

**CVILUX 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 CviLux 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 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, CviLux Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: CviLux Corporation

Chairman: Chao-Chun, Yang

Date: March 13, 2025



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## Independent Auditors' Report

To the Board of Directors of CviLux Corporation:

### Opinion

We have audited the consolidated financial statements of CviLux Corporation and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, the consolidated statements 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 informing our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters we communicated in the auditors’ report were as follows:

#### Valuation for slow-moving inventories

Please refer to Note 4(h) “Inventories” for accounting policy, Note 5 for accounting assumption, judgments, and estimation uncertainty to the consolidated financial statement, and Note 6(f) for the illustration of the evaluation of inventories.

#### Description of key audit matters:

In order to meet shipping demands, the Group has increased its stock volume, which requires the management to use its subjective judgment in valuating the slow-moving inventories. Therefore, the valuation for slow-moving inventories has been identified as one of our key audit matters.

In relation to the key audit matter above, our audit procedures were included:

- Understanding the policies adopted by the management in valuating the slow-moving inventories; assessing the historical reasonableness of the management's estimates on inventory provisions.
- Selecting samples and keeping trace of to inventory movement voucher to verify the accuracy of the inventory aging report.
- Evaluating the appropriateness of management's assumption to determine inventory reserve percentages.
- Recalculating the inventory reserve for the application of the reserve percentages with the inventory aging categories.

#### Other Matter

CviLux 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 the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect 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.

#### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 Tang, Chia-Chien and Huang, Ming-Hung.

KPMG

Taipei, Taiwan (Republic of China)  
March 13, 2025

#### **Notes to Readers**

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

The independent auditors' 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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**CVILUX CORPORATION AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2024 and 2023**

(Expressed in Thousands of New Taiwan Dollars)

		<b>December 31, 2024</b>		<b>December 31, 2023</b>				<b>December 31, 2024</b>		<b>December 31, 2023</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>			<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Assets</b>						<b>Liabilities and Equity</b>					
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 2,326,664	42	2,152,923	43	2100	Short-term borrowings (note 6(l))	\$ 230,000	4	160,000	3
1110	Financial assets at fair value through profit or loss — current (note 6(b))	26,286	1	19,821	1	2150	Notes payable	1,745	-	2,243	-
1136	Financial assets at amortized cost-current (note 6(c))	514,280	9	240,581	4	2170	Accounts payable	578,983	10	426,098	8
1150	Notes receivable, net (notes 6(d) and (t))	7,218	-	10,290	-	2200	Other payables (note 6(u))	270,226	5	226,069	4
1170	Accounts receivable, net (notes 6(d) and (t))	1,028,029	18	910,992	18	2230	Current tax liabilities	59,465	1	57,744	1
1180	Accounts receivable-related parties, net (notes 6(d), (t) and 7)	1,440	-	1,374	-	2280	Lease liabilities — current (note 6(o))	20,476	1	29,343	1
1200	Other receivables (note 6(e))	5,623	-	3,989	-	2300	Other current liabilities (note 6(t))	51,626	1	51,977	1
1210	Other receivables-related parties (notes 6(e) and 7)	3	-	3	-	2321	Bonds payable, current portion (note 6(n))	-	-	495,083	10
130X	Inventories (note 6(f))	465,782	8	423,335	9	2322	Long-term borrowings, current portion (notes 6(m) and 8)	8,740	-	23,907	1
1410	Prepayments	43,500	1	47,781	1		<b>Total current liabilities</b>	<u>1,221,261</u>	<u>22</u>	<u>1,472,464</u>	<u>29</u>
1470	Other current assets	368	-	674	-		<b>Non-Current liabilities:</b>				
	<b>Total current assets</b>	<u>4,419,193</u>	<u>79</u>	<u>3,811,763</u>	<u>76</u>	2540	Long-term borrowings (notes 6(m) and 8)	15,034	-	81,304	2
	<b>Non-current assets:</b>					2570	Deferred tax liabilities (note 6(q))	371,419	7	312,892	6
1550	Investments accounted for using equity method (note 6(g))	9,050	-	6,171	-	2580	Lease liabilities — non-current (note 6(o))	21,895	-	6,272	-
1600	Property, plant and equipment (notes 6(h), 8 and 9)	996,285	18	1,036,647	20	2640	Net defined benefit liability, non-current (note 6(p))	53,038	1	73,305	2
1755	Right-of-use assets (note 6(j))	94,727	2	90,953	2	2645	Guarantee deposits received	313	-	512	-
1780	Intangible assets (notes 6(k) and 9)	18,950	-	24,589	1	2650	Credit balance of investments accounted for using equity method (note 6(g))	2,833	-	-	-
1840	Deferred tax assets (note 6(q))	33,343	1	35,725	1		<b>Total non-current liabilities</b>	<u>464,532</u>	<u>8</u>	<u>474,285</u>	<u>10</u>
1915	Prepayments for business facilities (note 6(i))	15,537	-	2,529	-		<b>Total liabilities</b>	<u>1,685,793</u>	<u>30</u>	<u>1,946,749</u>	<u>39</u>
1990	Other non-current assets	12,764	-	11,150	-		<b>Equity (notes 6(g), (n), (p), (q) and (r)):</b>				
	<b>Total non-current other assets</b>	<u>1,180,656</u>	<u>21</u>	<u>1,207,764</u>	<u>24</u>	3100	Ordinary shares	922,784	17	789,561	16
						3200	Capital surplus	981,308	18	615,229	12
						3300	Retained earnings	2,042,761	36	1,819,452	36
						3410	Other equity interests	(36,215)	(1)	(148,902)	(3)
							Total equity attributable to owners of parent	<u>3,910,638</u>	<u>70</u>	<u>3,075,340</u>	<u>61</u>
						36xx	<b>Non-controlling interests</b>	<u>3,418</u>	<u>-</u>	<u>(2,562)</u>	<u>-</u>
							<b>Total equity</b>	<u>3,914,056</u>	<u>70</u>	<u>3,072,778</u>	<u>61</u>
	<b>Total assets</b>	<u>\$ 5,599,849</u>	<u>100</u>	<u>5,019,527</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 5,599,849</u>	<u>100</u>	<u>5,019,527</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

**CVILUX 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)**

		<b>2024</b>		<b>2023</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
	<b>Operating Revenues:</b>				
4111	Sales revenue	\$ 3,277,208	103	3,032,384	102
4170	Less: Sales returns	(10,628)	-	(13,604)	-
4190	Sales discounts and allowances	(78,436)	(3)	(60,159)	(2)
	<b>Operating revenue (notes 6(t) and 7)</b>	<b>3,188,144</b>	<b>100</b>	<b>2,958,621</b>	<b>100</b>
5000	<b>Operating costs (notes 6(f), (h), (j), (k), (o), (p), (u), 7 and 12)</b>	<b>(2,079,718)</b>	<b>(65)</b>	<b>(1,950,399)</b>	<b>(66)</b>
	<b>Gross profit from operations</b>	<b>1,108,426</b>	<b>35</b>	<b>1,008,222</b>	<b>34</b>
	<b>Operating expenses (notes 6(d), (h), (i), (j), (k), (o), (p), (u) and 12):</b>				
6100	Selling expenses	(243,870)	(8)	(226,889)	(8)
6200	Administrative expenses	(364,757)	(11)	(347,073)	(12)
6300	Research and development expenses	(133,637)	(4)	(135,884)	(4)
6450	Expected credit loss	(1,514)	-	(1,317)	-
	<b>Total operating expenses</b>	<b>(743,778)</b>	<b>(23)</b>	<b>(711,163)</b>	<b>(24)</b>
	<b>Net operating income</b>	<b>364,648</b>	<b>12</b>	<b>297,059</b>	<b>10</b>
	<b>Non-operating income and expenses (notes 6(g), (h), (j), (n), (o), (v) and 7):</b>				
7100	Interest income	62,007	2	34,578	1
7010	Other income	3,222	-	3,549	-
7020	Other gains and losses	87,878	2	25,746	1
7050	Finance costs	(12,017)	-	(16,780)	(1)
7770	Share of loss of associates accounted for using equity method	(1,286)	-	(2,928)	-
	<b>Total non-operating income and expenses</b>	<b>139,804</b>	<b>4</b>	<b>44,165</b>	<b>1</b>
	<b>Income before tax</b>	<b>504,452</b>	<b>16</b>	<b>341,224</b>	<b>11</b>
	Less: tax expense (note 6(q))	166,830	5	126,206	4
	<b>Net income</b>	<b>337,622</b>	<b>11</b>	<b>215,018</b>	<b>7</b>
8300	<b>Other comprehensive income (notes 6(p), (q) and (r)):</b>				
8310	<b>Items that may not be reclassified subsequently to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	2,637	-	(608)	-
8349	Income tax related to items that may not be reclassified to profit or loss	527	-	(122)	-
	<b>Total items that may not be reclassified subsequently to profit or loss</b>	<b>2,110</b>	<b>-</b>	<b>(486)</b>	<b>-</b>
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statement	119,553	3	(56,354)	(2)
8399	Income tax related to items that may be reclassified to profit or loss	-	-	-	-
	<b>Total items that may be reclassified subsequently to profit or loss</b>	<b>119,553</b>	<b>3</b>	<b>(56,354)</b>	<b>(2)</b>
8300	<b>Other comprehensive income (loss)</b>	<b>121,663</b>	<b>3</b>	<b>(56,840)</b>	<b>(2)</b>
	<b>Total comprehensive income</b>	<b>\$ 459,285</b>	<b>14</b>	<b>158,178</b>	<b>5</b>
	<b>Profit attributable to:</b>				
8610	Owners of parent	\$ 338,508	11	217,909	7
8620	Non-controlling interests	(886)	-	(2,891)	-
		<b>\$ 337,622</b>	<b>11</b>	<b>215,018</b>	<b>7</b>
	<b>Comprehensive income attributable to:</b>				
8710	Owners of parent	\$ 453,305	14	160,746	5
8720	Non-controlling interests	5,980	-	(2,568)	-
		<b>\$ 459,285</b>	<b>14</b>	<b>158,178</b>	<b>5</b>
	<b>Earnings per share (expressed in New Taiwan Dollars) (note 6(s))</b>				
9750	<b>Basic earnings per share</b>	<b>\$ 3.96</b>		<b>2.76</b>	
9850	<b>Diluted earnings per share</b>	<b>\$ 3.92</b>		<b>2.44</b>	

See accompanying notes to consolidated financial statements.



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

**CIVILUX 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			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non- controlling interests	Total equity
Balance at January 1, 2023	\$ 789,534	608,100	432,384	121,778	1,205,774	1,759,936	(92,225)	3,065,345	6	3,065,351
Net income (loss)	-	-	-	-	217,909	217,909	-	217,909	(2,891)	215,018
Other comprehensive income	-	-	-	-	(486)	(486)	(56,677)	(57,163)	323	(56,840)
Total comprehensive income	-	-	-	-	217,423	217,423	(56,677)	160,746	(2,568)	158,178
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	33,579	-	(33,579)	-	-	-	-	-
Special reserve	-	-	-	(29,553)	29,553	-	-	-	-	-
Cash dividends	-	-	-	-	(157,907)	(157,907)	-	(157,907)	-	(157,907)
Changes in equity of associates and joint ventures accounted for using equity method	-	7,057	-	-	-	-	-	7,057	-	7,057
Conversion of convertible bonds	27	72	-	-	-	-	-	99	-	99
Balance at December 31, 2023	789,561	615,229	465,963	92,225	1,261,264	1,819,452	(148,902)	3,075,340	(2,562)	3,072,778
Net income (loss)	-	-	-	-	338,508	338,508	-	338,508	(886)	337,622
Other comprehensive income	-	-	-	-	2,110	2,110	112,687	114,797	6,866	121,663
Total comprehensive income	-	-	-	-	340,618	340,618	112,687	453,305	5,980	459,285
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	21,743	-	(21,743)	-	-	-	-	-
Special reserve	-	-	-	56,677	(56,677)	-	-	-	-	-
Cash dividends	-	-	-	-	(110,184)	(110,184)	-	(110,184)	-	(110,184)
Changes in equity of associates and joint ventures accounted for using equity method	-	1,120	-	-	(7,125)	(7,125)	-	(6,005)	-	(6,005)
Conversion of convertible bonds	133,223	364,930	-	-	-	-	-	498,153	-	498,153
Other	-	29	-	-	-	-	-	29	-	29
Balance at December 31, 2024	\$ 922,784	981,308	487,706	148,902	1,406,153	2,042,761	(36,215)	3,910,638	3,418	3,914,056

See accompanying notes to consolidated financial statements.

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

**CIVILUX 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
<b>Cash flows from (used in) operating activities:</b>		
Income before tax	\$ 504,452	341,224
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	221,428	226,029
Amortization expense	15,668	12,201
Expected credit loss	1,514	1,317
Net (gain) loss on financial assets at fair value through profit or loss	(2,484)	409
Interest expense	12,017	16,780
Interest income	(62,007)	(34,578)
Dividend income	(52)	(47)
Shares of loss of associates accounted for using equity method	1,286	2,928
Loss on disposal of property, plant and equipment	809	1,751
Prepayments for business facilities and property, plant and equipment transferred to expenses	383	298
Loss on disposal of investments	2,140	19
Lease modifications gains	(3,626)	-
Total adjustments to reconcile profit	187,076	227,107
Changes in operating assets/ liabilities:		
Acquisition of financial assets at fair value through profit or loss	(7,692)	(9,195)
Proceeds from disposal of financial assets at fair value through profit or loss	61	12,594
Note and account receivables	(102,516)	46,985
Accounts receivable-related parties	(67)	803
Other receivables	(1,506)	2,641
Other receivable-related parties	-	785
Inventories	(30,227)	134,812
Prepayments and other current assets	5,580	5,230
Total changes in operating assets	(136,367)	194,655
Changes in operating liabilities:		
Note and account payable	138,117	49,652
Other payable	38,134	(20,503)
Other current liabilities	(977)	(6,143)
Net defined benefit liability	(17,630)	1,286
Total changes in operating liabilities	157,644	24,292
Cash inflow generated from operations	712,805	787,278
Interest received	64,446	37,690
Dividends received	52	47
Interest paid	(16,949)	(18,604)
Income taxes paid	(105,395)	(92,280)
<b>Net cash flows from operating activities</b>	<b>654,959</b>	<b>714,131</b>
<b>Cash flows from (used in) investing activities:</b>		
Proceeds from disposal of financial assets at fair value through profit or loss	1,592	-
Increase in financial assets at amortized cost	(263,881)	(101,676)
Acquisition of investments accounted for using equity method	-	(8,830)
Acquisition of property, plant and equipment	(106,381)	(84,232)
Proceeds from disposal of property, plant and equipment	618	2,856
(Increase) decrease in refundable deposits	(1,299)	201
Acquisition of intangible assets	(9,458)	(15,473)
Increase in prepayments for business facilities	(15,506)	(2,562)
<b>Net cash used in investing activities</b>	<b>(394,315)</b>	<b>(209,716)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	1,000,000	530,000
Decrease in short-term loans	(930,000)	(610,000)
Repayments of long-term borrowings	(81,201)	(36,624)
Payments of lease liabilities	(37,845)	(37,813)
(Decrease) increase in guaranteed deposits received	(217)	291
Cash dividends paid	(110,184)	(157,907)
Repayments of bonds	(200)	-
Other	29	-
<b>Net cash used in financing activities</b>	<b>(159,618)</b>	<b>(312,053)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>72,715</b>	<b>(19,907)</b>
<b>Net increase in cash and cash equivalents</b>	<b>173,741</b>	<b>172,455</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>2,152,923</b>	<b>1,980,468</b>
<b>Cash and cash equivalents at ending of period</b>	<b>\$ 2,326,664</b>	<b>2,152,923</b>

See accompanying notes to consolidated financial statements.

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

## **CIVILUX 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**

CviLux Corporation (the “Company”) was incorporated on March 16, 1990 as a company limited by shares and registered under the Ministry of Economic Affairs (MOEA) of the Republic of China (R.O.C.). The address of Company's registered office is 9F., No.9, Ln. 3, Sec. 1, Zhongzheng E. Rd., Tamsui Dist., New Taipei City. The Company and its subsidiaries (“the Group”)’s major operating activities are the assembling, manufacturing, processing, and trading of connectors used in the electronic industry, electrical machinery, communication cable wires, and computer 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 13, 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 issued 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 of 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)

**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
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"> <li>● 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.</li> <li>● 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.</li> <li>● 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.</li> </ul>	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.

(Continued)

## CVILUX 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. 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 assets at fair value through profit or loss are measured at fair value;
- 2) The defined benefit liabilities 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 Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(Continued)

**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries.

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	Principal activity	Shareholding		Note
			December 31, 2024	December 31, 2023	
The company	CONTEC (B.V.I.) Corp. (CONTEC)	Holding company	100 %	100 %	
"	Cvicloud Corp. (CTT)	Integration services for IoT, hardware and software system	100 %	100 %	
"	Cvilux USA Corporation (CUC)	Sale of connectors, cable assemblies	100 %	100 %	
"	Cvilux Korea Corp. (CKC)	Sale of connectors, cable assemblies	100 %	100 %	
"	CviMall International Corp. (CMI)	Development and sale of e-commerce and cosmetics	100 %	100 %	
"	Cvilux Lao Co., Ltd (Cvilux Lao)	Manufacture and sale of cable assemblies	46 %	- %	Note 1
"	CVILUX VIETNAM COMPANY LIMITED (Cvilux Vietnam)	Manufacture and sale of connectors	100 %	- %	Note 2
CONTEC	Cvilux (B.V.I.) Corp. (Cvilux (B.V.I.))	Holding company	100 %	100 %	
"	HICON (B.V.I.) Corp. (HICON)	Holding company	100 %	100 %	
Cvilux (B.V.I.)	Dongguan Qunhan Electronics Co., Ltd.-Factory (DQH)	Manufacture and sale of connectors and cable assemblies	100 %	100 %	
"	CviLux Electronics (Dongguan) Co., Ltd. (CED)	Manufacture and sale of connectors, cable assemblies, electronic modules	100 %	100 %	
"	CviLux Technology (Shenzhen) Corporation (CTS)	Sale of connectors, cable assemblies	100 %	100 %	

(Continued)

**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of investor	Name of subsidiary	Principal activity	Shareholding		Note
			December 31, 2024	December 31, 2023	
HICON	CviLux Technology (Suzhou) Co.,Ltd - Factory (HBC)	Manufacture and sale of connectors and cable assemblies	100 %	100 %	
"	CviLux Technology (Chongqing) Corporation-Factory (CQC)	Manufacture and sale of connectors and cable assemblies	42.86 %	42.86 %	
HBC	CviLux Technology (Chongqing) Corporation-Factory (CQC)	Manufacture and sale of connectors and cable assemblies	57.14 %	57.14 %	
"	ANHUI CVILUX TECHNOLOGY CO.,LTD. (AHC)	Manufacture and sale of connectors and cable assemblies	100 %	100 %	
"	Cvilux Lao Co., Ltd (CLC)	Manufacture and sale of cable assemblies	50.00 %	92.59 %	Note 1
CTT	CviCloud (SZ) Limited (CTA)	Integration services for IoT, hardware and software system	100 %	100 %	

Note 1: In January 2024, the Company acquired a 46% equity interest in Cvilux Lao for \$144,891 thousand, resulting in CviLux Technology (Suzhou) Co.,Ltd - Factory (HBC)'s shareholding in Cvilux Lao to decrease to 50%. Consequently, after the merger, the shareholding ratio increased from 92.59% to 96%, and a decrease in capital surplus of \$7,125 thousand was recognized.

Note 2: In March 2024, the Company established CVILUX VIETNAM COMPANY LIMITED and injected the capital in April 2024.

(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 those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(Continued)

**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(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. Except for highly inflationary economies, 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.

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 interest. When the Group disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(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 expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset 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 expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability 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.

(Continued)



**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(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.

(g) Financial instruments

Account 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 account 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 account 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 financial assets at amortized cost.

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 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.

(Continued)

**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI 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 achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

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.

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 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 or dividend 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, financial assets at amortized cost, accounts receivable and notes receivable, other receivables, guarantee deposit paid and other financial assets).

(Continued)

**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which is 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 notes and account receivables are always measured at an amount equal to lifetime ECL.

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

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 one years past due or the debtor is unlikely to pay its credit obligations to the Group in full.

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

12-month ECL are the portion of ECL 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 Company is exposed to credit risk.

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 one year past due;

(Continued)

**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 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.

Except for notes and accounts receivable, the loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

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.

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) 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.

(Continued)

**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

3) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or canceled, 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.

4) 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 or 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. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

(Continued)

**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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 the 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.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

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 or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the 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.

(Continued)

**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Land is not depreciated.

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

- 1) Buildings and structures: 3 to 55 years
- 2) Machinery and equipment: 2 to 15 years
- 3) Other equipment: 3 to 10 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.

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:

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

(Continued)

**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

- there is a change in future lease payments arising from the change in an index or rate;
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- 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
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- 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.

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of other equipment 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.

(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.

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**CVILUX CORPORATION AND SUBSIDIARIES**  
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When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

**(l) Intangible assets**

**(i) Recognition and measurement**

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

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 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, including expenditure on internally generated goodwill and brands, 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, other than goodwill, from the date that they are available for use.

The intangible assets of the Group is connector patents, trade marks and computer software, the estimated useful life was two to five years.

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

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**CVILUX CORPORATION AND SUBSIDIARIES**  
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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 recognition

(i) 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.

1) Sale of goods

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

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**CVILUX CORPORATION AND SUBSIDIARIES**  
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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.

2) **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.

(ii) **Contract costs**

1) **Incremental costs of obtaining a contract**

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) **Costs to fulfill a contract**

If the costs incurred in fulfilling a contract with a customer are not within the scope of another standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfill the contract that was not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

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**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(o) Government grants

The Group recognizes an unconditional government grant in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as reduction of assets at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as reduction of depreciation on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(p) 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.

(q) 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.

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**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

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 that reflects uncertainty related to income taxes, if any. 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 for financial reporting purposes 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 affects neither accounting nor taxable profits (losses) and 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 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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**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(r) 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 convertible bonds and employee compensation.

(s) Operating segment

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 statements, 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 judgments made in applying accounting policies do not have significant effects on the amounts recognized in the consolidated financial statement.

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. Those assumptions and estimation have been updated to reflect the impact of economic uncertainties:

- Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The valuation of the inventory is mainly determined basing on the demand of products in the future. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(f) for further description of the valuation of inventories.

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**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(6) Explanation of significant accounts**

(a) Cash and cash equivalents

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Cash	\$ 2,272	2,107
Demand deposits	2,151,836	1,711,199
Time deposits	<u>172,556</u>	<u>439,617</u>
	<b><u>\$ 2,326,664</u></b>	<b><u>2,152,923</u></b>

Please refer to note 6(w) for credit risk and market risk information of the financial assets of the Group.

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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Mandatorily measured at fair value through profit or loss — current:		
Non-derivative financial assets		
Funds	\$ 5,819	5,521
Foreign corporate bonds	18,387	11,866
Stocks listed on foreign markets	1,506	2,128
Financial assets designated at fair value thorough profit or loss		
Preferred stock listed on foreign markets	<u>574</u>	<u>306</u>
	<b><u>\$ 26,286</u></b>	<b><u>19,821</u></b>

(i) For credit risk and market risk information, please refer to note 6(w).

(ii) The financial assets were not collateralized.

(c) Financial assets at amortized cost — current

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Time deposits — current	<b><u>\$ 514,280</u></b>	<b><u>240,581</u></b>

For credit risk, please refer to note 6(w).

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**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(d) Notes and accounts receivable

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Notes receivable	\$ 7,218	10,290
Accounts receivable	1,041,826	923,843
Accounts receivable—related parties	<u>1,440</u>	<u>1,374</u>
Subtotal	1,050,484	935,507
Less: Loss allowance	<u>(13,797)</u>	<u>(12,851)</u>
	<b><u>\$ 1,036,687</u></b>	<b><u>922,656</u></b>

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, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information. The loss allowances for notes and accounts receivable of the Group were determined as follows:

<b>December 31, 2024</b>			
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 957,993	0%~0.08%	5,965
Overdue 1~30 days	61,161	0%~13.17%	1,575
Overdue 31~90 days	10,742	0%~76.13%	1,313
Overdue 91~180 days	14,103	3.3%~94.99%	774
Overdue 181~365 days	4,630	50%	2,315
Overdue more than 366 days	<u>1,855</u>	100%	<u>1,855</u>
	<b><u>\$ 1,050,484</u></b>		<b><u>13,797</u></b>

  

<b>December 31, 2023</b>			
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 884,855	0%~0.23%	7,977
Overdue 1~30 days	34,485	0%~9.86%	1,299
Overdue 31~90 days	13,376	0%~80.23%	1,421
Overdue 91~180 days	539	0%~94.81%	22
Overdue 181~365 days	503	71.57%~100%	383
Overdue more than 366 days	<u>1,749</u>	100%	<u>1,749</u>
	<b><u>\$ 935,507</u></b>		<b><u>12,851</u></b>

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**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The movements in the allowance for notes and accounts receivable were as follows:

	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 12,851	11,677
Impairment loss recognized	1,514	1,317
Amounts written off	(848)	-
Effect of movement in exchange rates	<u>280</u>	<u>(143)</u>
Balance at December 31	<u><u>\$ 13,797</u></u>	<u><u>12,851</u></u>

As of December 31, 2024 and 2023, the notes and accounts receivable were no pledged as collateral for borrowings. Other credit risk information please refer to note 6(w).

(e) Other receivables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other receivables	\$ 16,558	14,556
Other receivables — related parties	<u>3</u>	<u>3</u>
Subtotal	16,561	14,559
Less: loss allowance	<u>(10,935)</u>	<u>(10,567)</u>
	<u><u>\$ 5,626</u></u>	<u><u>3,992</u></u>

As of December 31, 2024 and 2023, the other receivable were no pledged as collateral for borrowings. Other credit risk information please refer to note 6(w).

(f) Inventories

(i) The details of inventories were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Finished goods	\$ 185,398	162,960
Work in progress	86,681	68,615
Raw materials	69,690	75,454
Supplies	7,308	6,432
Merchandise	<u>116,705</u>	<u>109,874</u>
	<u><u>\$ 465,782</u></u>	<u><u>423,335</u></u>

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**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (ii) Except for cost of goods sold, the gains or losses which were recognized as operating cost were as follows:

	<u>2024</u>	<u>2023</u>
Losses on valuation of inventories	\$ 28,256	1,603
Unallocated production overheads	20,382	30,950
Loss on obsolescence	5,953	4,927
Gains from disposal of scraps	(111,471)	(113,367)
Losses on inventory count	<u>72</u>	<u>35</u>
	<u><u>\$ (56,808)</u></u>	<u><u>(75,852)</u></u>

- (iii) The inventories were not pledged as collateral for borrowings.

- (g) Investments accounted for using equity method (credit balance)

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Associates	<u>\$ 9,050</u>	<u>6,171</u>
Associates	<u>\$ (2,833)</u>	<u>-</u>

- (i) Associates

On April 30, 2021, the Group acquired 42.76% shares of Shenzhen Recon Healthcare Cloud Tech Co., Ltd. (SRT) for \$7,756 thousand, resulting in the Group to have significant influence over it. However, SRT conducted cash capital increase in the 2nd, 3rd and 4th quarter of 2023, as well as the 1st and 2nd quarter of 2024, wherein the Group did not to subscribe proportionately, resulting in the Group's shareholding in SRT to decrease from 42.76% to 22.91%, having to recognize the capital surplus of \$7,056 thousand and \$1,120 thousand in 2024 and 2023, respectively.

On September 30, 2023, the Group acquired 20.83% shares of Cvilux Sensor Technology (Dongguan) Co., Ltd. (CST) for \$8,830 thousand, resulting in the Group to have significant influence over it. However, CST conducted cash capital increase in the 4th quarter of 2023, wherein the Group did not to subscribe proportionately, resulting in the Group's shareholding in CST to decrease from 20.83% to 19.98%, having to recognize the capital surplus of \$1 thousand.

The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount of individually insignificant associates' equity	<u>\$ 6,217</u>	<u>6,171</u>

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**CIVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>2024</u>	<u>2023</u>
Attributable to the Group:		
Loss from continuing operations	\$ (1,286)	(2,928)
Other comprehensive income	<u>-</u>	<u>-</u>
Comprehensive income	<u><u>\$ (1,286)</u></u>	<u><u>(2,928)</u></u>

(ii) Pledge

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

(h) Property, plant and equipment

(i) The movements were as follows:

	<u>Land</u>	<u>Building and structure</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Unfinished construction</u>	<u>Total</u>
<b>Cost or deemed cost:</b>						
Balance at January 1, 2024	\$ 90,472	601,441	1,419,015	118,725	6,818	2,236,471
Additions	-	7,153	66,285	9,396	25,067	107,901
Disposals	-	(27,597)	(31,331)	(6,948)	-	(65,876)
Reclassification	-	-	8,100	-	(6,433)	1,667
Effect of movements in exchange rates	-	15,294	(5,226)	2,539	335	12,942
Balance at December 31, 2024	<u><u>\$ 90,472</u></u>	<u><u>596,291</u></u>	<u><u>1,456,843</u></u>	<u><u>123,712</u></u>	<u><u>25,787</u></u>	<u><u>2,293,105</u></u>
Balance at January 1, 2023	\$ 90,472	611,379	1,423,039	113,957	14,262	2,253,109
Additions	-	6,646	58,080	7,936	6,811	79,473
Disposals	-	(1,373)	(49,621)	(3,789)	-	(54,783)
Reclassification	-	641	15,450	1,315	(14,108)	3,298
Effect of movements in exchange rates	-	(15,852)	(27,933)	(694)	(147)	(44,626)
Balance at December 31, 2023	<u><u>\$ 90,472</u></u>	<u><u>601,441</u></u>	<u><u>1,419,015</u></u>	<u><u>118,725</u></u>	<u><u>6,818</u></u>	<u><u>2,236,471</u></u>
<b>Depreciation:</b>						
Balance at January 1, 2024	\$ -	253,169	857,302	89,353	-	1,199,824
Depreciation	-	36,884	126,625	12,014	-	175,523
Disposals	-	(27,583)	(30,132)	(6,734)	-	(64,449)
Effect of movements in exchange rates	-	6,997	(23,158)	2,083	-	(14,078)
Balance at December 31, 2024	<u><u>\$ -</u></u>	<u><u>269,467</u></u>	<u><u>930,637</u></u>	<u><u>96,716</u></u>	<u><u>-</u></u>	<u><u>1,296,820</u></u>
Balance at January 1, 2023	\$ -	223,838	783,647	82,194	-	1,089,679
Depreciation	-	37,469	134,588	12,691	-	184,748
Disposals	-	(1,373)	(45,203)	(3,600)	-	(50,176)
Effect of movements in exchange rates	-	(6,765)	(15,730)	(1,932)	-	(24,427)
Balance at December 31, 2023	<u><u>\$ -</u></u>	<u><u>253,169</u></u>	<u><u>857,302</u></u>	<u><u>89,353</u></u>	<u><u>-</u></u>	<u><u>1,199,824</u></u>
<b>Carrying amounts:</b>						
Balance at December 31, 2024	<u><u>\$ 90,472</u></u>	<u><u>326,824</u></u>	<u><u>526,206</u></u>	<u><u>26,996</u></u>	<u><u>25,787</u></u>	<u><u>996,285</u></u>
Balance at January 1, 2023	<u><u>\$ 90,472</u></u>	<u><u>387,541</u></u>	<u><u>639,392</u></u>	<u><u>31,763</u></u>	<u><u>14,262</u></u>	<u><u>1,163,430</u></u>
Balance at December 31, 2023	<u><u>\$ 90,472</u></u>	<u><u>348,272</u></u>	<u><u>561,713</u></u>	<u><u>29,372</u></u>	<u><u>6,818</u></u>	<u><u>1,036,647</u></u>

(ii) The property, plant and equipment of the Group had been pledged as collateral for long-term borrowing; please refer to note 8.

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**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(i) Prepayment for business facility

The movements were as follows:

	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 2,529	8,341
Additions	15,506	2,562
Reclassification	(2,488)	(8,183)
Transferred to expense	(103)	(125)
Effect of movements in exchange rates	93	(66)
Balance at December 31	<u><u>\$ 15,537</u></u>	<u><u>2,529</u></u>

(j) Right-of-use assets

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

	<b>Land</b>	<b>Buildings and structures</b>	<b>Total</b>
<b>Cost:</b>			
Balance at January 1, 2024	\$ 58,217	198,380	256,597
Additions	-	50,994	50,994
Disposals	-	(69,876)	(69,876)
Effect of movements in exchange rates	1,465	6,316	7,781
Balance at December 31, 2024	<u><u>\$ 59,682</u></u>	<u><u>185,814</u></u>	<u><u>245,496</u></u>
Balance at January 1, 2023	\$ 61,316	215,174	276,490
Additions	-	1,342	1,342
Disposals	-	(14,552)	(14,552)
Effect of movements in exchange rates	(3,095)	(3,584)	(6,679)
Balance at December 31, 2023	<u><u>\$ 58,221</u></u>	<u><u>198,380</u></u>	<u><u>256,601</u></u>
<b>Accumulated depreciation:</b>			
Balance at January 1, 2024	\$ 6,366	159,282	165,648
Depreciation	1,648	44,257	45,905
Disposals	-	(66,144)	(66,144)
Effect of movements in exchange rates	191	5,169	5,360
Balance at December 31, 2024	<u><u>\$ 8,205</u></u>	<u><u>142,564</u></u>	<u><u>150,769</u></u>
Balance at January 1, 2023	\$ 4,958	137,054	142,012
Depreciation	1,651	39,630	41,281
Disposals	-	(14,552)	(14,552)
Effect of movements in exchange rates	(243)	(2,850)	(3,093)
Balance at December 31, 2023	<u><u>\$ 6,366</u></u>	<u><u>159,282</u></u>	<u><u>165,648</u></u>
<b>Carrying amount:</b>			
Balance at December 31, 2024	<u><u>\$ 51,477</u></u>	<u><u>43,250</u></u>	<u><u>94,727</u></u>
Balance at January 1, 2023	<u><u>\$ 56,358</u></u>	<u><u>78,120</u></u>	<u><u>134,478</u></u>
Balance at December 31, 2023	<u><u>\$ 51,855</u></u>	<u><u>39,098</u></u>	<u><u>90,953</u></u>

(Continued)

**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(k) Intangible assets

(i) The movements were as follows:

	<u>Patent</u>	<u>Trademarks</u>	<u>Computer software</u>	<u>Total</u>
<b>Costs:</b>				
Beginning balance at January 1, 2024	\$ 111	640	82,488	83,239
Additions	141	-	9,317	9,458
Reclassification	-	-	541	541
Disposals	-	-	(1,755)	(1,755)
Effect of movements in exchange rates	5	-	229	234
Balance as of December 31, 2024	<u>\$ 257</u>	<u>640</u>	<u>90,820</u>	<u>91,717</u>
Beginning balance at January 1, 2023	\$ 113	640	68,195	68,948
Additions	-	-	15,473	15,473
Reclassification	-	-	4,712	4,712
Disposals	-	-	(5,770)	(5,770)
Effect of movements in exchange rates	(2)	-	(122)	(124)
Balance at December 31, 2023	<u>\$ 111</u>	<u>640</u>	<u>82,488</u>	<u>83,239</u>
<b>Amortization and impairment loss:</b>				
Beginning balance at January 1, 2024	\$ 24	582	58,044	58,650
Amortization	37	59	15,572	15,668
Disposals	-	-	(1,755)	(1,755)
Effect on movements in exchange rates	2	(1)	203	204
Balance at December 31, 2024	<u>\$ 63</u>	<u>640</u>	<u>72,064</u>	<u>72,767</u>
Beginning balance at January 1, 2023	\$ 13	524	51,789	52,326
Amortization	11	58	12,132	12,201
Disposals	-	-	(5,770)	(5,770)
Effect on movements in exchange rates	-	-	(107)	(107)
Balance at December 31, 2023	<u>\$ 24</u>	<u>582</u>	<u>58,044</u>	<u>58,650</u>
<b>Carrying amounts:</b>				
Balance at December 31, 2024	<u>\$ 194</u>	<u>-</u>	<u>18,756</u>	<u>18,950</u>
Balance at January 1, 2023	<u>\$ 100</u>	<u>116</u>	<u>16,406</u>	<u>16,622</u>
Balance at December 31, 2023	<u>\$ 87</u>	<u>58</u>	<u>24,444</u>	<u>24,589</u>

The intangible assets were not pledged as collateral for borrowing.

(Continued)

**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(l) Short-term borrowings

	December 31, 2024	December 31, 2023
Unsecured bank loans (currency: NTD)	\$ <u>230,000</u>	<u>160,000</u>
Unused short-term credit lines	\$ <u>827,178</u>	<u>849,600</u>
Range of interest rates	<u>1.9412%~2.025%</u>	<u>1.79%~1.94%</u>

There were no pledge as collateral for short-term borrowings.

(m) Long-term borrowings

	December 31, 2024	December 31, 2023
Secured long-term borrowing (currency: NTD)	\$ 23,774	89,855
Secured long-term borrowing (currency: USD)	<u>-</u>	<u>15,356</u>
Subtotal	23,774	105,211
Less: current portion	<u>(8,740)</u>	<u>(23,907)</u>
Total	\$ <u>15,034</u>	<u>81,304</u>
Unused long-term credit lines	\$ <u>180,000</u>	<u>122,459</u>
Range of interest rate	<u>2.37%</u>	<u>1.73%~6.71%</u>
Maturity year	<u>116/8/27</u>	<u>113/5/28~116/8/27</u>

As of December 31, 2024, the remaining balances of the borrowing due were as follows:

Year due	Amount
114.1.1~114.12.31	\$ 8,740
115.1.1~115.12.31	8,949
116.1.1~116.12.31	<u>6,085</u>
	\$ <u>23,774</u>

The collateral for these long-term borrowings, please refer to note 8.

(Continued)

**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(n) Bonds payable

The details of bonds payable were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Total convertible corporate bonds issued	\$ -	500,000
Less: Unamortized discounted corporate bonds payable	-	(4,817)
Cumulative converted amounts	-	(100)
Subtotal	-	495,083
Less: Current portion	-	(495,083)
Corporate bonds issued balance at year-end	<u>\$ -</u>	<u>-</u>
Equity components—conversion options (included in capital surplus—share options)	<u>\$ -</u>	<u>43,757</u>
	<u>2024</u>	<u>2023</u>
Embedded derivative instruments call rights, (included net losses in financial assets at fair value through profit or loss)	<u>\$ -</u>	<u>(50)</u>
Interest expenses	<u>\$ 3,271</u>	<u>6,427</u>

On October 21, 2021, the Group issued the fourth unsecured domestic convertible bonds amounting to \$500,000 thousand, with major terms as follows:

- (i) Coupon rate: 0%.
- (ii) Maturity date: three years (with the maturity date on October 21, 2024)
- (iii) Method of repayment: Except for early redemption and conversion, the Group should repay its convertible bonds in cash upon maturity.
- (iv) Redemption method: The Group may redeem its bonds from a creditor if it meets one of the following criteria:
  - 1) If the closing price of the Group's ordinary shares listed on the Taipei Exchange exceeded 30% of the conversion price for 30 consecutive business days within the period between 3 months after the date of issuance and 40 days before the maturity date, the Group may redeem its entire convertible bonds outstanding at par value in cash.
  - 2) Upon creditor's request to convert the bonds, if the total amount of unconverted bonds for the period is less than 10% of the total amount of the bonds issued for the period between 3 months after the issuance of convertible bonds and 40 days before the maturity date, the Group may redeem the bonds at par value in cash.

(Continued)

**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(v) Terms of conversion

- 1) After 3 months from the date of issue, the holders of the above-mentioned convertible bonds may convert their bonds into ordinary shares in accordance with the conversion method stipulated by the Group.
- 2) Pricing of convertible bonds:

Although the conversion price at the time of issuance was \$42.2, the conversion price may be adjusted according to the formula prescribed in the conversion method in the event of a change in the Group's ordinary shares or a re-issuance of the conversion rights of the ordinary shares at a conversion price below the current price per share after the corporate bonds have been issued.

The conversion price of the Group's 4th domestic convertible bonds on September 15, 2023 amounted to \$37.65 per share. As of December 31, 2024 and 2023, the Group's the fourth unsecured domestic convertible bonds, with the accumulated face values of \$499,800 thousand and \$100 thousand, had been converted into 13,322 thousand ordinary shares and 3 thousand ordinary shares, respectively.

- (vi) The abovementioned convertible corporate bonds were due on October 21, 2024, and the remaining unconverted corporate bonds were fully repaid by the Group in cash, at a par value of \$200 thousand, upon maturity in accordance with the conversion terms.

(o) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Current	\$ <u>20,476</u>	<u>29,343</u>
Non-current	\$ <u>21,895</u>	<u>6,272</u>

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

The amounts recognized in profit or loss were as follows:

	<b>2024</b>	<b>2023</b>
Interest expense on lease liabilities (recorded under finance costs)	\$ <u>3,190</u>	<u>3,308</u>
Expenses relating to short-term leases	\$ <u>949</u>	<u>1,002</u>
Expenses relating to leases of low-value assets	\$ <u>153</u>	<u>254</u>

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

	<b>2024</b>	<b>2023</b>
Total cash outflow for leases	\$ <u>42,137</u>	<u>42,377</u>

(Continued)



**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(i) Real estate and buildings leases

The Group leases land and buildings for its office space and retail stores. The leases of office space and factory typically run for a period of 2 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases of the factory contain extension options. These leases are negotiated and monitored by the local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group. 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.

The Group also leases other equipment with contract terms of one year. These leases are short-term and leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(p) Employee benefits

(i) Defined benefit plans

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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Present value of the defined benefit obligations	\$ 79,569	97,879
Fair value of plan assets	(26,531)	(24,574)
Net defined benefit liabilities	<b>\$ 53,038</b>	<b>73,305</b>

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.

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.

As of December 31, 2024, the balance of the employee pension reserve account with Bank of Taiwan amounted to \$20,610 thousand and the balance of pension account for executive officers amounted to \$5,921 thousand. 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.

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**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Movements in present value of the defined benefit obligations

	<u>2024</u>	<u>2023</u>
Defined benefit obligations at January 1	\$ 97,879	95,536
Current Service costs	2,189	2,127
Current Service interest cost	1,399	1,472
Remeasurements gain	(1,235)	555
Benefits paid	(20,663)	(1,811)
Defined benefit obligations at December 31	<u>\$ 79,569</u>	<u>97,879</u>

3) Movements of defined benefit plan assets

	<u>2024</u>	<u>2023</u>
Fair value of plan assets at January 1	\$ 24,574	24,125
Expected return on plan assets	399	421
Remeasurements gain		
-Return on plan assets excluding interest income	1,402	(53)
Contributions paid by the employer	2,544	1,892
Benefits paid	(2,388)	(1,811)
Fair value of plan assets at December 31	<u>\$ 26,531</u>	<u>24,574</u>

4) Movements of the effect of the asset ceiling

For the years ended December 31, 2024 and 2023, there were no movements in the effect of plan assets ceiling.

5) Expenses recognized in profit or loss

	<u>2024</u>	<u>2023</u>
Current service costs	\$ 2,189	2,127
Net interest of net liabilities for defined benefit obligations	1,399	1,472
Expected return on plan assets	(399)	(421)
	<u>\$ 3,189</u>	<u>3,178</u>
	<u>2024</u>	<u>2023</u>
Operating costs	\$ 319	318
Selling expenses	2,870	2,860
	<u>\$ 3,189</u>	<u>3,178</u>

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**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 6) The remeasurement of the not defined benefit liabilities recognized in other comprehensive income.

	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ (25,625)	(25,017)
Recognized during the period	<u>2,637</u>	<u>(608)</u>
Balance at December 31	<u><u>\$ (22,988)</u></u>	<u><u>(25,625)</u></u>

- 7) Actuarial assumptions

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate	2.000 %	1.625 %
Future salary rate increase	3.000 %	3.000 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date for 2024 is \$1,865 thousand.

The weighted-average lifetime of the defined benefits plans for the year ended December 31, 2024 is 12.09 years.

- 8) Sensitivity analysis

When calculating the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions for each measurement date, including discount rates and future salary changes. Any changes in the actuarial assumptions may significantly influence the amount of the defined benefit obligations.

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

	<u>Impact on defined benefit obligations</u>	
	<u>Increased 0.25%</u>	<u>Decreased 0.25%</u>
December 31, 2024		
Discount rate	(1,319)	1,365
Future salary increasing rate	1,318	(1,281)
December 31, 2023		
Discount rate	(1,504)	1,557
Future salary increasing rate	1,502	1,461

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**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

- 1) The Group allocate 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 Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension cost incurred from the contributions to the Bureau of the Labor Insurance amounted to \$6,587 thousand and \$7,012 thousand for the years ended December 31, 2024 and 2023, respectively.

- 2) The Group's subsidiaries, including CviLux (Suzhou) Co., Ltd., Dongguan Qunhan Electronics Co., Ltd., CviLux (Dongguan) Co., Ltd., CviLux (Chongqing) Co., Ltd., CviLux (Shenzhen) Co., Ltd., CviCloud Shenzhen Limited, and CviLux AnHui Co., Ltd., adopt the defined contribution plans, with the pension costs of \$43,696 thousand and \$39,315 thousand in 2024 and 2023, respectively.

(q) Income taxes

(i) The components were as follows:

	<u>2024</u>	<u>2023</u>
Current tax expenses		
Current period	\$ (106,336)	(90,549)
Adjustment for prior periods	<u>(113)</u>	<u>(4,296)</u>
	<u>(106,449)</u>	<u>(94,845)</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>(60,381)</u>	<u>(31,361)</u>
Income tax expenses	<u>\$ (166,830)</u>	<u>(126,206)</u>

The amounts of income tax recognized in other comprehensive income were as follows:

	<u>2024</u>	<u>2023</u>
Remeasurement from defined benefit plans	<u>\$ (527)</u>	<u>122</u>

(Continued)

**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Reconciliation of income tax expense and income before tax were as follows.

	<b>2024</b>	<b>2023</b>
Income before tax	<b>\$ 504,452</b>	<b>341,224</b>
Income tax using the Company's domestic tax rate	\$ (100,890)	(68,245)
Effect of tax rates in foreign jurisdiction	(68,914)	(46,950)
Gain (loss) on domestic investments	(2,594)	36
Tax incentives	7,205	6,570
Non-deductible expense	7,866	(1,258)
Adjustment for prior periods	(113)	(4,296)
Additional tax on unappropriated earnings	(549)	(6,870)
Others	(8,841)	(5,193)
	<b>\$ (166,830)</b>	<b>(126,206)</b>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets and liabilities

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over period 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.

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Unrecognized deferred tax assets:		
Loss carryforwards	<b>\$ 59,576</b>	<b>59,105</b>
	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Unrecognized deferred tax liabilities:		
Aggregate amount of temporary differences related to investments in subsidiaries	<b>\$ 289,125</b>	<b>289,071</b>

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**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

<u>Year of loss</u>	<u>Unused tax loss</u>	<u>Expiry year</u>
2015	\$ 690	2025
2016	1,706	2026
2017	6,902	2027
2018	8,503	2028, indefinite
2019	9,963	2024, 2029, indefinite
2020	9,301	2030, indefinite
2021	7,789	2026, 2031
2022	7,250	2032, indefinite
2023	3,251	2028, 2033
2024	3,528	2029, 2034
	<u>\$ 58,883</u>	

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities were as follows:

	<u>Defined Benefit Plan</u>	<u>Deferred Losses</u>	<u>Allowance for obsolete inventories</u>	<u>Others</u>	<u>Total</u>
Deferred tax assets:					
Balance at January 1, 2024	\$ 14,693	4,504	9,785	6,743	35,725
Recognized in profit or loss	(3,526)	739	1,600	(882)	(2,069)
Recognized in other comprehensive income	(527)	-	-	-	(527)
Effect of changes in foreign exchanges rates	-	-	-	214	214
Balance at December 31, 2024	<u>\$ 10,640</u>	<u>5,243</u>	<u>11,385</u>	<u>6,075</u>	<u>33,343</u>
Balance at January 1, 2023	\$ 14,314	3,096	9,927	8,263	35,600
Recognized in profit or loss	257	1,408	(142)	(1,394)	129
Recognized in other comprehensive income	122	-	-	-	122
Effect of changes in foreign exchanges rates	-	-	-	(126)	(126)
Balance at December 31, 2023	<u>\$ 14,693</u>	<u>4,504</u>	<u>9,785</u>	<u>6,743</u>	<u>35,725</u>
		<u>Gain on investment</u>	<u>Others</u>	<u>Total</u>	
Deferred tax liabilities:					
Balance at January 1, 2024		\$ 298,624	14,268	312,892	
Recognized in profit or loss		54,733	3,579	58,312	
Effect of changes in foreign exchanges rates		-	215	215	
Balance at December 31, 2024		<u>\$ 353,357</u>	<u>18,062</u>	<u>371,419</u>	
Balance at January 1, 2023		\$ 269,905	11,585	281,490	
Recognized in profit or loss		28,719	2,771	31,490	
Effect of changes in foreign exchanges rates		-	(88)	(88)	
Balance at January 1, 2023		<u>\$ 298,624</u>	<u>14,268</u>	<u>312,892</u>	

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**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Assessment

The Company's income tax returns for the years through 2022 were assessed by the tax authorities.

(r) Capital and other equity

(i) Ordinary shares

As of December 31, 2024 and 2023, the Company's authorized share capital consisted of \$1,000,000 thousand shares of ordinary shares, with par value of \$10 per share, and the paid-in capital amounted to \$922,784 thousand and \$789,561 thousand, of which 92,278 thousands shares and 78,956 thousands shares, were issued. All issued shares were paid up upon issuance.

In 2024, due to the exercise of conversion rights by holders of convertible bonds, the Consolidated Companies issued 13,322 thousand new shares at par value, totaling 133,223 thousand. In 2023, due to the exercise of conversion rights by holders of convertible bonds, the Consolidated Companies issued 3 thousand new shares at par value, totaling 27 thousand.

(ii) Capital surplus

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Cash subscription in excess of par value of shares	\$ 1,336	1,336
Additional paid-in capital from bond conversion	967,089	558,402
Stock options	-	43,757
Difference between actual acquiring or disposing subsidiary's equity and carrying amount	4,660	4,660
Changes in equity of associates and joint ventures accounted for using equity method	8,177	7,057
Other	46	17
	<b><u>\$ 981,308</u></b>	<b><u>615,229</u></b>

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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**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Retained earnings

The Company's articles of incorporation stipulate that the 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. In addition, special reserve shall be appropriated according to related regulations, and then any remaining profit together with any distributable earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval.

In accordance with the provisions of the preceding Article, Item 5 of Article 240 and Item 1 of Article 241 of the Company Act, the distributable dividends and bonuses, in whole or in part, may be paid in cash after a resolution has been adopted by a majority vote at a board meeting attended by two thirds of the total number of directors; thereafter, to be reported at the shareholders' meeting.

According to the Company's dividend policy, taking into account the future capital and investment requirement, foreign and domestic competition, as well as shareholders' interests, the profit sharing for shareholders shall not be lower than 15% of the total distributable dividends for the year.

Dividends for shareholders may be distributed in stocks or cash, however the cash dividends shall not be less than 10% of the total dividends.

1) Legal reserve

According to the Company Act, a company should provide 10% of its after tax net profit as Legal reserve until it is equal to its capital. If a company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve by issuing new shares or distributing cash for the portion in excess of 25% of the share capital.

2) Special reserve

A portion of current period earnings and undistributed prior period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the current period's total net reduction of other shareholders equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to 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.

(Continued)



**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) Earnings distribution

Earnings distribution for 2023 and 2022 had been decided by the resolutions adopted at the board meeting held on March 14, 2024 and March 22, 2023, respectively, as follows:

	<b>2023</b>		<b>2022</b>	
	<b>Amount per share (in dollars)</b>	<b>Total amount</b>	<b>Amount per share (in dollars)</b>	<b>Total amount</b>
Dividends distributed to ordinary shareholders				
Cash	\$ 1.23	\$ <u><u>110,184</u></u>	2.00	<u><u>157,907</u></u>

On March 13, 2025, the Company's Board of Directors resolved to appropriate the 2024 earnings. These earnings were appropriated as follows:

	<b>2024</b>	
	<b>Amount per share (in dollars)</b>	<b>Total amount</b>
Dividends distributed to ordinary shareholders		
Cash	\$ 2.80	<u><u>258,380</u></u>

(v) Other comprehensive income accumulated in reserves, net of tax-the Group

	<b>Exchange differences on translation of foreign financial statements</b>
Balance at January 1, 2024-the Group	\$ (152,084)
Exchange differences on foreign operations-the Group	<u>119,553</u>
Balance at December 31, 2024-the Group	<u><u>\$ (32,531)</u></u>
	<b>Exchange differences on translation of foreign financial statements</b>
Balance at January 1, 2023-the Group	\$ (95,730)
Exchange differences on foreign operations-the Group	<u>(56,354)</u>
Balance at December 31, 2023-the Group	<u><u>\$ (152,084)</u></u>

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**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(s) Earnings per share (“EPS”)

(i) Basic EPS

	<b>2024</b>	<b>2023</b>
Profit attributable to ordinary shareholders of the Company	\$ <u>338,508</u>	<u>217,909</u>
Weighted average number of ordinary shares outstanding during the period (in thousand shares)	<u>85,555</u>	<u>78,954</u>
Basic earnings per share (in dollars)	\$ <u>3.96</u>	<u>2.76</u>

(ii) Diluted EPS

	<b>2024</b>	<b>2023</b>
Profit attributable to ordinary shareholders of the Company	\$ 338,508	217,909
Interest expense and other gains and losses on convertible bonds, net of tax	-	5,181
Profit attributable to ordinary shareholders of Company (after adjusting the effect of potentially dilutive ordinary shares)	\$ <u>338,508</u>	<u>223,090</u>
Weighted-average number of ordinary shares (in thousands shares)	85,555	78,954
Effect of potentially dilutive ordinary shares:		
Employee remuneration (in thousand shares)	823	679
Convertible bonds (in thousand shares)	-	11,847
Weighted-average number of ordinary shares (after adjusting the effect of potentially dilutive ordinary shares) (in thousand shares)	<u>86,378</u>	<u>91,480</u>
Diluted earnings per share (in dollars)	\$ <u>3.92</u>	<u>2.44</u>

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	<b>2024</b>		
	<b>Electronics components</b>	<b>Others</b>	<b>Total</b>
Primary geographical markets:			
Asia	\$ 2,580,180	-	2,580,180
Europe	500,636	-	500,636
Others	<u>107,328</u>	-	<u>107,328</u>
	<u>\$ 3,188,144</u>	-	<u>3,188,144</u>

(Continued)

**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>2023</b>		
	<b>Electronics components</b>	<b>Others</b>	<b>Total</b>
Primary geographical markets:			
Asia	\$ 2,367,877	1,205	2,369,082
Europe	475,251	-	475,251
Others	114,280	8	114,288
	<b><u>\$ 2,957,408</u></b>	<b><u>1,213</u></b>	<b><u>2,958,621</u></b>

(ii) Contract balance

	<b>December 31, 2024</b>	<b>December 31, 2023</b>	<b>January 1, 2023</b>
Notes and accounts receivable (including related parties)	\$ 1,050,484	935,507	990,789
Less: loss allowance	(13,797)	(12,851)	(11,677)
Total	<b><u>\$ 1,036,687</u></b>	<b><u>922,656</u></b>	<b><u>979,112</u></b>
Contract liabilities (be included in other non-current liabilities)	<b><u>\$ 27,195</u></b>	<b><u>27,421</u></b>	<b><u>24,500</u></b>

For details on notes and accounts receivable (including related parties) and allowance for impairment, please refer to note 6(d).

The amount of revenue recognized for the year that was included in the contract liability balance at the beginning of the period were as follows:

	<b>2024</b>	<b>2023</b>
Revenue recognized	<b><u>\$ 9,827</u></b>	<b><u>15,885</u></b>

(u) Remuneration to employees and directors

In accordance with the articles of incorporation the Company should contribute 5%~12% of the profit as employees' remuneration and less than 3% 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 recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions. The company allocate the remuneration to directors in cash.

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**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Company estimated its employee remuneration and directors' and supervisors' remuneration based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2024 and 2023. The differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements, if any, shall be accounted for as changes in accounting estimates and recognized in profit or loss in the following year. The numbers of shares to be distributed were calculated based on the closing price of the Company's ordinary shares, one day before the date of the meeting of Board of Directors.

The Company's estimated is as follows:

	<b>2024</b>	<b>2023</b>
Employees' remuneration	\$ 34,807	23,211
Directors' remuneration	10,490	6,995
	<b>\$ 45,297</b>	<b>30,206</b>

There was no difference between the actual distributed amounts as determined by the Board of Directors and those recognized in the Company's parent-company-only financial statements of the years ended December 31, 2024 and 2023. The related information can be found on Market Observation Post System website.

(v) Non-operating income and expenses

(i) Interest income

	<b>2024</b>	<b>2023</b>
Interest income from bank deposits	\$ 60,984	30,472
Other interest income	1,023	4,106
	<b>\$ 62,007</b>	<b>34,578</b>

(ii) Other income

	<b>2024</b>	<b>2023</b>
Rent income	\$ 3,170	3,502
Dividend income	52	47
	<b>\$ 3,222</b>	<b>3,549</b>

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**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Other gains and losses

	<u>2024</u>	<u>2023</u>
Foreign exchange gains	\$ 74,803	10,903
Losses on disposals of property, plant and equipment	(809)	(1,751)
Losses on disposal of investments	(2,140)	(19)
Gains (losses) on financial assets at fair value through profit or loss	2,484	(409)
Government grants income	4,272	3,866
Others	9,268	13,156
	<u>\$ 87,878</u>	<u>25,746</u>

(iv) Finance costs

	<u>2024</u>	<u>2023</u>
Interest expense on bank borrowings and bonds	\$ (8,827)	(13,472)
Interest expenses on lease liabilities	(3,190)	(3,308)
	<u>\$ (12,017)</u>	<u>(16,780)</u>

(w) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

Accounts receivable were due from many customers and regional distributions were decentralized. Therefore, there was no concentration of credit risk. In order to reduce the credit risk of accounts receivable, the Group continually evaluates each customer's financial situation. However, the Group does not require its customers to provide collaterals.

3) Credit risk of receivables

For credit risk exposure of notes and accounts receivable, please refer to note 6(d).

Financial assets at amortized cost includes other receivables, guarantee deposit paid and time deposits and etc.

(Continued)

**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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). The loss allowances for other receivables of the Group were determined as follows:

	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 10,567	10,764
Effect of changes in foreign exchanges rates	368	(197)
Balance at December 31	<u><u>\$ 10,935</u></u>	<u><u>10,567</u></u>

(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>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<b>December 31, 2024</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 230,000	231,080	231,080	-	-	-
Notes and accounts payable, other payable and lease liabilities	888,325	898,445	870,860	20,842	6,743	-
Long-term borrowings (including current portion)	23,774	24,557	9,209	9,209	6,139	-
Guarantee deposits received	313	313	-	313	-	-
	<u><u>\$ 1,142,412</u></u>	<u><u>1,154,395</u></u>	<u><u>1,111,149</u></u>	<u><u>30,364</u></u>	<u><u>12,882</u></u>	<u><u>-</u></u>
<b>December 31, 2023</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 160,000	160,988	160,988	-	-	-
Notes and accounts payable, other payable and lease liabilities	685,025	702,915	694,925	5,796	2,194	-
Long-term borrowings (including current portion)	105,211	108,631	25,757	67,559	15,315	-
Guarantee deposits received	512	512	-	512	-	-
Bonds payable (including current portion)	495,083	499,900	499,900	-	-	-
	<u><u>\$ 1,445,831</u></u>	<u><u>1,472,946</u></u>	<u><u>1,381,570</u></u>	<u><u>73,867</u></u>	<u><u>17,509</u></u>	<u><u>-</u></u>

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

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**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Currency risk

1) Exposure to currency risk

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

	December 31, 2024			December 31, 2023		
	Foreign currency (in thousands)	Exchange rate	NTD	Foreign currency (in thousands)	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 80,955	32.785	2,654,110	88,087	30.705	2,704,711
CNY	10,105	4.478	45,250	13,665	4.327	59,128
HKD	1,075	4.222	4,539	1,083	3.929	4,255
EUR	1,835	34.14	62,647	1,176	33.98	39,960
JPY	1,586	0.210	333	1,997	0.217	433
<u>Non-monetary items</u>						
CNY	844,697	4.478	3,782,553	755,662	4.327	3,269,749
LAK	55,687,732	0.00147	82,028	-	-	-
USD	178	32.785	5,845	40	30.705	1,221
KRW	398,796	0.02246	8,957	-	-	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	16,365	32.785	536,527	18,470	30.705	567,121
HKD	715	4.222	3,019	474	3.929	1,862
EUR	-	-	-	10	33.98	340
<u>Non-monetary items</u>						
KRW	-	-	-	160,671	0.0239	3,842
LAK	-	-	-	21,459,651	0.00149	32,018

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, financial assets at fair value, financial assets at amortized cost, borrowing, accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) 5 % of the NTD against the USD, CNY, HKD, EUR, JPY, as of December 31, 2024 and 2023 would have increased (decreased) the net income before tax by \$111,367 thousand and 111,958 thousand, respectively. The analysis is performed on the same basis for 2023.

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**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Foreign exchange gains and losses on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) (including realized and unrealized portions) on monetary items were disclosed by total amounts:

	<u>2024</u>	<u>2023</u>
Foreign exchange gains (losses)	<u>\$ 74,803</u>	<u>10,903</u>

(iv) Interest rate risk

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 increases or decreases by 0.5% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

The interest rate risk is mainly due to the Group's borrowing at variable rates and fair value through profit or loss at fixed-interest rate. If the interest rate increased (decreased) by 0.5% with all other variable factors remaining constant on the reporting date, the Group's profit loss before tax would increased (decreased) as follows:

	<u>Impact on income (loss) before tax</u>	
	<u>Increase 0.5%</u>	<u>Decreases 0.5%</u>
December 31, 2024	<u>\$ (1,386)</u>	<u>1,386</u>
December 31, 2023	<u>\$ (3,919)</u>	<u>3,919</u>

(v) 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:

	<u>2024</u>		<u>2023</u>	
<b>Price of securities at the reporting date</b>	<b>Other Comprehensive Income after tax</b>	<b>Net income</b>	<b>ther Comprehensive Income after tax</b>	<b>Net income</b>
increasing 5%	<u>\$ -</u>	<u>297</u>	<u>-</u>	<u>312</u>
decreasing 5%	<u>\$ -</u>	<u>(297)</u>	<u>-</u>	<u>(312)</u>

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**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(vi) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets at fair value through profit or loss 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, and the investments in equity instrument that are not quoted in an active market and can not reliably measure at fair value, disclosure of fair value information is not required:

	<b>December 31, 2024</b>				
	<b>Book value</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Non-derivative financial assets mandatorily measured at fair value through profit or loss:					
Foreign corporate bonds	\$ 18,387	-	18,387	-	18,387
Stocks listed on foreign markets	1,506	1,506	-	-	1,506
Funds	5,819	5,819	-	-	5,819
Designated at fair value through profit or loss:					
Preferred stock listed on foreign markets	574	-	574	-	574
<b>Total</b>	<b>\$ 26,286</b>	<b>7,325</b>	<b>18,961</b>	<b>-</b>	<b>26,286</b>
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 2,326,664	-	-	-	-
Time deposits	514,280	-	-	-	-
Notes and accounts receivable (including related parties) and other receivables (including related parties)	1,042,313	-	-	-	-
Guarantee deposits paid	12,764	-	-	-	-
<b>Total</b>	<b>\$ 3,896,021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>December 31, 2024</b>					
	<b>Book value</b>	<b>Fair value</b>			
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial liabilities at amortized cost:					
Bank borrowing (Short-term and long-term)	\$ 253,774	-	-	-	-
Notes and account payable, other payables and lease liabilities	888,325	-	-	-	-
Guarantee deposits received	313	-	-	-	-
Total	<b><u>\$ 1,142,412</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>December 31, 2023</b>					
	<b>Book value</b>	<b>Fair value</b>			
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Non-derivative financial assets mandatorily measured at fair value through profit or loss:					
Foreign corporate bonds	\$ 11,866	-	11,866	-	11,866
Stocks listed on foreign markets	2,128	2,128	-	-	2,128
Funds	5,521	5,521	-	-	5,521
Designated at fair value through profit or loss:					
Preferred stock listed on foreign markets	306	-	306	-	306
Total	<b><u>\$ 19,821</u></b>	<b><u>7,649</u></b>	<b><u>12,172</u></b>	<b><u>-</u></b>	<b><u>19,821</u></b>

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**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

		December 31, 2023				
		Book value	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:						
Cash and cash equivalents	\$ 2,152,923	-	-	-	-	-
Time deposits and restricted deposits (current)	240,581	-	-	-	-	-
Notes and accounts receivable (including related parties) and other receivables (including related parties)	926,648	-	-	-	-	-
Guarantee deposits paid	11,150	-	-	-	-	-
Total	<u>\$ 3,331,302</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost:						
Bank borrowing (Short-term and long-term)	\$ 265,211	-	-	-	-	-
Bonds payable	495,083	-	-	-	-	-
Notes and account payable, other payables (including related parties) and lease liabilities	685,025	-	-	-	-	-
Guarantee deposits received	512	-	-	-	-	-
Total	<u>\$ 1,445,831</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques for financial instruments measured at fair value

Non-derivative financial instrument is regarded as being quoted in active market if quoted prices are readily as the fair value.

3) Transfer between Level 1 and Level 2

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

4) Reconciliation of Level 3 fair values: None.

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**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(x) 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 Group's Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Group's inter-department management and committee, which consists of managers from all departments, is responsible for monitoring the Group's risk management policies and reports regularly to the Board of Directors on its activities.

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. The inter-department management and committee are reviewed regularly to reflect change 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.

The Group's Board of Directors and Audit Committee oversee how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Group. The Group's Board of Directors and Audit Committee are assisted in its oversight role by the Internal Audit. The Internal Audit undertakes both regular and adhoc review of risk management controls and procedures, the results of which are reported to the Board of Directors and Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instruments fails to meet its contractual obligations and arises principally from the Group's notes and accounts receivable from the customers and bank deposits.

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**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

1) Accounts receivable and other receivable

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. In accordance with the Group's policy for providing loans to others, the Group must analyze an individual customer's credit rating before granting payment terms and credit lines. For a customer rated as high risk, future transactions with that customer shall require an advance payment. Credit limited is offered to each customer as the limit of transaction and is reviewed regularly.

With a broad customer base, the Company's transactions are not concentrated within one single customer, and its sales market are spread in different regions; therefore, there is no concentration of credit risk. Also, the Group mitigates its exposure by regularly evaluating its customers' financial position, taking into account the possibility of collectable accounts receivable and making provision for bad debts, which are within management's expectations.

2) Investments

The exposure to credit risk for the bank deposits is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies 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.

3) Guarantees

According to the Group's policy, the Group can only provide financial guarantees to an entity, wherein the Group owns 50% of its shares and has business transactions with. As of December 31, 2024 and 2023, the Group did not provide any guarantees to any non-consolidated subsidiaries.

(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.

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervised the banking facilities and ensures compliance with the terms of the loan agreements.

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**CVILUX CORPORATION AND SUBSIDIARIES**  
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The loan was an important source of liquidity for the Group. As of December 31, 2024 and 2023, the Group had unused credit facilities for short-term and long-term loans as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Unused bank credit lines	<b><u>\$ 1,007,178</u></b>	<b><u>972,059</u></b>

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which 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.

1) 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 entities, primarily the NTD and CNY. The currencies used in these transactions are the NTD, EUR, USD, HKD, VND, CNY and JPY. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

2) Interest rate risk

The Group has borrowed funds at fixed and variable interest rates, wherein the Group is exposed to risks associated with fair value change and cash flow. The Group manages its interest rate risk by maintaining a proper components of fixed interest rate and floating interest rate. Additionally, the Group's short term loans bear interests at floating rates. The effective rate varies depending on the market interest rate, thereby fluctuating the Company's future cash flow.

3) Other market price risk

The Group is exposed to equity price risk due to the investments in equity securities. This is held for trading. The management of the Group minimizes the risk by holding different investment portfolios. The Group's exposure to equity price risk is mainly due to the equity financial instruments in Taiwan.

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**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(y) Capital management

Management believes that the Group's objectives, policies and processes of capital management have been applied consistently with those disclosed in the consolidated financial statements for the years ended December 31, 2024 and 2023. The Group's debt-to-equity ratio at the reporting date was as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Total liabilities	\$ 1,685,793	1,946,749
Less: cash and cash equivalents	<u>(2,326,664)</u>	<u>(2,152,923)</u>
Net liabilities	<u><b>\$ (640,871)</b></u>	<u><b>(206,174)</b></u>
Total equity	<u><b>\$ 3,914,056</b></u>	<u><b>3,072,778</b></u>
Debt-to-equity ratio	<u><b>(16.37)%</b></u>	<u><b>(6.71)%</b></u>

As of December 31, 2024, The Group's capital management strategy was consistent with that of the prior years. The decrease in the debt-to-capital ratio of the Group as of December 31, 2024, compared with that of December 31, 2023, was due to the increase in deposits and convertible bonds payable that have matured into equity, resulting in lower total liabilities compared to the previous period.

(z) Financing activities not affecting current cash flow

- (i) For right-of-use assets under leases, please refer to note 6(j).
- (ii) Reconciliation of liabilities arising from financing activities (with non-cash changes) were as follows:

	<b>January 1, 2024</b>	<b>Cash flows</b>	<b>Others</b>	<b>Non-cash changes Foreign exchange movement</b>	<b>December 31, 2024</b>
Long-term borrowings (including current portion)	\$ 105,211	(81,201)	-	(236)	23,774
Lease liabilities (current and non-current)	35,615	(37,845)	42,555	2,046	42,371
Total liabilities from financing activity	<u><b>\$ 140,826</b></u>	<u><b>(119,046)</b></u>	<u><b>42,555</b></u>	<u><b>1,810</b></u>	<u><b>66,145</b></u>

  

	<b>January 1, 2023</b>	<b>Cash flows</b>	<b>Others</b>	<b>Non-cash changes Foreign exchange movement</b>	<b>December 31, 2023</b>
Long-term borrowings (including current portion)	\$ 139,064	(36,624)	-	2,771	105,211
Lease liabilities (current and non-current)	72,705	(37,813)	1,342	(619)	35,615
Total liabilities from financing activity	<u><b>\$ 211,769</b></u>	<u><b>(74,437)</b></u>	<u><b>1,342</b></u>	<u><b>2,152</b></u>	<u><b>140,826</b></u>

(Continued)

**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(7) Related-party transactions**

**(a) Names and relationship with the Group**

The followings are entities that have had transactions with Group during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Allsor Technology Corporation (Allsor)	The entity's chairman is the second immediate family member of the chairman of the Company
ALLSOR TECHNOLOGY LIMITED (ALLSOR HK)	The entity's chairman is the second immediate family member of the chairman of the Company
Yangtek Corporation	The entity's chairman is the second immediate family member of the chairman of the Company
Tvsoga Co., Ltd.	The entity's director is the second immediate family member of the chairman of the Company
Shenzhen Recon Health care Cloud Techco., Ltd.	Associate

**(b) Significant transactions with related parties**

**(i) Sales**

The amounts of significant sales and outstanding balance by the Group to related parties were as follows:

	<u>Sales</u>		<u>Receivables from related parties</u>	
	<u>2024</u>	<u>2023</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other related parties	\$ <u>5,187</u>	<u>6,285</u>	<u>1,440</u>	<u>1,997</u>

The selling price for related parties approximated the market price. The credit terms ranged 30~120 days. Amounts receivable from related parties were uncollateralized, and no expected credit loss were required after the assessment by the management.

**(ii) Purchases**

The amounts of significant purchases and outstanding balances by the Group from related parties were as follows:

	<u>Purchases</u>		<u>Payable to related parties</u>	
	<u>2024</u>	<u>2023</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other related parties	\$ <u>-</u>	<u>(466)</u>	<u>-</u>	<u>-</u>

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms ranged 90~120 days.

(Continued)



**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Leases

The Group's rent income from related parties (included in other income) and the outstanding balances were as follows:

	<b>Rent income</b>		<b>Other receivables from related parties</b>	
	<b>2024</b>	<b>2023</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Other related parties	\$ <u>36</u>	<u>36</u>	<u>3</u>	<u>3</u>

(iv) Others

As of December 31, 2024 and 2023, the dividends paid to major corporate shareholders were \$8,597 thousand and \$13,332 thousand, respectively.

(c) Key management personnel compensation

	<b>2024</b>	<b>2023</b>
Short-term employee benefits	\$ 53,413	38,974
Post-employment benefits	19,845	2,079
	<u>\$ 73,258</u>	<u>41,053</u>

**(8) Assets pledged as security**

The carrying values of assets pledged as security were as follows:

<b>Pledged assets</b>	<b>Object</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Land	Long-term borrowings	\$ 66,819	66,819
Building and structure	"	42,223	66,515
		<u>\$ 109,042</u>	<u>133,334</u>

**(9) Commitments and contingencies**

The agreements for purchases of the property, plant and equipment and Intangible assets was as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Total contract price	<u>\$ 21,270</u>	<u>13,021</u>
Unexecuted amount	<u>\$ 10,244</u>	<u>10,565</u>

(Continued)

**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(10) Losses due to major disasters: None**

**(11) Subsequent events: None.**

**(12) Other**

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

By item	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	369,608	315,790	685,398	342,397	302,363	644,760
Labor and health insurance	15,635	21,407	37,042	14,690	21,277	35,967
Pension	32,242	21,230	53,472	30,899	18,606	49,505
Remuneration of directors	-	13,576	13,576	-	9,909	9,909
Others	14,939	20,962	35,901	12,987	18,483	31,470
Depreciation	114,645	106,783	221,428	122,852	103,177	226,029
Amortization	88	15,580	15,668	47	12,154	12,201

(b) In October 2016, the owner of the Company was prosecuted by the New Taipei District Prosecutors Office for violating the Securities and Exchange Act, by selling LED CHIPS between the 2nd of 2014 and 2015. In November 2019, the owner of the Company was acquitted by the New Taipei District Prosecutors Office. However, in February 2020, the prosecutor filed an appeal regarding the above case to the Taiwan High Court, who sentenced the owner of the Company to a prison term of 1 year and 10 months, in which the owner of the Company disagreed with such decision; hence, filed an appeal to the Supreme Court. The Company engaged a lawyer to handle the case. On January 5, 2024, the Company received a notification from the Supreme Court, stating that the conviction against the Company's responsible party was partially revoked and remanded the case to the Taiwan High Court for retrial. The above case did not have any material impact on the financial and business operation of the Company.

(Continued)

# CVILUX CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (13)Other disclosures

#### (a)Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2024:

##### i. Loan to other parties:

Unit:USD in thousand/NTD in thousand

Number	Name of lender	Name of borrower	Account name	Highest balance of financing to other parties during the period (Note 3)	Ending balance (Note 3)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 2)
												Item	Value		
0	The Company	Cvilux Lao	Other receivables - related parties	162,725 (USD5,000)	65,570 (USD2,000)	32,785 (USD1,000)	2%	2	-	Operating Capital	-	None	-	391,063	782,127

Note : The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note1 : Purposes of fund financing for the borrower as follows:

(1)For entries the Company has business transactions with.

(2)For entries with short-term financing needs.

Note2 : For entities with short-term financing needs, the total amount available for financing shall not exceed 20% of the Company's net worth. Any individual entity shall not exceed 10% of the Company's net worth.

Note3 : The maximum balance and ending balance of the fund loans are converted into New Taiwan Dollars at the exchange rate at the end of each month, with the approval of the board.

##### ii. Guarantees and endorsements for other parties:

Number	Endorsement/ Guarantee Provider	Counter - party of guarantee and endorsement		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period (Note 3)	Ending Balance (Note 2)	Amount Actually Drawn	Amount of Endorsement / Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum amount for guarantees and endorsements (Note 3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Relationship with the company (Note 1)										
0	The Company	CTT	Note 1	Net worth*30% 1,173,191	100,000	60,000	-	-	1.53 %	1,955,319	Y	N	N
0	The Company	CED	Note 1	Net worth*30% 1,173,191	18,180	-	-	-	- %	1,955,319	Y	N	Y
0	The Company	Cvilux Lao	Note 1	Net worth*30% 1,173,191	65,090	49,178	-	-	1.25 %	1,955,319	Y	N	N
0	The Company	CMI	Note 1	Net worth*30% 1,173,191	20,000	-	-	-	- %	1,955,319	Y	N	N

Note : The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 1 : A subsidiary fully owned by the guarantor.

Note 2 : The ending balance of guarantees and endorsements are converted into NTD at the exchange rate at the end of each month, with the approval of the board.

Note 3 : The amount available for financing purposes for any individual entity shall not exceed 30% of the Company's net worth; and for other entity, the amount available for financing purposes shall not exceed 30% of the Company's net worth, and the total amount shall not exceed 50% of the Company's net worth.

# CVILUX CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

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

Name of investee	Marketable Security Type and Name	Relationship with the company	Financial Statement Account	December 31, 2024				Highest percentage of shares during the period	Note
				Shares/Units	Book value	Percentage of Ownership	Fair value		
CCT	CTL 6 1/2 Preferred stock	None	Financial assest at fair value through profit or loss-currency	1,000	574	-	574	-	
"	BT100145 AT&T Bonds	"	"	50,000	1,054	-	1,054	-	
"	ETH6 Citigroup Corporate Bonds	"	"	80,000	2,578	-	2,578	-	
"	ETP5 Pfizer Corporate Bonds	"	"	80,000	2,317	-	2,317	-	
"	Allianz Global Investors Income and Growth Fund(RMB)	"	"	44,148.7	1,601	-	1,601	-	
"	Allianz Global Investors Income and Growth Fund(RMB)	"	"	22,383.3	812	-	812	-	
"	Allianz Global Investors Income and Growth Fund(RMB)	"	"	43,909.8	1,593	-	1,593	-	
"	Allianz Global Investors Income and Growth Fund(RMB)	"	"	22,215.1	806	-	806	-	
"	Goldman Sachs RMB Corporate Bonds GS 3.8 05/05/25	"	"	500,000	2,161	-	2,161	-	
"	D1709-Citigroup Global Securities RMB Corporate Bond	"	"	950,000	4,267	-	4,267	-	
"	00888 SinoPac Taiwan ESG Equity Fund	"	"	4,000	66	-	66	-	
"	00940 Yuanta Taiwan Value High Dividend ETF	"	"	100,000	941	-	941	-	
"	B618DG TSMC 2nd Unsecured Corporate Bond in 2023 - Tranche A	"	"	100,000	1,005	-	1,005	-	
"	Berkshire Hathaway Finance Corporation USD Senior Unsecured Bonds.	"	"	200,000	5,000	-	5,000	-	
HBC	China Life Lnsurance Company Limited Sotck	"	"	5,700	1,070	-	1,070	-	
"	Northeast Securities CO., LTD Sotck	"	"	10,000	356	-	356	-	
"	Goldmantis Sotck	"	"	5,000	80	-	80	-	
"	Suntak Technology Co., LTD Convertible bonds	"	"	10	5	-	5	-	
					26,286		26,286		

iv. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock: None.

v. Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None.

vi. Disposal of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None.

# CVILUX CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

vii. Related-party transactions for purchases and sales with amounts exceeding the lower of NTD100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship (Note1)	Transaction details				Transactions with terms different from others		Notes/ Trade receivables (payables)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payables)	
CED	The Company	1	Sale	581,409	70%	60 days	-	no comparators	168,426	70%	
The Company	CED	1	Purchase	581,409	35%	"	-	no significant difference	(168,426)	35%	
HBC	The Company	1	Sale	427,836	55%	"	-	no comparators	144,347	53%	
The Company	HBC	1	Purchase	427,836	26%	"	-	no significant difference	(144,347)	30%	
DQH	The Company	1	Sale	155,056	48%	"	-	no comparators	41,297	34%	
The Company	DQH	1	Purchase	155,056	9%	"	-	no significant difference	(41,297)	9%	
CQC	The Company	1	Sale	242,666	41%	"	-	no comparators	54,029	31%	
The Company	CQC	1	Purchase	242,666	15%	"	-	no significant difference	(54,029)	11%	
Cvilux Lao	The Company	1	Sale	123,705	82%	"	-	no comparators	26,847	89%	
The Company	Cvilux Lao	1	Purchase	123,705	7%	"	-	no significant difference	(26,847)	6%	

Note : The amount had been offset in the consolidated financial statements.

Note 1: Relationship with the company is as follows:

- 1) Parent company to subsidiary 1
- 2) Subsidiary to subsidiary

# CVILUX CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

viii. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital

Name of company	Related party	Nature of relationship	Ending balance	Turnover days	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Action taken		
Accounts receivable								
CED	The Company	Parent company	168,426	-	-		111,733	-
HBC	The Company	Parent company	144,347	-	-		71,448	-

Note: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

ix. Trading in derivative instruments: None.

x. Business relationships and significant intercompany transactions:

No. (Note1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions, 2024			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	CED	The Company	2	Sale	581,409	The month ends 60 days	18%
2	HBC	The Company	2	"	427,836	"	13%
3	DQH	The Company	2	"	155,056	"	5%
4	CQC	The Company	2	"	242,666	"	7%
5	Cvilux Lao	The Company	2	"	123,705	"	4%
1	CED	The Company	2	Accounts receivable	168,426	The month ends 60 days	3%
2	HBC	The Company	2	"	144,347	"	3%
3	DQH	The Company	2	"	41,297	"	1%
4	CQC	The Company	2	"	54,029	"	1%
5	Cvilux Lao	The Company	2	"	26,847	"	0%

Note : The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 1: Company numbering is as follows:

Parent company 0

Subsidiary starts from 1

Note 2: Relationship with transaction party numbering is as follows:

1) Parent company to subsidiary

2) Subsidiary to parent company

3) Subsidiary to subsidiary

# CVILUX CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2024 (excluding information on investees in mainland China):

Unit: USD in thousand/NTD in thousand

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Highest balance during the year			Highest percentage of shares during the period	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2024	December 31, 2023	Shares/Units	Percentage of ownership	Carrying value				
The Company	CONTEC	British Virgin Islands	Holding Company	481,884 (USD15,266)	481,884 (USD15,266)	15,265,948	100%	3,882,364	100%	290,791	294,486	Note
The Company	Cvilux USA	United States	Sale of connectors, cable assemblies	30,669 (USD1,000)	30,669 (USD1,000)	100,000	100%	5,845	100%	4,407	4,407	Note
The Company	Cvilux Korea	Korea	Sale of connectors, cable assemblies	28,059 (USD900)	8,820 (USD300)	62,358	100%	8,957	100%	(6,210)	(6,210)	Note
The Company	CTT	Taiwan	Integration services for IoT, hardware and software system	187,000	187,000	11,514,800	100%	27,813	100%	(13,362)	(13,362)	Note
The Company	CMI	Taiwan	Development and sale of e-commerce and cosmetics	56,245	56,245	2,999,900	100%	3,723	100%	393	393	Note
The Company	Cvilux Lao	Lao	Manufacture and sale of cable assemblies	144,891 (USD4,600)	-	-	46%	39,305	46%	(20,061)	(8,105)	Note
The Company	Cvilux Vietnam	Vietnam	Manufacture and sale of connectors	32,595 (USD 1,000)	-	-	100%	23,896	100%	(7,218)	(7,218)	Note
CONTEC	HICON	British Virgin Islands	Holding Company	328,341 (USD10,370)	328,341 (USD10,370)	10,370,000	100%	2,309,182	100%	164,854	164,854	Note
CONTEC	Cvilux (B.V.I.)	British Virgin Islands	Holding Company	342,813 (USD11,262)	342,813 (USD11,262)	11,102,371	100%	1,563,544	100%	123,319	123,319	Note
HBC	Cvilux Lao	Lao	Manufacture and sale of cable assemblies	149,313 (USD5,000)	149,313 (USD5,000)	-	50%	42,723	67.56%	(20,061)	(11,070)	Note

Note : The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

# CVILUX CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

(c) Information on investment in mainland China:

The following is the information on investees in mainland China for the year ended December 31, 2024:

Unit:NTD in thousand/USD,RMB,HKD in dollar

Name of investee	Main businesses and products	Total amount of capital surplus (Note 5)		Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024		Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2024		Net income (losses) of the investee	Percentage of ownership	The highest percentage of the periods	Investment income (losses) (Notes 3)	Book value (Note 3)	Accumulated remittance of earnings in current period	Note
							Outflow	Inflow									
Cvilux Dongguan Changping Electronic Plant	Manufacture and sale of connectors	-	-	Note 1	USD460,000	15,244	-	-	USD460,000	15,244	-	100.00%	100.00%	-	-	-	Note
HBC	Manufacture and sale of connectors, cable assemblies	USD 6,620,000	217,775	Note 2-1	USD6,620,000	217,775	-	-	USD6,620,000	217,775	109,511	100.00%	100.00%	109,511	1,847,233	214,994	Note
DQH	Manufacture and sale of connectors, cable assemblies	HKD 25,590,000	105,194	Note 2-1	USD77,400 CNY 1,458,724 HKD 23,058,801	104,231	-	-	USD77,400 CNY 1,458,724 HKD 23,058,801	104,231	10,264	100.00%	100.00%	10,264	213,080	13,706	Note
CED	Manufacture and sale of connectors, cable assemblies, electronic modules	USD 9,000,000	264,623	Note 2-1	USD3,123,530	92,747	-	-	USD3,123,530	92,747	110,101	100.00%	100.00%	110,101	980,759	-	Note
CQC	Manufacture and sale of connectors, cable assemblies	USD 8,750,000	272,335	Note 2-1	USD2,000,000	58,380	-	-	USD2,000,000	58,380	129,003	100.00%	100.00%	129,003	981,127	115,175	Note
CTS	Sale of connectors, cable assemblies	HKD 2,000,000	7,784	Note 2-1	-	-	-	-	-	-	23,980	100.00%	100.00%	23,980	307,906	-	Note
CTA	Integration services for IoT, hardware and software system	USD 1,890,000	55,014	Note 2-1	USD1,000,000	28,110	-	-	USD1,000,000	28,110	(462)	100.00%	100.00%	(462)	13,066	-	Note
AHC	Manufacture and sale of connectors, cable assemblies	CNY 10,000,000	46,170	Note 2-1	-	-	-	-	-	-	(3,293)	100.00%	100.00%	(3,293)	38,722	-	Note
Shenzhen Recon Health care Cloud Techno., Ltd.	Manufacture and sale of medical care products	CNY 8,730,000	37,749	Note 2-1	-	-	-	-	-	-	(6,137)	22.91%	25.09%	(1,406)	(2,833)	-	
Cvilux Sensor Technology (Dongguan) Co., Ltd.	Manufacture and sale of Sensors and electronic components	CNY 10,010,000	44,158	Note 2-1	-	-	-	-	-	-	601	19.98%	19.98%	120	9,050	-	

Note : The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.



## CVILUX CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

ii. Limitation on investment in mainland China:

Unit:NTD in thousand/USD,RMB,HKD in dollar

Accumulated Investment in mainland China as of December 31, 2024 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA (Note 6)	Upper Limit on Investment (Note 7)
516,487 (USD 13,280,930 、 CNY 1,458,724 and HKD 23,058,801)	778,902 (USD19,978,600 、 CNY 1,458,724 and HKD 27,800,000)	2,348,433

Note 1: Since Cvilux Dongguan Changping Electronic Plant, a plant established by Cvilux (B.V.I.) in mainland China who engaged in processing materials provided by customers in accordance with the agreement, is not one of the Group's subsidiaries, it is not deemed as an "investment" as defined in Articles 4 and 6 of the "Regulations Governing the Approval of Investment or Technical Cooperation in mainland China" by the Investment Commission. Therefore, the above information only discloses the name of the plant and its principal business activities.

Note 2: 1.The Company indirectly invested in the company in mainland China through a third region : CONTEC(B.V.I.) Corp. 、 Cvilux(B.V.I.) Corp. 、 HICON(B.V.I.) Corp.  
2.The Company indirectly invested in the company in mainland China through Taiwan region.

Note 3: The amount consist of invesment gain or loss and carrying values as of December 31, 2024, recognized by the Company which indirectly invested through a third region. The amount was recognized based on audited financial statements.

Note 4: The investment in mainland China was recorded at the exchange rates prevailing at the transaction date. The equity in the earnings (losses) was translated into NTD at the average rates prevailing at the transaction date.

Note 5: In addition to the accumulated investment in mainland China, the paid-in capital included the asset valuation and capital surplus transferred to common stock.

Note 6: In addition to the accumulated investment in mainland China, the investment amounts authorized by the Investment Commission, MOEA included the asset valuation and capital surplus transferred to common stock, with the exchange rate of USD : NTD = 1 : 32.785 ; HKD : NTD = 1 : 4.222 ; CNY : NTD = 1 : 4.478 on December 31, 2024.

Note 7: The investment amount should not exceed 60% of the net worth of the Company or the Group.

iii. Significant transactions

The significant inter-company 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
Yangtek Corporation		7,045,000	7.63%

Note : The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of the total non physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculations basis.

**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(14) Segment information**

- (a) General information: The Group's main business activities are the manufacture and sale of electronics components, and its reportable segment is the electronic components segment. The other segments, which mainly involved in the development and sale of cosmetics, have yet to meet the quantitative threshold of a reportable segment.

- (b) Information about reportable segments and their measurement and reconciliations:

Taxation are managed on a group basis, and hence, they are not able to be allocated to each reportable segment. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note 4 "summary of significant accounting policies". The Group uses the operating segment profit or loss as the basis to determine the resource allocation and make a performance evaluation. The Group deemed the intersegment sales and transfers as third-party transactions.

<b>2024</b>	<b>Electronic components</b>	<b>Other</b>	<b>Elimination</b>	<b>Total</b>
Revenues:				
Revenues from external customers	\$ 3,188,144	-	-	3,188,144
Revenues from parent and consolidated subsidiaries	-	814	(814)	-
Interest income	61,987	20	-	62,007
<b>Total revenues</b>	<b>\$ 3,250,131</b>	<b>834</b>	<b>(814)</b>	<b>3,250,151</b>
Interest expense	\$ 12,017	-	-	12,017
Depreciation and amortization	\$ 237,096	-	-	237,096
Share of profit of associates accounted for using equity method	\$ 1,286	-	-	1,286
<b>Segment income</b>	<b>\$ 504,059</b>	<b>393</b>	<b>-</b>	<b>504,452</b>
<b>2023</b>	<b>Electronic components</b>	<b>Other</b>	<b>Elimination</b>	<b>Total</b>
Revenues:				
Revenues from external customers	\$ 2,957,408	1,213	-	2,958,621
Revenues from parent and consolidated subsidiaries	-	5,286	(5,286)	-
Interest income	34,549	29	-	34,578
<b>Total revenues</b>	<b>\$ 2,991,957</b>	<b>6,528</b>	<b>(5,286)</b>	<b>2,993,199</b>
Interest expense	\$ 16,609	171	-	16,780
Depreciation and amortization	\$ 238,230	-	-	238,230
Share of profit of associates accounted for using equity method	\$ 2,928	-	-	2,928
<b>Segment income</b>	<b>\$ 339,832</b>	<b>1,392</b>	<b>-</b>	<b>341,224</b>

(Continued)

**CVILUX CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Geographic information

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

<u>Location</u>	<u>2024</u>	<u>2023</u>
Revenue from external customers		
China	\$ 1,715,366	1,725,966
Taiwan	347,519	257,150
Vietman	182,155	124,699
Italy	111,561	80,908
Other countries	<u>831,543</u>	<u>769,898</u>
	<b><u>\$ 3,188,144</u></b>	<b><u>2,958,621</u></b>
	<b><u>December 31,</u></b>	<b><u>December 31,</u></b>
	<b><u>2024</u></b>	<b><u>2023</u></b>
Non-current assets:		
Taiwan	\$ 204,887	225,355
China	858,914	886,150
America	1,213	1,803
Lao	57,697	52,082
Korea	1,251	478
Vietnam	<u>14,301</u>	<u>-</u>
Total	<b><u>\$ 1,138,263</u></b>	<b><u>1,165,868</u></b>

Non-current assets include property, plant and equipment Right-of-use assets, intangible assets, and other assets, not including financial instruments, and deferred tax assetss.

(d) Information about revenue from major customers

The Group did not have any customer with revenues exceeding 10% of the revenues for the years ended December 31, 2024 and 2023.

- (e) The total revenues of reportable segment amounting to \$814 thousand and \$5,286 thousand were eliminated for the years ended December 31, 2024 and 2023, respectively. The reconciliations of the aggregate amounts of reportable segment profits (losses) and income before tax were consistent with those stated in the consolidated financial statements.