Stock Code：6266

Top Union Electronics Corp. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report December 31, 2024 and 2023

Address：No. 480, Niupu East Road,
Xiangshan District, Hsinchu City, Taiwan
Telephone：(03)538-6139

REPRESENTATION LETTER

The entities that are required to be included in the consolidated financial statements of Top Union Electronics Corp. 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 the International Financial Reporting Standards 10, "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Top Union Electronics Corp. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

TOP UNION ELECTRONICS CORP.

Vincent Tsuei
Chairman
February 27, 2025

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Top Union Electronics Corp.

Opinion

We have audited the accompanying consolidated financial statements of Top Union Electronics Corp. and its subsidiaries (hereinafter referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company 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 the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the Company's consolidated financial statements for the year ended December 31, 2024 is stated as follows:

Revenue Recognition

The net operating revenue of the Company for the year ended December 31, 2024 is in the amount of NT$3,269,827 thousand, the revenue of which majorly depends on the business of PCB Assembly and Manufacturing, etc., bringing the significant effect on the consolidated financial statements. Please refer to Notes 4 and 19 to the consolidated financial statements for the relevant accounting policies and information on revenue recognition.

The Company's sales businesses are concentrated on the major customers. As there is risk in the authenticity of revenue recognition for the sales revenue from customers with specific growth compared with the revenue in 2023, revenue recognition has been listed as the key audit matter of the year.

We performed the following key audit procedures in respect of the above key audit matter:

1. Understand and examine the major internal control design on the process related to sales revenue and the execution effectiveness thereof.
2. Sample from the sales revenue list, check over the original orders, the signed delivery receipt or export declaration and Taiwan uniform invoice or commercial invoice, and verify the correspondence between the remittance proof slip reflecting to the actual amount received and the amount recognized on the revenue; for those whose accounts payable have not been received, check whether the relevant documents of the accounts are within the credit period.

Other Matter

We have also audited the parent company only financial statements of Top Union Electronics Corp. as of and for the years ended December 31, 2024 and 2023 on which we have issued an unqualified 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 the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 Company 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 Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shin-Tong Lin and Ming-Hui Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China
February 27, 2025

Financial-Supervisory-Securities-Auditing-1110348898

Taiwan-Finance-Securities-VI-0930128050

TOP UNION ELECTRONICS CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

	December 31, 2024		December 31, 2023	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6 and 24)	$ 634,676	18	$ 999,529	30
Financial assets at amortized cost (Note 7, 24 and 26)	977,421	27	264,524	8
Notes receivable, net (Note 4, 8 and 24)	5,420	-	14,857	-
Accounts receivable, net (Note 4, 5, 8, 19 and 24)	418,680	12	377,955	11
Current income tax assets (Nots 21)	175	-	394	-
Inventories (Note 4, 5 and 9)	671,347	19	733,246	22
Other current assets (Note 14)	120,540	3	88,578	3
Total current assets	2,828,259	79	2,479,083	74
NONCURRENT ASSETS				
Financial assets at amortized cost (Note 4, 7 and 24)	129,862	4	187,143	6
Property, plant and equipment (Note 4, 11, 26 and 29)	563,885	16	607,919	18
Right-of-use assets (Note 4, 12 and 29)	35,962	1	43,030	2
Intangible assets (Note 4, 13 and 29)	1,002	-	3,087	-
Deferred income tax assets (Note 4 and 21)	6,032	-	7,844	-
Prepayments for equipment (Note 29)	325	-	-	-
Refundable deposits (Note 4 and 24)	5,498	-	5,530	-
Total noncurrent assets	742,566	21	854,553	26
TOTAL	$ 3,570,825	100	$ 3,333,636	100

	December 31, 2024		December 31, 2023	
LIABILITIES AND EQUITY	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term borrowings (Note 4, 15, 24 and 26)	$ 30,000	1	$ 100,000	3
Contract liabilities (Note 4, 19)	188,282	5	151,426	5
Accounts payable (Note 24)	454,136	13	384,936	12
Accrued profit sharing bonus to employees and compensation to directors (Note 20)	46,861	1	35,378	1
Income tax payable (Note 4 and 21)	57,237	2	44,924	1
Lease liabilities (Note 4, 12 and 24)	24,355	1	15,399	-
Other payables and other current liabilities (Note 16 and 24)	153,702	4	163,207	5
Total current liabilities	954,573	27	895,270	27
NONCURRENT LIABILITIES				
Deferred income tax liabilities (Note 4 and 21)	17,602	1	17,050	1
Lease liabilities (Notes 4, 12 and 24)	12,539	-	28,302	1
Net defined benefit liability (Note 4 and 17)	7,565	-	8,808	-
Guarantee deposits (Note 24)	73,773	2	81,422	2
Total non-current liabilities	111,479	3	135,582	4
Total liabilities	1,066,052	30	1,030,852	31
EQUITY (Note 4, 18 and 22)				
Capital stock				
Common stock	1,450,067	41	1,382,333	41
Capital surplus	257,983	7	257,983	8
Retained earnings				
Appropriated as legal capital reserve	262,084	7	231,475	7
Unappropriated earnings	487,877	14	404,635	12
Total retained earnings	749,961	21	636,110	19
Others	46,762	1	26,358	1
Total equity	2,504,773	70	2,302,784	69
TOTAL	$ 3,570,825	100	$ 3,333,636	100

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

(With Deloitte & Touche review report dated February 27, 2025)

TOP UNION ELECTRONICS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	Years Ended December 31			
	2024		2023	
	Amount	%	Amount	%
NET REVENUE (Notes 4, 19 and 29)	$ 3,269,827	100	$ 3,660,315	100
COST OF REVENUE (Notes 4, 9 , 17 and 20)	2,652,144	81	3,110,327	85
GROSS PROFIT	617,683	19	549,988	15
OPERATING EXPENSES (Notes 4, 8, 17 and 20)				
Selling and marketing	53,149	2	50,116	1
General and administrative	137,299	4	138,166	4
Research and development	25,396	1	22,770	-
Gains on reversal of expected credit impairment losses	-	-	(4,582)	-
Total operating expenses	215,844	7	206,470	5
INCOME FROM OPERATIONS	401,839	12	343,518	10
NON-OPERATING INCOME AND EXPENSES（Note 20）				
Interest income	32,725	1	32,384	1
Other income	1,157	-	1,142	-
Other gains and losses, net	46,852	1	13,116	-
Finance costs	(2,255)	-	(2,587)	-
Total non-operating income and expenses	78,479	2	44,055	1
INCOME BEFORE INCOME TAX	480,318	14	387,573	11
INCOME TAX EXPENSE (Notes 4 and 21)	99,738	3	90,834	3
NET INCOME	380,580	11	296,739	8

(Continued)

	Years Ended December 31			
	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (Notes 4, 17 and 18)				
tems that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation	$ 4,208	-	$ 9,356	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	20,404	1	(11,245)	-
Other comprehensive income, net of income tax	24,612	1	(1,889)	-
TOTAL COMPREHENSIVE INCOME	$ 405,192	12	$ 294,850	8
EARNINGS PER SHARE (NT$, Note 22)				
Basic earnings per share	$ 2.62		$ 2.05	
Diluted earnings per share	$ 2.61		$ 2.03	

(Concluded)

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

(With Deloitte & Touche review report dated February 27, 2025)

TOP UNION ELECTRONICS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

	Capital Stock – Common Stock			Retained Earnings		Others	
	Shares (In Thousands)	Amount	Capital Surplus	Legal Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Total
BALANCE, JANUARY 1, 2023	123,423	$ 1,234,226	$ 257,983	$ 198,419	$ 427,810	$ 37,603	$ 2,156,041
Appropriations of earnings							
Legal capital reserve	-	-	-	33,056	(33,056)	-	-
Cash dividends to shareholders	-	-	-	-	(148,107)	-	(148,107)
Stock dividends to shareholders	14,810	148,107	-	-	(148,107)	-	-
Net income in 2023	-	-	-	-	296,739	-	296,739
Other comprehensive income in 2023, net of income tax	-	-	-	-	9,356	(11,245)	(1,889)
Total comprehensive income in 2023	-	-	-	-	306,095	(11,245)	294,850
BALANCE, DECEMBER 31, 2023	138,233	1,382,333	257,983	231,475	404,635	26,358	2,302,784
Appropriations of earnings							
Legal capital reserve	-	-	-	30,609	(30,609)	-	-
Cash dividends to shareholders	-	-	-	-	(203,203)	-	(203,203)
Stock dividends to shareholders	6,774	67,734	-	-	(67,734)	-	-
Net income in 2024	-	-	-	-	380,580	-	380,580
Other comprehensive income in 2024, net of income tax	-	-	-	-	4,208	20,404	24,612
Total comprehensive income in 2024	-	-	-	-	384,788	20,404	405,192
BALANCE, DECEMBER 31, 2024	145,007	$ 1,450,067	$ 257,983	$ 262,084	$ 487,877	$ 46,762	$ 2,504,773

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

(With Deloitte & Touche review report dated February 27, 2025)

TOP UNION ELECTRONICS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 480,318	$ 387,573
Adjustments for:		
Depreciation expense	125,413	127,555
Amortization expense	2,088	2,411
Gains on reversal of expected credit impairment losses	-	(4,582)
Finance costs	2,255	2,587
Interest income	(32,725)	(32,384)
Gain on disposal or retirement of property, plant and equipment, net	(463)	(8,318)
Property, plant and equipment transfer expenses	129	-
Loss for market price decline and obsolete and slow-moving inventories (reversal gain)	(14,915)	(6,595)
Loss (gain) on foreign exchange, net	(1,411)	(7,237)
Changes in operating assets and liabilities		
Notes receivable	9,437	162
Accounts receivable	(36,993)	(35,477)
Inventories	76,803	416,858
Other current assets	(31,643)	(39,474)
Contract liabilities	36,856	(15,917)
Accounts payable	63,078	(96,546)
Accrued profit sharing bonus to employees and compensation to directors	11,483	(1,410)
Other payables and other current liabilities	(10,065)	34,554
Net defined benefit liability	2,965	4,643
Cash generated from operations	682,610	728,403
Interest paid	32,406	27,106
Interest received	(2,305)	(2,561)
Income taxes paid	(84,842)	(96,112)
Net cash generated by operating activities	627,869	656,836
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(921,068)	(309,739)
Disposal of financial assets at amortized cost	283,955	167,794
Property, plant and equipment	(54,407)	(157,937)

(Continued)

	2024	2023
Proceeds from disposal of property, plant and equipment	$ 592	$ 8,732
Refundable deposits paid	(28)	(240)
Refundable deposits refunded	216	72
Increase in prepayments for equipment	(325)	-
Acquisition of intangible assets	-	(774)
Net cash used in investing activities	(691,065)	(292,092)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	195,000	255,000
Decrease in short-term loans	(265,000)	(213,000)
Proceeds from guarantee deposits received	22,505	49,968
Decrease in guarantee deposits received	(30,154)	-
Repayment of the principal portion of lease liabilities	(23,522)	(23,919)
Cash dividends	(203,203)	(148,107)
Net cash used in financing activities	(304,374)	(80,058)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	2,717	21,595
NET INCREASE IN CASH AND CASH EQUIVALENTS	(364,853)	306,281
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	999,529	693,248
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 634,676	$ 999,529

(Concluded)

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

(With Deloitte & Touche review report dated February 27, 2025)

TOP UNION ELECTRONICS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2024 and 2023

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

1. GENERAL

Top Union Electronics Corp. (hereinafter referred to as "TUEC"), a Taiwan-based company, was established on February 15, 1990, starting business operation in August of the same year. TUEC is principally engaged in the design, manufacture and technical support of electronic products and communication equipment, as well as providing surface mount technology (SMT) services, processing and international trade business. TUEC's stocks have been traded on the over-the-counter (OTC) market on the Taipei Exchange since April 2004.

The accompanying consolidated financial statements are expressed in TUEC's functional currency, New Taiwan Dollars.

TUEC and its subsidiaries are hereinafter referred to as the "Company" for the following contents.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on February 27, 2025.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

The initial application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the accounting policies of TUEC and its subsidiaries.

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

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note)

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note1)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Involving Energy-Dependent Electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 -Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial	January 1, 2027

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note1)
Statements”	
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

IFRS 18 “Presentation and Disclosures in Financial Statements”

IFRS 18 will supersede IAS 1” Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as ‘other’ only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the accompanying consolidated financial statements were issued, the Company continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

(1) Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC with the effective dates.

(2) Basis of Preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
3) Level 3 inputs are unobservable for the asset or liability.

(3) Standard in determining whether the assets or liabilities are current or non-current

Current assets include:

1) Assets held mainly for transaction purposes;
2) Assets to be realized within 12 months after the balance sheet date; and
3) Cash and cash equivalents (unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than 12 months after the balance sheet date).

Current liabilities include:

1) Liabilities held mainly for transaction purposes;
2) Liabilities to be settled when due within 12 months after the balance sheet date; and
3) Liabilities for which the settlement date cannot be extended unconditionally to at least 12 months after the balance sheet date.

Assets or liabilities not meeting the above criteria are classified as non-current assets or non-current liabilities.

(4) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of TUEC and entities controlled by TUEC (i.e. its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

See Notes 10 and 28(2)&(3) for the detailed information of subsidiaries, the percentages of ownership and business operation items.

(5) Foreign Currencies

When preparing financial statements, the Company prepares records in a currency other than the functional currency of the Company (i.e. foreign currencies) and converts them to the functional currency based on the exchange rate on the transaction date.

Monetary items denominated in foreign currencies are translated at the closing rate on each balance sheet date. Exchange differences arising from the settlement of monetary items or the translation of monetary items are recognized in profit or loss in the year in which they occur.

Non-monetary items measured at fair value in a foreign currency are translated at the exchange rate on the date the fair value was determined. The resulting exchange differences are recognized in profit or loss, except for those recognized in other comprehensive income (loss) when fair value changes are recognized in other comprehensive income (loss).

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the exchange rate prevailing on the transaction date and are not retranslated.

In preparing the consolidated financial statements, the assets and liabilities of TUEC's foreign operations (including those of its subsidiaries operating in countries or currencies different from those of TUEC) are translated into New Taiwan Dollars at the exchange rates prevailing on each balance sheet date. Income and expense items are translated at the average exchange rate in the period, with the resulting exchange differences recognized in other comprehensive income.

(6) Inventories

Inventories consist of raw materials, finished goods and work in process. Inventories are measured at the lower of cost or net realizable value. Comparisons between cost and net realizable value are made on an item-by-item basis, except for inventories of the same type. Net realizable value is the selling price estimated under normal circumstances less estimated costs to complete the process and estimated costs to complete the sale. The cost of inventories is calculated by using the weighted-average method.

(7) Property, Plant and Equipment

Property, plant and equipment are recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. 。

Land for self-use is not depreciated. Other property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. The Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each fiscal year, and applies the effects on changes in accounting estimates prospectively.

When property, plant and equipment are derecognized, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss.

(8) Intangible Assets

1) Separately Acquired

Intangible assets acquired separately with finite useful lives are measured initially at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their useful lives, and the Company reviews the estimated useful lives, residual values and amortization methods at least at the end of each fiscal year, , and applies the effects on changes in accounting estimates prospectively.

2) Derecognition

When an intangible asset is derecognized, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss in the year in which it occurs.

(9) Impairment of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets and intangible assets may have been impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. Where the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount (net of amortization or depreciation) that had been determined but had no impairment loss be recognized for the asset or cash-generating unit in prior years. Reversals of impairment losses are recognized in profit or loss.

(10) Financial Instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the Company becomes a party to the contractual provisions of the instrument.

When the financial assets and financial liabilities are recognized initially, financial assets or financial liabilities, which are not measured at fair value through profit or loss, are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs that are directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial Assets

Regular transactions of financial assets are recognized and derecognized by using trade date accounting.

1-1) Type of Measurement

The type of financial assets held by the Company is financial assets measured at amortized cost.

The Company's investments in financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

1-1-1) They are held within a business model whose objective is to hold financial assets to collect contractual cash flows; and

1-1-2) The contractual terms give rise to cash flows on a specific date that are solely payments of principal and interest on the principal amount circulated outside.

Financial assets measured at amortized cost (including cash and cash equivalents, restricted deposit, pledged time deposit, notes receivable and accounts receivable measured at amortized cost and guarantee deposits paid) are measured at their total carrying amount determined by using the effective interest method less amortized cost of any impairment loss, and any foreign currency exchange gain or loss is recognized in profit or loss after initial recognition.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial asset.

Cash equivalents include time deposits that are highly liquid, readily convertible into fixed amounts of cash and subject to a low risk of change in value within 3 months from the date of acquisition, and are used to meet short-term cash commitments.

1-2) Impairment of Financial Assets

The Company assesses impairment losses on financial assets at amortized cost (including accounts receivable) at each balance sheet date based on expected credit losses.

Accounts receivables are recognized as an allowance for expected credit losses over the period of continuation.

Expected credit losses are the weighted-average credit losses weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from possible defaults of the financial instrument within 12 months after the reporting date, and the lifetime expected credit loss represents the expected credit loss arising from all possible defaults of the financial instrument during the expected life of the financial instrument.

All impairment losses on financial assets are reversed by reducing the carrying amount through an allowance account. ◦

1-3) Derecognition of Financial Assets

The Company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets have lapsed, or when the financial assets have been transferred and substantially all the risks and rewards of ownership of the assets have been transferred to other enterprises.

2) Equity Instruments

Debt and equity instruments issued by the Company are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the Company are recognized at the acquisition price less direct issuance costs.

If the Company reacquires its own equity instruments, those instruments are recognized and deducted from equity. Purchase, sale, issuance or cancellation of the Company's own equity instruments is not recognized in profit or loss.

3) Financial Liabilities

3-1) Subsequent Measurement

Financial liabilities of the Company are measured at amortized cost by using the effective interest method.

3-2) Derecognition of Financial Liabilities

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

(11) Provisions

The amount recognized as a provision is the best estimate of the consideration required to settle the obligation on the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. A provision is the carrying amount measured at the present value of the cash flows estimated to settle the obligation.

(12) Revenue Recognition

After the Company has identified performance obligations in customer contracts, the transaction price is apportioned to each performance obligation, and revenue is recognized when each performance obligation is satisfied.

a. Merchandise Sales Revenue

Merchandise sales revenue is generated from the sales of electronic products. The Company recognizes the revenue and accounts receivable based on the point of time, at which merchandise arrives at/departs from the designated places bound from the different conditions and terms shown on the customer contracts; at the same point of time, customers have rights to determine the prices and rights of use of the merchandise, as well as bearing the main responsibility for reselling the merchandise and the risk of the merchandise turning into obsolescence. Advance receipts for merchandise are recognized as contract liabilities prior to arrival time of the shipped merchandise.

During the machining process to remove the materials from the parts, the control of the ownership of such work in process is not transferred yet, which is not recognized in the revenue.

b. Service Revenue

Service revenue is recognized when the performance obligation is satisfied.

(13) Leases

The Company assesses whether a contract is (or contains) a lease at the contract inception date.

When the Company is as lessee, leases are recognized as right-of-use assets and lease liabilities at the lease commencement date, except for leases of low-value subject assets and short-term leases to which recognition exemptions apply, for which lease payments are recognized as expenses on a straight-line basis over the lease term.

The right-of-use assets are measured initially at cost (including the original measurement of the lease liabilities) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, adjusted for the remeasurement of the lease liabilities. The right-of-use assets are presented separately in the parent company only balance sheet.

The right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life or the end of the lease term.

The lease liabilities are measured initially at the present value of the lease payments (including fixed payment). If the interest rate implied by the lease is readily determinable, the lease payments are discounted by using that rate. If the interest rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, the lease liabilities are measured on an amortized cost basis using the effective interest rate method and the interest expense is allocated over the lease term. The Company remeasures the lease liabilities and adjusts the right-of-use assets accordingly, except that if the carrying amount of the right-of-use assets is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. The lease liabilities are presented separately in the parent company only balance sheet.

(14) Borrowing Costs

All borrowing costs are recognized in profit and loss in the year in which they occur.

(15) Employee Benefits

a. Short-term Employee Benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

b. Retirement Benefits

Payments to the defined contribution retirement benefit plans are recognized as an expense when the employees have rendered service entitling them to the contribution.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined retirement benefit plans are determined by using the Projected Unit Credit Method. Current service costs and net interest on the net defined benefit liability are recognized as employee benefits expense in the period they occur. Remeasurement (comprising actuarial gains and losses and the return on plan assets excluding interest) is recognized in other comprehensive income in the period in which they occur, as well as being reflected immediately in retained earnings, which afterwards will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Company's defined retirement benefit plans.

(16) Share-based Payment Arrangements - Employee Share Options

Employee share options are recognized in the expense on a straight-line basis over the vesting period, based on the fair value at the grant date of equity instrument and the Company's best estimate of the number expected to ultimately vest, with a corresponding increase in capital surplus - employee share options, among which if those are immediately vested on the grant date, they are recognized in the expense on the date. The Company conducts seasoned equity offerings reserved for employees to subscribe, and the date of approval by the board of directors is the grant date.

On each balance sheet date, the Company revises its estimate of the number of employee share options that are expected to vest. The impact from such revision is recognized in profit or loss so that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

(17) Income Tax

Income tax expense represents the sum of current income tax and deferred income tax.

1. Current Income Tax

   The Company determines current income (loss) in accordance with the regulations of each jurisdiction in which it files income tax returns and calculates the amount of income tax payable (recoverable).

   Income tax on unappropriated earnings, which is calculated in accordance with the Income Tax Act of Taiwan, is recognized in the year in which the shareholders' meeting resolves.

   Adjustments to the prior years' income tax payable are included in the current income tax.

2. Deferred Income Tax

   Deferred income tax is from calculating temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

   Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

   Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. Deductible temporary differences associated with such investments are only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences, and they are expected to reverse in the foreseeable future, which can be recognized as the deferred tax assets.

The carrying amount of deferred tax assets is reviewed on each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be recovered. The deferred tax assets originally not recognized are also reviewed on each balance sheet date and their carrying amounts are increased to the extent that it is probable that taxable profits will be generated to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, on the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3. Current and Deferred Income Tax for the Year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

In adopting accounting policies, the Company's management is required to make judgments, estimation and assumptions that are based on historical experience and other relevant factors where relevant information is not readily available from other sources. Actual results may differ from those estimates.

The Company's management will continue to review the estimates and underlying assumptions. Revisions will be made to the recognition listed in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and also future years if the revision affects both current and future years.

Key Sources of Estimation and Uncertainty

a. Estimated Impairment of Financial Assets

The provision for estimated impairment of accounts receivables is based on the Company's assumptions about risk of default and loss rates of default. The Company uses judgement in making these assumptions and in selecting the inputs to the estimated impairment calculation, based on the Company's historical experience. Please refer to Note 8 for the adoption of the important assumptions and the inputs. Where the actual future cash flows are less than the Company's expectation, a significant impairment loss may arise.

b. Impairment of Inventories

Net realizable value of inventories is, under the normal operation process, the estimated selling price of inventories less all estimated costs of completion and estimated costs necessary to make the sale, the estimation of which is based on the current market status and the historical sales experience judged for the similar products. Changes of market status may significantly affect the result from that estimation.

6. CASH AND CASH EQUIVALENTS

	December 31, 2024	December 31, 2023
Cash on Hand and Working Capital	$ 140	$ 49
Checking accounts and Demand deposits	197,301	313,768
Cash Equivalents		
Time deposits	437,235	685,712
	$634,676	$999,529

Interest rate ranges for bank deposits on the balance sheet date were as follows:

	December 31, 2024	December 31, 2023
Bank Deposits	0.002%~4.600%	0.001%~5.000%

7. FINANCIAL ASSETS AT AMORTIZED COST

	December 31, 2024	December 31, 2023
Current		
Time deposits with original maturities less than 3 months	$886,934	$179,778
Restricted Bank Deposits (Note)	90,487	84,746
	$977,421	$264,524
Non-current		
Time deposits with original maturities of more than 1 year	$129,862	$187,143

Note: TUEC followed the regulations named "Regulations on Industries Investment from Repatriated Offshore Funds" and obtained approval from National Taxation Bureau, Ministry of Finance, which allowed TUEC to repatriate funds 3,000,000 U.S. Dollars from overseas; and also, an investment plan is required to be submitted to the Ministry of Economic Affairs, R.O.C. Based on the regulations, the repatriated funds shall only be used to invest according to the approved plan without withdrawing the funds for other purposes outside the approved plan.

As of the balance sheet date, the interest rate intervals of financial assets at amortized cost are as follows:

	December 31, 2024	December 31, 2023
Current		
Time deposits with original maturities less than 3 months	1.56%~4.20%	1.90%~4.00%
Restricted Bank Deposits	4.20%~4.25%	4.60%~5.00%
Non-current		
Time deposits with original maturities of more than 1 year	1.70%~2.20%	2.30%~2.55%

8. NOTES AND ACCOUNTS RECEIVABLE, NET

	December 31, 2024	December 31, 2023
Notes receivable		
Notes receivable - operating	$ 5,420	$ 14,857
Accounts receivable		
At amortized cost		
Gross carrying amount	$420,680	$379,955
Allowance for impairment loss	(2,000)	(2,000)
	$418,680	$377,955

The average credit period for the Company's merchandise sales ranges from 30 to 60 days, and accounts receivables are not interest-bearing. The policy of conducting transactions adopted by the Company is to trade with the counterparties who have certain good level ratings. Credit rating information is to use publicly available financial information and trading history records to rate major customers. The credit exposure and the credit ratings of the counterparties are continuously monitored by the Company, and the aggregate value of transactions disperses to different customers with the qualified credit ratings. Moreover, credit exposure is controlled by the counterparties' credit ratings that are periodically reviewed and approved by the Company.

The Company recognizes loss allowance of accounts receivables at an amount equal to lifetime expected credit losses (ECLs). The lifetime ECLs uses the provision matrix computation with reference to past default records and current financial position of customers, general economic conditions of the industry, as well as consideration to industrial prospects. Because the Company's historical credit losses experience indicates that the loss pattern amongst different customer segments does not show outstanding differences, the customer segments are not to be further differentiated by the provision matrix, but only the ratio of ECLs are determined by overdue days of accounts receivables.

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

December 31, 2024

	Not Past Due	Past Due Within 60 Days	Past Due 61 to 90 Days	Past Due 91 to 120 Days	Past Due over 121 Days	Total
Gross Carrying Amount	$ 410,274	$ 10,406	$ -	$ -	$ -	$ 420,680
Loss Allowance (Lifetime ECLs)	(751)	(1,249)	-	-	-	(2,000)
Amortized Cost	$ 409,523	$ 9,157	$ -	$ -	$ -	$ 418,680

December 31, 2023

	Not Past Due	Past Due Within 60 Days	Past Due 61 to 90 Days	Past Due 91 to 120 Days	Past Due over 121 Days	Total
Gross Carrying Amount	$ 371,512	$ 8,443	$ -	$ -	$ -	$ 379,955
Loss Allowance (Lifetime ECLs)	(1,021)	(979)	-	-	-	(2,000
Amortized Cost	$ 370,491	$ 7,464	$ -	$ -	$ -	$ 377,955

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

	Years Ended December 31	
	2024	2023
Balance at the Beginning of Year	$ 2,000	$ 6,582
Less: Reversal of Impairment Losses for the Yea	-	(4,582)
Balance at the End of Year	$ 2,000	$ 2,000

9. INVENTORIES

	December 31, 2024	December 31, 2023
Raw Materials	$555,150	$634,349
Work in Process	84,728	71,959
Finished goods	31,469	26,938
	$671,347	$733,246

The cost of goods sold related to inventory for the fiscal years 2024 and 2023 amounted to NT$2,652,144 thousand and NT$3,110,327 thousand, respectively. The cost of goods sold includes inventory recovery gains of NT$(14,915) thousand and NT$(6,595) thousand, respectively.

10. SUBSIDIARIES

Subsidiaries included in consolidated financial statements:

			% of Ownership	
Investor	Investee	Main Business	December31, 2024	December31, 2023
December31, 2023	ALLIED ORIENTAL INTERNATIONAL LTD. (ORIENTAL	Investment	100%	100%
ORIENTAL	TOP UNION ELECTRONICS (SHANGHAI) CORP. (TOP UNION SHANGHAI)	Manufacture of Electronic Products and Communication Equipment, Technical Support and SMT Processing, etc.	100%	100%
	TOP UNION ELECTRONICS (SUZHOU) CORP. (TOP UNIO SUZHOU)		100%	100%

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Wealth Generating Equipment	Lease Improvement	Other Equipment	Total
Cost								
Balance at January 1, 2024	$ 80,113	$ 454,522	$ 980,773	$ 26,706	$ 32,210	$ 24,214	$ 52,789	$1,651,327
Additions	-	-	32,780	2,805	1,741	948	16,133	54,407
Disposals	-	-	(6,752)	(3,538)	(408)	(244)	(339)	(11,281)
Reclassifications	-	-	-	-	-	-	(129)	(129)

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Wealth Generating Equipment	Lease Improvement	Other Equipment	Total
Effects of foreign currency exchange differences	-	-	16,338	389	407	849	1,017	19,000
Balance at December 31, 2024	$ 80,113	$ 454,522	$1,023,139	$ 26,362	$ 33,950	$ 25,767	$ 69,471	$1,713,324
Accumulated depreciation								
Balance at January 1, 2024	$ -	$ 196,229	$ 738,805	$ 18,555	$ 26,923	$ 19,565	$ 43,331	$1,043,408
Depreciation expenses	-	15,921	75,605	2,260	1,461	1,691	4,102	101,040
Disposals	-	-	(6,562)	(3,469)	(406)	(244)	(471)	(11,152)
Effects of foreign currency exchange differences	-	-	13,796	327	337	691	992	16,143
Balance at December 31, 2024	$ -	$ 212,150	$ 821,644	$ 17,673	$ 28,315	$ 21,703	$ 47,954	$1,149,439
December 31, 2024, net	$ 80,113	$ 242,372	$ 201,495	$ 8,689	$ 5,635	$ 4,064	$ 21,517	$ 563,885
Cost								
Balance at January 1, 2023	$ 80,113	$ 399,056	$ 982,367	$ 30,192	$ 31,928	$ 30,627	$ 52,691	$1,606,974
Additions	-	55,466	95,267	2,685	2,032	1,564	1,979	158,993
Disposals	-	-	(87,978)	(5,958)	(1,533)	(7,508)	(1,336)	(104,313)
Effects of foreign currency exchange differences	-	-	(8,883)	(213)	(217)	(469)	(545)	(10,327)
Balance at December 31, 2023	$ 80,113	$ 454,522	$ 980,773	$ 26,706	$ 32,210	$ 24,214	$ 52,789	$1,651,327
Accumulated								
Balance at January 1, 2023	$ -	$ 182,342	$ 757,244	$ 21,984	$ 26,326	$ 25,186	$ 40,142	$1,053,224
Depreciation expenses	-	13,887	76,907	2,711	2,265	2,250	4,710	102,730
Disposals	-	-	(87,897)	(5,957)	(1,486)	(7,490)	(1,069)	(103,899)
Effects of foreign currency exchange differences	-	-	(7,449)	(183)	(182)	(381)	(452)	(8,647)
Balance at December 31, 2023	$ -	$ 196,229	$ 738,805	$ 18,555	$ 26,923	$ 19,565	$ 43,331	$1,043,408
December 31, 2023, net	$ 80,113	$ 258,293	$ 241,968	$ 8,151	$ 5,287	$ 4,649	$ 9,458	$ 607,919

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

Buildings	10 – 35 Years
Machinery and Equipment	5 – 6 Years
Transportation Equipment	5 – 6 Years
Wealth Generating Equipment	5 – 6 Years
Other Equipment	5 – 6 Years
Lease Improvement	5 – 6 Years

The Company's property, plant and equipment are all for self-use. For the amount of property, plant and equipment pledged by the Company for loan facilities, please refer to Note 26.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31, 2024	December 31, 2023
Carrying amounts		
Buildings	$ 35,040	$ 41,410

	December 31, 2024	December 31, 2023
Wealth Generating Equipment	922	1,620
	$ 35,962	$ 43,030

	Years Ended December 31	
	2024	2023
Additions to Right-of-use Assets	$ 16,632	$ 30,717
Depreciation of Right-of-use Assets		
Buildings	$ 23,675	$ 24,058
Wealth Generating Equipment	698	767
	$ 24,373	$ 24,825

Except for the above expenses recognized to the items of additions and depreciation, there were no significant sublease and impairment happening to the Company's right-of-use assets for the years ended December 31, 2024 and 2023.

b. Lease liabilities

	December 31, 2024	December 31, 2023
Carrying amounts		
Current portion	$ 24,355	$ 15,399
Noncurrent portion	$ 12,539	$ 28,302

Ranges of discount rates for lease liabilities are as follows:

	December 31, 2024	December 31, 2023
Buildings	1.43%~4.30%	1.43%~4.30%
Wealth Generating Equipment	0.99%~1.16%	0.99%~1.16%

c. Material terms of right-of-use assets

Top Union Shanghai leased the factory building from Shanghai Interknitted Co., Ltd. in the form of operating lease, and the lease period is 2 years. Top Union Suzhou leased the factory building from Suzhou Xincheng Economic Development company in the form of operating lease, and the lease period is 3 years; Top Union Suzhou also leased houses and dormitories, and the lease period is 2 – 3 years. TUEC leased houses and dormitories from individuals in the form of operating lease, and the lease period is 4 – 5 years. When the contractual lease period is terminated, the Company has no preferential purchase rights for the factory buildings, houses and dormitories previously leased.

d. Other lease information

	Years Ended December 31	
	2024	2023
Expenses relating to short-term leases	$ 4,830	$ 5,935
Total cash outflow for leases	$ 29,595	$ 31,307

The Company leases the wealth generating equipment that is classified as a short-term lease, applicable for using recognition exemption, the lease of which is not to be recognized as the relevant right-of-use assets and lease liabilities.

13. INTANGIBLE ASSETS

	Years Ended December 31	
	2024	2023
Cost		
Balance at the beginning of year	$ 29,884	$ 29,177
Additions	-	774
Effects of foreign currency exchange differences	125	(67)
Balance at the end of year	30,009	29,884
Accumulated amortization		
Balance at the beginning of year	26,797	24,451
Amortization expenses	2,088	2,411
Effects of foreign currency exchange differences	122	(65)
Balance at the end of year	29,007	26,797
Net	$ 1,002	$ 3,087

Amortization expenses are calculated on a straight-line basis over the item with its estimated useful life as follows:

Software	3 Years

14. OTHER CURRENT ASSETS

	December 31, 2024	December 31, 2023
Offsets against business tax payable	$ 57,518	$ 28,371
Business Tax Receivable Refund	21,627	19,959
Interest Receivable	13,491	13,172
Temporary Debits	1,556	5,983
Others	26,348	21,093
	$120,540	$ 88,578

15. SHORT-TERM BORROWINGS

	December 31, 2024	December 31, 2023
Unsecured Borrowings		
Bank Loans	$ 30,000	$100,000

The interest rates on revolving bank loans were 2.03%～2.24% and 1.65%～2.11% as of December 31, 2024 and 2023, respectively.

16. OTHER PAYABLES AND OTHER CURRENT LIABILITIES

	December 31, 2024	December 31, 2023
Payable for salaries or bonuses	$ 76,153	$ 71,657
Temporary credits and Receipts under custody	9,806	42,710
Others	67,743	48,840
	$153,702	$163,207

17. RETIREMENT BENEFIT PLANS

a. Defined Contribution Plans

TUEC adopted the pension plan under the "Labor Pension Act (LPA)", which is a government-managing defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension account at 6% of monthly salaries and wages.

b. Defined Benefit Plans

TUEC handles the pension plan based on the R.O.C. "Labor Standards Law", which is a government-managing defined retirement benefit plan. Pension amounts paid to retired employees is calculated based on years of service and average monthly salary for the 6 months prior to the approved retirement date. TUEC contributes a pension for an employee by 3.5% of his/her total monthly salary as the labor pension reserve funds, which shall be deposited in the pension fund account of Bank of Taiwan, set up in the name of the labor pension reserve supervision committee of the business entity. When the balance in the pension fund account, checked prior to the year end, is insufficient to pay the pensions to the labors who will be expected to reach their retirement requirements before the next year end, the difference contributed to the account shall be fully made up at a time before the end of next March. The aforesaid pension fund account is entrusted to the Bureau of Labor Funds, Ministry of Labor with management, in which TUEC has no rights to influence the investment policies and strategies.

The amounts of the defined benefit plans are recognized in the consolidated balance sheets as follows:

	December 31, 2024	December 31, 2023
Present value of the defined benefit obligations	$ 49,978	$ 57,869
Fair value of plan assets	(42,413)	(49,061)
Net defined benefit liabilities	$ 7,565	$ 8,808

Movements in net defined benefit liability are as follows：

	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
January 1, 2024	$ 57,869	($ 49,061)	$ 8,808
Service cost			
Current service cost	2,170	-	2,170
Past service cost	2,225	-	2,225
Interest expense (income)	775	(670)	105
Recognized in profit or loss	5,170	(670)	4,500
Remeasurements			
Actuarial loss arising from changes in financial assumptions	(2,094)	-	(2,094)

	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Actuarial gain arising from experience adjustments	2,215	(4,329)	(2,114)
Recognized in other comprehensive income	121	(4,329)	(4,208)
Contributions from employer	-	(1,535)	(1,535)
Benefits paid	(13,182)	13,182	-
December 31, 2024	$ 49,978	($ 42,413)	$ 7,565
January 1, 2023	$ 61,883	($ 48,362)	$ 13,521
Service cost			
Current service cost	281	-	281
Past service cost	5,778	-	5,778
Interest expense (income)	851	(672)	179
Recognized in profit or loss	6,910	(672)	6,238
Remeasurements			
Actuarial loss arising from changes in financial assumptions	$ 200	$ -	$ 200
Actuarial gain arising from experience adjustments	(9,228)	(328)	(9,556)
Recognized in other comprehensive income	(9,028)	(328)	(9,356)
Contributions from employer	-	(1,595)	(1,595)
Benefits paid	(1,896)	1,896	-
December 31, 2023	$ 57,869	($ 49,061)	$ 8,808

The amounts of the defined benefit plans recognized in profit or loss are classified according to their function by the following categories:

	Years Ended December 31	
	2024	2023
Operating cost	$ 1,741	$ 353
Marketing expenses	153	27
General and administrative expenses	2,475	5,834
Research and development expenses	131	24
	$ 4,500	$ 6,238

Through the defined benefit plans under the R.O.C. “Labor Standards Law”, TUEC is exposed to the following risks:

1) Investment risk: The pension funds are invested in domestic/foreign equity and debt securities, bank deposits, etc. by the methods of its own discretion and commissioned operations of the Bureau of Labor Funds, Ministry of Labor. However, the earnings appropriated from the plan assets of the Company shall not be less than the average interest rate on a two-year time deposit published by the local banks.
2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation, but the return on the debt investments of the plan assets will also increase accordingly, which brings the effect of partially offsetting the net defined benefit liabilities.
3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the TUEC's present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions of the measurement date were as follows:

	December 31, 2024	December 31, 2023
Discount rate	1.74%	1.34%
Forecasted salary increase rate	2.75%	2.75%

When the possible changes in the principal assumptions of the actuarial valuations reasonably happen respectively, based on the circumstances of all other assumptions kept the same, the increased (decreased) amounts in the present value of the defined benefit obligation will be as follows:

	1December 31, 2024	December 31, 2023
Discount rate		
Increase 0.50%	($ 2,419)	($ 2,746)

	1December 31, 2024	December 31, 2023
Decrease 0.50%	$ 2,642	$ 2,983
Forecasted salary increase rate		
Increase 0.50%	$ 2,570	$ 2,889
Decrease 0.50%	($ 2,378)	($ 2,688)

Since assumptions of actuarial valuations are possibly correlated with one another, the possibility of changes in only one assumption is small. Therefore, the above sensitivity analyses are possibly unable to reflect the actual status of the changes in the present value of the defined benefit obligation.

	December 31, 2024	December 31, 2023
Forecasted amount contributed within one year	$ 1,420	$ 1,808
Average due-period of defined benefit obligation	17.2 Years	16.5 Years

18. EQUITY

a. Capital stock

	December 31, 2024	December 31, 2023
Authorized shares (in thousands)	180,000	180,000
Authorized capital	$ 1,800,000	$ 1,800,000
Issued and paid shares (in thousands)	145,007	138,233
Issued capital	$ 1,450,067	$ 1,382,333

The par value of issued common shares is NT$10 per share. A holder of common shares has one vote for each common share and is entitled to receive dividends.

The authorized shares include 3,800 thousand shares allocated for the exercise of employee stock options.

On May 24, 2024 and May 19, 2023, the stock dividends were distributed by TUEC in a total of NT$67,734 thousand and NT$148,107 thousand respectively according to the resolution of the shareholders' meeting, and took effect through the corresponding registration approved by Financial Supervision

Commission Securities and Futures Bureau; then the dates of June 26, 2024 and June 26, 2023 were determined respectively to be the reference date of ex-rights in accordance with the resolution of the board of directors.

b. Capital surplus

	December 31, 2024	December 31, 2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Additional paid-in capital	$235,826	$235,826
Employee share options	7,700	7,700
Treasury share transactions	14,457	14,457
	$257,983	$257,983

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's paid-in capital and once a year).

c. Retained earnings and dividend policy

TUEC's earnings distribution policy in the Articles of Incorporation provides that, when a profit is made in a fiscal year, TUEC shall first compensate its losses (including the amount of adjustment in undistributed retained earnings) and set aside a legal capital reserve at 10% of the remaining earnings until the accumulated legal capital reserve equals TUEC's total paid-in capital, and then set aside or reverse a special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. Any balance of earnings still left over, together with the undistributed retained earnings from the beginning of period (including the amount of adjustment in undistributed retained earnings), shall be used by the board of directors as the basis for their proposing a surplus distribution proposal to obtain the resolution in the shareholders' meeting for distribution of dividends and bonuses to shareholders; when distribution of earnings is by the way in cash, it shall be handled according to the resolution of the board of directors and reported in the shareholders' meeting. See Note 20(7) Profit Sharing Bonus to Employees and Compensation to Directors for TUEC's distribution policy of profit sharing bonus to employees and compensation to directors in the Articles of Incorporation.

In addition, according to TUEC's dividend policy in the Articles of Incorporation, based on the principle of profit sharing, 50% or more of the distributable surplus for the year shall be used for distribution of dividends and bonuses to shareholders, among which the dividends distributed by the way in stocks shall be less than 50%, and the rest dividends shall be in cash.

Appropriation of earnings to the legal capital reserve shall be made until the accumulated legal capital reserve equals the company's total paid-in capital. The legal capital reserve may be used to compensate deficit. If the company has no deficit, the legal capital reserve exceeds 25% of the company's total paid-in capital may be appropriated for capital stocks but also distributed in cash.

The appropriations and cash dividends per share were as follows:

	Appropriations of Earnings		Dividends per share (NT$)	
	For the Year Ended December 31			
	2023	2022	2023	2022
Legal reserve	$ 30,609	$ 33,056		
Cash dividends	203,203	148,107	$ 1.47	$ 1.20
Stock Dividends	67,734	148,107	0.49	1.20

The appropriations of the above cash dividends were resolved by the board of directors on February 29, 2024 and February 22, 2023, respectively. The appropriation of earnings for the year 2022 were resolved at the shareholders' meeting on May 19, 2023.The appropriation of earnings for 2023 is subject to the resolution of the shareholders in the shareholders' meeting to be held on May 24, 2024.

The appropriations of TUEC's earnings for the year ended December 31, 2024 were resolved by the board of directors on February 27, 2025 are as follows:

	Appropriations of Earnings	Dividends per share(NT$)
Legal Capital Reserve	$ 38,479	
Cash Dividends	258,837	$ 1.785
Stock Dividends	86,279	0.595

The appropriations of the above cash dividends have been resolved by the board of directors, and the remainder is subject to resolution in the shareholders meeting expected to be held on May 23, 2025.

d. Others equity items

Foreign Currency Translation Reserve

	Years Ended December 31	
	2024	2023
Balance, beginning of period	$ 26,358	$ 37,603
Occur in the current year		
Exchange differences on translation of the financial statements of foreign operations	20,404	(11,245)
Balance, end of period	$ 46,762	$ 26,358

19. NET REVENUE

	Years Ended December 31	
	2024	2023
Revenue from contracts with customers		
Sales	$ 2,269,256	$ 2,680,606
Processing	1,000,571	979,709
	$ 3,269,827	$ 3,660,315

a. Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Accounts receivable	$ 418,680	$ 377,955	$ 344,682
Contract liabilities			
Sale of goods	$ 188,282	$ 151,426	$ 167,343

The changes in the contract liability balances primarily result from the timing difference between the satisfaction of the performance obligation and the customer's payment.

b. Disaggregation of revenue from contracts with customers

	Years Ended December 31	
	2024	2023
Main geographic markets		
America	$ 1,847,554	$ 1,871,185
China	872,013	1,246,455
Taiwan	550,260	542,675
	$ 3,269,827	$ 3,660,315

20. PROFIT BEFORE TAX

a. INTEREST INCOME

	Years Ended December 31	
	2024	2023
Bank deposits	$ 32,725	$ 32,384

b. Other income

	Years Ended December 31	
	2024	2023
Rent income	$ 1,157	$ 1,142

c. OTHER GAINS AND LOSSES

	Years Ended December 31	
	2024	2023
Net gain (loss) on foreign currency exchange	$ 41,607	$ 2,726
Net gain on disposal of property, plant and equipment	463	8,318
Other	4,782	2,072
	$ 46,852	$ 13,116

d. Finance costs

	Years Ended December 31	
	2024	2023
Interest on lease liabilities	$ 1,012	$ 1,134
Interest on borrowings	1,243	1,453
	$ 2,255	$ 2,587

e. Depreciation and amortization

	Years Ended December 31	
	2024	2023
An analysis of depreciation by function		
Recognized in operating costs	$109,711	$112,285
Recognized in operating expenses	15,702	15,270
	$125,413	$127,555
An analysis of amortization by function		
Recognized in operating costs	$ 247	$ 447
Recognized in operating expenses	1,841	1,964
	$ 2,088	$ 2,411

f. Employee benefits expense

	Years Ended December 31	
	2024	2023
Short-term employee benefits	$552,986	$537,465
Post-employment benefits		
Defined contribution plans	9,316	10,322
Defined contribution plans	4,501	6,238
Total	$566,803	$554,025
An analysis of employee benefits		
Recognized in operating costs	$414,877	$408,236
Recognized in operating expenses	151,926	145,789
	$566,803	$554,025

g. Compensation of employees and remuneration of directors

In compliance with the Articles, the Company accrues compensation of employees and remuneration of directors at rates of 6% and no higher than 2.3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The Profit Sharing Bonus to Employees and Compensation to Directors for the years ended December 31, 2024 and 2023 were resolved by the board of directors on February 27, 2025 and February 29, 2024 respectively as follows:

Accrual Rate

	Years Ended December 31	
	2024	2023
Compensation of employees	6%	6%
Remuneration of directors	2.3%	2.3%

Amount

	Years Ended December 31			
	2024		2023	
	Cash	Stock	Cash	Stock
Compensation of employees	$ 23,489	$ 7,829	$ 24,823	$ -
Remuneration of directors	$ 12,006	$ -	$ 9,516	$ -

The number of employee remuneration shares for the company in 2024 is 236,900 shares. This was calculated based on the amount determined by the board of directors divided by the closing price of NT$33.05 on the day prior to the board meeting resolution.

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate and will be adjusted in the next year.

There was no difference between the actual distribution amount of the profit sharing bonus to employees and compensation to directors and the amount recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

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

h. Foreign Exchange Gains and Losses

	Years Ended December 31	
	2024	2023
Total amount of gains on foreign exchange	$ 82,326	$ 81,185
Total amount of losses on foreign exchange	(40,719)	(78,459)
Net gains (loss)	$ 41,607	$ 2,726

21. INCOME TAX

a. Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

	Years Ended December 31	
	2024	2023
Current income tax expense		
Current tax expense recognized in the current year	$ 99,166	$ 83,774
Income tax adjustments on prior years	(1,792)	6,190
Deferred income tax		
Deferred income tax recognized in the current year	2,364	870
Income tax expense recognized in profit or loss	$ 99,738	$ 90,834

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	Years Ended December 31	
	2024	2023
Profit from continuing operations before tax	$480,318	$387,573
Income tax expense at the statutory rate	$ 90,052	$ 71,590
Nondeductible items in determining taxable income	1,142	1,504
The deductible temporary differences not recognized	10,336	11,550
Adjustments to current income tax expense in respect of prior years	(1,792)	6,190
Income tax expense recognized in profit or loss	$ 99,738	$ 90,834

The tax rate applicable to the subsidiary in the PRC is 25%; for other jurisdictions, taxes are calculated by using the applicable tax rate for each individual jurisdiction.

b. Income Tax Assets and Liabilities in the Current Year

	December 31, 2024	December 31, 2023
Income tax assets		
Income tax refund receivable	$ 175	$ 394
Income tax liabilities		
Income taxes payable	$ 57,237	$ 44,924

c. Deferred Income Tax Assets and Liabilities

The changes in deferred income tax assets and liabilities were as follows:

Year ended December 31, 2024

Deferred Income Tax Assets	Balance, Beginning of Year	Recognized in Profit or Loss	Balance, End of Year
Temporary differences			
Inventory valuation loss	$ 8,486	($ 2,992)	$ 5,494
Unrealized exchange gains and losses	(1,359)	1,258	(101)
Others	717	(78)	639
	$ 7,844	($ 1,812)	$ 6,032

Deferred Income Tax Liabilities	Balance, Beginning of Year	Recognized in Profit or Loss	Balance, End of Year
Temporary differences			
Unappropriated earnings of subsidiaries	$ 17,050	$ 552	$ 17,602

Year ended December 31, 2023

Deferred Income Tax Assets	Balance, Beginning of Year	Recognized in Profit or Loss	Balance, End of Year
Temporary differences			
Inventory valuation loss	$ 9,800	($ 1,314)	$ 8,486
Property, plant and equipment	3	(3)	-
Unrealized exchange gains and losses	(2,437)	1,078	(1,359)
Others	576	141	717
	$ 7,942	($ 98)	$ 7,844

Deferred Income Tax Liabilities	Balance, Beginning of Year	Recognized in Profit or Loss	Balance, End of Year
Temporary differences			
Unappropriated earnings of subsidiaries	$ 16,278	$ 772	$ 17,050

d. Income tax examination

The tax authorities have examined income tax returns of TUEC through 2022.

22. EARNINGS PER SHARE

Unit: NT$ Per Share

	Years Ended December 31	
	2024	2023
Basic EPS	$ 2.62	$ 2.05
Diluted EPS	$ 2.61	$ 2.03

The earnings per share was calculated after the retrospective adjustment as a result of outstanding shares distribution; the reference date of the shares outstanding distribution was determined to be June 20, 2024. Due to making the retrospective adjustment, the changes in basic and diluted EPS for the year ended December 31, 2023 were as follows:

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic EPS	$ 2.15	$ 2.05
Diluted EPS	$ 2.13	$ 2.03

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Period

	Years Ended December 31	
	2024	2023
For computation of basic and diluted EPS	$380,580	$296,739

Number of shares (in thousand shares)

	Years Ended December 31	
	2024	2023
Weighted average number of ordinary shares outstanding used in computation of basic earnings per share	145,007	145,007
Effect of potentially dilutive ordinary shares:		

	Years Ended December 31	
	2024	2023
Profit sharing bonus to employees	1,085	881
Weighted average number of ordinary shares outstanding used in computation of dilutive earnings per share	146,092	145,888

The Company may settles the bonuses or remuneration paid to employees in cash or shares, therefore, the Company presumes that the entire amount of the bonus or remuneration will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group’s capital management system aims to ensure that the necessary financial resources and operating plan are sufficient to meet the next 12 months’ requirements for working capital, capital expenditures, research and development expenses, debt repayment, dividend payments and other needs.

24. FINANCIAL INSTRUMENTS

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

The Company's management believed that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values.

b. Categories of financial instruments

	December 31, 2024	December 31, 2023
Financial assets		
Amortized cost		
Cash and cash equivalents	$ 634,676	$ 999,529
Financial assets at amortized costs	1,107,283	451,667
Notes receivable	5,420	14,857
Accounts receivable, net	418,680	377,955
Guarantee deposits paid	5,498	5,530
Financial liabilities		
Amortized cost		
Short-term borrowings	30,000	100,000
Accounts payable	454,136	384,936
Other payables and other current liabilities	153,702	163,207
Guarantee deposits received	73,773	81,422

c. Financial risk management objectives and policies

The Company's major financial instruments include receivables, payables and bank borrowings. The Company's financial management department provides services to each business unit, organizes and coordinates business operations for entering domestic and international financial markets, as well as supervising and managing financial risks related to the Company's operations through referring to degree of risks and internal risk reports made with wide analyses of risk exposure; those risks contain market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Company's operation activities expose the Company primarily to the financial risks of changes in foreign currency exchange rates (see (a-1) shown as below) and changes in interest rates (see (a-2) shown as below).

The Company's financial instruments are exposed in market risk, and the methods used by the Company to manage and measure that risk exposure have no change.

a) Foreign currency risk

The Company uses foreign currency to conduct transactions of sales and procurement, which expose the Company to be engaged in risk of changes in foreign currency exchange rates.

For the carrying amounts of the Company's monetary assets and monetary liabilities denominated in non-functional currency on the consolidated balance sheets date (including monetary items denominated in non-functional currency that have been offset in the consolidated financial statements), as well as the carrying amounts of derivative instruments with risk exposure to foreign exchange risk, see Note 27.

Sensitivity analysis

The Company was mainly exposed to the U.S. dollar.

Sensitivity analysis of foreign exchange risk mainly provides that, as of the end of the reporting period, foreign currency monetary items are calculated; when the exchange rate of New Taiwan Dollar comparing with foreign currency has a hypothetically adverse fluctuation up to 10%, the Company would have increased the profit before tax by NT$15,258 thousand

and NT$54,713 thousand, respectively for the nine months ended December 30, 2024 and 2023.

b) Interest rate risk

Interest rate risk arises because individuals in the Company borrow funds at floating rates.

The carrying amounts of the Company’s financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2024	December 31, 2023
Fair value interest rate risk		
—Financial assets	$ 1,544,518	$ 1,137,379
—Financial liabilities	36,894	43,701
Cash flow interest rate risk		
—Financial assets	197,291	313,746
—Financial liabilities	30,000	100,000

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to the Company. As of the consolidated balance sheets date, the Company’s maximum credit risk (regardless of collateral or other credit enhancement tools, also the amount with maximum exposure unable to be withdrawn) exposure to a counterparty, who will possibly default on its obligations resulting in financial losses to the Company, comes from the carrying amounts of financial assets recognized in the consolidated balance sheets.

Except for A company, the Company's largest customer, the Company does not have any significant credit exposure to any single counterparty or any group of counterparties with similar characteristics. When the counterparty is an associated enterprise, the Company defines it as the counterparty with similar characteristics. In 2024 and 2023, the percentages of total accounts receivable from the aforementioned customers were 58% and 57%, respectively.

c. Liquidity Risk

The Company manages and maintains sufficient cash to support the group’s operations and mitigate the impact of cash flows fluctuations. The Company's management monitors the use of the bank's financing facilities and ensures compliance with the terms of the loan agreements.

A bank loan is a significant source of liquidity for the Company. As of the years ended December 31, 2024 and 2023, the bank's short-term financing facilities unused by the Company were described in the following section “(c-2) Financing Facilities”.

a) Liquidity and Interest Rate Risk Tables of Non-derivative Financial Liabilities

The analysis of the remaining contractual maturities of non-derivative financial liabilities is prepared based on the undiscounted cash flows (including principal and estimated interest) of financial liabilities according to the earliest possible date on which the Company may be required to make repayment.

December 31, 2024

	On Demand or Less than 1 Month	1-3 Month	3 Months to 1 Year	1-5 Year	More Than 5 Years
Non-derivative financial liabilities					
Non-interest bearing liabilitie	$ 185,185	$ 303,732	$ 42,768	$ -	$ -
Lease liabilities	3,609	2,653	18,678	12,677	-
Variable interest rate liabilities	20,000	10,000	-	-	-
	$ 208,794	$ 316,385	$ 61,446	$ 12,677	$ -

The further information on the aforementioned financial liabilities is as follows:

	Within 1 year	1～5 Years	5～10 Years	10～15 Years	15～20 Years	Over20 Years
Lease liabilities	$ 24,940	$ 12,677	$ -	$ -	$ -	$ -
Variable interest rate instruments	30,000	-	-	-	-	-
	$ 54,940	$ 12,677	$ -	$ -	$ -	$ -

December 31, 2023

	On Demand or Less than 1 Month	1-3 Month	3 Months to 1 Year	1-5 Year	More Than 5 Years
Non-derivative financial liabilities					
Non-interest bearing liabilitie	$ 159,047	$ 277,657	$ 39,782	$ -	$ -
Lease liabilities	2,776	1,268	12,325	28,927	-
Variable interest rate liabilities	80,000	20,000	-	-	-
	$ 241,823	$ 298,925	$ 52,107	$ 28,927	$ -

The further information on the aforementioned financial liabilities is as follows:

	Within 1 year	1～5 Years	5～10 Years	10～15 Years	15～20 Years	Over20 Years
Lease liabilities	$ 16,369	$ 28,927	$ -	$ -	$ -	$ -
Variable interest rate instruments	100,000	-	-	-	-	-
	$ 116,369	$ 28,927	$ -	$ -	$ -	$ -

b) Financing Facilities

	December 31, 2024	December 31, 2023
Unsecured bank loan amount		
－Amount used	$ 35,000	$106,000
－Amount unused	665,000	494,000
	$700,000	$600,000
Guaranteed bank loan amount		
－Amount used	$ -	$ -
－Amount unused	400,000	400,000
	$400,000	$400,000

25. RELATED PARTY TRANSACTIONS

Intercompany balances and transactions between TUEC and its subsidiaries, which are related parties of TUEC, have been eliminated upon consolidation; therefore, those items are not disclosed in this note. Please refer to Note 28(4).

Compensation of key management personnel:

	Years Ended December 31	
	2024	2023
Short-term employee benefits	$ 20,986	$ 19,823

The compensation to directors and other key management personnel is determined by the Compensation Committee of TUEC in accordance with the individual performance and market trends.

26. PLEDGED ASSETS

The following assets of the Company were provided as collateral security for short-term loan amount, tariff guarantee for imported raw materials, Performance Letter of Guarantee and Letter of Credit:

	December 31, 2024	December 31, 2023
Property, plant and equipment, net	$322,485	$338,406

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the entities in the Group and the exchange rates between the foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2024

Unit: Each Foreign Currency in Thousands

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 18,616	32.785	$ 610,326
RMB	11	4.478	49
			$ 610,375
Financial liabilities			
Monetary items			
USD	13,961	32.785	$ 457,711

December 31, 2023

Unit: Each Foreign Currency in Thousands

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 31,789	30.705	$ 976,081
Financial liabilities			
Monetary items			
USD	13,970	30.705	$ 428,949

The significant unrealized foreign exchange gains (losses) were as follows:

	Year Ended December 31, 2024		Year Ended December 31, 2023	
Foreign currencies	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	32.785（USD：NTD）	$ 1,330	30.705（USD：NTD）	$ 7,362
USD	7.321（USD：NTD）	81	7.083（USD：NTD）	(125)
		$ 1,411		$ 7,237

28. ADDITIONAL DISCLOSURES

Except for the items (1) – (5), there are no other significant transactions information, information on investees, information on investment in mainland China and the business relationship between the parent and the subsidiaries and significant transactions between them that should be disclosed. The significant transactions between the parent and the subsidiaries and balances thereof have been all eliminated upon consolidation

a. total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital

Buyer	Related Party	Relationship	Relationship				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Top Union Suzhou	Subsidiary	Sales	$325,330	9.94%	Net 90 day	$ -	—	$ 17,324	3.81%	—

b. NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEES

(Amounts in Thousands of New Taiwan Dollars or Thousands of Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2024			Net Income (Loss) of the Investee	Net Income (Loss) of the Investee
				End of Current Period	Last Year End	Shares (in Thousands)	%	Carrying Amount		
The Company	ORIENTAL company	British Virgin Islands	Investment and Sales	$ 401,974	$ 401,974	12,200	100	$ 612,381	($ 21,585)	($ 21,585)

Note：It was recognized by investee's financial statements audited by auditors for the same period.

c. INFORMATION ON INVESTMENTS IN MAINLAND CHINA

1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: (See the following table for the details.)

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2024	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2024	Net Income (Losses) of the Investee Company	% of Ownership	Investment Gain (Loss)	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024
					Outflow	Inflow						
Top Union Shanghai	Manufacture of Electronic Products and Communication Equipment, Technical Support and SMT Processing, etc.	$ 212,858 US$ 6,659 (In Thousand)	(Note 1)	Cash $ 83,720 Price of Machinery Equipment 129,138	$ -	$ -	Cash $ 83,720 Price of Machinery Equipment 129,138	($ 26,840)	100%	($ 26,840)	$ 143,322	$ 105,908
Top Union Suzhou		278,844 US$ 8,500 (In Thousand)	(Note 1)	Cash 230,262 Price of Machinery Equipment 48,582	-	-	Cash 230,262 Price of Machinery Equipment 48,582	2,456	100%	2,456	443,688	88,440

End of Current Period, Remit Cumulated Investment Funds out from Taiwan for Investment in China	Investment Amount approved by MOEAI	Investment Amount approved by MOEAI
Cash $313,982 Price of Machinery & Equipment $177,720	$491,702 US$15,159 thousand	$1,502,864

Note 1：Invest China companies after establishing ORIENTAL company located at British Virgin Island.

Note 2：It was recognized and disclosed by Top Union Shanghai and Top Union Suzhou's financial statements audited by auditors for the same period.

2) Significant direct or indirect transactions listed as below with the investee at the third area, and its prices, terms of payment and unrealized gain or loss. (See the item (4 for the details.))

d. The business relationship between the parent and the subsidiaries and significant transactions between them:

No.	Company Name	Counterparty	Nature of Relationship (Note 3)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	% of Total
0	Top Union	Top Union Suzhou	1	Operating Costs	$ 56,432	Note 1	2%
		Top Union Suzhou	1	Unrealized Sales Gross Profit	(380)	Note 1	-
		Top Union Suzhou	1	Accounts Payable	17,324	Note 2	-
		Top Union Suzhou	1	Accounts Receivable	29	Note 2	-
		Top Union Suzhou	1	Operating Revenue	325,330	Note 1	10%

Note 1：Process transactions based on terms and prices contracted by mutual parties.

Note 2：Collect payment temporarily according to funds status of the transaction counterparty during credit period.

Note 3："1" means transactions by the parent to the subsidiaries; "2" means transactions between subsidiaries

e. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None.

29. SEGMENT INFORMATION

(1) Segment Revenue, Operating Results and Total Assets and Liabilities of Segments

1) Segment Revenue, Operating Results and Total Assets and Liabilities of Segments TUEC's chief operating decision makers periodically review operating results, used for resource allocation and performance assessment; the Company belongs to one operating segment. The basis for the measurement of income from operations, assets and liabilities is the same as that for the preparation of consolidated financial statements. Therefore, segment revenue and operating results reported for the years ended December 31, 2024 and 2023 can refer to the consolidated statements of comprehensive income of the same period, and

assets of segments reported at the end of the years 2024 and 2023 can refer to the consolidated balance sheets dated on December 31, 2024 and 2023.

2) Major Products and Service Revenue

The major products and service revenue of the Company's ongoing business units are analyzed as follows:

	Years Ended December 31	
	2024	2023
Sales revenue	$ 2,269,256	$ 2,680,606
Processing revenue	1,000,571	979,709
	$ 3,269,827	$ 3,660,315

3) Geographic Information

The following table was made through classifying the countries, located by the customers outside the group, who generated the revenue to the Company's ongoing business units; and also, the non-current assets were classified by the countries to which the assets were allocated.

	Revenue from customers outside the group		Non-current Assets	
	Years Ended December 31		December 31	
	2024	2023	2024	2023
USA	$ 1,847,554	$ 1,871,185	$ -	$ -
China	872,013	1,246,455	96,117	107,365
Taiwan	550,260	542,675	505,057	546,671
	$ 3,269,827	$ 3,660,315	$ 601,174	$ 654,036

Non-current assets excluded non-current financial assets measured at amortized costs, guarantee deposits paid and deferred tax assets.

4) Major Customers Information

The list of the customers who occupied 10% or more of the Company's net operating revenue is as follows:

Customer Name	Years Ended December 31	
	2024	2023
Customer A	$ 2,035,728	$ 2,461,210
Customer B	372,226	383,149
Customer C	338,175	N/A（note）

Note: Revenue does not reach more than 10% of the consolidated net operating income.