

**LIDA HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AND REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS MARCH 31, 2025 AND 2024
(STOCK CODE: 4552)**

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LIDA HOLDINGS LIMITED AND SUBSIDIARIES
Consolidated Financial Statements
for the Three Months Ended March 31, 2025 and 2024 and
Independent Auditors' Review Report
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REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of Lida Holdings Limited

Introduction

We have reviewed the accompanying consolidated balance sheets of Lida Holdings Limited and its subsidiaries (hereinafter the “Group”) as of March 31, 2025, and the related consolidated statement of comprehensive income for the three months ended March 31, 2025, and changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews..

Scope of Review

We conducted our reviews in accordance with the International Standard on Review Engagements No. 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025, and of its consolidated financial performance as of and for the three months period ended March 31, 2025, and its consolidated financial performance and cash flows for the nine months periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter

The financial statements of the Group for the three months ended March 31, 2024 were reviewed by other auditors, and other auditors have issued an unqualified audit report on May 14, 2024.

KPMG Taiwan

CPA

Reference Number of the FSC Approval letter: No. Taiwan-Finance-Securities- Auditing -1060042577
Reference Number of the FSC Approval letter: No.
Financial-Supervisory-Securities-Auditing -1100333824
May 13, 2025

LIDA HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2025, DECEMBER 31, 2024, AND MARCH 31, 2024

Expressed in thousands of New Taiwan dollars

Assets		March 31, 2025		December 31, 2024		March 31, 2024		Liabilities and equity		March 31, 2025		December 31, 2024		March 31, 2024			
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%		
Current assets:								Current liabilities									
1100	Cash and cash equivalents (Note 4, 6(1) (18) & (19))	\$	2,684,835	34	2,389,144	31	2,861,079	37	2100	Short-term borrowings (Note 6(9) (18), 7 & 8)	\$	441,209	6	346,552	5	390,108	5
1136	Financial assets at amortized cost - current (Note 4, 6(2) (18) & 8)		6,796	-	6,717	-	-	-	2170	Accounts payables (Note 6(1))		414,751	5	459,949	6	402,188	5
1170	Accounts receivable, net (Note 4, 6(3) (18))		908,817	11	955,776	13	777,122	10	2219	Other payables (Note 6(15) & (18))		93,287	1	98,525	1	70,701	1
1200	Other receivables (Note 4 & (18))		724	-	798	-	2,462	-	2230	Current tax liabilities (Note 4)		-	-	-	-	70,305	1
1210	Other receivables – related parties (Note 4, 6(18) & 7)		-	-	-	-	1,524	-	2250	Provisions – current (Note 4)		3,636	-	3,831	-	5,014	-
1220	Current tax assets (Note 4 & 6(11))		2,575	-	479	-	-	-	2300	Other current liabilities		-	-	-	-	505	-
130X	Inventories (Note 4 & 6(4))		266,314	3	325,867	4	290,421	4		Non-current liabilities		952,883	12	908,857	12	938,821	12
1410	Prepayments		101	-	565	-	856	-	2570	Deferred income tax liabilities (Note 4 & 6(11))		653,029	8	636,588	8	613,276	8
1470	Other current assets		-	-	13,190	-	-	-				653,029	8	636,588	8	613,276	8
			3,870,162	48	3,692,536	48	3,933,464	51		Total liabilities		1,605,912	20	1,545,445	20	1,552,097	20
Non-current assets:								Equity attributable to owners of the parent company: (Note 6(12))									
1600	Property, plant and equipment (Note 4, 5, 6(5) & 8)		3,371,169	43	3,259,027	42	3,243,925	43		Common stock		1,160,000	15	1,160,000	15	1,160,000	15
1755	Right-of-use assets (Note 4, 6(6) & 8)		125,332	2	124,618	2	151,445	2	3110			1,548,200	20	1,548,200	20	1,548,200	20
1760	Investment properties, net (Note 4, 5, 6(7) & 8)		486,186	6	484,340	6	167,755	2	3200	Capital surplus							
1840	Deferred income tax assets (Note 4 & (11))		21,905	-	27,874	-	24,245	-		Retained earnings:							
1915	Prepayments for equipment		55,283	1	133,389	2	130,744	2	3320	Special reserve		605,682	8	605,682	8	605,682	8
1990	Other non-current assets - others		128	-	177	-	393	-	3350	Unappropriated earnings		3,314,492	41	3,239,249	42	3,258,458	43
			4,060,003	52	4,029,425	52	3,718,507	49				3,920,174	49	3,844,931	50	3,864,140	51
										Other equity:							
								3400	Other equity		(304,121)	(4)	(376,615)	(5)	(472,466)	(6)	
									Total equity attributable to owners of the parent company		6,324,253	80	6,176,516	80	6,099,874	80	
									Total equity		6,324,253	80	6,176,516	80	6,099,874	80	
Total assets		\$	7,930,165	100	7,721,961	100	7,651,971	100	Total liabilities and equity	\$	7,930,165	100	7,721,961	100	7,651,971	100	

(Please refer to the notes to the consolidated financial statements.)
Manager: Yi-Ping Cheng

Accounting Supervisor: Yun-Xiang Huang

LIDA HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

Expressed in thousands of New Taiwan Dollars

		For the three months ended March 31, 2025		For the three months ended March 31, 2024	
		Amount	%	Amount	%
4000	Operating revenue (Note 4 & 6(14))	\$ 783,490	100	714,092	100
5000	Operating costs (Note 6(4) & (17))	629,674	80	577,323	81
	Gross profit	153,816	20	136,769	19
	Operating expenses: (Note 6(17))				
6100	Sales and marketing expenses	12,862	2	17,563	2
6200	General and administrative expenses	39,992	5	29,746	4
6300	Research and development expenses	47,536	6	48,043	7
6450	Expected credit impairment losses	(42,148)	(5)	(8,609)	(1)
		58,242	8	86,743	12
	Operating profit	95,574	12	50,026	7
	Non-operating income and expenses: (Note 6(16))				
7100	Interest income	571	-	943	-
7010	Rent income	7,816	1	2,217	-
7020	Other gains and losses	734	-	(419)	-
7050	Finance costs	(3,553)	-	(4,148)	-
	Total non-operating income and expenses	5,568	1	(1,407)	-
	Profit before income tax from continuing operations	101,142	13	48,619	7
7950	Less: Income tax expense (Note 4 & 6(11))	25,899	3	19,231	3
	Profit for the current period	75,243	10	29,388	4
8300	Other comprehensive income:				
8360	Items that will not be reclassified to profit or loss				
8361	Exchange difference from translation of financial statements of foreign operations (Note 6(12))	72,494	9	115,791	16
8300	Other comprehensive income for the period (net of income tax)	72,494	9	115,791	16
	Total comprehensive income for the period	<u>\$ 147,737</u>	<u>19</u>	<u>145,179</u>	<u>20</u>
	Profit attributable to:				
	Owners of the parent company	\$ 75,243	10	29,388	4
		<u>\$ 75,243</u>	<u>10</u>	<u>29,388</u>	<u>4</u>
	Total comprehensive income attributable to:				
	Owners of the parent company	\$ 147,737	19	145,179	20
		<u>\$ 147,737</u>	<u>19</u>	<u>145,179</u>	<u>20</u>
	Earnings per share (NTD) (Note 6(13))				
	Basic earnings per share (NTD)	<u>\$ 0.65</u>		<u>0.25</u>	
	Diluted earnings per share (NTD)	<u>\$ 0.65</u>		<u>0.25</u>	

(Please refer to the notes to the consolidated financial statements.)

Chairman: Chien-Leng Wu

Manager: Yi-Ping Cheng

Accounting Supervisor: Yun-Xiang Huang

LIDA HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

Expressed in thousands of New Taiwan Dollars

	Equity attributable to owners of the parent company					Total equity
	Share capital	Capital surplus	Special reserve	Unappropriated earnings	Other equity	
					Exchange difference from translation of financial statements of foreign operations	
Balance as of January 1, 2024	\$ 1,160,000	1,548,200	605,682	3,229,070	(588,257)	5,954,695
Net income for the period	-	-	-	29,388	-	29,388
Other comprehensive income for the period	-	-	-	-	115,791	115,791
Total comprehensive income for the period	-	-	-	29,388	115,791	145,179
Balance as of March 31, 2024	\$ 1,160,000	1,548,200	605,682	3,258,458	(472,466)	6,099,874
Balance as of January 1, 2025	\$ 1,160,000	1,548,200	605,682	3,239,249	(376,615)	6,176,516
Net income for the period	-	-	-	75,243	-	75,243
Other comprehensive income for the period	-	-	-	-	72,494	72,494
Total comprehensive income for the period	-	-	-	75,243	72,494	147,737
Balance as of March 31, 2025	\$ 1,160,000	1,548,200	605,682	3,314,492	(304,121)	6,324,253

(Please refer to the notes to the consolidated financial statements.)

Chairman: Chien-Leng Wu

Manager: Yi-Ping Cheng

Accounting Supervisor: Yun-Xiang Huang

LIDA HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

Expressed in thousands of New Taiwan Dollars

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before tax for the period	\$ 101,142	48,619
Adjustments:		
Items of income and expenses		
Depreciation expenses	39,216	32,885
Reversal gains on expected credit impairment losses	(42,148)	(8,609)
Interest expenses	3,553	4,148
Interest income	(571)	(943)
Total items of income and expenses	50	27,481
Changes in operating assets / liabilities:		
Net changes in operating assets:		
Accounts receivables	100,038	526,451
Other receivables	74	18,764
Other receivables – related parties	-	412
Inventories	63,101	(29,577)
Prepayments	464	13
Other current assets	13,190	6,488
Total net changes in operating assets	176,867	522,551
Net changes in operating liabilities:		
Accounts payables	(45,198)	136,392
Other payables	(31,316)	(24,428)
Provisions	(195)	(876)
Other current liabilities	-	450
Total net changes in operating liabilities	(76,709)	111,538
Total net changes in operating assets and liabilities	100,158	634,089
Total adjustments	100,208	661,570
Cash generated from operation	201,350	710,189
Interest received	571	943
Interest paid	(3,553)	(4,148)
Income tax paid	(12,749)	(11,729)
Net cash generated from operating activities	185,619	695,255
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of property, plant and equipment	(3,014)	(4,698)
Increase in guaranteed deposits paid	(23)	-
Other receivables – loans and collections	-	(1,133,885)
Decrease in other non-current assets	72	-
Net cash used in investing activities	(2,965)	(1,138,583)
CASH FLOW FORM FINANCING ACTIVITIES:		
Increase in short-term borrowings	90,235	-
Net cash generated from investing activities	90,235	-
Effect of changes in exchange rate on cash and cash equivalents	22,802	20,096
Increase (decrease) in cash and cash equivalents of the period	295,691	(423,232)
Beginning balance of cash and cash equivalents	2,389,144	1,016,541
Ending balance of cash and cash equivalents	<u>\$ 2,684,835</u>	<u>2,861,079</u>

(Please refer to the notes to the consolidated financial statements.)

Chairman: Chien-Leng Wu

Manager: Yi-Ping Cheng

Accounting Supervisor: Yun-Xiang Huang

LIDA HOLDINGS LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

Lida Holdings Limited (the “Company”) was incorporated in the British Cayman Islands on May 11, 2012, for the purpose of the restructuring undertaken prior to listing on the Taiwan Stock Exchange. On August 12, 2013, the Company provided its own shares to exchange 100% equity of Wellsoon International Limited (Wellsoon International) at the share exchange ratio of 1,551:1. The Company’s stock has been listed on the Taiwan Stock Exchange since July 20, 2016. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the design, manufacture and sales of mechanical and electrical products such as air compressors, electric welding machines and electrical tools.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were issued after approved by the Board of Directors on May 13, 2025.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

The Group started adopting new standards, interpretations and amendments endorsed by the FSC effective from January 1, 2025 as follows, and there is no significant impact on the consolidated financial statements.

·Amendments to IAS 21 “Lack of Exchangeability”

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

The Group evaluated that adopting new standards, interpretations and amendments effective from January 1, 2026 as follows will not significantly impact the consolidated financial statements.

·Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding Application Guidance in Section 4.1 of IFRS 9 and regulations associated with disclosures of IFRS 7

LIDA HOLDINGS LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

(3) **New issuances of or amendments to IFRSs not yet endorsed by the FSC**

Standards and interpretations and amendments issued by IASB but not yet endorsed by the FSC, which may be relevant to the Group, are as follows:

New or amended standards	Major amendments	Effective date by IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined "operating profit" subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS accounting standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

The Group continues to evaluate the impact of the aforementioned standards and interpretations on the financial position and financial performance; the relevant impact will be disclosed upon completion of the assessment.

The Group expects the other new and amended standards as follows will not significantly impact the consolidated financial statements.

LIDA HOLDINGS LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- IFRS 17 “Insurance Contract” and amendments to IFRS 17
- IFRS 19 “Subsidiaries without Public Accountability: ”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding Application Guidance in Section 3.1 and 3.3 in IFRS 9 and regulations associated with disclosures of IFRS 7
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies adopted in the consolidated financial statements is as follows. Unless otherwise stated, the following accounting policies have been consistently applied to all periods of expression in the consolidated financial statements.

(1) Compliance statement

The consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2024. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2024.

(2) Basis of preparation

A. Measurement basis

The consolidated financial statements have been prepared under the historical cost convention.

B. Functional currency and expression currency

Each entity of the Group uses the currency of the main economic environment in which they operate as their functional currency. The functional currency of the Company is “CNY.” However, due to the local regulations of country that the financial statements are submitted to, the consolidated financial statements are expressed in NTD. All financial information expressed in NTD with the unit of NT\$ thousand.

LIDA HOLDINGS LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

(3) **Basis of consolidation**

Subsidiaries included in the consolidated financial statements:

			<u>Percentage of ownership</u>			
<u>Investor company</u>	<u>Nam of subsidiary</u>	<u>Main business activities</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>	<u>Note</u>
The Company	Wellsoon International Limited (Wellsoon International)	Investment holding	100	100	100	
Wellsoon International Limited	Lida (HK) Holdings Co., Ltd. (Lida (HK))	Investment holding	100	100	100	
Lida (HK) Holdings Co., Ltd.	Lida (China) Machine Equipment Co. Limited (Lida (China))	Design, manufacture and sales of air compressors	100	100	100	
Lida (China) Machine Equipment Co. Limited	Lida (Jiangxi) Machine Equipment Co Limited (Lida (Jiangxi))	Design, manufacture and sales of air compressors	100	100	100	

(4) **Income tax**

The Group measures and discloses the income tax expenses for the interim period in accordance with the regulations in paragraph B12 of International Accounting Standard 34, “Interim Financial Reporting.”

The interim period income tax expense is assessed based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and recognized as current income tax expenses in full, and allocated to current income tax expenses and deferred income tax expenses in proportion to the expected current income tax expenses and deferred income tax expenses of the whole year.

Income tax expenses directly recognized in items of equity or other comprehensive income shall be measured by the temporary differences between the carrying amount of related assets and liabilities for the financial reporting purpose and tax base at the tax rates that are expected to apply to the period when they are realized or settled.

5. **CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTATINTY**

When preparing the Group’s consolidated financial statements in accordance with Regulations Governing the Preparation and IAS 34 “Interim Financial Reporting” endorsed by the FSC, the management has made judgments, accounting estimates and assumptions to future (including climate-related risks and opportunities), which affect the disclosure of reporting amount of revenue, expenses, assets, and liabilities and contingent liabilities. However, the actual results may be difference from the estimates.

The significant accounting judgements, estimates and key sources of assumption uncertainty by the management in preparing the consolidated financial statements are consistent with the disclosures in Note 5 of the consolidated financial statements for the year ended December 31, 2024.

LIDA HOLDINGS LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Cash	\$ 182	333	322
Bank deposits			
Demand deposits	2,684,653	2,388,811	2,860,757
Cash and cash equivalents presented in the consolidated statements of cash flows	<u>\$ 2,684,835</u>	<u>2,389,144</u>	<u>2,861,079</u>

(2) Financial assets at amortized cost

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Pledged time deposits	<u>\$ 6,796</u>	<u>6,717</u>	<u>-</u>

The Group assesses to hold the assets to the maturity to collect the contractual cash flows, and the cash flows are solely payments of principal and interest on the principal amount outstanding. Therefore, the assets are presented as financial assets at amortized cost.

A. Please refer to Note 6(18) for information on credit risk.

B. Please refer to Note 8 for the details of the aforementioned assets pledged as collaterals for short-term borrowings and credit lines.

(3) Accounts receivables

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Accounts receivables – measured at amortized cost	\$ 1,050,804	1,137,955	866,541
Less: loss allowances	(141,987)	(182,179)	(89,419)
Accounts receivables, net	<u>\$ 908,817</u>	<u>955,776</u>	<u>777,122</u>

The Group recognizes the loss allowance for accounts receivables at an amount equal to the lifetime expected credit loss by the simplified approach. For the purpose of measurement, the accounts receivables have been grouped based on shared credit risk characteristics of the ability to pay off the due amount in accordance with the contract terms, with foreseeing information, including macro-economic and relevant industry information. The analysis of expected credit risk of accounts receivables are as follows:

LIDA HOLDINGS LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

March 31, 2025			
	Carrying amount of accounts receivables	Weighted- average expected credit loss rate	Lifetime expected credit loss
Undue	\$ 555,717	7.12%	39,562
Overdue within 30 days	196,537	14.86%	29,206
Overdue for 31~60 days	220,408	20.92%	46,106
Overdue for 61~90 days	78,142	34.7%	27,113
	<u>\$ 1,050,804</u>		<u>141,987</u>
December 31, 2024			
	Carrying amount of accounts receivables	Weighted- average expected credit loss rate	Lifetime expected credit loss
Undue	\$ 589,475	8.27%	48,775
Overdue within 30 days	228,860	16.49%	37,734
Overdue for 31~60 days	178,495	24.51%	43,754
Overdue for 61~90 days	134,287	33.57%	45,078
Overdue for over 90 days	6,838	100%	6,838
	<u>\$ 1,137,955</u>		<u>182,179</u>
March 31, 2024			
	Carrying amount of accounts receivables	Weighted- average expected credit loss rate	Lifetime expected credit loss
Undue	\$ 403,649	5.3%	21,394
Overdue within 30 days	105,171	10.60%	11,147
Overdue for 31~60 days	357,721	15.90%	56,878
	<u>\$ 866,541</u>		<u>89,419</u>

The credit periods of sales of goods are 60 days to 90 days after monthly settlement.
As of March 31, 2025, December 31, 2024, and March 31, 2024, the accounts receivables were not pledged as collaterals.
Please refer to Note 6(18) for information on other credit risks.

LIDA HOLDINGS LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

The changes in loss allowances of accounts receivables are as follows:

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Beginning balance	\$ 182,179	96,309
Impairment losses reversed	(42,148)	(8,609)
Exchange rate effects	1,956	1,719
Ending balance	<u>\$ 141,987</u>	<u>89,419</u>

(4) Inventories

	March 31, 2025	December 31, 2024	March 31, 2024
Raw materials	\$ 134,831	178,333	106,748
Work in progress	24,617	62,803	39,949
Finished goods	108,383	85,572	147,633
Less: allowances for valuation losses	<u>(1,517)</u>	<u>(841)</u>	<u>(3,909)</u>
Merchandise inventory	<u>\$ 266,314</u>	<u>325,867</u>	<u>290,421</u>

As of March 31, 2025, December 31, 2024, and March 31, 2024, the inventories were not pledged as collaterals.

The details of costs of goods sold are as follows:

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Transferred from inventories sold	\$ 626,740	575,808
Inventory valuation losses	663	1,881
Unallocated manufacturing expenses for idle equipment	2,632	-
Revenue from scraps	<u>(361)</u>	<u>(366)</u>
	<u>\$ 629,674</u>	<u>577,323</u>

LIDA HOLDINGS LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

(5) **Property, plant and equipment**

Details of changes in costs, depreciation, and impairment losses are as follows:

		Land improvements	Buildings and structures	Machinery equipment	Transporta tion equipment	Office equipment	Other equipment	Unfinished constructio n and equipment pending acceptance	Total
Costs or deemed costs:									
Balance as of January 1, 2025	\$	211,838	2,847,470	824,045	21,309	6,277	18,772	-	3,929,711
Additions		-	27,847	799	-	-	-	-	28,646
Transfer in		-	-	79,784	-	-	-	-	79,784
Exchange rate change effects		2,476	33,393	9,963	249	74	219	-	46,374
Balance as of March 31, 2025	\$	<u>214,314</u>	<u>2,908,710</u>	<u>914,591</u>	<u>21,558</u>	<u>6,351</u>	<u>18,991</u>	<u>-</u>	<u>4,084,515</u>
Balance as of January 1, 2024	\$	-	2,570,307	771,550	21,743	5,987	13,844	436,286	3,819,717
Additions		-	-	48	-	117	-	2,163	2,328
Reclassifications		-	(23,182)	-	-	-	-	-	(23,182)
Exchange rate change effects		-	47,892	14,444	407	114	259	8,188	71,304
Balance as of March 31, 2024	\$	<u>-</u>	<u>2,595,017</u>	<u>786,042</u>	<u>22,150</u>	<u>6,218</u>	<u>14,103</u>	<u>446,637</u>	<u>3,870,167</u>
Depreciation and impairment losses									
Balance as of January 1, 2025	\$	(9,946)	(176,383)	(452,495)	(18,953)	(5,569)	(7,338)	-	(670,684)
Depreciation expenses		(1,372)	(18,159)	(14,680)	(23)	(8)	(438)	-	(34,680)
Exchange rate change effects		(122)	(2,136)	(5,349)	(222)	(65)	(88)	-	(7,982)
Balance as of March 31, 2025	\$	<u>(11,440)</u>	<u>(196,678)</u>	<u>(472,524)</u>	<u>(19,198)</u>	<u>(5,642)</u>	<u>(7,864)</u>	<u>-</u>	<u>(713,346)</u>
Balance as of January 1, 2024	\$	-	(163,176)	(390,031)	(19,262)	(5,372)	(6,177)	-	(584,018)
Depreciation expenses		-	(17,099)	(13,630)	(23)	(8)	(231)	-	(30,991)
Exchange rate change effects		-	(3,220)	(7,433)	(361)	(101)	(118)	-	(11,233)
Balance as of March 31, 2024	\$	<u>-</u>	<u>(183,495)</u>	<u>(411,094)</u>	<u>(19,646)</u>	<u>(5,481)</u>	<u>(6,526)</u>	<u>-</u>	<u>(626,242)</u>
Carrying amount:									
March 31, 2025	\$	<u>202,874</u>	<u>2,712,032</u>	<u>442,067</u>	<u>2,360</u>	<u>709</u>	<u>11,127</u>	<u>-</u>	<u>3,371,169</u>
January 1, 2025	\$	<u>201,892</u>	<u>2,671,087</u>	<u>371,550</u>	<u>2,356</u>	<u>708</u>	<u>11,434</u>	<u>-</u>	<u>3,259,027</u>
March 31, 2024	\$	<u>-</u>	<u>2,411,522</u>	<u>374,948</u>	<u>2,504</u>	<u>737</u>	<u>7,577</u>	<u>446,637</u>	<u>3,243,925</u>
January 1, 2024	\$	<u>-</u>	<u>2,407,131</u>	<u>381,519</u>	<u>2,481</u>	<u>615</u>	<u>7,667</u>	<u>436,286</u>	<u>3,235,699</u>

A. **Properties and plants under construction**

The Group started the construction of new plans since 2020. As of September 30, 2024, total expenditures incurred (including unfinished constructions) amounted to \$3,217,643 thousand, which were successively transferred to property, plant and equipment and buildings of investment properties after completion. They have been completed in full in September 2024.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

B. Impairment losses

Due to the impact of overall business recession in China, the demand from sales to end customers has decreased. In addition, as energy-efficient and environmentally friendly products are mainstream in the market in recent years, the subsidiary, Lida (Jiangxi), which produces low-end products incurred loss. The Group reevaluated the relevant property, plant and equipment, right-of-use assets and investment properties on June 30, 2024, and recognized impairment losses of \$15,007 thousand for the portion of carrying amount higher than recoverable amount. As of March 31, 2025, the accumulated impairment losses amounted to \$76,280 thousand.

Recoverable amount is the higher of value in use and net fair value calculated by fair value net of costs of disposal. The inputs used in fair value estimates belong to level 3, and are evaluated by cost method.

C. Guarantees

Please refer to Note 8 for the partial assets pledged as collaterals for borrowings and credit lines as of March 31, 2025, December 31, 2024 and March 31, 2024.

D. Reclassification to investment properties

The Group rent the owner-occupied plants to others, and reclassified the properties – buildings and structures and land improvements to investment properties.

The Group reclassified the relevant costs of land improvements from property, plant and equipment to investment properties.

E. The amounts of capitalized interests for the three months ended March 31, 2025 and 2024 are both \$0 thousand.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

(6) Right-of-use assets

The details of changes in costs and depreciation of land leased by the Group are as follows:

	<u>Land</u>
Costs of right-of-use assets:	
Balance as of January 1, 2025	\$ 146,628
Exchange rate change effects	1,714
Balance as of March 31, 2025	<u>\$ 148,342</u>
Balance as of January 1, 2024	\$ 176,837
Exchange rate change effects	3,310
Balance as of March 31, 2024	<u>\$ 180,147</u>
Accumulated depreciation of right-of-use assets:	
Balance as of January 1, 2025	\$ (22,010)
Depreciation expenses	(740)
Exchange rate change effects	(260)
Balance as of March 31, 2025	<u>\$ (23,010)</u>
Balance as of January 1, 2024	\$ (27,286)
Depreciation expenses	(897)
Exchange rate change effects	(519)
Balance as of March 31, 2024	<u>\$ (28,702)</u>
Carrying amount:	
March 31, 2025	<u>\$ 125,332</u>
January 1, 2025	<u>\$ 124,618</u>
March 31, 2024	<u>\$ 151,445</u>
January 1, 2023	<u>\$ 149,551</u>

- A. The underlying assets leased by the Group is land. The lease term of land is between 44 and 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants but those of land, which was pledged as collaterals for borrowings Please refer to Note 8 for land pledged as collaterals.
- B. Reclassification to investment properties
The Group rent the owner-occupied plants to others, and reclassified the right-of-use assets - land to investment properties.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

(7) Investment properties

Details of changes in investment properties are as follows:

	Right-of-use assets	Owner-occupied assets		
		Buildings and structures	Land improvements	Total
	Land			
Costs or deemed costs:				
Balance as of January 1, 2025	\$ 36,380	524,482	34,615	595,477
Exchange rate change effects	426	6,130	404	6,960
Balance as of March 31, 2025	<u>\$ 36,806</u>	<u>530,612</u>	<u>35,019</u>	<u>602,437</u>
Balance as of January 1, 2024	\$ -	167,334	-	167,334
Reclassifications	-	23,182	-	23,182
Exchange rate change effects	-	3,357	-	3,357
Balance as of March 31, 2024	<u>\$ -</u>	<u>193,873</u>	<u>-</u>	<u>193,873</u>
Accumulated depreciation and impairment:				
Balance as of January 1, 2025	\$ (9,907)	(99,376)	(1,854)	(111,137)
Depreciation expenses	(187)	(3,385)	(224)	(3,796)
Exchange rate change effects	(118)	(1,177)	(23)	(1,318)
Balance as of March 31, 2025	<u>\$ (10,212)</u>	<u>(103,938)</u>	<u>(2,101)</u>	<u>(116,251)</u>
Balance as of January 1, 2024	\$ -	(24,649)	-	(24,649)
Depreciation expenses	-	(997)	-	(997)
Exchange rate change effects	-	(472)	-	(472)
Balance as of March 31, 2024	<u>\$ -</u>	<u>(26,118)</u>	<u>-</u>	<u>(26,118)</u>
Carrying amount:				
March 31, 2025	<u>\$ 26,594</u>	<u>426,674</u>	<u>32,918</u>	<u>486,186</u>
January 1, 2025	<u>\$ 26,473</u>	<u>425,106</u>	<u>32,761</u>	<u>484,340</u>
March 31, 2024	<u>\$ -</u>	<u>167,755</u>	<u>-</u>	<u>167,755</u>
January 1, 2024	<u>\$ -</u>	<u>142,685</u>	<u>-</u>	<u>142,685</u>

- A. Investment properties held by the Group are recognized by acquisition costs. Fair value valuation of market prices of the old plants of subsidiary, Lida (China), is based on the market transaction prices of similar properties in the neighborhood. The new plants of subsidiary, Lida (China) subsidiary, and Lida (Jiangxi), evaluated based on the valuation by independent appraisers (with relevant recognized professional qualification and relevant

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

experiences on the zones and types of the investment properties appraised recently). The inputs used in the aforementioned fair value valuation techniques belong to level 3.

Relevant information on fair value I as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Investment properties	<u>\$ 514,080</u>	<u>500,675</u>	<u>302,391</u>

B. Please refer to Note 8 for investment properties pledged as collaterals for borrowings and credit lines as of March 31, 2025, December 31, 2024, and March 31, 2024.

C. Reclassifications

The Group rent the owner-occupied plants to others in 2024, and reclassified the property – buildings and structures, land improvements and right-of-use assets - land to investment properties.

(8) Operating leases

The underlying assets of the leases are part of the plants. The term of the lease contract is from January 2018 to July 2027, without extension right. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease contract is classified as operating lease. Please refer to Note 6(7) investment properties for details.

Maturity analysis of lease payments by total undiscounted lease payments that will be collected after the reporting date is as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Less than 1 year	\$ 23,299	23,083	6,669
1-2 years	22,590	22,413	8,892
2-3 years	8,664	13,445	8,238
Over 3 years	-	435	6,507
Total undiscounted lease payments	<u>\$ 54,553</u>	<u>59,376</u>	<u>30,306</u>

Rent income arising from investment properties is as follows:

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Rent income	<u>\$ 7,816</u>	<u>2,217</u>

(9) Short-term borrowings

Details of short-term borrowings are as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Secured bank borrowings	<u>\$ 441,209</u>	<u>346,552</u>	<u>390,108</u>
Unused credit lines	<u>\$ 459,421</u>	<u>172,000</u>	<u>-</u>
Interest rate intervals	<u>3.2%~4.35%</u>	<u>3.2%~5%</u>	<u>3.5%~5.3%</u>

Please refer to Note 8 for assets pledged as collaterals for bank borrowings. Please refer to Note 7 for the relevant explanations on the key management as the joint guarantors. Please refer to Note 6(16) for interest expenses.

LIDA HOLDINGS LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

(10) Employee benefits

Defined contribution plans

Subsidiaries in Mainland China contribute pensions by a certain ration of total salaries and wages of local employees in accordance with the pension system of the People's Republic of China. For the three months ended March 31, 2025 and 2024, the contribution ratios are both 16%. Pensions of employees are managed and arranged by the government. The Group has no further obligations, except for monthly contributions.

The Company and the subsidiary, Wellsoon International, and sub-subsidiary, Lida (HK) have no relevant pension plans.

Pension expenses recognized in accordance with aforementioned pension plans are as follows:

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Operating costs	\$ 9,826	9,601
Sales and marketing expenses	257	229
General and administrative expenses	820	868
Research and development expenses	302	292
	<u>\$ 11,205</u>	<u>10,990</u>

(11) Income tax

A. Income tax expenses

Details of income tax expenses are as follows:

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Current income tax expenses		
Origination in the current period	\$ 10,667	13,398
Adjustments to current income tax in prior periods	-	-
	<u>10,667</u>	<u>13,398</u>
Deferred income tax		
Origination and reversal of temporary differences	<u>15,232</u>	<u>5,833</u>
	<u>15,232</u>	<u>5,833</u>
Income tax expenses	<u>\$ 25,899</u>	<u>19,231</u>

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The Company and Wellsoon International are domiciled in the British Cayman Islands and British Virgin Islands, and are exempt from tax of profit-seeking income pursuant to local laws. Lida (HK) is domiciled in the Hong Kong Special Administrative Region of the People's Republic of China. In accordance with the Hong Kong's Tax Act, only the income sourced in Hong Kong is taxable. Lida (HK) did not generate taxable income for the three months ended March 31, 2025 and 2024. Lida (China) and Lida (Jiangxi) are domiciled in the People's Republic of China. According to Regulation on the Implementation of the Enterprise Income Tax Act of People's Republic of China, the applicable income tax rate of Lida (China) and Lida (Jiangxi) is 25%. However, the applicable preferential tax rates for high-tech enterprises of Lida (China) became 15% since 2024.

(12) Capital and other equity

A. Issuance of common stocks

As of March 31, 2025 and 2024, Company's authorized capital was \$1,500,000 thousand, consisting of 150,000 thousand shares and the total authorized capital is in ordinary shares. 116,000 thousand shares have been issued. All proceeds from shares issued have been collected.

B. Capital surplus

Under the Company's Articles of Incorporation:

- (a) During the listing period, capital surplus arising from paid -in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.
- (b) Except as required by law, the Board of Directors shall capitalize all or partial share premium account, the balance of other reserves account, earnings account or other distributable earnings and issue new stocks or cash to shareholders in proportion to their share ownership out of the listing period.

C. Retained earnings

Under the Company's Articles of Incorporation, the current years' earnings (including prior years' unappropriated retained earnings), if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as special reserve (if needed, retained earnings to support). The remainder ("distributable earnings"), if any, to be appropriated shall be resolved by the stockholders at the stockholders' meeting. Except as required by law or regulations, the Group's dividend policy is summarized below:

LIDA HOLDINGS LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

- (a) Before distributing dividends and bonuses, the Board of Directors shall at its discretion retain a certain amount of reserve fund for business operation, investment or others out of the listing period. When distributing dividends and bonuses, the Board of Directors shall issue new stocks and/or cash dividends or others in proportion to their share ownership and authorize the Company to pay out of available fund in accordance with the regulations.
- (b) At least 10% of the distributable earnings, if any, (including reversal of special reserve) plus previous years undistributed earnings in full or in part shall be appropriated as dividends or bonus to the shareholders in proportion to its ownership during the listing period. Cash dividends shall account for at least 10% of the total dividends distributed. Dividends, bonus or other interest to shareholders are calculated in NTD unless otherwise resolved at the shareholders' meeting.

In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

The dividend payout ratios to owners of appropriations of earnings for 2024 proposed by the board of directors on March 14, 2025, and for 2023 resolved by the shareholders' meeting on June 27, 2024, respectively, are as follows:

	2024		2023	
	Payout ratio (NT\$)	Amount	Payout ratio (NT\$)	Amount
Dividend distributed to owners of the common shareholders:				
Cash	1.10	<u>\$ 116,000</u>	1.30	<u>127,600</u>

A. Other equity

	Exchange difference from translation of financial statements of foreign operations
January 1, 2025	\$ (376,615)
Exchange difference from translation of financial statements of foreign operations	<u>72,494</u>
March 31, 2025	<u>\$ (304,121)</u>
January 1, 2024	\$ (588,257)
Exchange difference from translation of financial statements of foreign operations	<u>115,791</u>
March 31, 20254	<u>\$ (472,466)</u>

LIDA HOLDINGS LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

(13) Earnings per share

The calculations of basic earnings per share and diluted earnings per share are as follows:

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Basic earnings per share		
Net income attributable to ordinary shareholders of the		
Company	<u>\$ 75,243</u>	<u>29,388</u>
Weighted-average number of outstanding ordinary shares	<u>116,000</u>	<u>116,000</u>
	<u>\$ 0.63</u>	<u>0.25</u>
Diluted earnings per share		
Net income attributable to ordinary shareholders of the		
Company	<u>\$ 75,243</u>	<u>29,388</u>
Weighted-average number of outstanding ordinary shares	116,000	116,000
Effect of dilutive potential ordinary shares		
Effect of employee stock bonus	10	16
Weighted-average number of outstanding ordinary shares		
(after adjusting effect of dilutive potential ordinary		
shares)	<u>116,010</u>	<u>116,016</u>
	<u>\$ 0.63</u>	<u>0.25</u>

(14) Revenue from contracts with customers

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Major regional markets:		
Mainland China	\$ 568,324	435,544
Other countries (not reaching the standard of 10%)	215,166	278,548
	<u>\$ 783,490</u>	<u>714,092</u>
Major product lines:		
Air compressors	\$ 732,812	662,763
Others	50,678	51,329
	<u>\$ 783,490</u>	<u>714,092</u>

LIDA HOLDINGS LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

(15) Employees' compensation and directors' remuneration

In accordance with the Articles of Incorporation of the Company, during the listing period, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 0.5% ~3% for employees' compensation and shall not be higher than 2% for directors' remuneration. The employees' compensation will be distributed in the form of cash and/or shares and the directors' remuneration shall not be distributed in the form of shares. The employees' compensation and directors' remuneration are calculated based on NTD unless otherwise resolved by the shareholders at their meeting. The above "profit" refers to pre-tax profit before deduction of employees' compensation and directors' remuneration.

For the three months ended March 31, 2025 and 2024, employees' compensations were accrued at \$216 thousand and \$244 thousand, respectively; while directors' remuneration were both accrued at \$0. The aforementioned amounts were recognized in operating expenses. If there is any change in the amount after the date of authorizing financial statements of the year for issue, it will be treated as a change in accounting estimates, and adjusted in the profit or loss of the next year. If the board of directors resolved to pay employees' compensation by stock, the calculation for the number of shares of stock compensation is based on the closing price of ordinary shares on the day prior to the date when the board of directors makes the resolution.

Information about employees' compensation and directors' remuneration for 2024 and 2023 as resolved by the board of directors is available in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(16) Non-operating income and expenses

A. Other gains and losses

Details of other gains and losses are as follows:

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Gains on foreign exchange	\$ 3,261	1,955
Donation expenditures	-	(1,310)
Depreciation expenses of investment properties	(3,796)	(997)
Others	1,269	(67)
	\$ 734	(419)

B. Finance costs

Details of finance costs are as follows:

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Interests of bank borrowings	\$ 3,553	4,148

LIDA HOLDINGS LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

(17) Additional information on expenses by nature

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Change in inventory of finished foods and work in progress	\$ 19,217	(51,028)
Raw materials and supplied used	505,849	527,161
Employee benefit expense	92,087	90,959
Raw materials for research and development	44,430	45,063
Depreciation expense (excluding investment properties)	35,420	31,888
Expected credit impairment losses	(42,148)	(8,609)
Other costs and expenses	33,061	28,632
Operating costs and operating expenses	\$ 687,916	664,066

(18) Financial instrument

A. Credit risk

(a) Concentration of credit risk

As the Group has a wide variety of customers, transactions are not significant concentrated in a single customer and sales regions are diversified, credit risk of accounts receivables is not concentrated. In order to mitigate credit risk, the Group also continuously evaluates customers' financial condition on a regular basis. However, the Group usually does not request customers to provide guarantees.

(b) Credit risk of receivables

Please refer to Note 6(3) for the information on exposure to credit risk of accounts receivables. Other financial assets at amortized cost include other receivables and certificates of time deposits.

B. Liquidity risk

The chart below is the contract maturity of financial liabilities, including the effect of estimated interests, but excluding the effect of netting agreement.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
March 31, 2025							
Non-derivative financial liabilities							
Secured bank borrowings	\$ 441,209	451,281	314,935	136,346	-	-	-
Accounts payables	414,751	414,751	414,751	-	-	-	-
Other payables	93,287	93,287	67,393	25,894	-	-	-
	\$ 949,247	959,319	797,079	162,240	-	-	-
December 31, 2024							
Non-derivative financial liabilities							
Secured bank borrowings	\$ 346,522	354,880	300,256	54,624	-	-	-
Accounts payables	459,949	459,949	459,949	-	-	-	-
Other payables	98,525	98,525	98,525	-	-	-	-
	\$ 904,996	913,354	858,730	54,624	-	-	-
March 31, 2024							
Non-derivative financial liabilities							
Secured bank borrowings	\$ 390,108	396,454	288,218	108,236	-	-	-
Accounts payables	402,188	402,188	402,188	-	-	-	-

LIDA HOLDINGS LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Other payables	70,701	70,701	70,701	-	-	-	-
	<u>\$ 862,997</u>	<u>869,343</u>	<u>761,107</u>	<u>108,236</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Group does not expect the cash flows of the maturity analysis will incur significantly earlier or the actual amount will be significantly different.

C. Foreign exchange risk

Financial assets and liabilities exposed to significant foreign exchange risk are as follows:

	March 31, 2025			December 31, 2024			March 31, 2024		
	Foreign currency	Exchang e rate	NTD	Foreign currenc y	Exchang e rate	NTD	Foreign currenc y	Exchang e rate	NTD
<u>Financial assets</u>									
<u>Monetary</u>									
<u>items</u>									
USD : CNY \$	3,965	7.2629	130,462	3,569	7.3213	117,010	1,334	7.2250	42,482

Foreign exchange risk of the group primarily arises from cash and cash equivalents, and accounts receivables denominated in foreign currencies, which result in gains and losses on foreign exchange in translation. As of March 31, 2025 and 2024, a weakening or strengthening of 1% of the NTD against the USD would have increased or decreased the net profit after tax for the three months ended March 31, 2025 and 2024 by \$1,305 thousand and \$425 thousand, respectively, with all other factors remaining unchanged. The analysis for the two periods was on the same basis.

Since the Group transacts in different functional currencies, the information on gains and losses on foreign exchange on monetary items is disclosed by total amount. For the three months ended March 31, 2025 and 2024, the gains and losses on foreign exchange (including realized and unrealized) amounted to gains of \$3,261 thousand and gains of \$1,955 thousand, respectively.

D. Interest rate analysis

The exposure to interest rate risk of financial assets and financial liabilities is explained in the liquidity risk management section of the note.

E. Fair value information

(a) Definitions of each level of fair value hierarchy used in the valuation techniques for measuring fair value of financial and non-financial instruments are as follows:

- Level 1: The inputs of the level are quoted prices (unadjusted) for identical assets or liabilities that the entity can access at the measurement date. An active market is a market in which transactions for the asset or liability take place sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

(b) Management of the Group considers the carrying amounts of financial assets and financial liabilities in the consolidated financial statements approximate to the fair value.

(c) Please refer to Note 6(7) for the explanation on fair value information of investment properties measured at cost.

LIDA HOLDINGS LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

(19) Financial risk management

A. Summary

The Group is exposed to risks as follows due to the use of financial instruments:

- (a) credit risk
- (b) liquidity risk
- (c) market risk

The note presents the information on exposures to the risks above, the objectives, policies, and procedures of measuring and managing the risks. Please refer to each note for the further quantitative disclosures.

B. Risk management structures

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as interest rate risk, foreign exchange risk, credit risk and non-derivative financial instruments, and investment of excess liquidity.

The Group does not enter into transactions of financial instruments (including derivative financial instruments) for speculation purposes.

C. Credit risk

Credit risk refers to the risk of financial loss to the Group arising from default by the customers or counterparties of financial instruments on the contract obligations, which primarily arises from receivables from customers.

The Group manages their credit risk taking into consideration the entire group's concern. For banks, only independently rated parties with optimal credit rating are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

The Group does not request for guarantees for accounts receivables and other receivables.

D. Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while always maintaining sufficient headroom on its undrawn committed borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements, for example, currency restrictions.

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. As of March 31, 2025, December 31, 2024, and March 31, 2024, the Group held money market position of \$2,684,835 thousand, \$2,389,144 thousand, and \$2,861,079 thousand, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

LIDA HOLDINGS LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

E. Market risk

Market risk is the risk that the return or the value of financial instruments affected by changes in market prices, such as changes in exchange rate, interest rate, and prices of equity instruments. The objective of market risk management is to control the exposure to market risk within the acceptable range, and optimize the return on investments.

As the Group involves in multinational operations, it is exposed to foreign exchange risks arising from transactions denominated in currencies different from the functional currencies of the Company and each subsidiary, primarily USD. Relevant foreign exchange rate risk arises from commercial transactions in the future and assets and liabilities recognized.

Management of the Group has formulated policies to request each entity in the Group to control the foreign exchange risk relative to the functional currency. Each entity shall implement hedge to its overall foreign exchange risk through the Group's treasury department. Interest rate risk of the Group arises from short-term borrowings at fixed interest rate, which expose the Group to fair value interest rate risk. As of March 31, 2025 and 2024, borrowings at fixed interest rate are denominated in CNY.

As the Group does not hold equity instruments of financial instruments, there is no significant price risk.

(20) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to repay liabilities.

7. RELATED PARTY TRANSACTIONS

(1) Parent company and ultimate controlling party

The Company was incorporated in the British Cayman Islands, and owns 100% of Wellsoon International (incorporated in the British Virgin Islands) in a share exchange transaction on August 12, 2013, becoming ultimate controlling party of the Group.

(2) Names of related parties and relationship

Related parties that have transactions with the Group during the periods of the consolidated financial statements are as follows:

<u>Name of related parties</u>	<u>Relationship with the Group</u>
Lida Machinery Industry Co., Ltd. (Lida Machinery)	The Group's vice chairman is the company's chairman.
Wida (Jiangxi) Electrical Appliances Co., Ltd. (Wida)	The General Manager of the Group is the legal representative of the company
Quanzhou Enlicheng Auto Parts Co., Ltd. (Enlicheng)	The Group's vice chairman is relative within second degrees of the company's supervisor.
Quanzhou Lida Commercial Operation Management Co., Ltd. (Lida Commercial Operation)	The Group's vice chairman is relative within second degrees of the company's chairperson.
Quanzhou Lida Shipping Co., Ltd. (Lida Shipping)	The Group's vice chairman is the company's director.
Quanzhou Yida House Appliance Industry Co., Ltd (Yida House Appliance)	The Group's chairman is the company's shareholder.
Huang, Da-Ping	The Group's vice chairman
Luo, Ni-Na	Relative within second degrees of the Group's vice chairman
Director, general manager and deputy general manager, etc.	Key management of the Group

LIDA HOLDINGS LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

(3) Significant transactions with related parties

A. Rent income

Amounts of rent income from related parties are as follows:

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Wida	\$ 565	547
Enlicheng	807	1,172
Lida Commercial Operation	-	347
Total	<u><u>\$ 1,372</u></u>	<u><u>2,066</u></u>

The Group rent part of the plants to related parties. The Group signed lease contracts with related parties based on general market prices, and collected rent monthly in accordance with the contracts.

B. Receivables from related parties

Details of receivables from related parties are as follows:

Account	Name of related party	March 31, 2025	December 31, 2024	March 31, 2024
Other receivables	Enlicheng	\$ -	-	789
Other receivables	Lida	-	-	735
	Commercial Operation			
Total		<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>1,524</u></u>

C. Endorsements and guarantees

Quanzhou Lida Shipping Co., Ltd. guaranteed the Group's short-term borrowings through pledging its own vessels. Besides, Yida House Appliance served as the guarantor for the short-term borrowings of the Group. As of March 31, 2025, December 31, 2024, and March 31, 2024, the guaranteed borrowing facilities amounted to CNY \$60,000 thousand, CNY \$60,000 thousand, and CNY \$35,000 thousand, respectively.

Lida Machinery guaranteed the Group's short-term borrowings through acting as a guarantor and pledging its land and building in Jinfen Village, Dongyuan Town, Quanzhou and Taiwanese Investment Zone. As of March 31, 2025, December 31, 2024, and March 31, 2024, the guaranteed borrowing facilities amounted to CNY \$32,300 thousand, CNY \$32,300 thousand, and CNY \$20,884 thousand, respectively.

As of March 31, 2025 and 2024, the Group's short-term borrowings were guaranteed jointly and severally by vice chairman, Huang, Da-Ping, and his spouse.

LIDA HOLDINGS LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

(4) Transactions with key management executives

Details of compensations to key management executives are as follows:

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Short-term employee benefits	\$ 824	796
Post-employment benefits	113	109
	\$ 937	905

8. PLEDGED ASSETS

Details of carrying amounts of assets pledged as collaterals are as follows:

Name of asset	Underlying target of the guarantee	March 31, 2025	December 31, 2024	March 31, 2024
Financial assets at amortized cost	Short-term borrowings	\$ 6,796	6,717	-
Right-of-use assets (land)	Short-term borrowings	-	-	9,584
Buildings and structures	Short-term borrowings	-	-	39,697
Investment properties (part of the land and structures)	Short-term borrowings	66,894	67,388	18,151
		\$ 66,894	67,388	67,432

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Capital expenditures that the Group has signed the contract but not yet incurred:

	March 31, 2025	December 31, 2024	March 31, 2024
Property, plant and equipment	\$ 63,369	102,116	74,260

10. SIGNICANT DISASTER LOSS: NONE

11. SIGNIFICANT SUBSEQUENT EVENTS: NONE

LIDA HOLDINGS LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

12. OTHERS

- (1) Employee benefits, depreciation, depletion, and amortization expenses summarized by function are as follows:

By function By nature	For the three months ended March 31, 2025			For the three months ended March 31, 2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Payroll expenses	58,922	13,403	72,325	55,486	10,377	65,863
Labor and health insurance expenses	4,021	720	4,741	4,983	691	5,674
Pension expenses	9,826	1,379	11,205	9,601	1,389	10,990
Directors' remuneration	-	478	478	-	463	463
Other employee benefits expenses	2,904	435	3,339	2,774	455	3,229
Depreciation expenses	21,802	13,618	35,420	23,327	8,561	31,888
Amortization expenses	-	-	-	-	-	-

Note: The aforementioned depreciation expenses do not include the depreciation expenses provided for investment properties. Please refer to Note 6(16) for the depreciation expenses of investment properties.

- (2) Operations of the Group are not affected by seasonal or cyclical factors.

13. SUPPLEMENTARY DISCLOSURES

- (1) Significant transactions information

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the three months ended March 31, 2025:

A. Loans to others: None.

B. Provision of endorsement and guarantees to others: None

C. Holding of significant marketable securities at the end of period (not including subsidiaries, associates and joint ventures): None

D. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.

E. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.

F. Significant inter-company transactions during the reporting periods: None.

LIDA HOLDINGS LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

(2) Information on investees

The following is the information on investees for the three months ended March 31, 2025:

Expressed in thousands of NTD/shares

Name of investor	Name of investee	Location	Main business and products	Original investment amount		Balance as of March 31, 2025			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2025	December 31, 2024	Shares	Percentage of ownership	Carrying value			
The Company	Wellsoon International	British Virgin Islands	Investments	1,038,589	1,038,589	10,000	100.00%	6,339,359	80,564	80,564	Subsidiary
Wellsoon International	Lida (HK)	Hong Kong	Investments	42	42	201,669,137	100.00%	6,332,317	80,634	80,634	Sub-subsidiary

(3) Information on investments in Mainland China

A. Information on names and main business of investments in Mainland China:

Name of investee	Main business	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment form Taiwan as of January 1, 2025	Investment flows Remitted to China	Remitted back to Taiwan	Accumulated outflow of investment form Taiwan as of March 31, 2025	Net income (losses) of the investee	Percentage of ownership	Gains and losses on investments recognized in the period (Note 3)	Book value (Note 3)	Accumulated remittance of earnings in current period
Lida (China)	Design, manufacture and sales of air compressors	304,928	(Note 1)	-	-	-	-	89,636	100.00%	89,636	6,973,599	-
Lida (Jiangxi)	Design, manufacture and sales of air compressors	535,924	(Note 2)	-	-	-	-	(5,417)	100.00%	(5,417)	220,171	-

Note 1: The Company invested through Lida (HK).

Note 2: The Company invested through Lida (China).

Note 3: Gains and losses on investments recognized in the period were evaluated and disclosed based on the financial statements reviewed by the parent company's CPA.

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

B. Limitation on investment in Mainland China

Accumulated Investment in Mainland China as of September 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
-	-	-

There was no significant transaction between the Company and investees in Mainland China directly or indirectly through the third region.

C. Significant transactions with investee companies in Mainland China: None.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The Board of Directors, who allocates resources and assesses performance of the Group as a whole, has identified that the Group is a single reportable operating segment

(2) Segment information and information on reconciliation of segment profit or loss

Information on segment profit or loss, segment assets and segment liabilities are consistent with the information in the financial statements. Please refer to the balance sheets and statements of comprehensive income.