Stock Code: 2102

Federal Corporation and Its Subsidiaries

Consolidated financial reports and auditor's report

2024 and 2023

Address: 2 F.-1, No. 398, Huanbei Rd.,
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Notice to readers

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

Federal Corporation and Its Subsidiaries
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2024 and 2023

Statement of Consolidated Financial Statements of Affiliated Enterprises

The companies that should be included in the consolidated financial statements of affiliated companies of the Company in 2024 (from January 1, 2024 to December 31, 2024) under the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and consolidated financial statements of affiliated companies" are the same as those that should be included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10, "Consolidated Financial Statements." In addition, the information that should be disclosed in the consolidated financial statements of affiliated companies is included in the consolidated financial statements. Consequently, the consolidated financial statements of affiliated companies will not be prepared separately.

It is hereby declared.

Federal Corporation

Responsible person: Kuo, Lin-Liang

March 3, 2025

Auditor’s Report

NO. 23931130CA

To Federal Corporation ,

Opinion

We have reviewed the accompanying consolidated balance sheets of Federal Corporation (the “Company”) and its subsidiaries (collectively, the “Group”) for the years ended December 31, 2024 and 2023 and the relevant consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial report presents fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023 and for the years then ended, and its consolidated financial performance and consolidated cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively referred to as “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis of the audit opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibility under those standards are further described in the paragraph “Auditor's responsibilities for the audit of the consolidated financial report”. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

Key audit matters

Key audit matters refer to the most vital matters in our audit of the consolidated financial report of the Group for the year ended December 31, 2024, based on our professional judgment. These matters were addressed in our audit of the consolidated financial report as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Key audit matters of the consolidated financial report of the Group for the year ended December 31, 2024, are stated as follows:

Assessment of impairment of property, plant and equipment

Please refer to Note 4 (10) to the consolidated financial report for the accounting policy on impairment of non-financial assets; please refer to Note 5 to the consolidated financial report for the uncertainty of accounting estimates and assumptions of impairment of non-financial assets; please refer to Note 6(5) to the consolidated financial report for the description of the accounting of property, plant and equipment.

Due to the impact of industry competition, the final determination of anti-dumping duties by the U.S. Department of Commerce (DOC)affecting sales in the U.S. market, and the temporary full suspension of production at the Guanyin Plant in Taoyuan, the Company's and its Subsidiaries' operations have been adversely affected. As the assessment of impairment for property, plant, and equipment involves estimating the recoverable amount-which is inherently subject to significant uncertainty-this impairment assessment has been identified as one of the key audit matters.

The audit procedures we mainly conducted:

1. Understood the relevant policies and handling procedures for impairment assessment, and assessed the reasonableness of the management's identification of cash-generating units with potential impairment.
2. Examined the reasonableness of the relevant assumptions regarding the Company's and its subsidiaries' recoverable amounts in an independent appraisal report issued by an external expert and assessed the appraiser's qualifications and independence.

Evaluation of fair value of investment property

Please refer to Note 4 (6) to the consolidated financial report for the accounting policy on investment property; please refer to Note 5 to the consolidated financial report for the uncertainty of accounting estimates and assumptions of valuation of inventories; please refer to Note 6(6) to the consolidated financial report for the description of the accounting of investment property.

The investment properties of the Company and its subsidiaries are measured at fair value. To support management in making reasonable estimates, the Company engages independent appraisal firms and relies on their valuation reports. Since the selection of appraisal methods and parameters involves many significant judgments and estimates, the fair value of investment property is listed as one of the key audit matters.

The audit procedures we mainly conducted:

1. Assess the professional competence, suitability and objectivity of the real estate appraiser engaged by the management to measure fair value.
2. Review the fair value appraisal report to understand whether the appraisal method and assumption comply with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the Real Estate Appraisal Technology Rules, and assess the relevance and reliability of the data sources and key parameters used in the appraisal report and the reasonableness of the appraisal results.

Other matters

The Company has also prepared the standalone financial report for the year ended December 31, 2024 and 2023, for which we have issued an audit report with an unqualified opinion.

Responsibilities of the management and the governing bodies for the consolidated financial report

The responsibilities of the management are to prepare the consolidated financial report with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and regulations of IFRSs endorsed and issued into effect by the FSC and to maintain necessary internal control associated with the preparation in order to ensure that the financial report is free from material misstatement arising from fraud or error.

In preparing the consolidated financial report, the management is responsible for assessing the ability of the Group in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Group or cease the operations without other viable alternatives.

The Group’s governing bodies (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial report

Our objectives are to obtain reasonable assurance on whether the consolidated financial report as a whole are free from material misstatement arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the consolidated financial report, they are considered material.

When we audit the financial statements in accordance with the auditing standards, we exercise professional judgment and professional skepticism. We also performed the following tasks:

1. Identified and assessed the risks of material misstatement arising from fraud or error within the consolidated financial report; designed and executed countermeasures in response to said risks, and obtained sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.
2. Understood the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Concluded on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt over the Group's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the consolidated financial report to pay attention to relevant disclosures in said report within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluated the overall presentation, structure, and content of the consolidated

financial report (including relevant notes), and whether the consolidated financial report adequately present the relevant transactions and events.

6. Obtained sufficient and appropriate audit evidence concerning the financial information of entities within the Group, to express an opinion on the consolidated financial report. We were responsible for guiding, supervising, and performing the audit and forming an audit opinion about the Group.

The matters communicated between us and the governing bodies included the planned scope and times of the audit and material audit findings (including any material defects in internal control identified during the audit).

We also provided the governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence and communicated with them all relations and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of the Group's consolidated financial report for the year ended December 31, 2024. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Baker Tilly Clock & CO

Certified Public Accountant:____________________
Peng, Li-Chen

Certified Public Accountant:____________________
Chou, Yin-Lai

Approval No.: Jin-Guan-Zheng-Shen-Zi No. 1050025873
(80) Tai-Cai-Zheng (6) No. 53585

March 3, 2025

Federal Corporation and Its Subsidiaries
Consolidated Balance Sheet
December 31, 2024 and 2023

Unit: NTD thousand

Assets		Note	December 31, 2024		December 31, 2023	
Code	Account		Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4 and 6(1)	$ 784,299	6	$ 654,572	5
1136	Financial assets at amortized cost - current	4, 6 (2), 8	47,642	-	430,082	3
1150	Notes receivable, net	4, 6 (3, 19)	11,279	-	5,351	-
1170	Accounts receivable, net	4, 6 (3, 19)	54,798	1	43,212	-
1200	Other receivables	4	7,739	-	11,181	-
1220	Current income tax assets	4, 6 (24)	8,949	-	6,489	-
130x	Inventories	4, 6 (4)	31,692	-	74,519	1
1410	Prepayments		46,680	-	33,980	-
11xx	Total current assets		993,078	7	1,259,386	9
	Non-current assets					
1600	Property, plant and equipment	4, 6 (5), 7, 8	3,926,565	29	4,371,942	32
1755	Right-of-use assets	4 and 6(6)	24,847	-	27,588	-
1760	Investment property	4, 6(8), and 8	6,034,564	45	5,952,678	43
1780	Intangible assets	4 and 6(9)	3,641	-	6,257	-
1840	Deferred tax assets	4, 6 (24)	68,853	1	81,929	1
1920	Guarantee deposits paid	8	34,140	-	41,332	-
1900	Other non-current assets	6(10)	2,333,822	18	2,034,283	15
15xx	Total non-current assets		12,426,432	93	12,516,009	91
1xxx	Total assets		$ 13,419,510	100	$ 13,775,395	100

(Continued on next page)

Federal Corporation and Its Subsidiaries
Consolidated Balance Sheet (continued)
December 31, 2024 and 2023

Unit: NTD thousand

Liabilities and Equity		Note	December 31, 2024		December 31, 2023	
Code	Account		Amount	%	Amount	%
	Current liability					
2100	Short-term borrowings	6(11)	$ 681,000	5	$ 400,000	3
2130	Contract liabilities - current	4 and 6(19)	24,886	-	22,179	-
2170	Accounts payable	6(12), 7	32,413	-	27,432	-
2200	Other payables	6(13)	22,465	-	50,589	-
2250	Provision - current	4, 6 (14)	28,947	1	92,176	1
2280	Lease liabilities - current	4 and 6(6)	3,138	-	3,357	-
2322	Long-term borrowings - current portion	6(15)	117,100	1	117,100	1
2300	Other current liabilities		22,525	-	21,907	-
21xx	Total current liability		932,474	7	734,740	5
	Non-current liability					
2540	Long-term borrowings	6(15)	3,709,903	28	3,827,003	28
2570	Deferred tax liabilities	4, 6 (24)	968,797	7	957,001	7
2580	Lease liabilities - non-current	4 and 6(6)	2,176	-	4,440	-
2645	Guarantee deposits received		3,250	-	2,489	-
2670	Other non-current liabilities	6(10)	1,060,099	8	1,060,099	8
25xx	Total non-current liability		5,744,225	43	5,851,032	43
2xxx	Total liability		6,676,699	50	6,585,772	48
	Total equity	6(17)				
3110	Ordinary share capital		4,733,292	35	4,733,292	34
3200	Capital reserve		164,214	1	164,221	1
	Retained earnings					
3310	Legal reserve		736,014	5	736,014	5
3320	Special reserve		1,912,816	14	1,912,816	14
3350	deficit to be compensated		(5,373,224)	(39)	(4,908,070)	(36)
3400	Other equity		4,752,734	35	4,734,385	35
3500	Treasury stock		(183,035)	(1)	(183,035)	(1)
31xx	Total equity attributable to owners of the parent company		6,742,811	50	7,189,623	52
3xxx	Total equity		6,742,811	50	7,189,623	52
	Total liabilities and Equity		$ 13,419,510	100	$ 13,775,395	100

(Please refer to the Notes to the Consolidated Financial Report)

Chairperson: Kuo, Lin-Yao; Manager: Chung, Cheng-Yen; Accounting Officer: Li, Hsin-Yu

Federal Corporation and Its Subsidiaries
Consolidated Statement of Comprehensive Income
For the years ended December 31, 2024 and 2023

Unit: NTD thousand

Code	Item	Note	2024 Amount	2024 %	2023 Amount	2023 %
4000	Operating revenue	4 and 6(19)	$ 267,380	100	$ 478,402	100
5000	Operating cost	6(4, 25), 7	(249,931)	(93)	(775,144)	(162)
5900	Operating gross profit (loss)		17,449	7	(296,742)	(62)
6000	Operating expenses	6 (25)				
6100	Marketing expense		(69,896)	(26)	(156,743)	(33)
6200	Management expense		(153,012)	(57)	(571,522)	(120)
6300	R&D expense		(24,123)	(9)	(49,555)	(10)
6450	Expected credit impairment gain (loss)	6(3)	3,400	1	(2,319)	-
	Total operating expenses		(243,631)	(91)	(780,139)	(163)
6900	Operating loss		(226,182)	(84)	(1,076,881)	(225)
7000	Non-operating revenues and expenses					
7100	Interest income	6(20)	26,264	10	39,830	8
7010	Other income	6(14, 21)	59,107	22	12,358	3
7020	Other gains and losses	6(5, 8, 22, 25),7	(207,966)	(78)	(604,888)	(126)
7050	Financial costs	6(23)	(94,455)	(36)	(99,023)	(21)
	Total non-operating income and expenses		(217,050)	(82)	(651,723)	(136)
7900	Net loss before tax		(443,232)	(166)	(1,728,604)	(361)
7950	Income tax expense	4, 6 (24)	(21,922)	(8)	(695)	-
8200	Current net loss		(465,154)	(174)	(1,729,299)	(361)
8300	Other comprehensive income					
8310	Items not reclassified to profit or loss:					
8312	Property Revaluation Surplus	4, 6(8, 17)	-	-	5,287,301	1,105
8349	Income tax related to unclassified items	4, 6 (17, 24)	-	-	(364,102)	(76)
8360	Items that may subsequently be reclassified to profit or loss					
8361	Exchange differences on translation of the financial statements of foreign operations	4, 6(17)	18,349	7	7,914	2
	Other comprehensive income for the period (post-tax profit or loss)		18,349	7	4,931,113	1,031
8500	Total comprehensive income for the period		$ (446,805)	(167)	$ 3,201,814	670
8600	Net loss attributable to:					
8610	Owners of parent		$ (465,154)	(174)	$ (1,729,299)	(361)
8700	Total comprehensive income attributable to:					
8710	Owners of parent		$ (446,805)	(167)	$ 3,201,814	670
	Loss per share (NTD)					
9750	Basic loss per share	6(18)	$ (1.01)		$ (3.76)	

(Please refer to the Notes to the Consolidated Financial Report)

Chairperson: Kuo, Lin-Yao; Manager: Chung, Cheng-Yen; Accounting Officer: Li, Hsin-Yu

Federal Corporation and Its Subsidiaries
Consolidated statement of changes in equity
For the years ended December 31, 2024 and 2023

Unit: NTD thousand

Item	Attributable to owners of the parent company								Total equity
			Retained earnings			Other equity items			
	Ordinary share capital	Capital reserve	Legal reserve	Special reserve	deficit to be compensated	Exchange differences on translation of the financial statements of foreign operations	Property Revaluation Surplus	Treasury stock	
Balance on January 1, 2023	$ 4,733,292	$ 156,764	$ 736,014	$ 1,913,109	$ (3,179,064)	$ (196,728)	$ -	$ (183,035)	$ 3,980,352
Earnings appropriation and distribution:									
Reversal of special reserve	-	-	-	(293)	293	-	-	-	-
Current net loss	-	-	-	-	(1,729,299)	-	-	-	(1,729,299)
Other comprehensive income for the period	-	-	-	-	-	7,914	4,923,199	-	4,931,113
Total comprehensive income for the period	-	-	-	-	(1,729,299)	7,914	4,923,199	-	3,201,814
Reorganization	-	7,457	-	-	-	-	-	-	7,457
Balance on December 31, 2023	$ 4,733,292	$ 164,221	$ 736,014	$ 1,912,816	$ (4,908,070)	$ (188,814)	$ 4,923,199	$ (183,035)	$ 7,189,623
Balance on January 1, 2024	$ 4,733,292	$ 164,221	$ 736,014	$ 1,912,816	$ (4,908,070)	$ (188,814)	$ 4,923,199	$ (183,035)	$ 7,189,623
Repayment of shareholders' gifts	-	(7)	-	-	-	-	-	-	(7)
Current net loss	-	-	-	-	(465,154)	-	-	-	(465,154)
Other comprehensive income for the period	-	-	-	-	-	18,349	-	-	18,349
Total comprehensive income for the period	-	-	-	-	(465,154)	18,349	-	-	(446,805)
Balance on December 31, 2024	$ 4,733,292	$ 164,214	$ 736,014	$ 1,912,816	$ (5,373,224)	$ (170,465)	$ 4,923,199	$ (183,035)	$ 6,742,811

(Please refer to the Notes to the Consolidated Financial Report)

Chairperson Kuo, Lin-Yao; Manager: Chung, Cheng-Yen; Accounting Officer: Li, Hsin-Yu Li, Hsin-Yu

Federal Corporation and Its Subsidiaries

Consolidated Cash Flow Statement

For the years ended December 31, 2024 and 2023

Unit: NTD thousand

Item	2024	2023
Cash flow from operating activities		
Net loss before tax for the period	$ (443,232)	$ (1,728,604)
Adjustments:		
Income and expenses		
Depreciation expense	218,255	354,892
Amortization expense	2,916	11,048
Expected credit impairment (gain) loss	(3,400)	2,319
Interest expense	94,455	99,023
Interest income	(26,264)	(39,830)
Loss (gain) on disposal of property, plant and equipment	(26,536)	8,714
Amount of property, plant and equipment reclassified to expenses	-	563
Impairment losses on non-financial assets	183,262	525,364
Loss (gain) on adjustment to fair value of investment property	(75,982)	3,661
Lease modification loss (gain)	11	(257)
Changes in assets/liabilities related to operating activities		
Notes receivable	(5,928)	34,443
Accounts receivable	(8,062)	142,534
Other receivables	3,200	8,420
Inventories	42,827	350,131
Prepayments	(12,700)	22,594
Other current assets	-	221
Contract liabilities	2,707	(2,984)
Notes payable	-	(6,116)
Accounts payable	4,981	(42,726)
Other payables	(28,574)	(65,881)
Provision	(63,229)	(1,525)
Other current liabilities	618	(21,026)
Net defined benefit liability	-	(29,349)

(Continued on next page)

Federal Corporation and Its Subsidiaries

Consolidated Statement of Cash Flows (Continued)

For the years ended December 31, 2024 and 2023

Unit: NTD thousand

Item	2024	2023
Cash outflow from operations	$ (140,675)	$ (374,371)
Interest received	26,595	38,494
Interest paid	(94,005)	(99,771)
Income tax paid	(2,092)	(14,838)
Net cash outflow from operating activities	(210,177)	(450,486)
Cash flow from investing activities:		
Financial assets at amortized cost acquired	(29,016)	(425,176)
Financial assets at amortized cost disposed of	412,839	55,216
Acquisition of non-current assets held for sale	-	(70,100)
Property, plant and equipment acquired	(23,767)	(59,721)
Property, plant and equipment disposed of	105,392	66,781
Increase in guarantee deposits paid	(24,214)	(1,521)
Decrease in guarantee deposits paid	31,601	4,798
Increase in other non-current assets	(299,839)	(25,409)
Increase in other non-current liabilities	-	1,060,099
Net cash inflow from investing activities	172,996	604,967
Cash flow from financing activities:		
Increase (decrease) in short-term borrowings	281,000	(774,805)
Long-term borrowings	-	1,100,000
Repayment of long-term borrowings	(117,100)	(965,966)
Increase in guarantee deposits received	761	800
Decrease in guarantee deposits received	-	(18)
Repayment of lease principal	(3,398)	(8,731)
Repayment of shareholders' gifts	(7)	-
Net cash inflow (outflow) from financing activities	161,256	(648,720)
Effect of changes in exchange rates on cash and cash equivalents	5,652	12,463
Increase (decrease) in cash and cash equivalents in the current period	129,727	(481,776)
Opening balance of cash and cash equivalents	654,572	1,136,348
Ending balance of cash and cash equivalents	$ 784,299	$ 654,572

(Please refer to the Notes to the Consolidated Financial Report)

Chairperson: Koo, Lin-Yao; Manager: Chung, Cheng-Yen; Accounting Officer: Li, Hsin-Yu

Federal Corporation and Its Subsidiaries
Notes to Consolidated Financial Report
2024 and 2023
(Unit: In NTD thousands, unless stated otherwise)

I. Brief account of the Company

Federal Corporation (hereinafter referred to as the “Company”) was incorporated in November 1955, formerly known as Federa Rubber Industry Co., Ltd., and was renamed Federal Corporation in October 1969. The Company's stock has been listed on the Taiwan Stock Exchange since July 1979. The Company and its subsidiaries (hereinafter collectively referred to as the "consolidated company") primarily engage in the sale of tires and rubber and real estate leasing. The Company conducted a short-form merger with its subsidiary, Federex Marketing Co., Ltd. on August 31, 2023, and the Company is the surviving company. The Company's registration address is No. 369, Huanxi Road, Guanyin District, Taoyuan City.

The consolidated financial report are presented in New Taiwan dollars (NTD), which is the Company's functional currency.

II. The date when the financial reports were authorized for issuance and the process involved in authorizing the financial reports for issuance.

The consolidated financial statements were approved by the Board of Directors on March 3, 2025.

III. Application of new and revised IFRSs

(I) Effects of the newly issued or amended IFRS/IASs that have been approved and declared effective by the Financial Supervisory Commission (hereinafter referred to as the “FSC”) and adopted by the Company.

The following table sets forth the standards and interpretations for the new issues, amendments, and revisions of the IFRSs/IASs endorsed and issued into effect by the FSC for application in 2024:

New/Revised/Amended Standards and Interpretations	Effective date announced by IASB
Amendment to IFRS 16 "Lease Liabilities in Sales and Leases"	January 1, 2024
Amendments to IAS 1 (Classification of Liabilities as Current or Non-Current)	January 1, 2024
Amendment to IAS 1 "Contractual Non-current Liabilities"	January 1, 2024
Amendment to IAS 7 and IFRS 7 "Supplier Financing Arrangement"	January 1, 2024

The application of the above-mentioned standards and interpretations has no significant impact on the Group's financial position and financial performance.

(II) The effect of not adopting the new or revised IFRSs/IASs endorsed by the FSC

The following table sets forth the standards and interpretations for the new issues, amendments, and revisions of the IFRSs/IASs endorsed by the FSC for application in 2025:

New/Revised/Amended Standards and Interpretations	Effective date announced by IASB
Amendment to IAS 21 "Lack of exchangeability"	January 1, 2025

The above standards and interpretations have no material impact on the Group's financial position and financial performance based on its assessment.

(III) The effect of IFRSs/IASs issued by the IASB but not yet endorsed by the FSC

The table lists the newly, revised, and amended standards and interpretations of the IFRSs/IASs issued by the IASB but not yet endorsed by the FSC:

New/Revised/Amended Standards and Interpretations	Effective date announced by IASB
Amendments to IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7: "Contracts Referencing Nature-Dependent Electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28: "Sale or Purchase 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 Insurance Contracts	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 Statements"	January 1, 2027
IFRS 19 "IFRS 19 - "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027
Annual Improvements to IFRSs/IASs - Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no material impact on the Group's financial position and financial performance based on its assessment.

the IFRS 18 "Expression and Disclosure of Financial Statements" has replaced IAS 1 and updated the structure of the statement of comprehensive income, and added the disclosure of the management performance measurement, and strengthened the summary and division of the information in the main financial statements and notes. The relevant impact will be disclosed when the evaluation is completed.

IV. Summary of significant accounting policies

(I) Statement of compliance

The consolidated financial report has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by

Securities Issuers and the IFRSs as endorsed and issued into effect by the FSC.

(II) Basis of preparation

Except for the investment property measured at fair value, the consolidated financial statements are prepared on the historical cost basis.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial report are disclosed in Note 5.

(III) Basis of consolidation

1. Basis for preparation of consolidated financial report:

This consolidated financial report includes the financial reports of the Company and the entities (subsidiaries) controlled by the Company.

The Consolidated Statement of Comprehensive Income has included the operating profit or loss of the subsidiaries acquired or disposed of from the acquisition date or to the disposal date in the period.

Subsidiaries’ financial reports have been adjusted to align their accounting policies with those used by the Group.

Transactions between entities, account balances, and income and losses have all been eliminated when this consolidated financial report was prepared.

When a change in the Group’s ownership interest in a subsidiary does not lead to the loss of the Group’s control, it is treated as an equity transaction. The carrying amounts of the Group’s interests and the non-controlling interests have been adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributable to the owners of the Company.

When the Group loses control over a subsidiary, the disposal gain or loss is the difference between: (1) the fair value of the consideration received and the fair value of the remaining investment in said subsidiary on the date of loss of control, and (2) the carrying amounts of the assets (including goodwill), liabilities, and non-controlling interests of said subsidiary on the date of loss of control. The accounting treatment of all amounts related to said subsidiary recognized in other comprehensive income by the Group is the same adopted for direct disposal of the relevant assets or liabilities.

2. Subsidiaries included in the consolidated financial report:

   Details of the Company's subsidiaries as at the end of the reporting period are as follows:

Investor	Subsidiary	Nature of business	Percentage of equity held (%)		Explanation
			December 31, 2024	December 31, 2023	
The Company	Federex Marketing Co., Ltd. (Federex)	Sales of various vehicle tire wheels and spare parts	-	-	Note
The Company	Taixin Construction Co., Ltd. (Taixin)	Contracting of builders to build residential buildings and lease and sale of property	100.00	100.00	-
The Company	Federal International Holdings Inc. (FIH)	General investment	100.00	100.00	-
The Company	Rongcheng Development Co., Ltd. (Rongcheng)	Contracting of builders to build residential buildings and lease and sale of property	100.00	100.00	-
The Company	Fu Cheng Development Co., Ltd. (Fu Cheng)	Contracting of builders to build residential buildings and lease and sale of property	100.00	100.00	
FIH	Federal Tyre North America LLC. (FTNA)	Distribution of tires	100.00	100.00	-
FIH	Karroy Development Limited (Karroy)	Commercial building rental business	100.00	100.00	-
FIH	Amberg Investments Pte.Ltd. (Amberg)	General investment	100.00	100.00	-
Amberg	Federal Tire (Jiangxi) Co., Ltd. (Federal Tire (Jiangxi))	Production and sales of various tires and rubber products	100.00	100.00	-

Note: On June 13, 2023, the Board of Directors of the Company approved a simplified merger with its wholly owned subsidiary, Federex, in accordance with the Company Act and the Business Mergers and Acquisitions Act. The Company is the surviving entity, with the merger base date set as August 31, 2023. The merger and dissolution registration was completed on October 3, 2023.

3. Subsidiaries not included in the consolidated financial report: None.
4. Adjustments and treatment methods for subsidiaries’ different accounting periods: None.
5. Significant restrictions: None.
6. Subsidiaries with significant non-controlling interests in the Group: None.

(IV) <u>Criteria for classification of current and non-current assets and liabilities</u>

1. Assets that meet one of the following criteria are classified as current assets, otherwise are non-current assets:
   (1) Assets expected to be realized in the ordinary course of business, or intended to be sold or consumed.
   (2) Assets held primarily for the purpose of trading.
   (3) Assets expected to be realized within 12 months after the balance sheet date.
   (4) Cash or cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).
2. Liabilities that meet one of the following criteria are classified as current liabilities, otherwise are non-current liabilities:
   (1) Liabilities expected to be settled in the ordinary course of business.
   (2) Assets held primarily for the purpose of trading.
   (3) Those expected to be settled within twelve months after the balance sheet date (classified as current liabilities even if long-term refinancing or rescheduling arrangements have been completed after the balance sheet date but before the financial statements are authorized for issue).
   (4) Liabilities for which, at the balance sheet date, the entity does not have a substantive right to defer settlement for at least twelve months after the balance sheet date.

(IV) Foreign currency

In preparing the financial report of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing on the transaction dates.

On each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Foreign currency non-monetary items measured at fair value are translated at the exchange rate prevailing on the date when the fair value is determined, and the resulting exchange difference is recognized in current profit and loss, except for changes in fair value recognized in other comprehensive income, for which the resulting exchange difference is recognized in other comprehensive income.

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

When preparing this consolidated financial report, the assets and liabilities of the Company and its foreign operations (including subsidiaries that operate in countries or adopt the functional currencies different from the Company) are translated into NTD. Income and expense items are translated at the average exchange rates for the period. The resulting currency exchange differences are recognized in other comprehensive income.

When a group disposes of its entire equity in a foreign operation, or disposes of part of the equity in a subsidiary that includes a foreign operation resulting in a loss of control, the cumulative translation differences related to that foreign operation shall be reclassified to profit or loss.

When a partial disposal of a subsidiary that includes a foreign operation does not result in a loss of control, the proportionate share of the cumulative translation differences shall be reattributed to the non-controlling interests in that subsidiary, and shall not be reclassified to profit or loss.

(VI) Inventories

The value of inventories shall be measured at the lower of the cost or the net realizable value. The cost of inventories is calculated using the weighted average method. Net realizable value refers to the estimated selling price less the estimated costs to complete the product and the estimated costs to sell, resulting in the remaining balance.

(VII) Property, plant and equipment

Property, plant and equipment are recognized at cost and subsequently recognized at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment under construction are recognized at cost less accumulated impairment loss. Costs include professional service fees and borrowing costs eligible for capitalization.

The samples produced during the testing of such assets to assess their ability to function properly before reaching their intended use condition are measured at the lower of cost and net realizable value. The sales proceeds and costs are recognized in profit or loss.

Such assets shall be classified into appropriate property, plant and equipment categories upon completion and reaching the status of intended use, and the depreciation shall begin.

Except for self-owned land, property, plant and equipment are depreciated on a straight-line basis over their useful lives. Each significant part is depreciated separately. The Group shall conduct at least an annual review at the end of each year to assess the estimated useful life, residual value, and depreciation methods, and apply the effects of changes in accounting estimates prospectively.

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

(VIII) Investment property

Investment property refers to property held for the purpose of earning rents or capital appreciation or both. Investment property also includes land held for undetermined future use.

Self-owned investment property is initially measured at cost (including transaction cost). Investment property is subsequently measured at fair value, and changes in fair value are recognized in profit or loss in the period in which they occur.

When owner-occupied property classified under property, plant and equipment is transferred to investment property, the difference between the carrying amount and the fair value of the property is recognized in other comprehensive income and accumulated in equity under the revaluation surplus. Upon derecognition of the asset, the related revaluation surplus is transferred directly to retained earnings.

When derecognizing investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(IX) Intangible assets

1. Acquired separately

   Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. The intangible assets are amortized on a straight-line basis over the useful lives. The Group reviews the estimated useful lives, residual values, and amortization methods at the end of each year, and applies the effect of changes in accounting estimates prospectively.

2. Derecognition

   When derecognizing intangible assets, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(X) Impairment of non-financial assets

The Group assesses if there are any signs of possible impairment of property, plant, and equipment as well as right-of-use, investment property, and intangible assets at each balance sheet date. If there is any sign of impairment, an estimate is made of its recoverable amount. If it is not possible to determine the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

When the impairment loss is subsequently reversed, the carrying amount of the asset or the cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount (less amortization or depreciation) of the asset or the cash-generating unit, which was not recognized in impairment loss in prior years. The reversal of the impairment loss is recognized in profit or loss.

(XI) Financial instruments

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

Financial assets and financial liabilities not at fair value through profit or loss are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss is immediately recognized in profit or loss.

1. Financial assets

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

(1) Measurement types

The types of financial assets held by the Group are financial assets measured at amortized cost.

If the Group invests in financial assets in alignment with both of the following two criteria, such assets are classified as financial assets measured by amortized cost:

A. Held under a certain business model, of which the objective is to collect contractual cash flows by holding the financial assets; and

B. The cash flows on specific dates specified in the contractual terms are solely payments of the principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost (including cash and cash equivalents, notes receivable at amortized cost, accounts receivable, and other receivables), after initial recognition, are measured at the amortized cost of the total carrying amount determined by the effective interest method less any impairment loss; and any foreign currency exchange gains or losses are recognized in profit or loss.

Except for the following two cases, interest income is calculated by multiplying the effective interest rate by the total carrying amount of financial assets:

A. For purchased or originated credit-impaired financial asset, interest revenue is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial asset.

B. For financial asset that is not purchased or originated credit-impaired but subsequently becomes credit impaired, interest income is calculated by multiplying the effective interest rate from the next reporting period after the credit impairment by the amortized cost of the financial asset.

Cash equivalents include time deposits and notes under repurchase agreement, highly liquid and readily convertible into a fixed amount of cash at any time within 3 months from the date of acquisition while featuring little risk of value changes, which are used to meet short-term cash commitments.

(2) Impairment of financial assets

A. The Group assesses the impairment loss of financial assets (including accounts receivable) measured at amortized cost at each balance sheet date based on expected credit losses.

B. Accounts receivable are recognized in allowance for losses based on the lifetime expected credit losses. Other financial assets are first assessed based on whether the credit risk has increased significantly since the initial recognition. If there is no significant increase in the risk, the impairment is recognized in allowance for losses in an amount equal to 12-month ECLs. If the risks have increased significantly, the impairment is recognized in allowance for losses at an amount equal to lifetime ECLs.

C. The expected credit losses refers to the weighted average credit loss with the risk of default as the weight. The 12-month ECLs represent the ECLs from possible defaults of a financial instrument within 12 months after the reporting date. The lifetime ECLs represent the ECLs from all possible defaults in a financial instrument over the expected life of a financial instrument.

All impairment losses on financial assets are reduced to their carrying amounts through an allowance account for losses.

(3) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash inflow from the financial asset expire or when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another party.

Upon derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the consideration received is recognized in profit or loss.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or equity as per the substance of the contractual arrangements and the definitions of financial liabilities and equity instruments.

Equity instrument is any contract that recognizes the Group’s remaining equity after the assets have been deducted from all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of the cost of direct issue.

The company’s own equity instruments are recognized and deducted under equity when they are repurchased. Purchase, sale, issuance, or cancellation of the Company's own equity instruments is not recognized in the profit or loss.

(2) Financial liabilities

Financial liabilities that are not held for trading and are not designated as measured at FVTPL (including payables) are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost in the effective interest rate method.

(3) Derecognition of financial liabilities

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

(XII) Provision

When the Group has a present obligation (legal or constructive) due to past events, and it is probable that the obligation needs to be settled, and when the amount of the obligation can be estimated reliably, it shall recognize it in provision. The amount recognized in provision is the best estimate of the expenditure required to settle the obligation at the balance sheet date, with the risks and uncertainties of the obligation considered. The provision is measured with the discounted cash flows estimated to settle the obligation.

(XIII) Revenue recognition

1. Sales income from merchandise

Revenue from the sale of goods comes from the manufacturing and sales of tires and relevant products. Revenue from the sale of goods is recognized when the control over goods has been passed to the customer, i.e. when the goods have been delivered to the customer and the Group has no outstanding performance obligations that could affect the customer's acceptance of the goods. When the goods arrive at the place designated by the customer, the customer has the right to set the price and the way the goods are used, while bearing the main responsibility for resale and the risk of obsolescence, upon which the Group recognized such goods in revenue and account receivable. Advance receipts received prior to the delivery of goods are recognized as contract liabilities.

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, less estimated customer returns, discounts, and other similar discounts. The Group, based on historical experience and other known reasons, estimates potential sales returns and discounts and recognizes them in refund liabilities and right to products returned by customers

The Group provides standard warranty for the products it sells and is obliged to refund the defective goods, and recognizes them in provision when the goods are sold.

2. Lease income

Lease payments, after deducting lease incentives, are recognized as revenue on a straight-line basis over the relevant lease term in accordance with the lease agreement period.

(XIV) Lease of the lessee

The Group assesses whether a contract belongs to (or contains) a lease on the date of establishment of the contract.

The Group recognizes right-of-use assets and lease liabilities for all leases at the lease commencement date, except for low-value asset leases and short-term leases accounted for with recognition exemption applied where lease payments are recognized in expenses on a straight-line basis over the lease terms.

The right-of-use assets are initially measured at cost (including the initially measured amount of the lease liability, the lease payment paid before the lease commencement date less the lease incentives received, the initial direct cost, and the estimated cost of restoring the asset) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, and the remeasurement of the lease liability is adjusted.

Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

The lease liability is initially measured at the present value of the lease payment. If the interest rate implicit in a lease can be easily determined, the lease payment is discounted at such an interest rate. If the interest rate cannot be easily determined, the lessee's incremental borrowing rate applies.

Subsequently, lease liabilities are measured at the amortized cost using the effective interest rate method, and interest expense is amortized over the lease term. If changes in the lease term or changes in indices or rates used to determine lease payments lead to changes in future lease payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss. For lease modifications that are not treated as separate leases, the remeasurement of the lease liability due to a reduction in the lease scope results in a decrease in the right-of-use asset, and a gain or loss is recognized for the partial or full termination of the lease. For other modifications, the remeasurement of the lease liability results in an adjustment to the right-of-use asset. Lease liabilities are presented on a separate line in the consolidated balance sheets.

(XV) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount expected to be paid and are recognized as an expense when the relevant services are rendered.

2. Pension

(1) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(2) Defined benefit plan

The net obligation under the defined benefit plan is calculated by discounting the amount of future benefits earned by employees in the current or past service period, with the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets. The net obligation under the defined benefit plan is calculated annually by actuaries using the projected unit benefit method. The discount rate is the market yield rate of government bonds (at the balance sheet date) with the currency and period consistent with those of the defined benefit plan at the balance sheet date. The remeasurement generated by the defined benefit plan is recognized in other comprehensive income in the current period and presented in retained earnings. The relevant expenses of the service cost in prior periods are recognized in profit and loss immediately.

3. Post-employment benefits

Post-employment benefits are benefits provided when an employee's employment is terminated before the normal retirement date or when the employee decides to accept the benefits offered by the Company in exchange for termination of employment. The Group recognizes expenses when it is no longer able to withdraw the offer of post-employment benefits or when the relevant restructuring costs are recognized, whichever is earlier. Benefits that are not expected to be fully settled 12 months after the balance sheet date shall be discounted.

(XVI) Borrowing costs

Borrowing costs directly attributable to an acquisition, construction, or production of qualifying assets are added to the cost of said assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investments using specific borrowings before qualifying capital expenditures occurs is deducted from the qualifying borrowing costs for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they occurred.

(XXVII) Income tax

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

1. Current income tax

The Group determines the income (loss) of the year in accordance with the laws and regulations in each jurisdiction for income tax declaration and calculates the income tax payable (recoverable) accordingly.

A surtax is imposed on the undistributed earnings pursuant to the Income Tax Act of R.O.C. is recognized via the resolution at the annual shareholders' meeting.

Adjustment to income tax payable from prior years are recognized in the current income tax.

2. Deferred tax

Deferred tax is calculated based on the temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases used in the computation of taxable income. All taxable temporary differences are generally in deferred tax liabilities, and deferred tax assets are accounted for when there are likely to be taxable income to deduct temporary differences or loss carryforwards.

Taxable temporary differences associated with investments in subsidiaries are recognized in deferred liabilities, except where the Group is able to control the reversal of the temporary difference and it is probable that said temporary difference will not be reversed in the foreseeable future. The deductible temporary differences related to said investments are recognized as deferred income tax only if it is probable that there will be sufficient taxable income against which to utilize the benefits of the temporary differences, and they are expected to be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at each balance sheet date, and its carrying amount will be increased as it has become probable that future taxable income will allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates in the period in which the liabilities are expected to be settled or assets realized, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would ensue in a manner expected by the Group at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred tax

Current and deferred taxes 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 taxes are recognized in other comprehensive income or directly in equity, respectively.

V. Critical accounting judgments and key source of estimation and uncertainty

In the application of the Group's accounting policies as stated in Note 4, the management is required to make judgments, estimations, and assumptions about the relevant information on the carrying amounts of assets and liabilities that is not readily accessible from other sources based on historical experience and other relevant factors. Estimates and relevant assumptions are based on historical experience and other factors deemed relevant. Actual results may differ from these estimates.

The management will constantly review the estimates and basic assumptions. If a revision of an estimate only affects the current period, it is recognized in the period in which the revision occurs. If a revision of an accounting estimate affects the current period and future periods, it is recognized in the period in which the revision occurs and future periods.

Sources of the Group's critical accounting judgments and key source of estimation and uncertainty are as follows:

(I) Inventory valuation

As inventories are measured at the lower of cost or net realizable value, the Group should exercise judgement and make estimates to determine the net realizable value of inventories at the end of the financial reporting period.

Due to rapid changes in the industry, the Group assesses the amounts of inventories at the end of the financial reporting period for normal wear and tear, obsolescence, or no market value, and writes down the cost of inventories to the net realizable value. This inventory valuation is mainly based on the estimated product needs in a specific period in the future, so there may be significant changes.

(II) Estimated impairment of financial assets

The estimated impairment of accounts receivable is based on the Group's assumptions about default rate and expected loss ratio. The Group considers historical experience, current market conditions, and forward-looking information to develop assumptions and select inputs for impairment assessments. Please refer to Note 6(3) for the critical assumptions and inputs used. If the actual cash flow in the future is less than expected, there may be significant impairment losses.

(III) Assessment of impairment of non-financial assets

In the process of asset impairment assessment, the Group needs to rely on subjective judgment and determine the independent cash flow of a specific asset group, the years of asset useful life, and potential future income and expenses based on asset use patterns and industry characteristics. Any changes in estimates due to changes in financial position or corporate strategies may result in a material impairment or reversal of recognized impairment losses in the future.

(IV) Fair value assessment of investment property

The investment properties held by the Group consist of land; therefore, it is necessary to engage appraisal experts to apply their professional judgment and estimates in determining the fair value of the investment properties as of the balance sheet date. The Group will adjust the carrying amount of the investment properties to their fair value based on the real estate appraisal reports issued by appraisal experts. The valuation of the investment properties is primarily based on the real estate appraisal reports issued by appraisal experts. Therefore, the measurement of fair value may be affected by changes in various factors, including the estimated total sales amount during specific future periods, profit margins, comprehensive interest rates on assets, existing lease agreements, prevailing rental rates in neighboring areas, and the experts' professional judgment and estimates.

VI. Important accounting items and explanation

(I) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand and petty cash	$ 163	$ 131
Demand deposit and checking deposit	408,829	433,879
Cash equivalents (investment with the original maturity date of less than 3 months)		
Bank time deposit	370,389	183,746
Notes under repurchase agreement	4,918	36,816
Total	$ 784,299	$ 654,572

The financial institutions the Group deals with have high credit ratings. The Group also deals with various financial institutions at the same time to diversify credit risks. Therefore, the expected risk of default is rather low.

(II) Financial assets at amortized cost

	December 31, 2024	December 31, 2023
Current		
Domestic investment		
Time deposit with initial duration of more than 3 months	$ 23,626	$ 418,077
Bank deposits in reimbursement accounts	24,016	12,005
Total	$ 47,642	$ 430,082
Interest rate range	0.55%~2.75%	0.55%~5.398%

Please refer to Note 8 for information on guarantees provided for financial assets at amortized cost - current.

(III) Net amounts of notes receivable and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable		
From operations	$ 11,279	$ 5,351
Accounts receivable		
At amortized cost		
Total carrying amount	$ 123,661	$ 144,275
Less: Allowance for losses	(68,863)	(101,063)
	$ 54,798	$ 43,212

1. When a contract payment is overdue for more than 30 days according to the agreed payment terms, it is deemed the credit risks of the financial instrument significantly increased since the initial recognition; when a contract payment is overdue for more than 90 days according to the agreed payment terms, it is deemed to have been in default. To mitigate credit risk, the Group's management has assigned a team to be responsible for determining credit lines, approving credit, and monitoring procedures to ensure that appropriate actions are taken for the recovery of overdue accounts receivable. In addition, the Group reviews the recoverable amount of accounts receivable one by one on the balance sheet date to ensure that the impairment losses have been recognized for unrecoverable accounts receivable properly.

2. The Group recognizes the allowance for losses for notes receivable and accounts receivable as per the lifetime ECLs. The lifetime ECLs are calculated using a provision matrix with reference to clients' past default records, current financial position, economic situation in the industry, as well as the overall economic and industry outlook, and individual clients are grouped based on different risk levels, and allowance for losses is recognized as per each group's ECLs.
3. When there was information indicating that the counterparty was in severe financial difficulty and the Group could not reasonably expect the amount to be recovered, the Group would write off relevant accounts receivable and continued to collect the overdue receivables. The receivable recovered was recognized in profit or loss.
4. The table below shows the Group's allowance for losses on accounts receivable:

December 31, 2024

(1) The operating segment is in the country:

	Not past due	1-30 days	31-90 days	91-180 days	181-365 days	Over 366 days	Total
ECLs	0.36%	3.01%	13.68%~ 23.62%	33.42%~ 46.47%	53.30%~ 75.75%	100%	
Total carrying amount	$ 46,346	$ 171	$ 5,694	$ 1,448	$ -	$ 5,515	$ 59,174
Allowance for losses (lifetime ECLs).	(164)	(5)	(779)	(484)	-	(5,515)	(6,947)
At amortized cost	$ 46,182	$ 166	$ 4,915	$ 964	$ -	$ -	$ 52,227

(2) The operating segments of groups A and B are in Asia; the operating segment of group C is in the Americas:

	Group A	Group B	Group C	Total
ECLs	-	100%	0.36%~100%	
Total carrying amount	$ 1,027	$ 51,859	$ 11,601	$ 64,487
Allowance for losses (lifetime ECLs).	-	(51,859)	(10,057) (Note)	(61,916)
At amortized cost	$ 1,027	$ -	$ 1,544	$ 2,571

Note: The allowance for losses above was NT$10,057 thousand on the accounts of specific customers. After the recoverability of these accounts has been individually assessed, the full amount has been provided for the allowance for such losses.

December 31, 2023

(1) The operating segment is in the country:

	Not past due	1-30 days	31-90 days	91-180 days	181-365 days	Over 366 days	Total
ECLs	0.21%	2.03%	11.50%~ 22.34%	33.30%~ 47.55%	52.65%~ 75.75%	100%	
Total carrying amount	$ 34,039	$ 1,845	$ 7	$ 4,167	$ 6,546	$ 35,197	$ 81,801
Allowance for losses (lifetime ECLs).	(74)	(37)	(1)	(1,688)	(3,447)	(35,197)	(40,444)
At amortized cost	$ 33,965	$ 1,808	$ 6	$ 2,479	$ 3,099	$ -	$ 41,357

(2) The operating segments of groups A and B are in Asia; the operating segment of group C is in the Americas:

	Group A	Group B	Group C	Total
ECLs	-	100%	0.21%~100%	
Total carrying amount	$ -	$ 51,201	$ 11,273	$ 62,474
Allowance for losses (lifetime ECLs).	-	(51,201)	(9,418) (note)	(60,619)
At amortized cost	$ -	$ -	$ 1,855	$ 1,855

Note: The above-mentioned allowance for losses of NTD 9,418 thousand is from the accounts of specific customers. After individual evaluation of the recoverability of these accounts, the allowance for losses has been fully provided.

5. The aging analysis of notes and accounts receivable is as follows:

	December 31, 2024	
	Notes receivable	Accounts receivable
Not past due	$ 11,279	$ 47,373
Less than 30 days	-	171
31-90 days	-	5,694
91-180 days	-	1,448
181-365 days	-	218
Over 366 days	-	68,757
Total	$ 11,279	$ 123,661

	December 31, 2023	
	Notes receivable	Accounts receivable
Not past due	$ 5,351	$ 34,039
Less than 30 days	-	1,844
31-90 days	-	88
91-180 days	-	4,252
181-365 days	-	6,546
Over 366 days	-	97,506
Total	$ 5,351	$ 144,275

The aging analysis stated above is based on the number of overdue days.

6. The information on changes in allowance for losses on notes and accounts receivable is as follows:

	2024	
	Notes receivable	Accounts receivable
Opening balance	$ -	$ 101,063
Reversal of impairment loss for this period	-	(3,400)
Write-off in this period	-	(31,221)
Effect of exchange rates	-	2,421
Ending balance	$ -	$ 68,863

	2023	
	Notes receivable	Accounts receivable
Opening balance	$ -	$ 99,718
Provision for impairment loss in this period	-	2,319
Effect of exchange rates	-	(974)
Ending balance	$ -	$ 101,063

7. As of December 31, 2024 and 2023, the collateral held by the Group for accounts receivable consisted of real estate, amounting to $0 thousand and $14,929 thousand, respectively.

(IV)Inventories

	December 31, 2024	December 31, 2023
Finished goods	$ -	$ 33,611
Raw materials	-	10,060
Merchandise inventories	31,692	30,848
Total	$ 31,692	$ 74,519

The expenses and losses on inventories recognized in this period are as follows:

	2024	2023
Cost of inventory sold	$ 236,851	$ 454,614
gain from inventory price recovery	(4,505)	(84,419)
Unallocated overhead	-	271,140
Others	17,585	133,809
Total	$ 249,931	$ 775,144

1. The recovery of the net realizable value of the Group's inventory in 2024 and 2023 was mainly due to the sale of the inventory that had been recognized in inventory valuation loss in previous years.
2. Other inventory-related gains and losses include sales of raw materials,

sales of scraps, inventory valuation losses, and inventory scrap.

(V) Property, plant and equipment

Item	2024					
	Opening balance	Addition	Disposal	Reclassification	Effect of exchange rates	Ending balance
<u>Cost</u>						
Land	$ 1,410,177	$ -	$ -	$ -	$ -	$ 1,410,177
Buildings	1,727,610	-	(829)	-	13,009	1,739,790
Machinery and equipment	6,877,321	-	(2,388,613)	-	69,806	4,558,514
Office equipment	226,891	-	(15,983)	-	1,452	212,360
Other equipment	1,393,918	1,755	(17,825)	-	14,034	1,391,882
Unfinished construction	39,279	22,012	-	-	-	61,291
Subtotal	11,675,196	23,767	(2,423,250)	-	98,301	9,374,014
<u>Accumulated depreciation</u>						
Buildings	438,788	45,279	(441)	-	8,930	492,556
Machinery and equipment	3,447,894	133,183	(1,726,340)	-	50,306	1,905,043
Office equipment	188,877	6,328	(14,342)	-	1,303	182,166
Other equipment	1,265,129	29,130	(16,576)	-	12,930	1,290,613
Subtotal	5,340,688	213,920	(1,757,699)	-	73,469	3,870,378
<u>Accumulated impairment</u>						
Machinery and equipment	1,858,216	121,505	(583,804)	-	16,688	1,412,605
Office equipment	20,247	1,254	(1,640)	-	148	20,009
Other equipment	84,103	583	(1,251)	-	1,102	84,537
Unfinished construction	-	59,920	-	-	-	59,920
Subtotal	1,962,566	183,262	(586,695)	-	17,938	1,577,071
Net amount	$ 4,371,942	$ (373,415)	$ (78,856)	$ -	$ 6,894	$ 3,926,565

Item	2023					
	Opening balance	Addition	Disposal	Reclassification	Effect of exchange rates	Ending balance
Cost						
Land	$ 1,411,880	$ -	$ (1,701)	$ (2)	$ -	$ 1,410,177
Buildings	1,740,010	(630)	(4,739)	-	(7,031)	1,727,610
Machinery and equipment	8,501,226	32,804	(1,611,822)	-	(44,887)	6,877,321
Office equipment	271,989	-	(44,187)	-	(911)	226,891
Other equipment	1,656,054	16,965	(271,451)	-	(7,650)	1,393,918
Unfinished construction	45,702	(2,055)	-	(4,368)	-	39,279
Subtotal	13,626,861	47,084	(1,933,900)	(4,370)	(60,479)	11,675,196
Accumulated depreciation						
Buildings	401,357	43,042	(880)	-	(4,731)	438,788
Machinery and equipment	4,774,965	197,302	(1,492,145)	-	(32,228)	3,447,894
Office equipment	210,866	19,845	(41,016)	-	(818)	188,877
Other equipment	1,455,104	72,607	(255,469)	-	(7,113)	1,265,129
Subtotal	6,842,292	332,796	(1,789,510)	-	(44,890)	5,340,688
Accumulated impairment						
Machinery and equipment	1,426,256	501,617	(58,901)	-	(10,756)	1,858,216
Office equipment	18,240	5,076	(2,976)	-	(93)	20,247
Other equipment	73,037	18,671	(7,071)	-	(534)	84,103
Subtotal	1,517,533	525,364	(68,948)	-	(11,383)	1,962,566
Net amount	$ 5,267,036	$ (811,076)	$ (75,442)	$ (4,370)	$ (4,206)	$ 4,371,942

1. The Group’s property, plant and equipment are depreciated as per the years of useful lives below:

Buildings	8-50 years
Machinery and equipment	2-30 years
Office equipment	2-10 years
Other equipment	2-13 years

2. The Group’s Board of Directors' meeting on February 10, 2023 resolved to suspend the production of the Guanyin Plant for the time being. The book value of the plant has been adjusted according to the expected recoverable amount of the appraisal report, and the impairment loss of NTD 123,342 thousand and NTD 525,364 thousand were recognized in 2024 and 2023, respectively. The expected recoverable amount is

calculated as the fair value less disposal costs, and the fair value is assessed using the cost method, which is classified as a Level 3 fair value measurement.

3. The Group signed a machinery and equipment trading contract with Yung Ka Gu Enterprise Co., Ltd. (Yung Ka Gu) on December 26, 2019. The total price was NTD 126,000 thousand (tax included). As of December 31, 2024, NTD 112,350 thousand had been paid. The Group considered that the equipment did not meet the standards stipulated in the purchase contract and, on May 26, 2023, sent a lawyer's letter to Yung Ka Gu Enterprise Co., Ltd. requesting the termination of the contract. Yung Ka Gu Enterprise Co., Ltd. responded on June 12, 2023, with a legal attest letter asserting that the Group's claim was not legally valid and requested payment of the remaining amount of NT$13,650 thousand. As of the date of the consolidated financial statements for 2024, the Group and Yung Ka Gu Enterprise Co., Ltd. were still in negotiation. The Group recognized an impairment loss of NT$59,920 thousand in 2024.
4. Please refer to Note 8 for information on guarantees for property, plant and equipment.

(VI) Lease agreements - lessee

1. Right-of-use assets

(1) The information on the book value of the right-of-use assets and the recognized depreciation expense is as follows:

	December 31, 2024	December 31, 2023
Carrying amount of the right-of-use assets		
Land	$ 19,600	$ 19,797
Buildings	2,706	4,467
Transportation equipment	2,541	3,324
Total	$ 24,847	$ 27,588

	2024	2023
Depreciation expense on right-of-use assets		
Land	$ 885	$ 873
Buildings	1,761	4,115
Transportation equipment	1,689	4,746
Total	$ 4,335	$ 9,734

(2) The increases in the Group's right-of-use assets in 2024 and 2023 were NT$924 thousand and NT$6,494 thousand, respectively.

(3) Except for the addition of depreciation expenses listed above, the Group's right-of-use assets did not have any significant sublease or impairment in 2024 and 2023.

2. Lease liabilities

	December 31, 2024	December 31, 2023
Carrying amount of lease liability		
Current	$ 3,138	$ 3,357
Non-current	$ 2,176	$ 4,440

The range of discount rates for lease liabilities is as follows:

	December 31, 2024	December 31, 2023
Buildings	2.04%	2.04%
Transportation equipment	1.54%~2.51%	1.54%~2.04%

3. Important leasing activities and terms

The assets leased by the Group include land, property, and company vehicles, and the lease terms usually range from 1 to 50 years. The lease agreements are negotiated individually and contain various terms and conditions, and no other restrictions are imposed except that the assets leased shall not be used as guarantees for loan.

The Group signed an agreement with the Jiangxi Provincial Government of the People's Republic of China on May 21, 2002 for the setting of land use rights in Nanchang City, Jiangxi Province. The lease term was 50 years, and the lease payment was fully paid when the lease agreement was signed.

4. Other leasing information

	2024	2023
Short-term lease expenses	$ 694	$ 878
Low-value asset lease expenses	$ -	$ 545
Total cash outflow from leases	$ 4,218	$ 10,438

The Group has elected to apply the recognition exemption for buildings and transportation equipment eligible for short-term leases and office equipment leases eligible for low-value asset leases, and, thus, did not recognize said leases in right-of-use assets and lease liabilities.

(VII) Lease agreements - lessor

1. The assets leased by the Group include land and buildings. The lease agreements have durations ranging from less than 1 year to 6.7 years. These lease agreements are individually negotiated and contain various terms and conditions. To safeguard the use of leased assets, lessees are generally required not to sublease, partially lease, or pledge all or part of the leased asset, in accordance with certain restrictions and contractual terms.
2. The gains recognized by the Group based on the operating lease contract are as follows:

	2024	2023
Rental income	$ 9,672	$ 2,805

3. The maturity analysis of the total amount of the Group's lease payments receivable from operating leases is as follows:

	December 31, 2024		December 31, 2023	
First year	$	9,831	$	10,603
Second year		9,751		8,843
Third year		11,072		8,763
Fourth year		10,232		10,084
Fifth year		988		9,243
More than five years		576		-
Total	$	42,450	$	47,536

(VIII) Investment property

Investment property at fair value

	Land and buildings	
Balance on January 1, 2024	$	5,952,678
Gain on fair value adjustment		75,982
Effect of exchange rates		5,904
Balance on December 31, 2024	$	6,034,564

	Land and buildings	
Balance on January 1, 2023	$	85,094
From non-current assets held for sale		584,046
The difference arising from the reclassification to investment property was recognized in other comprehensive income		5,287,301
Loss on adjustment to fair value		(3,661)
Effect of exchange rates		(102)
Balance on December 31, 2023	$	5,952,678

1. Considering that the sale of the industrial-commercial zoned land held by the subsidiary, Taixin, has not been successfully completed after two

years, the Group intends to re-evaluate the purpose of holding such property. The new plan focuses on long-term capital appreciation through self-development or joint development, for purposes such as self-use, leasing, or eventual sale. On September 25, 2023, the Board of Directors resolved to appraise the property and reclassify it from non-current assets held for sale to investment property. Subsequently, the fair value model is adopted for measurement, and changes in fair value are recognized in profit or loss in the period in which they occur.

The Group holds industrial-commercial zoned land located in Zhongli District, Taoyuan City. The investment property is appraised by an independent external appraiser and measured at fair value on a recurring basis. As of December 31, 2024, and September 30, 2023, the fair value of the investment property was appraised by Hu Chun-Chun and Tsai Chia-Ho, appraisers from Cushman & Wakefield Real Estate Appraisal Firm, both of whom hold real estate appraiser qualifications in Taiwan. Additionally, on December 31, 2023, they issued a property asset price change review report, indicating that there was no significant difference in the asset price of the investment property as of December 31, 2023, compared to September 30, 2023.

The fair value as of December 31, 2024 and September 30, 2023 were NTD 5,953,049 thousand and NTD 5,871,347 thousand, respectively. The evaluation was conducted by an independent appraisal expert using the land development analysis method, which belongs to Level 3 fair value. The main assumptions used are as follows:

	December 31, 2024	September 30, 2023
Estimated total sales		
For the use of zoned areas within the shopping center	$ 19,021,541	$ 18,387,042
For the use of the parking lot	5,204,100	5,073,750
	$ 24,225,641	$ 23,460,792
Profit rate	20%~30%	20%~30%
Overall capital interest rate	2.66%~5.06%	2.46%~4.80%

The land, after considering relevant laws and regulations, the overall domestic economic outlook, the local land usage conditions, and market trends, will be estimated for the saleable land or building area after development based on the most efficient use, and the total sales amount will be estimated accordingly.

2. The land and buildings held by the Group are located in Xuhui District, Shanghai, the People's Republic of China. The property was appraised by a third party and is measured at fair value on a recurring basis. The fair value of investment property as of December 31, 2024 and 2023 is based on an appraisal report issued by the appraiser Cushman & Wakefield Limited, Taiwan Branch, with an appraiser license in our country.

   The fair values as of December 31, 2024 and 2023 were NT$81,515 thousand andNT$81,331 thousand, respectively, which were based on the appraisal results by independent appraisal experts. The appraisal was based on the income approach, which belongs to Level 3 fair value. The main assumptions are as follows:

   (1) The Group adopts the discounted cash flow analysis method of the income approach. In the process of the appraisal method, the annual growth rate range of rents is determined with reference to the local rents and the information on similar assets and based on the vacancy loss. After vacancy loss is considered, the rental income for the remaining term is estimated as future cash inflows and is discounted to the date of appraisal. The discount rate is determined as described in (2). The end-of-period disposal value of the target is also considered. The operating income for the following year from the disposal date, less the expenses under general operating conditions, is discounted to the appraisal date. The end-of-period disposal value, plus the rental income of the previous periods, is discounted as the market value. Future cash outflows are relevant taxes, insurance premiums, management fees, and repair fees that are directly related to the leases. The rate of change used in future changes is the same as the growth rate of rents and discount used to calculate the rental income.

   (2) The discount rate is determined based on the two-year time deposit interest rate announced by Chunghwa Post Co., Ltd., plus 0.75%. Considering the risk and reward borne by the Group and the liquidity, risk, added value, and management difficulty of the property, the estimated discount rates as of December 31, 2024 and 2023 were both 2.50%.

(3) The investment property is mainly office or residence, and the monthly rents for local and similar property were NT$441-NT$521 per square meter in 2024; NT$435-NT$475 per square meter in 2023.

3.The rent income from the Group's investment property:

	2024	2023
Rental income from investment property	$ 136	$ -

4.For information regarding investment property provided as collateral, please refer to Note 8.

(IX) Intangible assets

2024

Item	Opening balance	Addition	Disposal	Reclassification	Effect of exchange rates	Ending balance
Cost						
Computer software	$ 117,638	$ -	$ -	$ -	$ -	$ 117,638
Accumulated amortization						
Computer software	111,381	2,616	-	-	-	113,997
Net amount	$ 6,257	$ (2,616)	$ -	$ -	$ -	$ 3,641

2023

Item	Opening balance	Addition	Disposal	Reclassification	Effect of exchange rates	Ending balance
Cost						
Computer software	$ 117,058	$ -	$ -	$ 580	$ -	$ 117,638
Accumulated amortization						
Computer software	106,839	4,542	-	-	-	111,381
Net amount	$ 10,219	$ (4,542)	$ -	$ 580	$ -	$ 6,257

1. Amortization expense of intangible assets with finite useful life above is depreciated on a straight-line basis over the estimated useful lives below:

Computer software	2-5 years

2. The details of amortization expenses of intangible assets are as follows:

	2024	2023
Management expense	$ 2,616	$ 4,542

(X) Other non-current assets

	December 31, 2024	December 31, 2023
Unamortized expense	$ -	$ 300
Land held for sale	2,333,822	2,033,983
Total	$ 2,333,822	$ 2,034,283

Other non-current assets held for sale - land held for sale

On February 10, 2023, the Company's Board of Directors resolved to pre-sell certain rezoned land acquired through the land readjustment completed by the Company and its subsidiaries, Rongcheng and Fu Cheng, and authorized the chairmen of the Company and the respective subsidiaries engaging the land to handle matters related to the pre-sale and tender planning. On March 14, 2023, the Board of Directors of the Group resolved to entrust the Hong Kong business, Cushman & Wakefield Limited, Taiwan Branch, to handle the public bidding procedure and related matters. The public bidding for the sale was held on April 24, 2023, and the winning bidder was Bai Feng Construction Co., Ltd. with a bid amount of NT$2,140,080 thousand. The transfer and conveyance will take place after the completion of the urban land readjustment. The Group signed the real estate sales contract on May 12, 2023, and has agreed to receive payments in installments. As of December 31, 2024, NT$1,070,040 thousand has been collected, which is listed under other non-current liabilities. Pursuant to the aforementioned real estate sales contract, the Group agreed to provide Bai Feng Construction Co., Ltd. with a maximum mortgage on the Zhongli Plant land owned by its subsidiary, Taixin, as security for indemnity claims. The mortgage amount is capped at 1.2 times the total sum of the first to third installment payments under the contract. As the land held by the Group in a self-initiated urban land readjustment zone must be sold only after the completion of the readjustment process-which is expected to take more than two years-the related land and plant held for sale were reclassified as other non-current assets in the first quarter of 2023. Additionally, depreciation expenses in the amount of NT$12,362 thousand were recognized.

(XI) Short-term borrowings

	December 31, 2024		December 31, 2023	
Bank unsecured borrowings	$	282,000	$	200,000
Bank secured borrowings		399,000		200,000
Total	$	681,000	$	400,000
Interest rate range	2.325%~2.53%		2.10%~2.40%	

Please refer to Note 8 for the information on the assets pledged as collateral for short-term borrowings.

(XII) Accounts payable

	December 31, 2024		December 31, 2023	
Accounts payable	$	32,413	$	27,432

Please refer to Note 6(28) for disclosures about the Group's payables and other payables that are exposed to exchange rate and liquidity risks.

(XIII) Other payables

	December 31, 2024		December 31, 2023	
Salary and bonus payable	$	5,080	$	7,805
Interest payable		3,073		2,623
Taxes payable		6,047		6,150
Occupational injury compensation payable		-		20,312
Service fees payable		2,025		5,347
Others		6,240		8,352
Total	$	22,465	$	50,589

1. An employee of the Company was involved in a work-related accident on June 14, 2022. A labor dispute mediation between the employee and the Company was conducted on May 31, 2023. The employee claimed occupational injury compensation in the amount of NT$20,312

thousand, which the Company accrued and recognized in its 2023 accounts. The two parties reached a mediation agreement on March 13, 2024, and the mediation was established. The Company paid NTD 10,724 thousand of compensation. The date of the establishment of the mediation is the date of termination of the labor contract between the two parties.

2. Other payables are mainly composed of utilities, insurance premiums, pensions, and transportation expenses.

(XIV) Provision

	2024		
	Warranty liabilities	Liabilities pending for the final decision of the legal proceedings	Total
Current			
Opening balance	$ 29,619	$ 62,557	$ 92,176
Increase in this period	44	-	44
Drawn in this period	(720)	(9,719)	(10,439)
Unused amount reversed in this period	-	(52,838)	(52,838)
Effect of exchange rates	4	-	4
Ending balance	$ 28,947	$ -	$ 28,947

	2023		
	Warranty liabilities	Liabilities pending for the final decision of the legal proceedings	Total
Current			
Opening balance	$ 31,144	$ 62,557	$ 93,701
Increase in this period	304	-	304
Drawn in this period	(1,826)	-	(1,826)
Effect of exchange rates	(3)	-	(3)
Ending balance	$ 29,619	$ 62,557	$ 92,176

1. Warranty liabilities

The provision for the Group's warranty liabilities is mainly related to the sales of tire products, and is the present value of the management's best estimate of the future cash outflow from the warranty obligations. Such an estimate is based on historical warranty experience and adjusted as per new raw materials, process changes, or other factors that affect product quality.

2. Liabilities pending conclusion of the legal proceedings

The Group was sued by Jose Eduardo Gonzalez in the U.S. on January 6, 2015 as Jose Eduardo Gonzalez believed that the rear wheel of the vehicle he was in experienced a sudden failure and caused an accident, so he filed a lawsuit against the Company for compensation.

On July 31, 2014, the Group was sued in the United States by Jeramy Truhlar. The plaintiff and his insurance company claimed that a defect in the tire sold by the Group caused a vehicle accident, and therefore filed a lawsuit seeking compensation from the Group.

The insurance company providing the Group’s product liability coverage agreed on December 20, 2022, to a joint settlement proposal submitted by the plaintiffs' attorneys in both cases. The proposed settlement was based on utilizing the remaining coverage limit under the Group’s product liability insurance policy as the settlement amount. Jose Eduardo Gonzalez reached a settlement with the Group and withdrew the lawsuit on October 3, 2023. Jeramy Truhlar also reached a settlement and withdrew the lawsuit on December 18, 2023. The scope of the above-mentioned settlements did not include claims from co-defendants in the cases for indemnification against any potential future liabilities or for reimbursement of defense costs already incurred or to be incurred. Additionally, although the lawsuits have been withdrawn, the former co-defendants may still seek reimbursement from the Group for defense costs previously incurred.

The co-defendant in the Jeramy Truhlar case, Tire Club USA, Inc., has reached a settlement with the plaintiff and has filed a lawsuit against the Group, seeking compensation for the settlement amount paid as well as the legal defense costs incurred. The Group has recognized a provision for the estimated potential loss, and as of December 31, 2023, the amount was recorded as a liability provision of NT$62,557 thousand. A settlement was reached between both parties on June 26, 2024, under which the Group paid NT$9,719 thousand in compensation. The remaining provision of NT$52,838 thousand was reclassified under other income.

(XV) Long-term borrowings

	December 31, 2024	December 31, 2023
Bank secured borrowings	$ 3,827,003	$ 3,944,103
Less: Current portion	(117,100)	(117,100)
Long-term borrowings	$ 3,709,903	$ 3,827,003
Interest rate range	1.925%~2.575%	1.80%~2.45%

1. The Group re-signed a long-term loan agreement with Hua Nan Commercial Bank, Ltd. in January 2018 over a period of 20 years with a total facility of NT$3,250,000 thousand and took out a loan of NT$3,250,000 thousand. As of December 31, 2024 and 2023, the outstanding amount was NT$3,044,816 thousand and NT$3,097,656 thousand; the principal was repaid in installments as agreed.

   The Group signed a long-term incremental borrowing agreement with Hua Nan Commercial Bank, Ltd. in June 2020 over a period of 7-10 years with a total facility of NT$2,541,000 thousand. As of December 31, 2024 and 2023, the outstanding amounts were NT$182,187 thousand and NT$246,447 thousand; the principal was repaid in installments as agreed.

   The Group signed a mid-term loan contract with Hua Nan Commercial Bank, Ltd. in December 2022. The contract period is 5 years, and the total amount is NTD 2,400,000 thousand. The loan is secured by the land of the Zhongli Plant of the subsidiary, Taixin. As of December 31, 2024 and 2023, the outstanding amount was both NTD 600,000 thousand. The principal is paid in installments according to the agreed terms.
2. Please refer to Note 8 for the information on the assets pledged as collateral for long-term borrowings.

(XVI) Pension

1. Defined contribution plans

   Since July 1, 2005, the Company and its domestic subsidiaries have established the defined contribution retirement regulations in accordance with the Labor Pension Act, which are applicable to employees with the ROC nationality. For the pension plan under the Labor Pension Act chosen by the employees, the Company and its domestic subsidiaries make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Based on the employee's individual pension accounts and the amount of accumulated income from the annual investment and utilization plan, the payment of employee pension is made on a monthly basis or in a lump sum. Federal Tire (Jiangxi) makes monthly contributions according to a certain percentage of the local employees' salaries in accordance with the pension system stipulated by the government of the People's Republic of China. The pension for each employee is managed by the government; thus, the Group does not have further obligation except for making a monthly contribution. The Group recognized pension expenses related to the defined contribution plan in the amounts of NT$2,710 thousand and NT$11,964 thousand for the years ended December 31, 2024 and 2023, respectively.

2. Defined benefit plan

The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all full-time employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and domestic subsidiaries make a contribution equal to 10% and 4% of the total salaries every month, respectively, as a pension fund and deposit it to the designated account in the name of the Labor Pension Funds Supervisory Committee at the Bank of Taiwan. Also, the Group would assess the balance in the aforementioned account by the end of every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Group will make a contribution to compensate the deficit in a lump sum by next March. The pension account is managed by the Bureau of Labor Funds, Ministry of Labor; the Group has no right to influence its investment management strategy.

Due to the implementation of the final anti-dumping duty rates in the United States, along with the impact of the pandemic, inflation, and the interest rate hikes driven by the U.S. Federal Reserve's tightening monetary policy, the Group's operations have been adversely affected. In order to adapt to the current situation and ensure the Group's sustainable operations while considering the best interests of the Group and its shareholders, the Board of Directors resolved on February 10, 2023, to temporarily suspend all production at the Guanyin Plant. Full production stoppage began in early March 2023. In compliance with legal requirements, the Group has reported the large-scale employee layoffs to the competent authority and is handling the related procedures in accordance with labor laws. The Group has settled the pension in accordance with the Labor Standards Act and the employees who have reached the consent to retire under the defined benefit plan. As of December 31, 2023, the Group has no employees who are subject to the defined benefit plan retirement regulations.

Changes in net defined benefit liability are as follows:

	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Balance on January 1, 2023	$ (76,631)	$ 47,282	$ (29,349)
Service cost			
Interest income	-	769	769
liquidation gain or loss	18,106	-	18,106
Recognized in profit or loss	18,106	769	18,875
Contributions to pension	-	2,685	2,685
Pension paid	40,842	(33,053)	7,789
Pension fund to be refunded	17,683	(17,683)	-
Balance on December 31, 2023	$ -	$ -	$ -

(XVII) Equity

1. Ordinary share capital

	December 31, 2024	December 31, 2023
Authorized Capital	$ 10,000,000	$ 10,000,000
Outstanding shares	$ 4,733,292	$ 4,733,292

As of December 31, 2024 and December 31, 2023, the Company’s authorized number of shares was both 1,000,000 thousand, with a par value of NT$10 per share, and the number of outstanding shares was both 473,329 thousand.

2. Capital reserve

	2024			
	Ordinary shares at a premium	Treasury stock transactions	Donated assets received	Total
Balance on January 1, 2024	$ 37,860	$ 115,192	$ 11,169	$ 164,221
Return of donated assets	-	-	(7)	(7)
Balance on December 31, 2024	$ 37,860	$ 115,192	$ 11,162	$ 164,214

	2023			
	Ordinary shares at a premium	Treasury stock transactions	Donated assets received	Total
Balance on January 1, 2023	$ 37,860	$ 107,735	$ 11,169	$ 156,764
reorganization	-	7,457	-	7,457
Balance on December 31, 2023	$ 37,860	$ 115,192	$ 11,169	$ 164,221

(1) Pursuant to the Company Act, capital reserve arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover cumulative deficit or to issue new stocks or cash to shareholders in proportion to their shareholding, provided that the Company has no cumulative deficit. Further, the Securities and Exchange Act requires that the amount of capital reserve to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover cumulative deficit unless the legal reserve is insufficient.

(2) Donated assets received are dividends that have not been collected by shareholders, overdue for more than five years

3. Retained earnings and dividend policy

(1) According to the Company’s Articles of Incorporation, the Company's earnings distribution or deficit compensation may be made after the end of each semi-annual fiscal year. If there is any surplus in the semi-annual and annual final accounts, after deducting the taxes and covering the losses of previous years, setting aside 10% of the legal reserve, and setting aside special reserve according to the regulations, if there is still a balance, the dividends distributable to the preferred shares for the year will be distributed first, and then the remaining balance and the undistributed earnings at the beginning of the period (including the adjustment of undistributed earnings) will be distributed by the Board of Directors. If the Company decides to distribute cash dividends, the distribution shall be approved by a majority of the Directors present at a meeting of the Board of Directors attended by two-thirds of the total number of Directors. The results shall be reported to the Shareholders Meeting. If the Company decides to issue new shares, the distribution shall be approved by a majority of the Shareholders present at a meeting of the Board of Directors attended by two-thirds of the total number of Directors.

(2) The Company's industry is currently in a developed stage.

Considering future capital needs, a financial plan, and shareholders' interests, the Board of Directors, depending on the business performance, drafts a profit distribution proposal in a percentage from 5% to 100% and submit it to the general shareholders' meeting. The Company shall give priority to cash dividends for earnings distribution and may distribute stock dividends not higher than 80% of the total dividends to be distributed in principle. However, if there are significant investment plans, future development, and other factors, the earnings may be retained.

(3) The legal reserve shall not be used except for compensation for the Company's losses and issue of new shares or cash in proportion to the shareholders' original shares. However, new shares or cash shall only be paid out to the extent that such reserve exceeds 25% of the paid-in capital.

(4) Special reserve

	2024			
	Unrealized revaluation increment	Exchange differences on translation of the financial statements of foreign operations	Investment property recognized at fair value	Total
The balance on January 1, 2024 and the balance on December 31, 2024	$ 1,545,548	$ 361,927	$ 5,341	$ 1,912,816

	2023			
	Unrealized revaluation increment	Exchange differences on translation of the financial statements of foreign operations	Investment property recognized at fair value	Total
Balance on January 1, 2023	$ 1,545,841	$ 361,927	$ 5,341	$ 1,913,109
Reversal of disposal of property	(293)	-	-	(293)
Balance on December 31, 2023	$ 1,545,548	$ 361,927	$ 5,341	$ 1,912,816

Upon first-time adoption of IFRSs, the special reserve was set aside per Letter Jin-Guan-Zheng-Fa No. 1010012865 dated April 6, 2012. When the Company subsequently uses, disposes of, or reclassifies relevant assets, the original proportion of the special reserve shall be reversed. The portion of the aforementioned assets related to land shall be reversed upon disposal or reclassification, while for property other than the land, it shall be reversed phase by phase during the period of use. When the earnings are distributed, the special reserve shall be provided for the difference between the net deduction of other equity and the special reserve provided for the first adoption of IFRSs on the balance sheet date of the year. When the net deduction of other equity is reversed subsequently, the special reserve shall be reversed for the part reversed for distribution of earnings.

(5) The Company’s Board of Directors passed a resolution on March 3, 2025 on the 2024 deficit proposal. Please visit the MOPS for relevant information.

(6) The Company's 2023 loss was approved by the shareholders' meeting on May 24, 2024. For the status of the shareholders' meeting resolution, please visit the MOPS website of the Taiwan Stock Exchange.

(7) The Company's 2022 loss was approved by the shareholders' meeting on June 13, 2023. For the status of the shareholders' meeting resolution, please visit the MOPS website of the Taiwan Stock Exchange.

4. Other equity items

	Exchange differences on translation of the financial statements of foreign operations	Property Revaluation Surplus	Total
Balance on January 1, 2024	$ (188,814)	$ 4,923,199	$ 4,734,385
Generated in this period			
Exchange differences on translation of the financial statements	18,349	-	18,349
Balance on December 31, 2024	$ (170,465)	$ 4,923,199	$ 4,752,734

	Exchange differences on translation of the financial statements of foreign operations	Property Revaluation Surplus	Total
Balance on January 1, 2023	$ (196,728)	$ -	$ (196,728)
Generated in this period			
Exchange differences on translation of the financial statements	7,914	-	7,914
Property Revaluation Surplus	-	5,287,301	5,287,301
Income tax related to the revaluation increment of property	-	(364,102)	(364,102)
Balance on December 31, 2023	$ (188,814)	$ 4,923,199	$ 4,734,385

5. Treasury stock

(1) Reasons for the redemption of shares and changes in the number:

(Unit: In thousand shares)

	2024			
Reason for redemption	Number of shares at the beginning of the period	Increase in this period	Decrease in this period	Number of shares at the end of the period
Acquisition through merger	13,755	-	-	13,755

	2023			
Reason for redemption	Number of shares at the beginning of the period	Increase in this period	Decrease in this period	Number of shares at the end of the period
Parent company’s shares held by subsidiaries	7,842	-	(7,842)	-
Acquisition through merger	5,913	7,842	-	13,755
	13,755	7,842	(7,842)	13,755

(2) On June 13, 2023, the Board of Directors of the Company approved a simplified merger with its wholly owned subsidiary, Federex, in accordance with the Company Act and the Business Mergers and Acquisitions Act. The Company is the surviving entity, with the merger base date set as August 31, 2023. The merger and dissolution

registration was completed on October 3, 2023. On August 31, 2023, the Company succeeded to 7,842 thousand shares of its own stock previously held by Federex. The information on treasury stock is stated as following:

	December 31, 2024		
Reason for redemption	No. of Shares (thousand)	Book value of treasury stock	Market price of treasury stock
Acquisition through merger	13,755	$ 183,035	$ 260,669

	December 31, 2023		
Reason for redemption	No. of Shares (thousand)	Book value of treasury stock	Market price of treasury stock
Acquisition through merger	13,755	$ 183,035	$ 270,985

(3) The treasury shares held by the Company shall not be pledged, nor shall they be entitled to rights, such dividends and voting rights, in accordance with the Securities and Exchange Act.

(XVIII) Loss per share

	2024	2023
Basic loss per share (NTD)	$ (1.01)	$ (3.76)

The weighted average number of ordinary shares used to calculate the basic loss per share is as follows:

	2024	2023
Net loss attributable to parent company shareholders (NTD thousand)	$ (465,154)	$ (1,729,299)
Weighted average number of ordinary shares used to calculate basic loss per share (thousand shares)	459,574	459,574
Basic loss per share (NTD)	$ (1.01)	$ (3.76)

(XIX) Operating revenue

	2024	2023
Revenue from customer contracts		
Revenue from sale of goods	$ 257,708	$ 478,402
Lease income	9,672	-
Total	$ 267,380	$ 478,402

1. Please refer to Note 4(13) for the description of the Group's income.
2. Contract balance

	December 31, 2024	December 31, 2023
Notes and accounts receivable (Note 6(3))	$ 66,077	$ 48,563
Contract liabilities - current		
Sale of goods	$ 24,886	$ 22,179

The amounts of operating income recognized in 2024 and 2023 from contract liabilities at the beginning of the period were NT$1,367 thousand and NT$2,513 thousand.

(XX) Interest income

	2024	2023
Interest on bank deposits	$ 25,500	$ 39,418
Other interest	764	412
Total	$ 26,264	$ 39,830

(XXI) Other income

	2024	2023
Rental income	$ -	$ 2,805
Provisions reclassified to income	52,838	-
Others	6,269	9,553
Total	$ 59,107	$ 12,358

(XXII) Other gains and losses

	2024	2023
Loss (gain) on disposal of property, plant and equipment	$ 26,536	$ (8,714)
Lease modification (loss) gain	(11)	257
Foreign currency exchange gain (loss)	43,708	(27,431)
Gain (loss) on change in fair value of investment property - investment property	75,982	(3,661)
Impairment loss on property, plant and equipment	(183,262)	(525,364)
Depreciation	(179,678)	-
Others	8,759	(39,975)
Total	$ (207,966)	$ (604,888)

(XXIII) Financial costs

	2024	2023
Interest expense		
Bank borrowings	$ 94,317	$ 98,733
Lease liabilities	126	284
Others	12	6
Total	$ 94,455	$ 99,023

(XXIV) Income tax

1. The adjustment to the Group's income tax expenses recognized in profit or loss for 2024 and 2023 is as follows:

	2024	2023
Income tax calculated at statutory tax rate for pre-tax income loss	$ (90,982)	$ (350,791)
Effect of income tax on items excluded as per tax law	(24,586)	83,430
Tax-exempt gain on sales of land	-	(84)
Effect of income tax on loss carryforwards	115,568	267,445
Effect of temporary differences in this period	21,942	547
Under(over)-estimated income tax in previous years	(20)	50
Land value increment tax	-	98
Income tax expense	$ 21,922	$ 695

The main components of income tax expense recognized in profit or loss are as follows:

	2024	2023
Current income tax		
Generated in this period	$ (20)	$ 148
Deferred tax		
Occurrence and reversal of temporary differences	21,942	547
Income tax expense recognized in profit or loss	$ 21,922	$ 695

2. The details of income tax recognized in other comprehensive income by the Group for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Deferred tax		
Property Revaluation Surplus	$ -	$ 364,102

3. Current income tax assets

	December 31, 2024	December 31, 2023
Tax refund receivable	$ 8,949	$ 6,489

4. Deferred tax assets and liabilities

(1) The analysis of deferred tax assets is as follows:

	2024		
	Opening balance	Recognized in profit or loss	Ending balance
Temporary difference			
Unrealized exchange loss	$ 897	$ (897)	$ -
Amount in excess of allowance for bad debts	7,915	(6,666)	1,249
Estimated product warranty expense	5,898	(129)	5,769
Year-end bonus unpaid	309	(204)	105
Unrealized asset impairment	54,399	7,331	61,730
Provision for litigation claims	12,511	(12,511)	-
	$ 81,929	$ (13,075)	$ 68,853

	2023		
	Opening balance	Recognized in profit or loss	Ending balance
Temporary difference			
Unrealized exchange loss	$ -	$ 897	$ 897
Unrealized inventory valuation losses	28,561	(28,561)	-
Pension withdrawal in excess of contribution	16,848	(16,848)	-
Amount in excess of allowance for bad debts	6,641	1,274	7,915
Estimated product warranty expense	6,185	(287)	5,898
Bonus for not on leave	2,289	(2,289)	-
Year-end bonus unpaid	203	106	309
Unrealized asset impairment	17,896	36,503	54,399
Provision for litigation claims	12,511	-	12,511
Others	544	(544)	-
	$ 91,678	$ (9,749)	$ 81,929

(2) The analysis of deferred tax liabilities is as follows:

	2024					
	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Payments made during the period	Effect of exchange rates	Ending balance
Temporary difference						
Provision for land value increment tax	$ 946,963	$ 1,384	$ -	$ -	$ 2,199	$ 950,546
Unrealized gain on investment property	10,038	(680)	-	-	730	10,088
Unrealized exchange gain	-	8,163	-	-	-	8,163
	$ 957,001	$ 8,867	$ -	$ -	$ 2,929	$ 968,797

	2023					
	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Payments made during the period	Effect of exchange rates	Ending balance
Temporary difference						
Provision for land value increment tax	$ 598,944	$ (1,771)	$ 364,102	$ (14,278)	$ (34)	$ 946,963
Unrealized gain on investment property	10,479	(428)	-	-	(13)	10,038
Unrealized exchange gain	7,003	(7,003)	-	-	-	-
	$ 616,426	$ (9,202)	$ 364,102	$ (14,278)	$ (47)	$ 957,001

5. Items not recognized as deferred tax assets

	December 31, 2024	December 31, 2023
Loss carryforwards	$ 5,506,374	$ 5,078,760
Temporary difference	$ 2,295,629	$ 2,118,503

The last valid year for the Group's loss carryforwards is 2034.

6. The losses carryforwards have not been used by the Group and the last valid year as of December 31, 2024 are as follows:

Year	Amount filed/approved	Last valid year	Loss carryforwards
2017	Approved amount	2027	$ 144,915
2018	Approved amount	2028	378,220
2019	Approved amount	2029	481,515
2020	Approved amount	2030	5,140
2021	Approved amount	2031	1,627,671
2022	Approved amount	2032	980,092
2023	Amount filed	2033	1,240,898
2024	Estimated amount	2034	530,898
2020	Amount filed	2025	29,672
2021	Amount filed	2026	31,736
2022	Amount filed	2027	17,488
2023	Amount filed	2028	2,450
2024	Estimated amount	2029	35,679
			$ 5,506,374

7. The approval of the Company and its domestic subsidiaries' profit-seeking enterprise income tax return is as follows:

Company Name	Year approved
The Company	2022
Taixin Construction Co., Ltd.	2022
Rongcheng Development Co., Ltd.	2022
Fu Cheng Development Co., Ltd.	2022

(XXV) Additional information on the nature of expenses

1. Employee benefits and depreciation and amortization expenses incurred in this period are summarized as follows:

By function / By nature	From January 1, 2024 to December 31, 2024			
	Operating costs	Operating expenses	Non-operating expenses	Total
Employee benefits				
Salary and wages	$ -	$ 49,163	$ -	$ 49,163
Post-employment benefits	-	536	-	536
Labor and health insurance	-	4,538	-	4,538
Pension	-	2,710	-	2,710
Other employee benefits	-	4,491	-	4,491
Depreciation expense	-	38,577	179,678	218,255
Amortization expense	-	2,916	-	2,916

By function / By nature	2023		
	Operating costs	Operating expenses	Total
Employee benefits			
Salary and wages	$ 46,723	$ 79,930	$ 126,653
Post-employment benefits	-	266,971	266,971
Labor and health insurance	7,078	8,480	15,558
Pension	462	(7,373)	(6,911)
Other employee benefits	4,725	5,759	10,484
Depreciation expense	238,128	116,764	354,892
Amortization expense	3,171	7,877	11,048

2. Employee benefits

(1) As per the Company's Articles of Incorporation, If the Company makes a profit in the year (referring to the income before tax before the remuneration to employees and directors is subtracted), it shall allocate no less than 0.1%-1% of the balance as employee remuneration and no more than 3% as directors' remuneration. However, profits must first be reserved to offset against the cumulative deficit, if applicable. Employee remuneration can be paid

in stock or cash, and the recipients of the payment include employees of subsidiaries who met the criteria set by the Board of Directors. The director's remuneration in the preceding paragraph can only be paid in cash. Employee remuneration and directors' remuneration shall be decided by the Board of Directors and reported to the shareholders' meeting.

(2) The Company incurred losses for the years ended December 31, 2024 and 2023, and therefore did not recognize provisions for employee remuneration or directors' remuneration.

(3) If there is a change in the amount after the publication date of the annual financial report, it will be treated as a change in accounting estimates and adjusted and recognized in the following year.

(4) Information on employee remuneration and directors' remuneration approved by the Board of Directors is available on the MOPS.

(XXVI) Information on cash flow

1. Investing activities that affect both cash and non-cash items

Property, plant and equipment

	2024	2023
Increase in this period	$ 23,767	$ 47,084
Add: Business facilities payable at the beginning of the period	-	19,308
Less: Prepayments for business facilities reclassified	-	(6,671)
Cash paid in this period	$ 23,767	$ 59,721

	2024	2023
Current period disposal	$ 105,392	$ 66,728
Add: Business facilities receivable at the beginning of the period	-	53
Cash received in the period	$ 105,392	$ 66,781

2. Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Guarantee deposits received	Lease liabilities	Total liabilities from financing activities
January 1, 2024	$ 400,000	$ 3,944,103	$ 2,489	$ 7,797	$ 4,354,389
Changes in financing cash flow	281,000	(117,100)	761	(3,398)	161,263
Changes in lease liabilities	-	-	-	914	914
Effect of exchange rate changes	-	-	-	1	1
December 31, 2024	$ 681,000	$ 3,827,003	$ 3,250	$ 5,314	$ 4,516,567

	Short-term borrowings	Long-term borrowings	Guarantee deposits received	Lease liabilities	Total liabilities from financing activities
January 1, 2023	$ 1,174,805	$ 3,810,069	$ 1,707	$ 23,528	$ 5,010,109
Changes in financing cash flow	(774,805)	134,034	782	(8,731)	(648,720)
Changes in lease liabilities	-	-	-	(7,002)	(7,002)
Effect of exchange rate changes	-	-	-	2	2
December 31, 2023	$ 400,000	$ 3,944,103	$ 2,489	$ 7,797	$ 4,354,389

(XXVII) Capital management

The Group manages its capital to ensure that the Group will be able to continue as going concerns and maintain an optimal capital structure to reduce cost of capital, while providing return to stakeholders. In order to maintain or adjust capital structure, the Group may adjust dividend distribution, return capital to shareholders, issue new shares, or dispose of assets to reduce debts. The Group manages its capital through the debt-to-equity ratio that is the ratio of net debts to total capital. The net debt is equal to total borrowings (including “current and non-current borrowings” on the consolidated balance sheet), less cash and cash equivalents. Total capital is the “equity” stated on the consolidated balance sheet plus net debt. The Group’s debt-to-equity ratios as of December 31, 2024 and 2023 were as follows:

	December 31, 2024	December 31, 2023
Total borrowings	$ 4,508,003	$ 4,344,103
Less: Cash and cash equivalents	(784,299)	(654,572)
Net debt	3,723,704	3,689,531
Total equity	6,742,811	7,189,623
Total capital	$ 10,466,515	$ 10,879,154
Debt-to-equity	36%	34%

(XXVIII) Financial instruments

1. Types of financial instruments

	December 31, 2024	December 31, 2023
through other comprehensive income		
Cash and cash equivalents	$ 784,299	$ 654,572
Financial assets at amortized cost - current	47,642	430,082
Notes receivable	11,279	5,351
Accounts receivable	54,798	43,212
Other receivables	7,739	11,181
Guarantee deposits paid	34,140	41,332
Financial liabilities		
Short-term borrowings	681,000	400,000
Accounts payable	32,413	27,432
Other payables	10,510	14,913
Long-term borrowings (including the current portion)	3,827,003	3,944,103
Guarantee deposits received	3,250	2,489

2. Financial risk management policy

The Group's financial risks mainly arise from investments in financial products. The Group has adopted the strictest control standards for the financial risks of various financial product investments. It undergoes a comprehensive assessment of the potential market risk, credit risk, liquidity risk, and cash flow risks of any financial investments and operations and chooses the one with a lower risk.

3. Market risk

(1) Foreign currency exchange rate risk

The Group operates its business transnationally, so it is subject to the exchange rate risk arising from transactions in currencies different from the functional currencies (mainly USD and CNY) used by the Company and its subsidiaries. The exchange rate risk arises from future business transactions and assets and liabilities recognized.

A. The Group's business involves a number of non-functional currencies (the Company's functional currency is NTD, and some subsidiaries' functional currencies are USD, SGD, or CNY). Therefore, it is affected by exchange rate fluctuations. Information on foreign currency assets and liabilities with significant exchange rate fluctuations is as follows:

Unit: In thousands of dollars for foreign currencies; NTD thousand

	December 31, 2024					
				Sensitivity analysis		
(foreign currency: functional currency)	Foreign currency	Exchange rate	Carrying amount (NTD)	Degree of change	Effect on profit or loss	Effect on other comprehensive income
through other comprehensive income						
Monetary item						
USD: NTD	$ 11,788	32.785	$ 386,479	1%	$ 3,865	$ -
Non-monetary items						
USD: NTD	1,063	31.3844	33,350			
Financial liabilities						
Monetary item						
USD: NTD	703	32.755	23,021	1%	230	-
Non-monetary items						
USD: NTD	896	32.7391	29,324			

(foreign currency: functional currency)	December 31, 2023					
				Sensitivity analysis		
	Foreign currency	Exchange rate	Carrying amount (NTD)	Degree of change	Effect on profit or loss	Effect on other comprehensive income
through other comprehensive income						
Monetary item						
USD: NTD	$ 4,040	30.7050	$ 124,060	1%	$ 1,241	$ -
USD: SGD	274	1.3184	8,408	1%	84	-
Non-monetary items						
USD: NTD	249	31.0446	7,720			
Financial liabilities						
Monetary item						
USD: NTD	563	32.2166	18,146	1%	181	-
Non-monetary items						
USD: NTD	829	30.5265	25,306			

B. The aggregated total amounts of all exchange losses) (including realized and unrealized) recognized for 2024 and 2023 due to the significant impact of exchange rate fluctuations on the Group's monetary items were NT$43,708 thousand and NT$(27,431) thousand, respectively.

(2) Interest rate risk

Interest rate risk refers to the risk of changes in cash flows or fair value of financial instruments due to fluctuations in market interest rates. The Group's interest rate risk mainly arises from long-term borrowings. Loans taken out at floating interest rates expose the Group to interest rate risk arsing from cash flows. Part of the risk is offset by cash and cash equivalents held at floating interest rates, and loans taken out at fixed interest rates expose the Group to interest rate risk arising from fair value. In 2024 and 2023, the Group's borrowings at floating interest rates were denominated in NTD and when the market interest rate increased by 1%, the increased cash outflows would have been NT$43,814 thousand and NT$47,504 thousand, respectively.

4. Credit risk management

The credit risk of the Group is the risk of financial loss suffered by the Group arising from the failure of customers or counterparties of financial instruments to fulfill contractual obligations. It mainly comes from counterparties' inability to settle accounts receivable in accordance with the payment terms. The Group has established credit risk management from the Group's perspective. For banks and financial institutions with whom it is dealing, only those with an independent credit rating of at least "A" can be accepted as transaction counterparties. In accordance with the internal credit policy, each operating entity within the Group must conduct management and credit risk analysis of each new client before deciding payment and delivery terms and conditions. The internal risk control system evaluates the credit quality of clients by considering their financial positions, past experience, and other factors. Individual risk limits are set by the board of directors based on internal or external ratings, and the drawdown of credit limits is regularly monitored. When the Group sells goods, it has already assessed the transaction counterparty's credit rating and expected that the transaction counterparty will not be in default, so the chance of credit risk is extremely low.

5. Liquidity risk management

(1) The cash flow forecast is executed by each operating entity in the Group and is compiled by the Group's finance department. The Group's finance department monitors the forecast of the Group's liquidity requirements to ensure that it has sufficient funds to meet operational needs.

(2) The remaining cash held by each operating entity will be transferred back to the finance department when it is not needed as working capital. The Company's finance department invests surplus cash in interest-bearing demand deposit, time deposits, and money market deposits and securities, choosing instruments with appropriate durations or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As of December 31, 2024 and 2023, the Group's money market positions were in the amounts of NT$784,136 thousand and NT$ 654,441 thousand, respectively, and financial assets measured by amortized cost - current were NT$23,626 thousand and NT$418,077 thousand, respectively, expected to generate cash flows immediately to manage liquidity risk.

(3) The details of the Group's undrawn borrowing facilities are as follows:

	December 31, 2024	December 31, 2023
Floating rate		
Due after more than one year	$ 1,800,000	$ 1,800,000

(4) The table below shows the Group's non-derivative financial liabilities, which are grouped according to relevant maturity dates. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. The contract cash flows disclosed in the table below are undiscounted amounts.

	December 31, 2024				
	Less than 1 year	2-3 years	4-5 years	5 years or more	Total
Non-derivative financial liabilities					
Short-term borrowings	$ 686,815	$ -	$ -	$ -	$ 686,815
Accounts payable	32,413	-	-	-	32,413
Other payables	10,510	-	-	-	10,510
Lease liabilities (including non-current)	3,218	2,202	-	-	5,420
Long-term borrowings (including the current portion)	118,307	830,117	970,338	2,412,399	4,331,161
Total	$ 851,263	$ 832,319	$ 970,338	$ 2,412,399	$ 5,066,319

	December 31, 2023				
	Less than 1 year	2-3 years	4-5 years	5 years or more	Total
Non-derivative financial liabilities					
Short-term borrowings	$ 403,728	$ -	$ -	$ -	$ 403,728
Accounts payable	27,432	-	-	-	27,432
Other payables	14,913	-	-	-	14,913
Lease liabilities (including non-current)	3,479	4,429	85	-	7,993
Long-term borrowings (including the current portion)	118,237	707,020	1,099,134	2,551,766	4,476,157
Total	$ 567,789	$ 711,449	$ 1,099,219	$ 2,551,766	$ 4,930,223

(XXIX) Fair value information

1. The carrying amounts of financial instruments at amortized cost (including cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable and other payables, long-term borrowings, and guarantee deposits received) are reasonable approximations of the fair values.
2. The fair value levels of the financial instruments and non-financial instruments measured using the valuation technique are defined as follows:

   Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

   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., as prices) or indirectly (i.e., derived from prices).

   Level 3: inputs are not based on observable inputs for the asset or liability.
3. Financial and non-financial instruments measured at fair value as of December 31, 2024 and 2023 were classified by Group based on the nature, characteristics, risks, and fair value levels of the assets. The relevant information is as follows:

Fair value on a recurring basis	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Investment property	$ -	$ -	$ 6,034,564	$ 6,034,564

Fair value on a recurring basis	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Investment property	$ -	$ -	$ 5,952,678	$ 5,952,678

4. Valuation technique and assumptions for fair value

The fair value valuation technique for the investment property measured at fair value is measured by an external appraiser using the income approach and land development analysis approach in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The relevant parameter assumptions and input information are as follows:

(1) Income approach:

A. Cash flow: Valuated as per the current lease contract, local rents, or market rental prices of similar assets, excluding those that are too high or too low. If there is an ending balance of the value, the present value of the ending balance may be added.

B. Analysis period: If the income is not from a certain period, the analysis period shall be no more than ten years, and if the income is from a specific period, it shall be estimated according to the remaining period.

C. Discount rate: The risk premium method is adopted at a certain interest rate, with the characteristics of individual investment property estimated. “Certain interest rate” shall be the benchmark and shall not be lower than the two-year time deposit interest rate announced by Chunghwa Post Co., Ltd., plus 0.75%.

(2) Land development analysis approach

The estimated total sales amount is disclosed based on the collection of product planning and pricing information for similar products within the same supply-demand network and neighboring areas. The fair value of the area is then derived by making comparative adjustments according to the specific conditions of each site, in order to estimate the overall fair value of the entire area.

The land development area that can be sold after the development is estimated in the most effective manner after taking into account the relevant laws and regulations, the overall domestic economic prospects, the local land use situation and market conditions, and the total sales amount is estimated.

When the estimated total sales amount increases, the profit margin rises, or the overall capital interest rate decreases, the fair value will increase.

5. There was no transfer between each fair value level in 2024 and 2023.
6. The details of the changes in three levels of fair value are as follows:

2024

	Opening balance	Non-current assets held for sale	Recognized in profit or loss	Recognized in other comprehensive income	Effect of exchange rate changes	Ending balance
Investment property	$ 5,952,678	$ -	$ 75,982	$ -	$ 5,904	$ 6,034,564

2023

	Opening balance	Non-current assets held for sale	Recognized in profit or loss	Recognized in other comprehensive income	Effect of exchange rate changes	Ending balance
Investment property	$ 85,094	$ 584,046	$ (3,661)	$ 5,287,301	$ (102)	$ 5,952,678

7. Quantitative information on fair value of significant unobservable inputs (Level 3)

The fair value measurement of the Group, classified as Level 3, is primarily for investment properties.

The quantitative information on significant unobservable inputs is as follows:

Item	Valuation techniques	Significant unobservable input	Relations between significant unobservable input and fair value
Investment property	Discounted cash flow method	long-term revenue growth rate and discount rate (Note)	The higher the long-term revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value

Note: Please refer to Note 6(8) for the discount rate range.

VII. Related party transaction

The transaction amounts and balances between the Company and its subsidiaries (which are the Company's related parties) have been eliminated when this consolidated financial report was prepared and are disclosed in this note.

(I) Names of related parties and relations

Name of related party	Relations with the Group
Nankang Rubber Tire Corp., Ltd. (Nankang Rubber Tire)	Investor with material influence

Nankang (Zhangjiagang Free Trade Zone) Rubber Industry Co., Ltd. (Zhangjiagang Nankang)	Other related party (subsidiary of investor with significant influence)
Nankang International Co., Ltd. (Nankang International)	Other related party (subsidiary of investor with significant influence)

(II) Significant transactions with related parties

1. Deduction from operating costs - proceeds from sale of raw materials

Name of related party	2024	2023
Nankang Rubber Tire	$ 1,174	$ 9,622

The sale of raw materials to the aforementioned related parties had no comparable transactions under similar circumstances.

2. Net purchase

Name of related party	2024	2023
Nankang Rubber Tire	$ 107,462	$ 7,075
Zhangjiagang Nangang	6,094	3,822
Nangang International	-	3,249
	$ 113,556	$ 14,146

Purchases from the above related parties are handled in accordance with general purchase conditions.

3. Accounts payable

Name of related party	December 31, 2024	December 31, 2023
Nankang Rubber Tire	$ 7,045	$ 5,548

4. Disposal of property, plant and equipment

	2023	
Name of related party	Disposal proceeds	Disposal gain
Nankang Rubber Tire	$ 3,000	$ 1,100

(III) Remuneration for key management personnel

Information on remuneration for directors and other key management personnel is as follows:

	2024	2023
Salary and other short-term benefits	$ 8,627	$ 8,977
Post-retirement benefits	149	44
Total	$ 8,776	$ 9,021

VIII. Assets pledged

Item	Content	Carrying amount December 31, 2024	Carrying amount December 31, 2023
Financial assets at amortized cost - current	Bank deposits - Guaranteed deposit accounts and reimbursement accounts for banker's acceptances	$ 24,016	$ 12,005
Property, plant and equipment	Collateral to financial institutions for loans	2,558,231	2,580,990
Investment property	Performance guarantee provided to financial institutions as collateral for borrowings and land disposal	5,866,363	5,866,363
Guarantee deposits paid	For participation in bidding, lease deposit, electricity fee deposit, after-sales service deposit, and customs deposit	34,140	41,332
Total		NTD 8,482,750	NTD 8,500,690

IX. Material contingent liabilities and unrecognized contractual commitments

Except for described in Note 6(14) other notes, the Group's material commitments and contingencies on the balance sheet date are as follows:

(I) The total contract price for the equipment purchased by the Group, after deducting the payments already made, amounted to NTD13,650 thousand as of December 31, 2024, and December 31, 2023.

(II) As of December 31, 2024 and 2023, the Group had signed contracts and issued letters of credit for the purchase of raw materials, goods, and machinery and equipment, with the unpaid payments of NT$20,832 thousand and NT$17,319 thousand, respectively

(III) The distribution agreements between Federal Tire (Jiangxi) and the distributors contained a product after-sales service warranty clause, and the warranty period was three years. It is agreed that if the products sold by Federal Tire (Jiangxi) are defective in the process, when it is attributable to the manufacturing process as identified by the technicians approved by the Group, it will be responsible for the after-sales service of guaranteed replacement, guaranteed return, and guaranteed compensation.

(IV) On February 8, 2018, the Group was sued by 176 plaintiffs including Wu Cheng-Kuei. These plaintiffs claimed that a fire accident broke out in the Group's Zhongli Plant on January 17, 2017, which caused a huge impact on the health of local residents, and thus filed a civil lawsuit against the Group. The case is still under trial, and it is difficult to evaluate its impact on the Group. If there is any additional impact caused by this case in the future, the Group will evaluate and account for it as per accounting principles and disclose it in the financial report.

(V) For a lawsuit filed by Yuanta Commercial Bank (hereinafter referred to as "Yuanta Bank".) against New Site Industries., Inc. (hereinafter referred to as "New Site") and Hsieh, Kuo-Ching et al. (hereinafter referred to as the "New Site case"), Yuanta Bank, on October 19, 2020, filed a civil lawsuit against the Company as it believed that Hsieh, Kuo-Ching was an employee of the Company, which should be liable for joint and several damages and pay NT$39,550 thousand, plus an interest of 5% per annum, from the day after the petition is served. The Company believes that New Site and such persons, without the consent of the company, engaged in false transactions since 2016 in the name of the Company and falsely claimed that they had receivables from the company and applied for a loan from Yuanta Bank, prompting it to file a civil lawsuit against the Company. Therefore, the Company, on May 6, 2021, filed a civil complaint against New Site and Hsieh, Kuo-Ching and among other 9 persons involved in the New Site case, demanding a payment of NT$39,550 thousand, plus an interest of 5% per annum, from the day after the petition is served. As this case is still in court, it is difficult to assess the impact on the Group. If there is any additional impact caused by this case in the future, the Group will evaluate and account for it as per accounting principles and disclose it in the financial report.

X. Losses due to major disasters: None.

XI. Material events after the balance sheet date: None.

XII. Others

Suspension of production at Guanyin Plant

Aside from the impact on the Group's U.S. market caused by the implementation of the final anti-dumping duty rate ruling in the United States for the year 2021, the Group's operations were also affected by factors such as the COVID-19 pandemic, inflation, and interest rate hikes driven by the U.S. Federal Reserve's monetary tightening policy. In response to these challenges and in pursuit of business continuity, flexibility, and the best interests of the Company and its shareholders, the Board of Directors resolved on February 10, 2023, to temporarily suspend all production at the Guanyin Plant. The impacts and corresponding response measures related to the suspension of operations at the Guanyin Plant are detailed as follows:

(I) The Group completely suspended production at the Guanyin Plant in early March 2023. On February 15, 2023, the Group submitted a mass layoff plan to the competent authority. Additionally, a labor-management negotiation meeting was held on February 22, 2023, during which an agreement was reached to reduce various expenses.

(II) As the temporary shutdown of production will affect the consolidated operating revenue and profit or loss, the countermeasures are as follows:

1. The Group will significantly adjust its order-taking policy, prioritizing only profitable orders. Existing customer orders will be fulfilled on schedule using pre-prepared inventory, ensuring customer interests are not affected. In addition, the Group will optimize its organizational structure and streamline manpower to reduce expenditures.
2. During the suspension period, operational and production-related expenses will be reduced, lowering cash outflows. However, in the short term, the Group will continue to accept contract manufacturing orders for tire products to maintain customer relationships and ensure normal operations.
3. Over the next two years, the Group will continue to secure distribution channels. Should strong demand arise from customers, production at the Guanyin Plant can be resumed to meet supply needs.

(III) The Group has initiated an overseas contract manufacturing program and is actively reconnecting with interested factories to gradually resume exports to the U.S. market. During the temporary production suspension, the Group continues to fulfill orders using inventory and engage in the sales of outsourced tires from other manufacturers or parallel-imported tires. Meanwhile, it is executing overseas manufacturing collaboration plans.

The Group has entered into contract manufacturing agreements with XT TYRE (Vietnam), S.R. Tyres Co., Ltd. (Thailand), and Nankang Rubber Tire Corp., Ltd. (collectively referred to as the "contract manufacturers"). tires produced by the contract manufacturers will be sold to the U.S. and neighboring Southeast Asian markets. The contract manufacturers shall produce the Group’s products in accordance with its order instructions and operating specifications. In terms of quality agreements, the products must meet the Group’s quality standards and be subject to its audit rights. Regarding business and technical matters, the manufacturers are obligated to maintain confidentiality, ensure no infringement of intellectual property rights, and guarantee after-sales service for the products. In addition, without the consent of the Group, it is not allowed to transfer the Group's order to third parties for manufacturing and production.

The Group entered into a cooperation agreement with Qingdao OTAI Tire Co.,Ltd. in China (hereinafter referred to as “Qingdao OTAI”), under which the Group authorized Qingdao OTAI to manufacture tires using the Group’s brand, trademarks, and product names. The authorization is limited to sales within mainland China and does not permit sales to overseas markets. Under the quality agreement, the products must meet the quality standards mutually agreed upon by both parties, and after-sales service must be guaranteed.

In consideration of future product diversification, timeliness, growth in sales orders, and the need to ensure a stable long-term supply of tires, the Group is also seeking additional overseas contract manufacturers. The Company continues to engage with potential future partners, targeting manufacturers that can provide stable supply, reduced trade barriers, high product quality, and competitive pricing.

XIII. Notes Disclosure

When this consolidated financial report was prepared, all material transactions between parent and subsidiaries and the balances have been completely eliminated.

(I) Information on significant transactions:

1. Loan to Others: Table 1.
2. Endorsements/guarantees provided to others: Table 2.
3. Securities Held at the End of the Period: None.
4. Securities Acquired or Sold at Costs or Prices at Least NT$300 million or 20% of the Paid-in Capital: None.
5. Acquisition of Individual Property at Costs of at Least NT$300 million or 20% of the Paid-in Capital: None.
6. Disposal of Individual Property at Costs of at Least NT$300 million or 20% of the Paid-in Capital: None.
7. Total Purchases from or Sales to Related Parties Amounting to at Least NT$100 million or 20% of the Paid-in Capital: Table 3.
8. Receivables from Related Parties Amounting to at Least NT$100 million or 20% of the Paid-in Capital: Table 4.
9. Trading in Derivative Instruments: None.

10. Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries and Amounts: Table 5.

(II) Information on investees:

Names, locations, and other information on investees: Table 6.

(III) Information on investments in the Mainland Area:

1. Information on investees in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, percentage of ownership, investment income or loss, carrying amount of the investment at the end of the period, repatriation of investment income, and the maximum amount of investment in the mainland China area: Table 7
2. Any of the material transactions with investees in mainland China, either directly or indirectly through a third region, and the price, payment term, unrealized gains or losses, and other relevant information that facilitates the understanding of the impact of such investments on financial reporting: None.

(IV) Information on major shareholders:

Information on major shareholders: The name of shareholders with a shareholding of 5% or more, and the number and percentage of shares held: Table 8.

XIV. Department information

(I) General information:

The Group’s operating decision makers operate the business from a regional perspective.

(II) Measurement of segment information:

The Group’s operating decision makers evaluate operating segments based on adjusted operating income. Finance income and expenses (such as interest income and expenses) are not allocated to the operating segments as such activities are managed by the finance department which is responsible for the Company's cash position.

(III) Information on segment income or loss, assets, and liabilities

The information on reportable segments provided to the chief operating decision makers is as follows:

Unit: NTD thousand

	2024			
	Domestic	Asia	America	Total
Income from external clients				
Revenue from sale of goods	$ 246,734	$ 10,761	$ 213	$ 257,708
Lease income	6,562	3,110	-	9,672
Segment income	$ 253,296	$ 13,871	$ 213	$ 267,380
Segment income or loss	$ (200,438)	$ (23,471)	$ (2,273)	$ (226,182)
Segment income or loss includes:				
Depreciation and amortization	$ 185,198	$ 35,909	$ 64	$ 221,171

	2023			
	Domestic	Asia	America	Total
Income from external clients	$ 455,960	$ 8,196	$ 14,246	$ 478,402
Segment income	$ 455,960	$ 8,196	$ 14,246	$ 478,402
Segment income or loss	$ (1,013,883)	$ (58,743)	$ (4,327)	$ (1,076,953)
Segment income or loss includes:				
Depreciation and amortization	$ 325,915	$ 39,777	$ 248	$ 365,940

(IV) Reconciliation for segment income or loss

1. Intersegment sales are conducted on an arm's length basis. Income from external entities reported to the chief operating decision maker is measured in a consistent manner with that for the income in the statement of comprehensive income.

2. The reconciliation of income or profit/loss and the net loss before tax of reportable segments is as follows:

	2024	2023
Income or loss of reportable segments	$ (226,182)	$ (1,076,953)
Elimination upon consolidation	(20,874)	173,714
Non-operating revenues and expenses	(196,176)	(825,365)
net loss before tax	$ (443,232)	$ (1,728,604)

(V) Segment assets and liabilities

The Group's assets and liabilities measured are not an indicator for the operating decision makers, so the assets and liabilities that should be disclosed are NT$0.

(VI) Product information

Revenue from external customers primarily comes from the sale of tires and leasing activities.

(VII) Information by region

The information on the Group by region in 2024 and 2023 is as follows:

	2024		2023	
	Income	Non-current assets	Income	Non-current assets
Domestic	$ 253,296	$ 12,092,067	$ 455,960	$ 12,076,307
Asia	13,871	231,372	8,196	316,359
America	213	-	14,246	82
Total	$ 267,380	$ 12,323,439	$ 478,402	$ 12,392,748

1. The Group's income by region is calculated on the basis of the region where income is received.
2. Non-current assets do not include financial instruments, guarantee deposits paid, and deferred tax assets.

(VIII) Important clients

The details of the Group's clients whose sales amounted to more than 10% of the total operating income in 2024 and 2023 are as follows:

	2024	2023
Company A (Note 1)	$ 60,190	$ 51,335

Note 1: From the domestic segments.

Table 1

Loan to others

Unit: NTD thousand

No. (Note 1)	Lender	Borrower	Account title (Note 2)	Related party status	Highest balance for the period (Note 3)	Ending balance (Note 8)	Amount drawn	Interest rate range	Nature of the loan (Note 4)	Business transaction amount (Note 5)	Reason for short-term financing (Note 6)	Allowance for bad debt	Collateral		Maximum amount for each borrower (Note 7, 9)	Aggregate maximum amount (Note 7, 9)
													Name	Value		
0	The Company	Federal Tire North America LLC.	Other receivables	Yes	$ 157,900	$ 131,140	$ 79,706	2.50%~ 3.50%	The need for short-term financing	$ -	For working capital	$ -	N/A	N/A	$ 1,348,562	$ 2,697,124
0	The Company	Taixin Construction Co., Ltd.	Other receivables	Yes	400,000	200,000	200,000	2.25%	The need for short-term financing	-	For working capital	-	N/A	N/A	1,348,562	2,697,124

Note 1: The description of the No. column is as follows:
A. The Company is coded "0".
B. The investees are coded sequentially beginning from "1" by each individual company.

Note 2: Accounts receivable from associates, receivables from related parties, transactions with shareholder, prepayments, temporary debits, etc., should be entered in this field if they are of a loan nature.

Note 3: The highest balance of loans to others in the year.

Note 4: The nature of loans shall be listed as a business transaction or a need for short-term financing.

Note 5: If the nature of a loan is for business transaction, the business transaction amount shall be entered. The business transaction amount refers to the business transaction amount between the lender and the borrower within the year preceding the transaction.

Note 6: If the nature of a loan is for a need for short-term financing, the reasons for the need for the loan and the purpose of the loan shall be specified, such as repayment of a loan, purchase of equipment, or working capital.

Note 7: The maximum amount for each borrower and the aggregate maximum amount set as per the loan to others procedures shall be indicated and the calculation method of the loan to each borrower and the maximum amount shall be indicated in the remarks column.

Note 8: If a publicly listed company submits a loan case to the Board of Directors for a resolution on a case-by-case basis in accordance with Article 14, paragraph 1 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, even though the loan has not been provided, the amount resolved by the Board of Directors shall be announced to disclose the risk borne; however, with subsequent repayment of the loan, the balance after repayment shall be disclosed to reflect the adjusted risk. If the publicly listed company has authorized the Chairperson to appropriate funds for a loan multiple times over the course of one year or in a revolving line of credit as resolved by the board of directors in accordance with Article 14, paragraph 2 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the loan amount approved by the Board of Directors shall still be announced. Although the loan will be repaid later, considering the possibility of provision of another loan, the loan amount approved by the Board of Directors should still be adopted for announcement.

Note 9: The Company's operational procedures for loaning funds to others are as follows:
The total amount of loans by the Company to others shall not exceed 40% of the Company's net worth. The maximum amount for each borrower is as follows:
A. When there is a need for short-term financing to a subsidiary, the maximum amount shall not exceed 20% of the Company's net worth.
B. The company or bank with business dealings with the Company: The maximum amount shall not exceed 20% of the borrower's net worth and shall not exceed the total amount of business transactions between both parties in the last year (the business transaction amount refers to the amount of purchases or sales between both parties, whichever is higher).
C. If the Company provides a loan to its subsidiary not in excess of 10% of the Company's net worth as per the most recent financial statements, the Chairperson may be authorized to appropriate funds for the loan multiple times or in a revolving line of credit during the loan period.
The total amount of loans between foreign companies, in which the Company directly or indirectly hold 100% of their voting shares, shall not exceed 200% of the borrower's net worth as per the most recent financial statements, either for the needs for capital or for business transactions.

Table 2

Endorsements/guarantees provided to others:

Unit: NTD thousand

No. (Note 1)	Endorser or guarantor company name	Endorsed/guaranteed party		Limit of endorsements/ guarantees for a single enterprise (Note 3, Note 8)	Highest endorsement/ guarantee balance (Note 4)	Endorsement and guarantee balance at the end of the period (Note 5)	Amounts actually used (Note 6)	Amount of property collateral for endorsements/ guarantees	Ratio of accumulated endorsements and guarantees to net worth in the most recent financial statements (%)	Maximum Limit on Endorsements and Guarantees (Note 3, Note 8)	Endorsements and Guarantees Provided by the Parent Company for Subsidiaries (Note 7)	Endorsements and Guarantees Provided by Subsidiaries for the Parent Company (Note 7)	Endorsements and guarantees in China (Note 7)
		Company Name	Relations (Note 2)										
1	Taixin Construction Co., Ltd.	The Company	3	$ 53,477,700	$ 2,880,000	$ 2,880,000	$ 799,000	$ 2,880,000	53.85%	$ 53,477,700	-	Y	-

Note 1: The description of the No. column is as follows:
A. The Company is coded “0”.
B. The investees are coded sequentially beginning from “1” by each individual company.

Note 2: The relationship between the endorser and the endorsed party can be categorized into the following seven types. Please indicate the applicable type:
1. Companies with business transactions.
2. Companies in which the company directly or indirectly holds more than 50% of the voting shares.
3. Companies that directly or indirectly hold more than 50% of the voting shares in the company.
4. Companies where the company directly or indirectly holds more than 90% of the voting shares.
5. Companies engaged in mutual guarantees under contracts due to construction project requirements, either within the same industry or among joint contractors.
6. Companies guaranteed by all investing shareholders according to their shareholding ratio due to joint investment relationships.
7. Companies providing joint and several guarantees for the performance of pre-sale housing sales contracts in accordance with consumer protection laws within the same industry.

Note 3: The Company should specify the individual endorsement guarantee limits and the maximum endorsement guarantee limits for each party, as set forth in the Company's procedures for providing endorsements and guarantees. The calculation methods for the individual party limits and the total maximum endorsement guarantee limits should be explained in the remarks section.

Note 4: The maximum balance of endorsements/guarantees for others in the current year.

Note 5: Amounts approved by the Board of Directors should be disclosed. However, the amount authorized by the board of directors to be decided by the Chairperson in accordance with Item 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies refers to the amount decided by the Chairperson.

Note 6: The actual amount drawn by the endorsed company within the remaining balance of the endorsement guarantee should be input.

Note 7: For endorsement guarantees provided by a listed parent company to its subsidiary, by a subsidiary to its listed parent company, or by a company in mainland China, it is required to enter "Y".

Note 8: The endorsement and guarantee procedures of Taixin Construction Co., Ltd. are as follows:
The total amount of the Company's external endorsements and guarantees is limited to ten times the Company's most recent financial statement net value; the endorsement and guarantee limits for a single enterprise are as follows:
A. For the parent company holding 100% of the Company's shares, the limit is not to exceed ten times the Company's most recent financial statement net value.
B. For other affiliated companies, the endorsement and guarantee limit is not to exceed the Company's most recent financial statement net value.
C. For non-affiliated companies with business transactions, the endorsement and guarantee limit is not to exceed the total business transaction amount between the two parties in the most recent year, and also not to exceed the Company's most recent financial statement net value (the term "business transaction amount" refers to the higher of the purchase or sales amount between the two parties).

Table 3

Transactions with related parties for purchases and sales that amount to NT$100 million or 20% or more of the paid-in capital

Unit: NTD thousand

Company	Transaction counterparty	Relationship	Transaction details				The circumstances and reasons for the terms and conditions of the transactions (Note 1)		Notes or accounts receivable (payable)		Remark (Note 2)
			Purchase (sale)	Amount	As a percentage of total purchases (sales)	Credit period	Unit price	Credit period	Balance	As a percentage of total notes and accounts receivable (payable)	
The Company	Nankang Rubber Tire Corp., Ltd.	Affiliated enterprise	Monetary amount of procurement	NTD 107,462	53%	Payment by wire transfer after 120 days from the 1st day of the following month	Determined depending on purchase situation	The general credit term is net 30 to 120 days after the end of the month	$ 7,045	30%	

Note 1: If the transaction term with related parties are different from the general transaction ones, the situation and reasons for the difference shall be specified in the column of unit price and credit period.

Note 2: If there is an advance receipt (prepayment), the reason, contract terms, amount, and the difference from the general transaction type shall be specified in the remarks column.

Note 3: Paid-in capital refers to the parent company's paid-in capital. If the issuer's stock is no-par-value stock or the par value per share is not NT$10, criterion for the transaction amount of 20% of the paid-in capital shall be based on the 10% of equity attributable to the owner of the parent company on the balance sheet.

Table 4

Receivables from Related Parties Amounting to at Least NT$100 million or 20% of the Paid-in Capital

Unit: NTD thousand

Company with accounts receivable	Transaction counterparty	Relationship	Balance of receivables from related parties (Note 1)	Turnover (times)	Overdue receivables from related parties		Amount recovered from related party after the balance sheet date	Allowance for bad debt
					Amount	Response method		
The Company	Taixin Construction Co., Ltd.	Parent company to subsidiary	Other receivables NTD 202,613	-	$ -	-	$ -	$ -
Amberg Investments Pte. Ltd.	Federal Tire (Jiangxi) Co., Ltd.	Subsidiary to subsidiary	Receivable for capital decrease NTD 183,597	-	$ -	-	$ -	$ -

Note 1: Please enter accounts receivable, notes receivable, other receivables, etc. separately.

Note 2: Paid-in capital refers to the parent company's paid-in capital. If the issuer's stock is no-par-value stock or the par value per share is not NT$10, criterion for the transaction amount of 20% of the paid-in capital shall be based on the 10% of equity attributable to the owner of the parent company on the balance sheet.

Table 5

Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries and Amounts

From January 1 to December 31, 2024

Unit: NTD thousand

No. (Note 1)	Company	Transaction counterparty	Relations with transaction counterparty (Note 2)	Transaction details				Remark
				Account title	Amount	Transaction terms	As a percentage of consolidated total revenue or total assets (%) (Note 3, 4)	
0	The Company	Federal Tire North America LLC.	1	Other receivables	$ 82,280	Note 5	1%	
				Interest income	3,140	Note 5	1%	
		Taixin Construction Co., Ltd.	1	Other receivables	202,613	Note 5	2%	
				Interest income	4,390	Note 5	2%	
1	Amberg Investments Pte. Ltd.	Federal Tire (Jiangxi) Co., Ltd.	3	Other receivables	183,597	Note 6	1%	

Table 5-1

Business relationships and significant transactions between the parent company and subsidiaries, and between subsidiaries: Amounts involved

From January 1 to December 31, 2023

Unit: NTD thousand

No. (Note 1)	Company	Transaction counterparty	Relations with transaction counterparty (Note 2)	Transaction details				Remark
				Account title	Amount	Transaction terms	As a percentage of consolidated total revenue or total assets (%) (Note 3, 4)	
0	The Company	Federex Marketing Co., Ltd.	1	Sales income	$ 100,211	Payment by wire transfer after 120 days from the 1st day of the following month	21%	
				Monetary amount of procurement	4,327	Payment by wire transfer after 30 days after the end of the month	1%	
0	The Company	Taixin Construction Co., Ltd.	1	Other receivables	182,261	Note 5	1%	
0	The Company	Federal Tire North America LLC.	1	Other receivables	108,102	Note 5	1%	
				Sales income	8,671	The credit period is net 120-150 days after the end of the month	2%	
				Interest income	4,525	Note 5	1%	
1	Amberg Investments Pte. Ltd.	Federal Tire (Jiangxi) Co., Ltd.	3	Other receivables	171,949	Note 6	1%	

Note 1: The information on the business transactions between the parent company and its subsidiaries shall be indicated in the No. column. The code shall be entered as follows:
1. The parent company is coded "0".
2. The subsidiaries are coded sequentially beginning from "1" by each individual company.

Note 2: There are three types of relations with the counterparty, just indicate the code (If it is the same transaction between parent and subsidiary or between subsidiaries, it does not need to be disclosed repeatedly. For example, if the parent company has disclosed a transaction between it and a subsidiary, the subsidiary does not need to disclose the same transaction again; if a subsidiary has disclosed a transaction between it and another subsidiary, the other subsidiary does not need to disclose the same transaction again):
1. Parent company to subsidiary
2. Subsidiary to parent company
3. Between subsidiaries

Note 3: Regarding the transaction amount as a percentage of the consolidated total revenue or assets, if it is recognized in the balance sheet account, it is shown with the ending balance as a percentage of the consolidated total assets; if it is in the profit or loss account, it is shown with the cumulative amount throughout the period as a percentage of the consolidated total revenue.

Note 4: Any transaction amount that does not reach 1% of the consolidated total revenue or consolidated total assets will not be disclosed; instead, it will be disclosed in the aspects of assets and income.

Note 5: The transaction is mainly a loan; therefore it is not applicable.

Note 6: The transaction is primarily of the nature of receivables from capital reduction; therefore it is not applicable.

Table 6

Names, Locations, and Other Information on Investees (Not Including Investees in Mainland China)

Unit: NTD thousand

Investor	Name of investee (Note 1, 2)	Location	Principal business	Initial investment amount		End of the period			Income (loss) on investee in this period (Note 2(2))	Investment income (loss) recognized in this period (Note 2 (3))	Remark
				End of this period	End of last year	Number	%	Carrying amount			
The Company	Taixin Construction Co., Ltd.	Taiwan	Contracting of builders to build residential and commercial buildings for lease and sale	$ 330,000	$ 330,000	33,000,000	100%	$ 5,347,780	$ 57,272	$ 57,272	Subsidiary
〃	Rongcheng Development Co., Ltd.	Taiwan	Contracting of builders to build residential and commercial buildings for lease and sale	10,000	10,000	1,000,000	100%	170,584	(372)	(372)	Subsidiary
〃	Fu Cheng Development Co., Ltd.	Taiwan	Contracting of builders to build residential and commercial buildings for lease and sale	8,000	8,000	800,000	100%	84,391	(56)	(56)	Subsidiary
〃	Federal International Holding Inc.	Cayman Islands	General investment	1,641,825	1,625,627	49,900,000	100%	528,525	(35,969)	(35,969)	Subsidiaries (Note 3)
Federal International Holding Inc.	Amberg Investments Pte. Ltd.	Singapore	General investment	1,716,239	1,716,239	85,762,738	100%	554,785	(28,381)	(28,381)	Sub-subsidiary
〃	Federal Tire North America LLC.	USA	Distribution of tires	25,427	6,437	-	100%	(73,200)	(5,338)	(5,338)	Sub-subsidiary (Note 4)
〃	Karroy Development Limited	Hong Kong	Commercial building rental business	74,566	74,566	2,000,000	100%	43,041	(2,690)	(2,690)	Sub-subsidiary

Note 1: If a publicly listed company has a foreign holding company and uses consolidated financial statements as its main financial report in accordance with local laws and regulations, the information on the foreign investee may only be limited to the holding company.

Note 2: For cases other than those mentioned in Note 1, enter information according to the following rules:

(1) The columns of "Investee", "Location", "Principal business", "Initial investment amount", and "End of the period" shall be based on the investment situation of the (publicly listed) company and the investment by each directly or indirectly controlled investee, and the relations between each investee company and the (publicly listed) company shall be indicated in the remarks column (e.g., a subsidiary or a sub-subsidiary company).

(2) Enter the current income or loss on each investee company in the "Income (loss) on investee in this period" column.

(3) Enter the income or loss on the direct investment in each subsidiary recognized by this (publicly listed) company and on each investee valuated using the equity method in the “Investment income (loss) recognized in this period” column, and the rest is exempted. Confirm that the income or loss on each subsidiary for this period has included the investment income or loss on recognized that shall be recognized in accordance with the regulations when entering information in “Income or loss on the direct investment in each subsidiary recognized”.

Note 3: On June 25, 2024, the management resolved to inject capital in cash amounting to USD 500,000 into Federal International Holding Inc., and the capital change registration was completed on June 26, 2024.

Note 4: Regarding Federal Tire North America LLC., a cash capital increase of USD 600,000 was approved by a written resolution of the board of directors on August 26, 2024.

Table 7

Information on investment in China

Unit: NTD thousand

Investee	Principal business	Paid-in capital	Investment method	Cumulative investment remitted from Taiwan, beginning of this period	The investment amount remitted from Taiwan or recovered in this period		Cumulative investment remitted from Taiwan, end of this period	Shareholding ratio in direct or indirect investment	Investment gain or loss recognized in the period (Note 2)	Book value of investments at the end of the period	Cumulative repatriation of investment income as of the end of this period
					Outward	Inward					
Federal Tire (Jiangxi) Co., Ltd.	Production and sales of various tires and rubber products	$ 1,752,068	Note1	$ 1,752,068	$ -	$ -	$ 1,752,068	100%	$ (34,361)	$ 347,641	$ -

Cumulative outward remittances for investment in mainland China as of the end of this period	Investment amount approved by Investment Commission, MOEA	Limit on investment amount stipulated by Investment Commission, MOEA (Note 3)
$ 1,752,068	$ 1,752,068	$ 4,045,687

Note 1: Invested in China through Amberg Investments Pte. Ltd.
Note 2: Based on the investees' financial reports for the same period audited by the CPAs of the parent company in Taiwan.
Note 3: As per the Principles for the Review of Investments or Technical Cooperation in Mainland China released by the Investment Commission, MOEA, the cumulative amount of the investments in businesses in mainland China limited to NT$80 million or 60% of the net worth or the consolidated net worth, whichever is higher.

Table 8

Information on major shareholders

Major shareholders \ Shares	Number of shares held (shares)	Percentage of Shares Held
Nankang Rubber Tire Corp., Ltd.	148,768,000	31.43%
Zhikai Development Co., Ltd.	26,928,000	5.68%
Taifu Investment Co., Ltd.	25,590,991	5.40%

Note 1: The major shareholders in this table are shareholders holding more than 5% of the ordinary and preference shares with registration of dematerialized securities completed (including treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's financial report may differ from the actual number of shares that have been issued and delivered with registration of dematerialized securities completed as a result of different basis of preparation.

Note 2: If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings including their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to MOPS.