property Development Corporation	"	Rental and leasing business	2,201,000	2,201,000	200,100	100.00%	2,776,947	100.00%	144,399	144,399	Subsidiary
"	Lien Hwa Industrial Co., Ltd.	"	General investment	24,000	1,000	2,400	100.00%	24,050	100.00%	49	49	"
"	Asia Hydrogen Energy Corporation	"	Manufacture of machinery and equipment for power generation, transmission and distribution, and energy technology service.	303,918	303,918	7,465	50.927%	285,316	50.927%	(24,655)	(14,409)	"
Hua Cheng Investment Co., Ltd.	UPC Technology Corp.	Taipei City	Organic acid, acid anhydride and its derivatives, plastic toughener, etc.	54,933	54,933	4,732	0.36%	106,168	0.36%	(2,358,405)	(8,490)	"
"	MITAC Inc.	"	General investment	84,354	84,354	7,807	1.95%	626,331	1.95%	1,025,647	19,723	Subsidiary Note 2
"	MITAC Information Technology Corp.	"	Integrated system service, automatic system, applied software design and sale of industrial computer	140,128	140,128	9,004	5.30%	89,911	5.30%	65,928	1,779	Subsidiary
"	Jian Foods Incorporation	"	Wholesaling and retailing business	10	10	-	- %	-	- %	(1,195)	-	"
"	Camel Ring International Company	"	"	10	10	1	0.16%	9	0.16%	(1,715)	(3)	"
"	Lien Yung Investment Corp.	"	General investment	87,969	87,969	9,217	19.99%	187,449	19.99%	40,771	8,150	"
"	Tung Da Investment Co., Ltd.	"	"	72,699	72,699	4,848	19.99%	135,192	19.99%	25,240	5,045	"
"	Lien Hwa Milling Corporation	"	Manufacturing and sale of flour	14	14	1	- %	19	- %	223,269	2	Subsidiary
"	Asia Hydrogen Energy Corporation	"	Manufacture of machinery and equipment for power generation, transmission and distribution, and energy technology service.	40	40	1	0.007%	37	0.007%	(24,655)	(2)	"
Lien Rui Investment Corp.	Jian Foods Incorporation	"	Wholesaling and retailing business	417,000	417,000	11,789	97.09%	22,061	97.09%	(1,195)	(1,195)	"
"	Oggi Restaurant Group Co., Ltd.	"	Restaurant business	35,000	35,000	3,500	100.00%	2,101	100.00%	(21,130)	(21,130)	"
"	Farmdirect Corp	Taoyuan City	Wholesaling and retailing business	-	13,500	-	- %	-	31.58%	-	-	"
"	Camel Ring International Company	Taipei City	"	6,465	6,465	642	99.84%	5,333	99.84%	(1,715)	(1,712)	"
Fortune Dragon Holding Inc	Pacific Gateway Holdings Inc.	B.V.I.	General investment	1,186,793	1,186,793	39,461	100.00%	247,815	100.00%	(122,095)	(122,095)	"
"	Boc Lienhwa (B.V.I) Holding Co., Ltd.	"	"	1,744	1,744	50	50.00%	4,035,990	50.00%	3,325,554	1,492,327	"
"	Hifood Co., Ltd.	Cayman Islands	"	470,630	470,630	14,150	65.81%	177,891	65.81%	9,464	6,228	Subsidiary
"	Sun Lead International Limited	B.V.I.	"	73,525	73,525	3	100.00%	1,198,769	100.00%	120,680	120,680	"
MITAC Inc	Mix System Holdings Ltd.	"	"	268,342	268,342	8,610	100.00%	475,195	100.00%	17,988	17,988	"
"	Ho Li Investment Co., Ltd.	Taipei City	"	564,035	564,035	82,234	100.00%	1,282,062	100.00%	52,627	46,609	Subsidiary Note 1
"	MITAC Hikari Corp.	"	System integration service	30,000	30,000	3,000	50.00%	4,083	50.00%	4,329	2,164	Subsidiary
"	MITAC Information Technology Corp.	"	Integrated system service, automatic system, applied software design and sale of industrial computer	605,107	604,426	56,480	33.22%	547,954	33.22%	65,928	21,900	"
"	MITAC Advance Technology Corp.	"	Information Software Services, Computer and Peripheral Equipment Manufacturing, Other Electrical Engineering and Electronic Machinery Equipment Manufacturing	159,084	159,084	9,943	11.05%	160,437	11.05%	11,143	1,231	"
Mix System Holdings Ltd.	Mitac Investment China Co. Ltd.	B.V.I.	General investment	166,065	166,065	5,450	100.00%	263,070	100.00%	8,629	8,629	"
Ho Li Investment Co., Ltd.	Lien Yung Investment Corp.	Taipei City	"	87,969	87,969	9,217	19.99%	187,489	19.99%	40,771	8,152	"
"	Tung Da Investment Co., Ltd	"	"	72,691	72,691	4,848	19.99%	135,193	19.99%	25,240	5,047	"

Lien Hwa Industrial Holdings Corporation and Subsidiaries

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Name of investment company	Name of invested company	Location	Main business	Original investment amount		Held at yearend			Highest shareholding in the interim or contribution status	Investee income recognized in the current period	Investment gains and losses recognized in the current period	Remarks
				End of the period	End of last year	Number of shares	Ratio	Book value				
MITAC Information Technology Corp.	MiTAC Communication Co., Ltd	Taipei City	Sale, rental and maintenance of telephone switching systems and data communication products, communication system project contracting	201,312	201,312	10,731	100.00%	124,473	100.00%	10,151	10,151	Subsidiary
"	Samoa Mitac Information Holding Ltd.	Samoa	General investment	166,915	166,915	5,395	100.00%	123,773	100.00%	(9,926)	(9,926)	"
"	Mitac Information Technology (Singapore) Pte. Ltd.	Singapore	Engineering of factory affair monitoring for semiconductor factories and network communication system engineering	15,794	15,794	500	100.00%	97,585	100.00%	43,278	43,278	"
"	MiTAC Advance Technology Corp.	Taipei City	Information Software Services, Computer and Peripheral Equipment Manufacturing, Other Electrical Engineering and Electronic Machinery Equipment Manufacturing	535,100	535,100	53,510	59.45%	671,604	59.45%	11,143	6,624	"
"	General Resources Co., Ltd.	"	Engineering of network signal communication system for railways and rapid transit, engineering of environmental protection (engineering of systematic treatment for waste gas)	337,548	337,548	18,000	100.00%	145,928	100.00%	134,694	9,656	Subsidiary Note 2
General Resources Co., Ltd.	General Resources (Hong Kong) Co., Ltd.	Hong Kong	Engineering of network signal communication system for railways and rapid transit	263,894	263,894	65,663	100.00%	18,139	100.00%	58	58	Subsidiary
"	GENERAL RESOURCES VIETNAM COMPANY LIMITED	Vietnam	Engineering of network signal communication system for railways and rapid transit	12,185	12,185	-	100.00%	6,107	100.00%	(3,319)	(3,319)	"
Samoa Mitac Information Holding Ltd.	Aidixun Investment Co.,Ltd.	Samoa Islands	General investment	163,512	163,512	8,165	100.00%	123,550	100.00%	(9,691)	(9,691)	"

Note 1: The parent company's stocks possessed by subsidiaries have been deducted from the book value and these stocks were deemed as treasury stocks.

Note 2: The variance refers to the amortization of the difference in equity net value.

Note 3: The variance between the book value and the investment income recognized in the current period and invested company refers to the side stream transaction.

Note 4: The transactions had been eliminated in the consolidated financial statements.

Lien Hwa Industrial Holdings Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

(III) Information relating to investments in China :

1. Information related to investments in the territories of Mainland China:

Unit: NTD thousand

Name of the invested company in China (Note 2)	Main business	Paid-in capital amount	Investment method (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of current period	Investment amount remitted or recovered in the current period		Accumulated investment amount remitted from Taiwan at the end of current period	Investee income recognized in the current period	Direct and indirect shareholding of the Company	Highest shareholding in the interim or contribution status	Investment income recognized in the current period	Investment book value at year end	Investment revenue received in the current period
					Remittance	Collection							
Yantai Taihwa Food Industrial Co., Ltd. (II).1	Manufacturing and sale of flour and flour processed food	1,232,224	(II)	1,232,224	-	-	1,232,224	(121,878)	100.00%	100.00%	(121,878)	241,718	-
Hifood(Shanghai) Co., Ltd. (II).2 (二).2	Rental and leasing business	656,700	(II)	408,880	-	-	408,880	10,916	65.81%	65.81%	7,184	170,914	-
Fujian Fuhua Gases Co., Ltd. (II).2 and 3	Research and development of industrial gases, development and technical service of electronics industrial gases	824,911	(II)	-	-	-	-	328,983	25.00%	25.00%	84,812	350,697	-
BOCLH Industrial Gases(Shanghai)Co., Ltd (II). 2 and 3	Mainly in the business of gas production	580,438	(II)	1,744	-	-	1,744	474,042	50.00%	50.00%	237,021	561,461	-
Lien Xiong Investment (Shanghai) Co., Ltd. (II). 2 and 3	General investment	5,725,631	(II)	-	-	-	-	3,746,147	50.00%	50.00%	1,873,074	4,219,866	-

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Name of the invested company in China (Note 2)	Main business	Paid-in capital amount	Investment method (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of current period	Investment amount remitted or recovered in the current period		Accumulated investment amount remitted from Taiwan at the end of current period	Investee income recognized in the current period	Direct and indirect shareholding of the Company	Highest shareholding in the interim or contribution status	Investment income recognized in the current period	Investment book value at year end	Investment revenue received in the current period
					Remittance	Collection							
Shengpin Precision Gas (Shanghai) Co., Ltd. (II). 2 and 3	Mainly in the business of gas production	729,024	(II)	-	-	-	-	601,196	50.00%	50.00%	300,598	738,535	-
Lien Hwa Precision Gas (Chengdu) Co., Ltd. (II). 2 and 3	"	501,638	(II)	-	-	-	-	84,584	50.00%	50.00%	42,292	313,215	-
Lien Hwa Precision Gas (Dalian) Co., Ltd. (II). 2 and 3	"	478,312	(II)	-	-	-	-	303,242	50.00%	50.00%	151,621	466,513	-
Linde Lienhwa Gases (Wuhan) Co., Ltd. (II).2 and 3	"	629,663	(II)	-	-	-	-	830,801	50.00%	50.00%	415,400	853,368	-
Linde Lienhwa Gases (Chengdu) Co., Ltd. (II).2 and 3	"	718,696	(II)	-	-	-	-	121,864	50.00%	50.00%	60,932	447,218	-
BOCLH Industrial Gases (Beijing) Co., Ltd. (II).2 and 3	Mainly in the business of production and manufacturing of chemical raw materials	437,394	(II)	-	-	-	-	6,897	50.00%	50.00%	3,448	205,660	-
BOCLH Industrial Gases (Lianxiong Gases) Co., Ltd. (II).2 and 3	Mainly in the business of in the fields of electronic technology, industrial gases and sales of chemical products	245,969	(II)	-	-	-	-	109,475	50.00%	50.00%	54,738	184,784	-
Mitac (Shanghai) Business Management Consulting Co., Ltd. (II).2	Business management consulting, business information consulting and system integration services	82,898	(II)	31,708	-	-	31,708	1,655	100.00%	100.00%	1,655	148,419	-
Claridy Solutions (Wuxi), Inc. (II).2	Research and development of Radio Frequency Identification (RFID) technology; production and sale of the products	86,695	(II)	93,239	-	-	93,239	(10,319)	100.00%	100.00%	(10,319)	130,445	-

Lien Hwa Industrial Holdings Corporation and Subsidiaries
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2. Information related to ceiling on investment in Mainland China:

Company name	Accumulated amount of remittance from Taiwan to Mainland China at the end of period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Ceiling on investment in Mainland China imposed by the Investment Commission of the Ministry of Economic Affairs (Note 3)
The Company	3,720,683	3,879,439	31,432,502
MiTAC Inc.	49,114	189,212	18,474,893
MiTAC Information Technology Corp.	161,191	161,191	989,683

Note 1: Investment is divided into the following three categories:

- (I) Engaged in direct investment in Mainland China;
- (II) Investment in Mainland China through a third country company.
- (III) Others.

Note 2: In the column of the investment income recognized in the current period:

- (I) It should be specified if the investment is in preparation without any investment gain or loss resulted.
- (II) The base for the recognition of investment income can be classified into three categories and it shall be specified.
 - (1) The financial statements audited and attested by the CPA Firms of the parent company in Taiwan;
 - (2) Other- Self-prepared financial statement
 - (3) The investment income is recognized based on the shareholding of that company as held by Fortune Dragon Holding Inc. indirectly.

Note 3: According to the regulation in the “Principle of Review on Investment and Technical Cooperation in Mainland China” issued by the Investment Commission on August 29, 2008, 60% of the net value is used for the calculation.

Note 4: The numbers in said table are stated in New Taiwan Dollars.

Note 5: The Company invested in Quan Ye (Shanghai) Trading Co., Ltd indirectly. The original investment cost was US\$1,000 thousand. The equity was disposed of and US\$486 thousand of the investment amount was collected and the liquidation was completed in May 2017. It was reported to the Investment Commission of the Ministry of Economic Affairs for future reference and cancellation as of December 31, 2024. After the capital is remitted back to Taiwan, the amount will be deducted from the used amount of the approved limit in Mainland China.

Note6: The transactions had been eliminated in the consolidated financial statements.

3. Material transactions: None.

(4) Information on major shareholders:

Name of major shareholder	Shares	No. of shares held	Shareholding percentage
UPC Technology Corp.		165,553,175	9.68%
Yih Yuan Investment Corp.		156,389,206	9.14%

Note: The major shareholders in this table are shareholders holding more than 5% of the common and preference shares that have completed delivery of non-physical registration (including treasury shares) on the last business day of December 2024 calculated by the Taiwan Depository & Clearing Corporation. However, the share capital recorded in the Company’s financial report and the number of shares actually delivered by the company without physical registration may differ due to calculation basis.

XIV. Department information

(1) General information

The consolidated company has five reportable segments: Rental business, Flour

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Notes to the Consolidated Financial Statements

business, Flour business overseas, Administrative Resource Center, and System Integration Service Business. The rental business provides real property rental and development services. The flour business is engaged in the manufacturing and sale of various types of flour and processed foods. The flour business overseas refers to the subsidiary, Yantai Taihwa Food Industrial Co., Ltd., which is located in China and operates in the manufacturing and sale of various types of flour. The system integration service business provides system integration services, automation systems, applied software design, and the sale of industrial computers. The Administrative Resource Center is responsible for the management of domestic and foreign investment businesses.

The reportable segments of the consolidated company are strategic business departments that provide different products and laboring services. Since different technologies and marketing strategies are required for individual strategic business departments, they need to be managed separately. Most of the business departments were acquired respectively. Their initial management teams were retained.

The business decision maker of the consolidated company was not provided with the measured asset amount of the consolidated company. Therefore, the measured asset amount that should be disclosed was zero.

(2) Information about the income, assets and liabilities, and measurement basis and reconciliation of the reportable segment

The consolidated company mainly uses the department income before tax (excluding extraordinary gain or loss and exchange gain or loss) in the internal management report that is reviewed by the business decision maker to be the basis for resource distribution and performance evaluation for the management. Since the income tax, extraordinary gain or loss and exchange gain or loss were managed based on the Group, the consolidated company did not distribute the income tax expense (profit), extraordinary gain or loss and exchange gain or loss to the reportable segment. In addition, material non-cash item other than depreciation and amortization is not included in the income of every reportable segment. The reported amount shall be consistent with the amount in the report used by the business decision maker.

Except for that the pension expense of every business department is recognized and measured based on the pension scheme paid in cash, the accounting strategy of the business department is the same as what's stated in Note 4 "Summary of Significant Accounting Policies".

The consolidated company deems the sale and transfer between departments as third-party transactions. And the transaction is measured at current market price.

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The consolidated company's operating segments and adjustment are as follows:

2024	Rental business	Flour business	Flour business overseas	Administrat ive resource center	System integration business	All other department s	Adjustment and elimination	Total
Income:								
Income from external customers	\$ 377,012	5,308,251	240,707	1,073,718	5,711,800	235,288	-	12,946,776
Inter-segment income	45,713	161	-	2,388,676	18,711	815	(2,454,076)	-
Interest income	4,135	2,355	1,691	53,155	8,374	118,863	(5,173)	183,400
Total income	\$ 426,860	5,310,767	242,398	3,515,549	5,738,885	354,966	(2,459,249)	13,130,176
Financial cost	\$ 51	31,055		150,213	52,240	486	(11,949)	222,096
Depreciation and amortization	94,146	196,380	25,757	55,581	118,334	18,438	(84,227)	424,409
Share of income of affiliates and joint ventures under equity method	-	-	-	1,665,345	-	1,518,532	(21,500)	3,162,377
Reportable segment profit or loss	\$ 190,572	278,575	(124,213)	5,270,255	126,651	1,726,813	(2,404,841)	5,063,812
Reportable segment assets (Note)	\$ -	-	-	61,053,744	-	-	-	61,053,744
2023								
Income:								
Income from external customers	\$ 345,741	5,381,817	492,626	1,150,414	5,954,323	273,543	-	13,598,464
Inter-segment income	43,303	779	-	2,061,376	946	874	(2,107,278)	-
Interest income	7,408	1,998	1,747	33,772	7,726	92,820	(20,622)	124,849
Total income	\$ 396,452	5,384,594	494,373	3,245,562	5,962,995	367,237	(2,127,900)	13,723,313
Financial cost	\$ 40	36,797		133,310	873	59,373	(24,718)	205,675
Depreciation and amortization	92,779	179,877	25,373	54,332	33,824	116,548	(90,002)	412,731
Share of income of affiliates and joint ventures under equity method	-	-	-	1,908,574	1,545,041	-	(7,831)	3,445,784
Reportable segment profit or loss	\$ 188,313	185,736	(133,506)	5,248,981	(189,376)	1,652,000	(2,018,830)	4,933,318
Reportable segment assets (Note)	\$ -	-	-	53,659,873	-	-	-	53,659,873

Note: The total assets of departments are measured based on the funds and investments of the Company.

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(3) Information by territory

The information by territory of the consolidated company is stated in the following. The revenue is classified based on the customers' geographical locations, while the non-current assets are classified based on the geographical locations of the assets.

By territory	2024	2023
Revenue from external customers:		
Taiwan	\$ 11,477,240	11,936,706
China	406,154	670,319
Others	1,063,382	991,439
Total	\$ 12,946,776	13,598,464
	December 31,	December 31,
	2024	2023
Non-current assets:		
Taiwan	\$ 7,540,587	7,067,438
China	672,471	683,486
Others	1,743	4,536
Total	\$ 8,214,801	7,755,460

Non-current assets include real property, plant and equipment, right-of-use assets, investment property, intangible assets and other assets, but exclude financial instruments, deferred income tax assets, assets of retirement/termination benefits and non-current assets generated from insurance contracts.