

Yeh Chiang Technology Corporation and Subsidiaries

Consolidated Financial Statements

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

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The independent auditors' 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' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of Yeh Chiang Technology Corporation as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements. " endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Yeh Chiang Technology Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Yeh Chiang Technology Corporation
Chairman: Wang, Tai-Kuang
Date: March 14, 2025

Independent Auditors' Report

To the Board of Directors of Yeh Chiang Technology Corporation:

Opinion

We have audited the consolidated financial statements of Yeh Chiang Technology Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2024 and 2023, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

Please refer to Note 4(n) "Revenue" and Note 6(r) "Revenue from contracts with customers" to the consolidated financial statements.

Description of key audit matter:

The revenue of the Group is recognized when the control in each individual contract with customers is transferred. The Group recognizes revenue involves various sales terms in each individual contract with customers to ensure the significant risks and rewards of ownership have been transferred, which is of high complexity.; therefore, the timing of sales revenue recognition has been identified as one of our key audit matters of the Group.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included testing the design and operating effectiveness of sales control; reading significant and new contracts and understanding their terms; testing the sales transactions occurred during year end to assess the correctness of the revenue recognition period.

Other Matter

Yeh Chiang Technology Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified opinion.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chen, Yen-Hui and Wu, Chun-Yuan.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2025

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Yeh Chiang Technology Corporation and subsidiaries
Consolidated Balance Sheets
December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023				December 31, 2024		December 31, 2023	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 491,483	11	888,355	18	2102	Short-term borrowings (note 6(j) and 8)	\$ 497,000	11	379,000	8
1110	Current financial assets at fair value through profit or loss (note 6(b))	42,114	1	41,531	1	2170	Notes and Trade payables	145,857	3	91,321	2
1170	Notes and trade receivables, net (note 6(c))	635,275	14	480,789	10	2200	Other payables (notes 6(k))	403,001	9	372,437	8
130X	Inventories (note 6(d))	386,681	8	322,663	6	2220	Other payables to related parties (note 7)	228,574	5	205,692	4
1220	Current tax assets	714	-	221	-	2230	Current tax liabilities	1,871	-	20,221	1
1476	Other financial assets—current (note 6(f) and 8)	200,900	4	190,435	4	2280	Current lease liabilities (note 6(l))	35,700	1	46,449	1
1470	Other current assets	108,544	2	77,089	2	2300	Other current liabilities (notes 6(r))	9,148	-	5,324	-
		1,865,711	40	2,001,083	41	2322	Long-term borrowings, current portion (notes 6(m))	-	-	153,235	3
								1,321,151	29	1,273,679	27
Non-current assets:						Non-Current liabilities:					
1518	Non-current financial assets at fair value through other comprehensive income (note 6(b))	13,381	-	25,834	1	2570	Deferred income tax liabilities (note 6(o))	-	-	523	-
1551	Investments accounted for using equity method (note 6(e))	475,731	10	424,435	9	2580	Non-current lease liabilities (note 6(l))	13,660	-	61,932	1
1600	Property, plant and equipment (note 6(g) and 8)	2,041,991	44	2,032,637	42			13,660	-	62,455	1
1755	Right-of-use assets (note 6(h))	247,164	5	300,648	6		Total liabilities	1,334,811	29	1,336,134	28
1780	Intangible assets (note 6(i))	1,698	-	2,021	-		Equity (note 6(p)):				
1840	Deferred income tax assets(note6(o))	26,444	1	34,339	1	3100	Ordinary shares	1,824,799	39	1,824,799	38
1900	Other non-current assets (note 6(n) and 8)	19,371	-	16,845	-	3200	Capital surplus	831,220	18	831,220	17
		2,825,780	60	2,836,759	59	3300	Retained earnings	688,761	14	904,121	19
						3400	Other equity	(54,899)	(1)	(120,347)	(3)
							Total equity attributable to owners of parent	3,289,881	70	3,439,793	71
						36XX	Non-controlling interests	66,799	1	61,915	1
							Total equity	3,356,680	71	3,501,708	72
							Total liabilities and equity	\$ 4,691,491	100	4,837,842	100
Total assets		\$ 4,691,491	100	4,837,842	100						

See accompanying notes to consolidated financial statements.

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

Yeh Chiang Technology Corporation and subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2024		2023	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (note 6(r) and 14)	\$ 1,794,571	100	1,822,349	100
5000	Operating costs (notes 6(d), (l), (n) and 12)	<u>1,823,602</u>	<u>102</u>	<u>1,674,914</u>	<u>92</u>
	Gross profit from operations	<u>(29,031)</u>	<u>(2)</u>	<u>147,435</u>	<u>8</u>
	Operating expenses (note 6(l), (n), (s), 7, and 12):				
6100	Selling expenses	101,857	6	99,104	5
6200	Administrative expenses	129,769	7	124,439	7
6300	Research and development expenses	<u>44,711</u>	<u>2</u>	<u>48,584</u>	<u>3</u>
		<u>276,337</u>	<u>15</u>	<u>272,127</u>	<u>15</u>
	Net operating income	<u>(305,368)</u>	<u>(17)</u>	<u>(124,692)</u>	<u>(7)</u>
	Non-operating income and expenses:				
7020	Other gains and losses, net(note 6(t))	78,412	4	24,628	2
7050	Finance costs (notes 6(l) and 7)	(27,183)	(1)	(28,247)	(2)
7060	Share of profit (loss) of subsidiaries accounted for using equity method (notes 6(e))	40,303	2	17,315	1
7100	Interest income	<u>17,293</u>	<u>1</u>	<u>11,123</u>	<u>1</u>
		<u>108,825</u>	<u>6</u>	<u>24,819</u>	<u>2</u>
	(Loss) profit before income tax	(196,543)	(11)	(99,873)	(5)
7950	Less: Income tax (profits) expenses (note 6(o))	<u>15,366</u>	<u>1</u>	<u>(17,898)</u>	<u>(1)</u>
	(Loss) profit	<u>(211,909)</u>	<u>(12)</u>	<u>(81,975)</u>	<u>(4)</u>
8300	Other comprehensive income (loss):				
8310	Items that may not be reclassified subsequently to profit or loss:				
8311	Gains on remeasurements of defined benefit plans	1,339	-	303	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(12,108)	(1)	2,986	-
8320	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	<u>881</u>	<u>-</u>	<u>274</u>	<u>-</u>
		<u>(9,888)</u>	<u>(1)</u>	<u>3,563</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	60,931	4	(37,879)	(2)
8370	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss (note 6(e))	16,752	1	5,712	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(o))	<u>-</u>	<u>-</u>	<u>(7,575)</u>	<u>-</u>
		<u>77,683</u>	<u>5</u>	<u>(24,592)</u>	<u>(2)</u>
8300	Other comprehensive income	<u>67,795</u>	<u>4</u>	<u>(21,029)</u>	<u>(2)</u>
8500	Comprehensive income	<u>\$ (144,114)</u>	<u>(8)</u>	<u>(103,004)</u>	<u>(6)</u>
	Profit (loss) attributable to:				
	Owners of parent	\$ (217,707)	(12)	(85,846)	(4)
	Non-controlling interests	<u>5,798</u>	<u>-</u>	<u>3,871</u>	<u>-</u>
		<u>\$ (211,909)</u>	<u>(12)</u>	<u>(81,975)</u>	<u>(4)</u>
	Comprehensive income (loss) attributable to:				
	Owners of the parent	\$ (149,912)	(8)	(106,875)	(6)
	Non-controlling interests	<u>5,798</u>	<u>-</u>	<u>3,871</u>	<u>-</u>
		<u>\$ (144,114)</u>	<u>(8)</u>	<u>(103,004)</u>	<u>(6)</u>
	Losses per share (NT Dollars) (note 6(q))				
9750	Basic losses per share	<u>\$ (1.19)</u>		<u>(0.47)</u>	
9850	Diluted losses per share	<u>\$ (1.19)</u>		<u>(0.47)</u>	

See accompanying notes to consolidated financial statements.

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

Yeh Chiang Technology Corporation and subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Retained earnings						Other equity			Total equity attributable to owners of parent	Non-controlling interests	Total equity
							Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total						
Balance at January 1, 2023	\$ 1,824,799	831,220	110,585	131,766	747,039	989,390	(112,792)	14,051	(98,741)	3,546,668	58,044	3,604,712
Loss for the year	-	-	-	-	(85,846)	(85,846)	-	-	-	(85,846)	3,871	(81,975)
Other comprehensive income for the year	-	-	-	-	577	577	(24,592)	2,986	(21,606)	(21,029)	-	(21,029)
Total comprehensive income for the year	-	-	-	-	(85,269)	(85,269)	(24,592)	2,986	(21,606)	(106,875)	3,871	(103,004)
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	8,755	-	(8,755)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(27,470)	27,470	-	-	-	-	-	-	-
Balance at December 31, 2023	\$ 1,824,799	831,220	119,340	104,296	680,485	904,121	(137,384)	17,037	(120,347)	3,439,793	61,915	3,501,708
Balance at January 1,2024	\$ 1,824,799	831,220	119,340	104,296	680,485	904,121	(137,384)	17,037	(120,347)	3,439,793	61,915	3,501,708
(Loss) profit for the year	-	-	-	-	(217,707)	(217,707)	-	-	-	(217,707)	5,798	(211,909)
Other comprehensive income for the year	-	-	-	-	2,220	2,220	77,683	(12,108)	65,575	67,795	-	67,795
Total comprehensive income for the year	-	-	-	-	(215,487)	(215,487)	77,683	(12,108)	65,575	(149,912)	5,798	(144,114)
Appropriation and distribution of retained earnings:												
Legal reserve				21,605	(21,605)							
Cash dividends from common stock	-	-	-	-	-	-	-	-	-	-	(914)	(914)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	127	127	-	(127)	(127)	-	-	-
Balance at December 31, 2024	\$ 1,824,799	831,220	119,340	125,901	443,520	688,761	(59,701)	4,802	(54,899)	3,289,881	66,799	3,356,680

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Yeh Chiang Technology Corporation and subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from (used in) operating activities:		
Loss before income tax	\$ (196,543)	(99,873)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	265,776	251,400
Amortization expense	323	356
Impairment loss determined in accordance with IFRS 9	178	-
Net profit on financial assets and liabilities at fair value through profit or loss	(583)	(487)
Interest expense	27,183	28,247
Interest income	(17,293)	(11,123)
Dividend income	(165)	(481)
Provision for inventory obsolescence	5,661	2,680
Share of loss of subsidiaries accounted for using the equity method	(40,303)	(17,315)
Gain on disposal of property, plan and equipment	(1,561)	(229)
Gain from lease modification	(5,158)	(606)
Others	(68)	(58)
Total adjustments to reconcile profit	233,990	252,384
Changes in operating assets and liabilities:		
Notes and trade receivables, net	(145,708)	55,725
Inventories	(62,369)	83,430
Other operating assets	(36,396)	19,683
Notes and trade payables	54,536	(52,084)
Other payables	10,334	753
Other payables to related parties	987	814
Other current liabilities	3,164	(3,174)
Total changes in operating assets and liabilities	(175,452)	105,147
Total adjustments	58,538	357,531
Cash flow generated from operations	(138,005)	257,658
Interest received	17,082	10,582
Dividends received	165	481
Interest paid	(26,685)	(29,585)
Income taxes paid	(26,837)	(52,197)
Net cash flows from operating activities	(174,280)	186,939
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through profit or loss	345	-
Acquisition of property, plant and equipment	(148,083)	(213,777)
Proceeds from disposal of property, plant and equipment	7,884	1,438
Decrease in refundable deposits	7	385
Increase in other financial assets	(8,559)	(33,762)
Dividends received	6,640	-
Net cash flows used in investing activities	(141,766)	(245,716)
Cash flows from (used in) financing activities:		
Increase in bank loan	118,000	-
(Decrease) increase in short term borrowings	-	(20,000)
Repayments of long-term borrowings	(153,261)	(45,376)
Increase (decrease) in guarantee deposits	660	(884)
Increase (decrease) in other payables to related parties	13,362	17,568
Payment of lease liabilities	(41,279)	(32,821)
Cash dividends paid	(914)	-
Net cash flows (used in) from financing activities	(63,432)	(81,513)
Effect of exchange rate changes on cash and cash equivalents	(17,394)	10,323
Net (decrease) increase in cash and cash equivalents for the period	(396,872)	(129,967)
Cash and cash equivalents at beginning of period	888,355	1,018,322
Cash and cash equivalents at end of period	\$ 491,483	888,355

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
Yeh Chiang Technology 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)

(1) Company history

Yeh Chiang Technology Corporation (the "Company") was incorporated in December 23, 1994 and commenced its business operation in December 1995. The registered address of the Company's office is 7th Floor, No.19-13, Sanchong Road, Nangang District, Taipei City. The Company's common shares were listed on the Taiwan Stock Exchange (TWSE) in March 2002.

The major business activities of the Company (the "Group") are the production and sales of high-tech heat pipe components, solder balls and LED lighting products, equipment.

(2) Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on March 14, 2025.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

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

- (b) The impact of IFRS endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 "Lack of Exchangeability"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement off Financial Instruments" regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

- (c) The impact of IFRS 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:

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “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 (MPMs): 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: 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 Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

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YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its 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 without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(4) Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value; and
- 3) The defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

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YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Business	Shareholding	
			December 31, 2024	December 31, 2023
The Company	Excel Rainbow (Seychelles) Ltd. (Excel Rainbow)	International trade	100 %	100 %
The Company	Yeh Chiang Technology (Samoa) Corp. (YCTSC)	Overseas holding business	100 %	100 %
The Company	Yeh Chiang Technology (BVI) Corp. (YCTBC)	International trade	100 %	100 %
The Company	Taiwan Lighting Co., Ltd. (Taiwan Lighting)	Production and sales of lighting equipment	100 %	100 %
The Company	So Bright Electronics Co. ,Ltd. (So Bright Electronics)	Production and sales of lighting equipment	60.29 %	60.29 %
The Company	Yu Cheng Materials Co., Ltd. (Yu Cheng Materials)	Production and sales of semiconductor package wires	81.80 %	81.80 %
The Company	Taiwan New Thermal System Co., Ltd. (Taiwan New Thermal System)	Production and sales of heat pipes	99.06 %	99.06 %
The Company	Vietnam Yeh-Chiang Technology Company Limited (Vietnam Yeh-Chiang)	Production and sales of heat pipes	100 %	100 %

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Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Business	Shareholding	
			December 31, 2024	December 31, 2023
YCTSC	Yeh Chiang Technology (Cayman) Corp. (YCTCC)	Overseas holding business	100 %	100 %
YCTSC	Yeh Chiang Technology Ye Xian(Cayman) Corp. (YCTYXCC)	Overseas holding business	100 %	100 %
YCTCC	Zhongshan Weiqiang Technology Co., Ltd. (Zhongshan Weiqiang)	Production and sales of heat pipes and solder balls	100 %	100 %
YCTCC	ZhuHai and Macau Spaning Border Industrial Estate Wei Qiang Technology Co., Ltd. (ZhuHai Weiqiang)	Production and sales of heat pipes and bumping	100 %	100 %
YCTYXCC	Ye Xian Weiqiang Technology Co., Ltd.(Ye Xian Weiqiang)	Production and sales of heat pipes	100 %	100 %
YCTCC	Ping Ding Shan Yeh Chiang Technology Co., Ltd. (Ping Ding Shan Yeh Chiang)	Production and sales of heat pipes	100 %	100 %

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

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YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

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

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

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YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured: at amortized cost; fair value through other comprehensive income (FVOCI) - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

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Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and trade receivables, guarantee deposit paid and other financial assets).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date ; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

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Notes to the Consolidated Financial Statements

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 365 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

The time deposits held by the Group are dealt with the counterparties and other external parties are financial institutions with investment grade and above, therefore, the credit risk considered to be low.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer ;
- a breach of contract such as a default or being more than 90 days past due ;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider ;
- it is probable that the borrower will enter bankruptcy or other financial reorganization ; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

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5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

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5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Unrealized gains resulting from the transactions between the Group and associates have been eliminated to the extent of the Group's interest in the investees. Unrealized losses were eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit

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or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings	15~25 years
2) Machinery and equipment	3~10 years
3) Miscellaneous equipment	3~20 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- 4) there is a change of its assessment on whether it will exercise a extension or termination option; or
- 5) there is any lease modification

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'rental income'.

(I) Intangible assets

(i) Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically, and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for the current and comparative periods of patents and trademarks are 10 to 23 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

The Group manufactures and sells high-tech heat pipe components, solder balls, LED products, equipment and semiconductor packaging wires. The Group recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

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(ii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases.

Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities ; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee remuneration through the issuance of shares.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these consolidated financial statement, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively in the period of the change and future periods.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows.

- Valuation of inventory allowance

Inventories are stated at the lower of cost or net realizable value. The Group estimates the net realizable value of inventories for normal waste, obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is determined mainly based on the assumptions of future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. For the estimation of the valuation of inventory, please refer to note 6(d).

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YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Petty cash and cash on hand	\$ 8,679	7,375
Check and demand deposits	390,034	768,711
Time deposit	92,770	112,270
	<u>\$ 491,483</u>	<u>888,356</u>

Please refer to note 6(u) for the exchange rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

The time deposits that did not conform the definition of cash as of December 31, 2024 and 2023 were \$192,520 thousand and \$160,941 thousand, which were classified to other financial assets - current. Please refer to note 6(f).

(b) Financial instruments

(i) Current financial assets at fair value through profit or loss

	December 31, 2024	December 31, 2023
Beneficiary Certificates - mutual Funds	<u>\$ 42,114</u>	<u>41,531</u>

(ii) Non-Current financial assets at fair value through other comprehensive income:

	December 31, 2024	December 31, 2023
Listed stock – ASUSTeK Computer Inc.	\$ -	353
Listed stock – Powerchip Semiconductor Manufacturing Corporation	7,393	13,723
Domestic non-listed (cabinet) stock - Powerchip Technology Corporation	5,988	11,758
	<u>\$ 13,381</u>	<u>25,834</u>

The Group investments in these equity instruments are not held for trading purposes and have been designated for non-current financial assets at fair value through other comprehensive income.

In January 2024, the Group disposed of its investments in equity instruments designated at FVOCI— ASUSTeK Computer Inc. and Powership Technology Corporation, and the respective fair values thereof amounted to \$317 thousand and \$28 thousand at the time of disposal. The accumulated gains on the disposals amounted to \$111 thousand and \$16 thousand respectively, both of which have been transferred from other equity interest to retained earnings.

(iii) For market risk, please refer to note 6(u).

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iv) The financial assets at fair value through other comprehensive income of the Group had not been pledged as collateral.
- (c) Trade receivables and notes receivable

	December 31, 2024	December 31, 2023
Notes receivable from operating activities	\$ 17,012	22,780
Trade receivables – measured as amortized cost	618,756	458,324
	635,768	481,104
Less: loss allowance	(493)	(315)
	<u>\$ 635,275</u>	<u>480,789</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provisions as of December 31, 2024 and 2023 were determined as follows:

December 31, 2024			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ <u>635,090</u>	-%	<u>-</u>
December 31, 2023			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ <u>480,604</u>	-%	<u>-</u>

In addition, the amounts of receivable were \$678 thousand and \$500 thousand as of December 31, 2024 and 2023, respectively. The Group assessed the receivable of certain specific customers to inability fulfill their obligations, therefore recognized an expected credit loss \$493 thousand and \$315 thousand, respectively.

The movements in the allowance for notes and trade receivables were as follows:

	For the year ended December 31, 2024	2023
Balance at January 1	315	2,087
Impairment losses recognized	178	-
Amounts written off	-	(1,772)
Balance at December 31	<u>\$ 493</u>	<u>315</u>

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The accounts receivable of the Group had not been pledged as collateral as of December 31, 2024 and 2023.

(d) Inventories

	December 31, 2024	December 31, 2023
Raw materials	\$ 266,301	189,828
Work in progress	54,799	43,898
Finished goods	99,923	77,164
Trading inventories	<u>62,152</u>	<u>101,801</u>
	483,175	412,691
Loss: allowance for devaluation	<u>(96,494)</u>	<u>(90,028)</u>
	<u>\$ 386,681</u>	<u>322,663</u>

The details of the cost of sales were as follows:

	For the year ended December 31, 2024	2023
Inventory that has been sold	\$ 1,767,902	1,626,253
Loss(Gain) on physical inventory	(178)	59
Write-down of inventories (Reversal of write-downs)	5,661	2,680
Loss on disposal of inventory	8,474	1,755
Unallocated production overheads	<u>41,743</u>	<u>44,167</u>
Total	<u>1,823,602</u>	<u>1,674,914</u>

As of December 31, 2024 and 2023, the Group did not provide any inventories as collateral for its loans.

(e) Investments accounted for using equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2024	December 31, 2023
Associates	<u>\$ 475,731</u>	<u>424,435</u>

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
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(i) Associates

Name of associates	Principal activities	Principal place of business	Ownership interest	
			December 31, 2024	December 31, 2023
Quaser Machine Tools, Inc.	Production and sales of machinery and equipment	Taiwan ROC	22.63 %	22.63 %

The following consolidated financial information of significant associates has been adjusted according to individually prepared IFRS financial statements of these associates:

Quaser Machine Tools, Inc.

	December 31, 2024	December 31, 2023
Current assets	\$ 1,675,093	1,404,234
Non-current assets	2,497,845	2,369,235
Current liabilities	(1,460,806)	(933,470)
Non-current liabilities	(609,634)	(964,205)
Net assets	<u>\$ 2,102,498</u>	<u>1,875,794</u>
Net assets attributable to controlling interests	<u>\$ 475,731</u>	<u>424,435</u>
	For the years ended December 31,	2023
Operating revenue	<u>1,653,360</u>	<u>1,310,822</u>
Profit from continuing operations	178,121	76,522
Other comprehensive income	<u>77,927</u>	<u>26,455</u>
Total comprehensive income	<u>\$ 256,048</u>	<u>102,977</u>
Comprehensive income attributable to controlling interests	<u>\$ 57,936</u>	<u>23,301</u>
	For the years ended December 31,	2023
Share of net assets of associates as of January 1	\$ 424,435	401,134
Acquisition of comprehensive income for the year	57,936	23,301
Dividends received from associates	<u>(6,640)</u>	<u>-</u>
Share of net assets of associates as of December 31 (as carry value of associates as of December 31)	<u>\$ 475,731</u>	<u>424,435</u>

(ii) Collaterals

As of December 31, 2024 and 2023, the Group did not provide any investments accounted for using the equity method as collaterals for its loans.

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YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Other financial assets—current

	December 31, 2024	December 31, 2023
Time deposits (over three months)	\$ 192,520	160,941
Restricted deposit	-	23,020
Other receivable, net	6,941	5,246
Other	1,439	1,228
	<u>\$ 200,900</u>	<u>190,435</u>

(i) In 2024 and 2023, the Group did not provide any impairment losses for other financial assets.

(ii) Please refer to note 6(u) for the remaining credit risk.

(iii) As of December 31, 2024 and 2023, other financial assets had been pledged as collateral; please refer to note 8.

(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2024 and 2023, were as follows:

	Land	Buildings	Machinery and equipment	Other facilities	Construc- tion in progress and testing equip	Total
Cost or deemed cost:						
Balance on January 1, 2024	\$ 99,389	399,750	1,555,437	404,598	571,097	3,030,271
Additions	-	30,793	43,895	13,603	80,864	169,155
Disposal	-	-	(20,978)	(2,661)	-	(23,639)
Reclassification	-	232,455	101,333	-	(331,668)	2,120
Effect of movement in exchange rate	-	15,651	81,756	9,410	(2,454)	104,363
Balance on December 31, 2024	<u>\$ 99,389</u>	<u>678,649</u>	<u>1,761,443</u>	<u>424,950</u>	<u>317,839</u>	<u>3,282,270</u>
Balance on January 1, 2023	\$ 99,389	407,064	1,542,979	397,017	479,750	2,926,199
Additions	-	-	32,603	17,601	128,639	178,843
Disposal	-	-	(17,383)	(5,322)	(171)	(22,876)
Reclassification	-	-	40,512	1,171	(42,898)	(1,215)
Effect of movement in exchange rate	-	(7,314)	(43,274)	(5,869)	5,777	(50,680)
Balance on December 31, 2023	<u>\$ 99,389</u>	<u>399,750</u>	<u>1,555,437</u>	<u>404,598</u>	<u>571,097</u>	<u>3,030,271</u>
Depreciation and impairments loss:						
Balance on January 1, 2024	\$ 4,672	83,723	617,395	291,844	-	997,634
Depreciation	-	20,246	165,069	33,099	-	218,414
Disposal	-	-	(14,738)	(2,578)	-	(17,316)
Effect of movement in exchange rate	-	2,728	31,398	7,421	-	41,547
Balance on December 31, 2024	<u>\$ 4,672</u>	<u>106,697</u>	<u>799,124</u>	<u>329,786</u>	<u>-</u>	<u>1,240,279</u>

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YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Land	Buildings	Machinery and equipment	Other facilities	Construc- tion in progress and testing equip	Total
Balance on January 1, 2023	\$ 4,672	65,088	481,500	265,024	-	816,284
Depreciation	-	19,983	158,322	35,391	-	213,696
Disposal	-	-	(16,877)	(4,790)	-	(21,667)
Effect of movement in exchange rate	-	(1,348)	(5,550)	(3,781)	-	(10,679)
Balance on December 31, 2023	<u>\$ 4,672</u>	<u>83,723</u>	<u>617,395</u>	<u>291,844</u>	<u>-</u>	<u>997,634</u>
Carrying amounts:						
Balance on December 31, 2024	<u>\$ 94,717</u>	<u>571,952</u>	<u>962,319</u>	<u>95,164</u>	<u>317,839</u>	<u>2,041,991</u>
Balance on January 1, 2023	<u>\$ 94,717</u>	<u>341,976</u>	<u>1,061,479</u>	<u>131,993</u>	<u>479,750</u>	<u>2,109,915</u>
Balance on December 31, 2023	<u>\$ 94,717</u>	<u>316,027</u>	<u>938,042</u>	<u>112,754</u>	<u>571,097</u>	<u>2,032,637</u>

As of December 31, 2024 and 2023, the property, plant and equipment of the Group had been pledged as collateral for long-term borrowings; please refer to note 8.

(h) Right-of-use assets

The Group leases many assets including land, buildings and other equipment. Information about leases for which the Group as a lessee was presented below:

	Land	Buildings	Other equipment	Total
Cost:				
Balance at January 1, 2024	\$ 218,252	190,457	83,731	492,440
Additions	-	38,709	-	38,709
Disposal	-	(1,681)	(78,254)	(79,935)
Effect of movement in exchange rate	7,347	4,655	2,498	14,500
Balance at December 31, 2024	<u>\$ 225,599</u>	<u>232,140</u>	<u>7,975</u>	<u>465,714</u>
Balance at January 1, 2023	\$ 223,262	174,747	85,298	483,307
Additions	-	25,866	-	25,866
Disposal	-	(7,780)	-	(7,780)
Effect of movements in exchange rate	(5,010)	(2,376)	(1,567)	(8,953)
Balance at December 31, 2023	<u>\$ 218,252</u>	<u>190,457</u>	<u>83,731</u>	<u>492,440</u>
Accumulated depreciation:				
Balance at January 1, 2024	\$ 21,658	140,632	29,502	191,792
Depreciation	5,167	40,896	1,299	47,362
Disposal	-	(783)	(24,973)	(25,756)
Effect of movements in exchange rate	764	3,487	901	5,152
Balance at December 31, 2024	<u>\$ 27,589</u>	<u>184,232</u>	<u>6,729</u>	<u>218,550</u>
Balance at January 1, 2023	\$ 16,997	116,738	23,101	156,836
Depreciation	5,143	25,628	6,933	37,704
Effect of movements in exchange rate	(482)	(1,734)	(532)	(2,748)
Balance at December 31, 2023	<u>\$ 21,658</u>	<u>140,632</u>	<u>29,502</u>	<u>191,792</u>
Carrying amount:				
Balance at December 31, 2024	<u>\$ 198,010</u>	<u>47,908</u>	<u>1,246</u>	<u>247,164</u>
Balance at January 1, 2023	<u>\$ 206,265</u>	<u>58,009</u>	<u>62,197</u>	<u>326,471</u>
Balance at December 31, 2023	<u>\$ 196,594</u>	<u>49,825</u>	<u>54,229</u>	<u>300,648</u>

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YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Intangible assets

The cost and amortization of the intangible assets of the Group were as follows:

	Patent and trademark
Costs:	
Balance at January 1, 2024	\$ 83,634
Disposals	(41)
Balance at December 31, 2024	<u>\$ 83,593</u>
Balance at January 1, 2023	\$ 83,685
Disposals	(51)
Balance at December 31, 2023	<u>\$ 83,634</u>
Accumulated amortization:	
Balance at January 1, 2024	\$ 81,613
Amortization	323
Disposals	(41)
Balance at December 31, 2024	<u>\$ 81,895</u>
Balance at January 1, 2023	\$ 81,308
Amortization	356
Disposals	(51)
Balance at December 31, 2023	<u>\$ 81,613</u>
Carrying value:	
Balance at December 31, 2024	<u>\$ 1,698</u>
Balance at January 1, 2023	<u>\$ 2,377</u>
Balance at December 31, 2023	<u>\$ 2,021</u>

(i) Recognition of amortization

The amortization of intangible assets is included in the statement of comprehensive income under the operating expenses, please refer to note 12(a).

(ii) Collaterals

As of December 31, 2024 and 2023, the Group did not provide any intangible assets as collateral for its loans.

(j) Short-term borrowings

	December 31, 2024	December 31, 2023
Unsecured bank loans	\$ 156,000	95,000
Secured bank loans	341,000	284,000
Total	<u>\$ 497,000</u>	<u>379,000</u>
Unused credit facilities	<u>\$ 258,000</u>	<u>122,058</u>
Range of interest rates	<u>2.365~2.63%</u>	<u>0.5%~2.24%</u>

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YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
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For the collateral for short-term borrowings, please refer to note 8.

(k) Other payables

	December 31, 2024	December 31, 2023
Payables on equipment	\$ 140,168	119,096
Payables on employee compensation and directors' and supervision' remuneration	106,294	105,033
Payroll and bonus payables	51,793	51,818
	104,746	96,490
Other	-	-
	\$ 403,001	372,437

(l) Lease liabilities

The carrying amounts of the Group's lease liabilities were as follows:

	December 31, 2024	December 31, 2023
Current	\$ 35,700	46,449
Non-current	\$ 13,660	61,932

For the maturity analysis, please refer to note 6(u).

The amounts recognized in profit or loss were as follows:

	For the year ended December 31, 2024	2023
Interest on lease liabilities	\$ 891	3,748
Variable lease payments not included in the measurement of lease liabilities	\$ 349	331
Expenses relating to short-term leases	220	88
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 96	91
Gain from lease modification	\$ 5,158	606

The amounts recognized in the statement of cash flows by the Group were as follows:

	For the year ended December 31, 2024	2023
Total cash outflow for leases	\$ 42,835	37,079

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YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Real estate leases

The Group leases buildings for its office space. The leases of office space typically run for a period of 2 to 4 years.

Some leases of land and office buildings contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(ii) Other leases

The Group leases nitrogen storage equipment, with lease terms of 3 to 15 years.

(m) Long-term borrowings

The details were as follows:

	December 31, 2023			
	Currency	Rate	Maturity date	Amount
Unsecured bank loans	USD5,000	6.99%	2024/12/19	\$ 153,235
Less: current portion				(153,235)
Total				\$ -
Unused long-term credit lines				\$ -

(n) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value is as follows:

	December 31, 2024	December 31, 2023
Present value of the defined benefit obligations	\$ (8,972)	(8,918)
Fair value of plan assets	15,858	14,397
Net defined benefit liabilities	<u>\$ 6,886</u>	<u>5,479</u>

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

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YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$15,858 thousand as of December 31, 2024. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Group were as follows:

	For the year ended	
	December 31,	
	2024	2023
Defined benefit obligations on January 1	\$ 8,918	8,979
Current interest cost	112	101
Remeasurements loss (gain)		
— Actuarial gain arising from changes in financial assumptions	(18)	(53)
— Actuarial gain arising from changes in experience adjustments	(40)	(109)
Defined benefit obligations at December 31	\$ 8,972	8,918

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	For the year ended	
	December 31,	
	2024	2023
Fair value of plan assets at January 1	\$ 14,397	14,097
Interest income	180	159
Remeasurements gain (loss):		
— Return on plan assets excluding interest income	1,281	141
Fair value of plan assets at December 31	\$ 15,858	14,397

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YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
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4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	For the year ended December 31,	
	2024	2023
Current interest costs	\$ 112	101
Net interest of net assets for defined benefit obligations	(180)	(159)
	\$ (68)	(58)
Operating expense	\$ (68)	(58)

5) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	For the year ended December 31,	
	2024	2023
Discount rate	1.375 %	1.250 %
Future salary increase rate	2.000 %	2.000 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$55 thousand.

The weighted-average lifetime of the defined benefits plans is 7.7 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increased0.25%	Decreased0.25%
December 31, 2024		
Discount rate	\$ (36)	37
Future salary increasing rate	37	35
December 31, 2023		
Discount rate	\$ (105)	106
Future salary increasing rate	104	(103)

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Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2024 and 2023.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$2,367 thousand and \$2,701 thousand for the years ended December 31, 2024 and 2023, respectively.

Except for the Company, other subsidiaries adopted the defined contribution method under their local law, wherein the pension costs amounted to \$25,454 thousand and \$25,524 thousand for the years ended December 31, 2024 and 2023, respectively.

(o) Income taxes

(i) Income taxes (benefits) expense

The Components of income taxes for 2024 and 2023 was as follow:

	For the year ended December 31,	
	2024	2023
Current tax expense		
Current period	\$ 12,325	22,185
Adjustment for prior periods	(4,331)	1,021
Deferred tax expense		
Origination and reversal of temporary differences	7,372	(41,104)
Income taxes (benefits) expense	<u>\$ 15,366</u>	<u>(17,898)</u>

The amounts of income tax (benefit) expense recognized in other comprehensive income in 2024 and 2023 was as follows:

	For the year ended December 31,	
	2024	2023
Exchange differences on currency translation of foreign operations	<u>\$ -</u>	<u>(7,575)</u>

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Reconciliation of income tax and profit before tax for 2024 and 2023 is as follows:

	For the year ended December 31,	
	2024	2023
(Loss) profit before income tax	<u>\$ (196,543)</u>	<u>(99,873)</u>
Income tax using the Company's domestic tax rate	<u>\$ (39,309)</u>	<u>(19,975)</u>
Effect of tax rates in foreign jurisdiction (not applicable for separate financial statements)	(16,554)	(9,160)
5% surtax on unappropriated retained earnings	-	5,314
Change in unrecognized temporary differences and others	75,560	4,902
Prior years income tax adjustment	<u>(4,331)</u>	<u>1,021</u>
Income tax (benefit) expense	<u>\$ 15,366</u>	<u>(17,898)</u>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2024	December 31, 2023
The carryforward of unused tax losses	\$ 207,861	126,332
Tax effect of deductible temporary differences	89,045	17,807
	<u>\$ 296,906</u>	<u>144,139</u>

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2024, the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unused tax loss	Expiry year
2015	\$ 20,888	2025
2016	23,504	2026
2017	25,135	2027
2018	35,447	2028
2019	519	2029
2020	27,861	2030
2021	6,193	2031
2022	156,111	2032
2023	223,715	2033
2024	334,633	2034
	<u>\$ 854,006</u>	

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2) Recognized deferred tax assets and liabilities

Deferred Tax Assets	January 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2023	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2024
Inventory devaluation loss	\$ 6,488	-	-	6,488	-	-	6,488
Foreign currency translation differences for foreign operations and other	16,317	3,959	7,575	27,851	(7,895)	-	19,956
	<u>\$ 22,805</u>	<u>3,959</u>	<u>7,575</u>	<u>34,339</u>	<u>(7,895)</u>	<u>-</u>	<u>26,444</u>
Deferred Tax Liabilities	January 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2023	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2024
Equity method recognized the gain of foreign subsidiaries	\$ 37,668	(37,145)	-	523	(523)	-	-

(iii) The Group's tax returns for the years through 2022 were assessed by the Tax Authorities.

(p) Capital and other equity

(i) Ordinary Shares

As of December 31, 2024 and 2023, the number of authorized ordinary shares were \$2,600,000 thousand shares with par a value of \$10 per share (both of them reserved \$100,000 thousand for the issue of employee stock option certificates, and \$200,000 thousand for the issuance of convertible corporate bonds). The actual paid-in capital is \$1,824,799 thousand.

(ii) Capital surplus

The balances of capital surplus were as follows :

	December 31, 2024	December 31, 2023
Additional paid-in capital	\$ 787,281	787,281
Changes of equities on associates	13,492	13,492
Changes of equities on subsidiaries	6,560	6,560
Employee share options	23,887	23,887
	<u>\$ 831,220</u>	<u>831,220</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

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(iii) Retained earnings

The Company's Articles of Incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Company's dividend policy is determined in accordance with the Company law and the Company's articles of association, and is determined by the Company's capital and financial structure, operating conditions, surplus, the nature of the industry and the cyclical factors. The cash dividend is not less than 50% of the total dividends for the year, and can be adjusted according to the flexibility of internal and external environmental changes.

1) Legal reserve

When a Company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

By choosing to apply the exemptions granted under IFRS 1 during the Company's first-time adoption of IFRS Accounting Standards endorsed by the FSC, the accumulating conversion adjustments under shareholders' equity, transferred on the conversion date, resulted in an increase in retained earnings of \$109,388 thousand. However, on the conversion date, the actuarial gains and losses will be recognized immediately. The retained earnings incurred from the retained surplus of \$4,917 thousand, and the expected cost of the employee's accumulated paid leave, will be reduced by \$1,771 thousand. The conversion date was based on the first time adoption of the IFRSs endorsed by the FSC. The net increase in retained earnings amounted to \$102,700 thousand, which resulted in the loss of the original account \$(90,258) thousand and the retained surplus of \$12,442 thousand. According to the Ruling 1010012865 issued by the FSC on April 6, 2012, a net increase in retained earnings, due to the first-time adoption of the IFRSs endorsed by the FSC, shall be reclassified as a special reserve during earnings distribution, and when the relevant asset is use, disposed, or reclassified, this special reserve shall be reversed as distributable earnings proportionately. In the first half of the year 2016 and the second half of the year of 2015, the special surplus reserve amounted to \$2,681 thousand and 4,206 thousand, respectively, due to the sales of Yeh Chiang Kunshan and the disposal of Yeh Chiang Dongguan. The carrying amount of special reserve both amounted to \$5,555 thousand as of December 31, 2024 and 2023.

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the

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undistributed prior-period earnings. A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The Company was appropriated (reversals) as legal reserve and special reserve and did not distribute any dividends in 2023 and 2022, with the resolution approved during the shareholders' meeting held on the June 19, 2024 and June 14, 2023, respectively.

(iv) Other comprehensive income accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income
Balance at January 1, 2024	\$ (137,384)	17,037
Exchange differences on foreign operations	77,683	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(12,108)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(127)
Balance at December 31, 2024	<u>\$ (59,701)</u>	<u>4,802</u>
Balance at January 1, 2023	\$ (112,792)	14,051
Exchange differences on foreign operations	(24,592)	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	2,986
Balance at December 31, 2023	<u>\$ (137,384)</u>	<u>17,037</u>

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(q) Losses per share

The calculation of basic losses per share and diluted losses per share for the year ended December 31, 2024 and 2023 are as follows:

	For the year ended December 31,	
	2024	2023
Basic losses per share:		
(Loss) profit to ordinary shareholders of the Company for the year	\$ <u>(217,707)</u>	<u>(85,846)</u>
Weighted-average number of ordinary shares (in thousands)	<u>182,480</u>	<u>182,480</u>
Basic losses per share (TWD)	\$ <u>(1.19)</u>	<u>(0.47)</u>

The consolidated company in 2024 and 2023 were net losses after tax and had no dilution effect.

(r) Revenue from contracts with customers

(i) Details of revenue

For details on revenue, please refer to note 14.

(ii) Contract balance

	December 31, 2024	December 31, 2023	January 1, 2023
Contract liabilities	\$ <u>6,680</u>	<u>3,576</u>	<u>6,855</u>

For details on notes and trade receivables and loss allowance, please refer to note 6(c).

The contract liabilities primarily relate to the advance consideration received from customer, for which revenue is recognized when products are delivered to customers. The amount of revenue recognized for the year ended December 31, 2024 and 2023 that was included in the contract liabilities balance at the beginning of the period was \$414 thousand and \$3,779 thousand, respectively.

(s) Employee compensation and directors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 1% to 10% of the profit as employee compensation and less than 2% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's subsidiaries who meet certain conditions.

Due to the loss before tax, no remunerations to employees and directors had been accrued for the

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year ended December 31, 2024 and 2023.

If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or loss in the following year. If, however, the shareholders determine that the employee remuneration is to be distributed through stock dividends, the calculation, based on the shares, shall be calculated using the stock price on the day before the shareholders' meeting.

The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2023 and 2022.

(t) Other gains and losses, net

	For the year ended December 31,	
	2024	2023
Subsidy revenue	\$ 826	16,733
Foreign exchange (losses) gains	49,822	(13,365)
Gains (losses) on disposals of property, plant and equipment	1,561	229
Dividend income	165	481
Gains on financial assets at fair value through profit or loss	583	487
Gains on change in leases	5,158	606
Others	20,297	19,457
	\$ 78,412	24,628

(u) Financial instruments

(i) Credit risk

1) Concentration of credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk. The customers of the Group are mainly concentrated in the downstream heat pipe module factory of the computer industry. As of the end of December 31, 2024 and 2023, the total amount of notes and trade receivables deriving from the top five customers of the Group's operating income was \$440,927 thousand and \$309,044 thousand. They accounted for 69% and 64% of the net amount of notes and trade receivables, respectively. To reduce the concentration of credit risk, the Group continuously evaluates the credit status of its customers and collectability of notes and trade receivables, and provides an allowance for doubtful accounts.

2) Receivables securities

For credit risk exposure of notes and trade receivables, please refer to note 6(c).

Other financial assets at amortized cost was details of impairment losses, please refer to note 6(f) time deposits (recorded in other current assets).

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All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g). No loss allowances were recognized under financial assets at amortized cost.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1 years</u>	<u>2-5 years</u>	<u>5 years</u>
December 31, 2024					
Non-derivative financial liabilities					
Short-term borrowings	\$ 497,000	499,211	499,211	-	-
Notes and trade payables	145,857	145,857	145,857	-	-
Lease liabilities-current and non-current	49,360	50,124	36,178	13,946	-
Other payable (including related parties)	631,575	637,461	637,461	-	-
Guarantee deposit received (recorded in other current liabilities portion)	790	790	790	-	-
	<u><u>\$ 1,324,582</u></u>	<u><u>1,333,443</u></u>	<u><u>1,319,497</u></u>	<u><u>13,946</u></u>	<u><u>-</u></u>
December 31, 2023					
Non-derivative financial liabilities					
Short-term borrowings	\$ 379,000	380,348	380,348	-	-
Long-term borrowings (including portion due within one year)	153,235	162,911	162,911	-	-
Notes and trade payables	91,321	91,321	91,321	-	-
Lease liabilities-current and non-current	108,381	119,633	49,194	37,362	33,077
Other payable (including related parties)	578,129	583,202	583,202	-	-
Guarantee deposit received (recorded in other current liabilities portion)	130	130	130	-	-
	<u><u>\$ 1,310,196</u></u>	<u><u>1,337,545</u></u>	<u><u>1,267,106</u></u>	<u><u>37,362</u></u>	<u><u>33,077</u></u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Exposure to foreign currency risk

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- a) The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2024			December 31, 2023		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>						
<u>Monetary items</u>						
CNY	10,653	4.478	47,704	37,818	4.327	163,638
USD	11,431	32.785	374,765	15,794	30.705	484,942
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	137	32.785	4,492	5,127	30.705	157,411

- b) Sensitivity analysis

Exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and trade receivables, and notes and trade payables that are denominated in foreign currency. A strengthening (weakening) of 5% of the NTD against the USD and CNY as of December 31, 2024 and 2023 would have decreased (increased) and increased (decreased) the net loss and profit before tax by \$20,899 thousand and \$24,558 thousand, respectively. The analysis is performed on the same basis for prior year.

- c) Foreign exchange gain and loss on monetary items

Since the Group uses several of currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2024 and 2023, foreign exchange (loss) gain (including realized and unrealized portions) amounted to \$49,822 thousand and \$(13,365) thousand, respectively.

- 2) Other market price risk

For the years ended December 31, 2024 and 2023, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the year ended			
	2024		2023	
<u>Prices of securities at the reporting date</u>	<u>Other comprehensive income after tax</u>	<u>Net income</u>	<u>Other comprehensive income after tax</u>	<u>Net income</u>
Increasing 10% (listed and stocks) and 1% (mutual funds)	\$ <u>739</u>	<u>421</u>	<u>1,408</u>	<u>415</u>
Decreasing 10% (listed and stocks) and 1% (mutual funds)	\$ <u>(739)</u>	<u>(421)</u>	<u>(1,408)</u>	<u>(415)</u>

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(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate which increases or decreases by 1% when reporting management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

For the year ended December 31, 2024 and 2023, If the interest rate increases/decreases by 1%, the Group's net income will decrease / increase by \$3,976 thousand and \$4,258 thousand, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates.

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income (available for-sale financial assets) is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, lease liabilities disclosure of fair value information is not required:

	December 31, 2024				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Beneficiary Certificates	\$ 42,114	42,114	-	-	42,114
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	7,393	7,393	-	-	7,393
Stocks non-listed cabinet companies (domestic)	5,988	-	-	5,988	5,988
Financial assets measured at amortized cost					
Cash and cash equivalents	491,483	-	-	-	-
Notes and trade receivables	635,275	-	-	-	-
Other financial assets - current	200,900	-	-	-	-
Refundable deposits (recorded in non-current assets)	9,211	-	-	-	-
Total	\$ 1,392,364	49,507	-	5,988	55,495

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December 31, 2024					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at amortized cost					
Short-term borrowings	\$ 497,000	-	-	-	-
Long-term borrowings (including portion due within one year)	-	-	-	-	-
Notes and trade payables	145,857	-	-	-	-
Lease liabilities-current and non-current	49,360	-	-	-	-
Other payable (including related parties)	631,575	-	-	-	-
Guarantee deposit received	790	-	-	-	-
Total	\$ 1,324,582	-	-	-	-
December 31, 2023					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Beneficiary Certificates	\$ 41,531	41,531	-	-	41,531
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	14,076	14,076	-	-	14,076
Stocks non-listed cabinet companies (domestic)	11,758	-	-	11,758	11,758
Financial assets measured at amortized cost					
Cash and cash equivalents	888,355	-	-	-	-
Notes and trade receivables	480,789	-	-	-	-
Other financial assets - current	190,435	-	-	-	-
Refundable deposits(recorded in non-current assets)	9,218	-	-	-	-
Total	\$ 1,636,162	55,607	-	11,758	67,365
Financial liabilities at amortized cost					
Short-term borrowings	\$ 379,000	-	-	-	-
Long-term borrowings (including portion due within one year)	153,235	-	-	-	-
Notes and trade payables	91,321	-	-	-	-
Lease liabilities-current and non-current	108,381	-	-	-	-
Other payable (including related parties)	578,129	-	-	-	-
Guarantee deposit received	130	-	-	-	-
Total	\$ 1,310,196	-	-	-	-

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- 2) Valuation techniques for financial instruments not measured at fair value
- a) If financial instruments measured at fair value through profit or loss, and equity instruments with quoted prices in active markets are available, the market price is established as the fair value.
 - b) If quoted prices in active markets are not available, the market comparable company method are used to estimate fair value, that is assessed by the pee stock price ratio.

- 3) Transfer between Level 1 and Level 3

There were no transfers from one level to another for the year ended December 31, 2024 and 2023.

- 4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value are "financial assets measured at fair value through other comprehensive - equity investments".

The equity investments without an active market that use Level 3 inputs to measure fair value due to the use of significant unobservable inputs. The significant unobservable inputs of the equity investments are independent, therefore, there is no correlation.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive - equity investments without an active market	Market Method (comparable to the price and net value ratio of the listed (cabinet) company's peers)	<ul style="list-style-type: none"> • Price and net value ratio multiplier (As of December 31, 2024 and 2023 were 0.68 and 1.33) • Lack of market liquidity discount (As of December 31 2024 and 2023 were both 20%) 	<ul style="list-style-type: none"> • The higher the price and net value ratio multiplier, the higher the fair value • The higher the lack of market liquidity discount, the lower the fair value

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5) Reconciliation of level 3 fair values

	For the year ended December 31,	
	2024	2023
Financial assets measured at fair value through other comprehensive income - Equity instruments without an active market		
Balance at January 1	\$ 11,758	7,813
Total gain or loss - recognized in other comprehensive	<u>(5,770)</u>	<u>3,945</u>
Balance at December 31	<u><u>\$ 5,988</u></u>	<u><u>11,758</u></u>

For the years ended December 31, 2024 and 2023, total gains and losses that were included in “other gains and losses” and “unrealized gains and losses on financial assets at fair value through other comprehensive income” were as follows:

	2024	2023
In other comprehensive income, and presented in “Unrealized gains and losses on financial assets at fair value through other comprehensive income”	<u><u>\$ (5,770)</u></u>	<u><u>3,945</u></u>

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects:

	Input value	Change up or down	Other comprehensive income	
			Favourable	Unfavourable
December 31, 2024				
Financial assets at fair value through profit or loss	Price and net value ratio multiplier	10%	<u><u>\$ 599</u></u>	<u><u>(599)</u></u>
	Market liquidity discount	5%	<u><u>\$ 299</u></u>	<u><u>(299)</u></u>
December 31, 2023				

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		Change up or down	Other comprehensive income	
Input value			Favourable	Unfavourable
Financial assets at fair value through profit or loss	Price and net value ratio multiplier	10%	\$ <u><u>1,176</u></u>	<u><u>(1,176)</u></u>
	Market liquidity discount	5%	\$ <u><u>588</u></u>	<u><u>(588)</u></u>

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(v) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's bank deposits, trade receivables and guarantees.

1) Group's bank deposits

The exposure to credit risk for the bank deposits, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, corporate organizations, and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

2) Trade receivables

The Group continuously evaluate the financial status. Please refer to Note 6(u) of the financial report.

3) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. For details of the guarantee provided by the Group of December 31, 2024 and 2023, please refer to 13.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Liquidity risk of the Group is monitored through its corporate financial department which tracks the development of the actual cash flow position for the Group and uses input from a number of sources in order to forecast the overall liquidity position both on a short and long term basis. Corporate financial invest surplus cash in money market deposits and short term investments with appropriate maturities to ensure sufficient liquidity is available to meet liabilities when due. The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group in order to manage market risk. All such transactions are carried out within the guidelines set by the Board of Directors and are subject to the monitor from internal audit office.

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YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(i) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities. The currencies used in these transactions are the USD and CNY.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying foreign exchange option or forward exchange contracts when necessary to address short-term imbalances.

The Group is not hedges its investment in foreign subsidiaries.

(ii) Interest rate risk

Bank deposits and short-term loans of the Company are financial assets and liabilities subject to floating interest rates, so changes in market interest rates will cause the effective interest rate of bank deposits and short-term borrowings to change accordingly, and cause a wave of future cash flows move.

(iii) Other market price risk

The primary goal of the Group's investment strategy is to maximize investment returns. In accordance with this strategy, certain investments are designated as at fair value through profit or loss because their performance is actively monitored and they are managed on a fair value basis.

(w) Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future development of the business. Capital consists of share capital, capital surplus, retained earnings, and other equity interest. The board of directors managing its capital is to safeguard the capacity to continue as a going concern, to provide a return on shareholders, and to maintain an optimal capital structure to reduce the cost of capital.

The debt-to-capital ratio at the reporting date is as follows:

	December 31, 2024	December 31, 2023
Total liabilities	\$ 1,334,811	1,336,134
Total equity	\$ 3,356,680	3,501,708
Debt-to-equity ratio on December 31	39.77%	38.16%

As of December 31, 2024, the Group had not changed its capital management method.

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
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(x) Financing activities of non-cash transactions

The Group's financing activities which did not affect the current cash flow in the years ended December 31, 2024 and 2023 were as follows:

	January 1, 2024	Cash flow	Non-Cash changes			December 31, 2024
			Changes in lease payments	Foreign exchang movement	Others	
Short-term borrowings	\$ 379,000	118,000	-	-	-	497,000
Lease liabilities	108,381	(41,279)	(20,628)	2,886	-	49,360
Guarantee deposits received	130	660	-	-	-	790
Other payable-related parties	203,880	13,362	-	7,193	1,340	225,775
Long-term borrowings (including portion due within one year)	153,235	(153,261)	-	26	-	-
Total	\$ 844,626	(62,518)	(20,628)	10,105	1,340	772,925

	January 1,2023	Cash flow	Non-Cash changes			December 31, 2023
			Changes in lease payments	Foreign exchang movement	Others	
Short-term borrowings	\$ 399,000	(20,000)	-	-	-	379,000
Lease liabilities	125,478	(32,821)	17,480	(1,756)	-	108,381
Guarantee deposits received	1,014	(884)	-	-	-	130
Other payable-related parties	191,502	17,568	-	(3,728)	(1,462)	203,880
Long-term borrowings (including portion due within one year)	199,550	(45,376)	-	(939)	-	153,235
Total	\$ 916,544	(81,513)	17,480	(6,423)	(1,462)	844,626

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(7) Related-party transactions:

- (a) Names and relationship with related parties

<u>Name of related party</u>	<u>Relationship with the Group</u>
Zhongshan Wei Li Textile Co., Ltd. (Zhongshan Wei Li)	The supervisor of the entity's parent company is the Company's chairman
Ping Ding Shan Bellevuecity Construction Co., Ltd. (Ping Ding Shan Bellevuecity)	The chairman of the entity's parent company is the Company's chairman
WANG, TAI-KUANG	The chairman of the Company

- (b) Key management personnel compensation

Key management personnel compensation comprised:

	<u>For the year ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ <u><u>3,345</u></u>	<u><u>7,122</u></u>

- (c) Other related party transactions

The amounts prepaid by the Group by related parties for operating expense were respectively \$2,799 thousand and \$1,812 thousand and accounted to trade payable-related parties at December 31, 2024 and 2023 respectively.

On December 31, 2024 and 2023, subsidiaries of the Group, Yeh Xian Weiqiang, borrow the amount from Ping Ding Shan Bellevuecity for operating turnover was \$44,780 and \$73,559 thousand. The interest rate was 3.10% and 3.50%. The interest expense was \$631 thousand and \$4,378 thousand, respectively. Until the end of December 31, 2024 and 2023, the amount of other accounts payable-related parties, which including principal and interest were \$44,996 thousand and \$73,774 thousand, respectively.

On December 31, 2024 and 2023, subsidiaries of the Group, Zhongshan Weiqiang, borrow the amount from Ping Ding Shan Bellevuecity for operating turnover were \$179,121 and \$129,811 thousand. The interest rate was 3.35% and 3.5%. The interest expense were \$6,031 thousand and \$299 thousand. Until the end of December 31, 2024 and 2023, the amount of other accounts payable-related parties, which including principal and interest were \$180,779 and \$130,106 thousand.

The Group's miscellaneous supplies purchased from its related parties at the amount of \$193 thousand, originally recognized as other payable-related parties, had already been paid as of December 31, 2024.

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YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Account</u>	<u>Pledged to secure</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Time deposits	Other non-current assets	Litigation deposit guarantee	\$ 7,000	7,000
Bank deposits	Other current financial assets	Litigation seizure	-	23,020
Property, plant and equipment	Property, plant and equipment	Bank loan	94,781	94,911
			<u>\$ 101,781</u>	<u>124,931</u>

(9) Significant Commitments and Contingencies:

- (a) The Group's unrecognized contractual commitments for property, plant and equipment were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Property, plant and equipment	\$ <u>92,618</u>	<u>107,477</u>

- (b) For the financial loan credits, export bills and financial commodity trading credits, the details of the opening guarantee notes were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
The opening guarantee notes	\$ <u>1,054,748</u>	<u>897,468</u>

(10) Losses due to major disasters: none

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YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
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(11) Subsequent events: none

(12) Other:

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	For the year ended December 31					
		2024			2023		
		Cost of Sales	Operating Expenses	Total	Cost of Sales	Operating Expenses	Total
Employee benefits							
Salary		583,226	105,511	688,737	563,016	112,980	675,996
Labor and health insurance		6,046	6,273	12,319	6,450	7,099	13,549
Pension		19,693	8,060	27,753	19,160	9,007	28,167
Remuneration of directors		-	300	300	-	220	220
Others		1,667	12,386	14,053	1,979	8,736	10,715
Depreciation		214,024	51,752	265,776	201,952	49,448	251,400
Amortization		-	323	323	-	356	356

- (b) In 2010, the Group entered into an agreement with Unimax Investment Services Ltd. (Unimax) for the purchase of spotlights, wherein Davinci Industrial Inc. (Davinci) was responsible for the manufacturing and sales of the said product. However, there were defects found in the products, resulting in the Group to return them to Unimax for repair. Unimax, on the other hand, refused to comply with the Group's request, which prompted the Group to terminate their agreement and proceeded in filing a lawsuit against Unimax to the Taipei District Court. Furthermore, since Davinci was also involved the case, the Group filed another lawsuit against Davinci to the Taipei District Court on December 12, 2012, demanding for a compensation claim of \$41,055 thousand. The Taiwan Taipei District Court ruled that the Group shall provide \$7,344 thousand as payments for security in litigation, court costs, and execution fee. In accordance with Ruling No. 1716 of 2019 received on January 10, 2020, the Supreme Court revoked the original decision and reversed the case to the Taiwan High Court for rehearing, and the first rehearing has been in process. The first rehearing at Taiwan High Court has been ruled again in February 8, 2023 in ruling No. 109-Geng-13 that Davinci should pay US\$506 thousand to the Group with interest 5% of the annual interest rate from December 21, 2012 until the settlement date, other appeals and the additional appeals were dismissed. The Group and Davinci both parties filed an appeal. The Supreme Court revoked the original decision and reversed the case to the Taiwan High Court for rehearing, the case is currently being handled by the Taiwan High Court in the second retrial.

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YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions

The following is the information on the Group's significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

(i) Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	Zhongshan Weiqiang	Other receivable-related parties	Yes	394,200	358,240	358,240	0~2.8%	2	-	Business operation	-	None	-	1,315,952 (Note1)	1,315,952 (Note2)
0	The Company	Ye Xian Weiqiang	Other receivable-related parties	Yes	719,200	716,480	539,750	0~2.8%	2	-	Business operation	-	None	-	1,315,952 (Note1)	1,315,952 (Note2)
0	The Company	Ping Ding Shan Yeh Chiang	Other receivable-related parties	Yes	43,800	-	-	0~2.5%	2	-	Business operation	-	None	-	1,315,952 (Note1)	1,315,952 (Note2)
0	The Company	Vietnam Yeh Chiang	Other receivable-related parties	Yes	97,635	32,785	-	0~2.5%	2	-	Business operation	-	None	-	1,315,952 (Note1)	1,315,952 (Note2)
1	Ping Ding Shan Yeh Chiang	Zhongshan Weiqiang	Other receivable-related parties	Yes	CNY 30,000 136,350	CNY 20,000 89,560	CNY 20,000 89,560	0~2.5%	2	-	Business operation	-	None	-	120,496 (Note3)	120,496 (Note3)
1	Ping Ding Shan Yeh Chiang	Ye Xian Weiqiang	Other receivable-related parties	Yes	CNY 15,000 67,845	CNY 7,000 31,346	CNY 7,000 31,346	0~2.5%	2	-	Business operation	-	None	-	120,496 (Note3)	120,496 (Note3)
1	Zhongshan Weiqiang	Ye Xian Weiqiang	Other receivable-related parties	Yes	CNY 20,000 90,900	CNY 20,000 89,560	CNY 20,000 89,560	0~2.5%	2	-	Business operation	-	None	-	176,917 (Note3)	176,917 (Note3)

Note 1: Limit of financing amount for individual counter-party shall not exceed 40% of latest financial statements of the Company's, Ping Ding Shan Yeh Chiang's and Zhongshan Weiqiang's net asset audited.

Note 2: Limit of total financing amount shall not exceed 40% of latest financial statements of the Companies, Ping Ding Shan Yeh Chiang's and Zhongshan Weiqiang's net asset audited.

Note 3: The Company's foreign subsidiaries, in which it directly or indirectly holds 100% of the voting shares, may engage in intercompany loans. The limit for each individual entity and the total amount of intercompany loans shall not exceed 40% of the net worth of the lending company as per its most recent financial statements.

Ping Ding Shan Yeh Chiang, Zhongshan Weiqiang, and Ye Xian Weiqiang are foreign subsidiaries in which the Company directly or indirectly holds 100% of the voting shares.

Note 4: The entry method for the loading of fund is as follows:

1. For business transaction, please fill in 1.
2. Necessary for short-term financing, please fill in 2.

Note 5: The relevant transaction and ending balance are eliminated financial statement.

(ii) Guarantees and endorsements for other parties:

(In Thousands of USD)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 1)	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 2)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Taiwan Lighting	Subsidiary	657,976	230,000	170,000	-	-	5.08 %	1,315,952	Y	N	N
0	The Company	Excel Rainbow	Subsidiary	657,976	65,255 USD 2,000	49,178 USD 1,500	-	-	1.47 %	1,315,952	Y	N	N
0	The Company	So Bright Electronics	Subsidiary	657,976	10,000	5,000	-	-	0.15 %	1,315,952	Y	N	N
0	The Company	Ye Xian Weiqiang	Subsidiary	657,976	229,845 USD 7,000	-	-	-	- %	1,315,952	Y	N	Y

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YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note 1: The amount of endorsements/ guarantees for any single entity shall not exceed 20% of latest financial statements of the Company's net assets audited.

Note 2: Limit of total endorsed/ guaranteed amount shall not exceed 40% of latest financial statements of the Company's net assets audited.

(iii) Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Shares/Units (thousands)	Ending balance			Highest Percentage of ownership (%)	Note
					Carrying value	Percentage of ownership (%)	Fair value		
Taiwan Lighting	Mutual Fund-Union Money Market Fund	None	Current financial assets at fair value through profit or loss	3,059	42,114	- %	42,114	- %	
The Company	Common stock of powerchip Semiconductor Manufacturing Corporation	None	Non-current financial assets at FVOCI	465	7,393	- %	7,393	- %	
The Company	Common stock of powerchip Technology Corporation	None	"	330	5,988	- %	5,988	- %	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD300 million or 20% of the capital stock:

(In Thousands of USD and CNY)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Excel Rainbow	The Company	Parent Company	Sales	639,655 (USD 19,927)	100 %	Open account 90 days account	-	No significant different	74,496 USD 2,272	100%	Note1
Zhongshan Weiqiang	Excel Rainbow	Subsidiary of The Company	Sales	323,290 (USD 10,071)	27 %	Open account 90 days account	-	No significant different	38,109 USD 1,162	11%	Note1
Ye Xian Weiqiang	Zhongshan Weiqiang	Subsidiary of The Company	Sales	471,657 (CNY 105,898)	60 %	Open account 90 days account	-	No significant different	213,919 CNY 47,771	84%	Note1
Ye Xian Weiqiang	Excel Rainbow	Subsidiary of The Company	Sales	311,326 (USD 9,699)	39 %	Open account 90 days account	-	No significant different	36,387 (USD 1,110)	14%	Note1

Note 1: The relevant transaction and ending balance are eliminated financial statement.

Note 2: Assets and revenue were recognized by company in one-way.

(viii) Receivables from related parties with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

(In Thousands of CNY)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	Zhongshan Weiqiang	Parent Subsidiary	358,240 (CNY 80,000)	Note1	-		-	-
The Company	Ye Xian Weiqiang	Parent Subsidiary	559,750 (CNY 125,000)	Note1	-		-	-
Ye Xian Weiqiang	Ye Xian Weiqiang	Subsidiary of The Company	242,540 (CNY 54,162)	0.77	-		32,820 (CNY 7,329)	-
Ping Ding Shan Yeh Chiang	Zhongshan Weiqiang	Subsidiary of The Company	215,263 (CNY 48,071)	2.96	-		167,367 CNY 37,375	-

Note 1: Loan to other parties, so it uncalculated turnover rates.

Note 2: The relevant transaction and ending balance are eliminated financial statement.

(ix) Trading in derivative instruments: None.

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YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Zhongshan Weiqiang	1	Other receivable	358,240	Receipt on due date with an annual interest rate of 0%~2.5%	8%
0	The Company	Ye Xian Weiqiang	1	Other receivable	559,750	Receipt on due date with an annual interest rate of 0%~2.5%	12%
1	Excel Rainbow	The Company	2	Sales	639,655	Open account 90 days account	36%
1	Excel Rainbow	The Company	2	Receivable	74,496	Open account 90 days account	2%
2	Zhongshan Weiqiang	Excel Rainbow	3	Sales	323,290	Open account 90 days account	18%
2	Zhongshan Weiqiang	Excel Rainbow	3	Receivable	38,109	Open account 90 days account	1%
2	Zhongshan Weiqiang	Ye Xian Weiqiang	3	Sales	99,821	Open account 90 days account	6%
2	Zhongshan Weiqiang	Ye Xian Weiqiang	3	Receivable	242,540	Open account 90 days account	5%
2	Zhongshan Weiqiang	Ping Ding Shan Yeh Chiang	3	Other receivable	89,560	Open account 90 days account	2%
2	Zhongshan Weiqiang	Vietnam Yeh Chiang	3	Other receivable	24,152	Open account 90 days account	1%
3	Ye Xian Weiqiang	Zhongshan Weiqiang	3	Sales	471,657	Open account 90 days account	26%
3	Ye Xian Weiqiang	Zhongshan Weiqiang	3	Receivable	213,919	Open account 90 days account	5%
3	Ye Xian Weiqiang	Excel Rainbow	3	Sales	311,326	Open account 90 days account	17%
3	Ye Xian Weiqiang	Excel Rainbow	3	Receivable	36,387	Open account 90 days account	1%
4	Ping Ding Shan Yeh Chiang	Ye Xian Weiqiang	3	Sales	35,812	Receipt on due date with an annual interest rate of 0%~2.5%	2%
4	Ping Ding Shan Yeh Chiang	Ye Xian Weiqiang	3	Receivable	51,752	Receipt on due date with an annual interest rate of 0%~2.5%	1%
4	Ping Ding Shan Yeh Chiang	Ye Xian Weiqiang	3	Other receivable	31,346	Open account 90 days account	1%
4	Ping Ding Shan Yeh Chiang	Zhongshan Weiqiang	3	Other receivable	89,560	Open account 90 days account	2%

Note 1: The information of number are as follow:

1. The number 0 represents the parent company.
2. The subsidiaries are numbered in order from number 1.

Note 2: The types of relationships with traders are as follows:

1. The parent company to the subsidiary.
2. The subsidiary to the parent company.
3. The subsidiary to the subsidiary.

Note 3: The relevant transactions and ending balance are eliminated in consolidated financial statement.

Note 4: The transactions with an amount incurred from Sales, Account receivable and other receivable of more than 1% of the operating revenue or assets.

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YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Information on investees (excluding information on investees in Mainland China):

(In Thousands of USD and shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2024			Highest Percentage of wnership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2024	December 31, 2023	Shares (thousands)	Percentage of wnership	Carrying value				
The Company	YCTSC	Samoa	Overseas investment activities	1,313,704 USD42,322	1,313,704 USD42,322	2,219	100.00 %	1,144,323 USD34,904	100.00 %	(328,932) USD(10,247)	(332,249) USD(10,350)	Note1
The Company	YCTSC	B.V.I	International trade	73,333 USD2,557	73,333 USD2,557	2,406	100.00 %	12,107 USD369	100.00 %	309 USD10	309 USD10	Note1
The Company	Excel Rainbow	Seychelles	International trade	70,520 USD2,155	70,520 USD2,155	2,155	100.00 %	4,009 USD122	100.00 %	(116) USD(4)	(116) USD(4)	Note1
The Company	Taiwan Lighting	Taipei City	Lighting facilities	176,110	176,110	17,611	100.00 %	187,892	100.00 %	3,549	3,549	Note1
The Company	So Bright Electronics	Taoyuan City	Lighting facilities	63,904	63,904	2,773	60.29 %	39,135	60.29 %	13,265	7,997	Note1
The Company	Yu Cheng Materials	Taipei City	Sales and manufacturing of electronic parts and components	136,784	136,784	13,678	81.80 %	182,923	81.80 %	2,867	2,345	Note1
The Company	Taiwan New Thermal System	Taipei City	Sales and manufacturing of heat pipes	68,000	68,000	5,448	99.06 %	33,738	99.06 %	863	855	Note1
The Company	Quaser Machine	Taichung City	Production and sales of Machinery and equipment	398,770	398,770	12,434	22.63 %	475,731	22.63 %	212,592	40,303	Note1
The Company	Vietnam Yeh Chiang	Vietnam	Sales and manufacturing of heat pipes	489,010 USD 16,000	359,410 USD 12,000	-	100.00 %	460,911 USD14,059	100.00 %	(22,969) USD(716)	(22,969) USD(716)	Note1
YCTSC	YCTCC	Cayman	Overseas investment activities	USD23,828	USD23,828	1,244	100.00 %	820,117 USD25,015	100.00 %	(224,700) USD(7,000)	(224,700) USD(7,000)	Note1
YCTSC	YCTYXCC	Cayman	Overseas investment activities	USD18,000	USD18,000	900	100.00 %	314,769 USD9,601	100.00 %	(104,742) USD(3,263)	(104,742) USD(3,263)	Note1

Note 1: The relevant transactions and ending balance are eliminated financial statement.

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of USD)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2024	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value	Accumu-lated remittance of earnings in current period
					Outflow	Inflow							
Zhongshan Weiqiang	Sales and manufacturing of heat pipes and BGA	639,308 USD19,500	Note1	639,308 USD19,500	-	-	639,308 USD19,500	(212,919) USD(6,633)	100.00%	100.00%	(212,438) USD(6,618)	442,302 USD13,491	-
ZhuHai Weiqiang	Sales and manufacturing of heat pipes and bumping	16,393 USD500	Note1	16,393 USD500	-	-	16,393 USD500	(514) USD(16)	100.00%	100.00%	(514) USD(16)	14,720 USD449	-
Ping Ding Shan Yeh Chiang	Sales and manufacturing of heat pipes	163,925 USD5,000	Note1	163,925 USD5,000	-	-	163,925 USD5,000	(13,033) USD(406)	100.00%	100.00%	(13,033) USD(406)	301,229 USD9,188	-
Ye Xian Weiqiang	Sales and manufacturing of heat pipes	590,130 USD18,000	Note1	590,130 USD18,000	-	-	590,130 USD18,000	(104,582) USD(3,258)	100.00%	100.00%	(104,582) USD(3,258)	315,916 USD9,636	-

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YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
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(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
1,409,755 (USD43,000 thousand)	1,409,755 (USD43,000 thousand)	1,973,929

Note1: Investment in companies in Mainland China through YCTSC in the third regions.

Note2: The investment income (loss) recognition denominated in foreign currencies are translated into New Taiwan Dollars using the average rates at 32.10 from January 1 to December 31, 2024; Other investment amounts denominated in foreign currencies are translated into New Taiwan Dollars using the spot rate at 32.785.

Note3: The financial statements of the Company were audited by the Taiwan parent company audit team.

Note4: The relevant transactions and ending balance are eliminated financial statement.

Note5: The limitation on investment in Mainland China is calculated with 60% of the combined net equity.

(iii) Significant transactions

The significant Group transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "information on significant transactions".

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Taipei Fubon Commercial Bank entrusted investing account (Rayman Inc. Samoa)		19,141,784	10.48 %
Feng Lei Investing Co. Ltd.		18,904,000	10.35 %
Taipei Fubon Commercial Bank entrusted investing account (Hai-De Share Control Inc.)		18,321,000	10.04 %
Advance Program Ltd.		17,948,181	9.83 %
Supercap Industrial Co., Ltd.		17,056,602	9.34 %
Taipei Fubon Commercial Bank entrusted investing account (Kao-Wei Investing Inc.)		16,181,000	8.86 %
Bellevuecity Construction Co., Ltd.		15,677,236	8.59 %
Taipei Fubon Commercial Bank entrusted investing account (Weichiang Ltd. Samoa)		15,281,493	8.37 %
Taipei Fubon Commercial Bank entrusted investing account (Vuitton Ltd. Samoa)		15,044,293	8.24 %

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YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

(a) General and segment information

The reportable segments are the Group's strategic divisions. They offer different products and services, and are managed separately because they require different technology and marketing strategies. Most of the strategic divisions were acquired separately. The management of the acquired divisions remains employed by the Group. The Group's main operating decision makers at least quarterly reviews of the internal management reports of each strategic division. No segment's assets were provide to the operating decision makers, therefore, no disclosure is required of the Group. In addition, the Segment's gains and losses are measured by using the net profit before tax, which are used as a basis for assessing the Segment's performance. The construction of each department in the Group is as follows:

Heat pipe Segment: Includes the related high-tech heat pipe components and Solder balls production and marketing business.

Lighting Segment: Includes LED lighting products and lighting equipment production and marketing business.

(b) The Group's operating segment information and reconciliation are as follows:

For the year ended December 31, 2024				
	Heat pipe business	Lighting business	Reconcillation and elimination	Total
Total revenue	\$ <u>1,531,721</u>	<u>262,850</u>	<u>-</u>	<u>1,794,571</u>
Depreciation and amortization expense	\$ <u>260,174</u>	<u>5,925</u>	<u>-</u>	<u>266,099</u>
Segment before tax profit	\$ <u>(213,255)</u>	<u>16,712</u>	<u>-</u>	<u>(196,543)</u>
Segment assets	\$ <u>4,359,811</u>	<u>332,668</u>	<u>(988)</u>	<u>4,691,491</u>
Segment liabilities	\$ <u>1,255,938</u>	<u>79,861</u>	<u>(988)</u>	<u>1,334,811</u>
For the year ended December 31, 2023				
	Heat pipe business	Lighting business	Reconcillation and elimination	Total
Total revenue	\$ <u>1,570,200</u>	<u>252,149</u>	<u>-</u>	<u>1,822,349</u>
Depreciation and amortization expense	\$ <u>245,868</u>	<u>5,888</u>	<u>-</u>	<u>251,756</u>
Segment before tax profit	\$ <u>(105,079)</u>	<u>5,206</u>	<u>-</u>	<u>(99,873)</u>
Segment assets	<u>4,549,556</u>	<u>289,528</u>	<u>(1,242)</u>	<u>4,837,842</u>
Segment liabilities	\$ <u>1,286,140</u>	<u>51,236</u>	<u>(1,242)</u>	<u>1,336,134</u>

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Notes to the Consolidated Financial Statements

(c) Corporate information

(i) Product and service information

Revenue from the external customers of the Group was as follows:

Product and services	For the year ended December 31,	
	2024	2023
Heat pipe product	\$ 1,531,721	1,570,200
Lighting device	262,850	252,149
	\$ 1,794,571	1,822,349

(ii) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographic location of customers and segment assets are based on the geographical location of the assets.

	For the year ended December 31,	
	2024	2023
Revenue from external customers:		
China	\$ 1,227,156	1,255,742
Singapore	189,037	290,431
Taiwan	248,839	244,724
Other countries	129,539	31,452
Total	\$ 1,794,571	1,822,349
	December 31, 2024	December 31, 2023
Non-current assets:		
China	\$ 1,707,755	1,900,581
Taiwan	119,886	115,926
Vietnam	463,212	318,799
Total	\$ 2,290,853	2,335,306

The above non-current assets include property, plant and equipment, intangible assets, and right-of-use asset not including financial instruments and other non-current assets rights.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Major customers

The total revenue of the Group is from the important customer amount of the heat pipe business unit:

	For the year ended December 31, 2021	
	2024	2023
Shuanghong	\$ 448,459	495,628
Aavid Thermalloy	304,479	155,906
	\$ 752,938	651,534