

**LIDA HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AND REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS JUNE 30, 2025 AND 2024
(STOCK CODE: 4552)**

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LIDA HOLDINGS LIMITED AND SUBSIDIARIES
Consolidated Financial Statements
for the Three Months Ended June 30, 2025 and 2024 and
Independent Auditors' Review Report
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AUDIT REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of Lida Holdings Limited

Opinion

We have audited the accompanying consolidated balance sheets of Lida Holdings Limited and its subsidiaries (the “Group”) as of June 30, 2025, December 31, 2024, and June 30, 2024, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2025 and 2024, of changes in equity and of cash flows for the six months ended June 30, 2025 and 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2025 and 2024, and its consolidated financial performance for the three months and six months ended June 30, 2025 and 2024, and its consolidated cash flows for the six months ended June 30, 2025 and 2024, 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.

Basis of opinion

We conducted our audit of the consolidated financial statements in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China (ROC GAAS). We are independent of the Group in accordance with the Codes of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's consolidated financial statements for the six months ended June 30, 2025 and 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion; thereon, we do not provide a separate opinion on these matters. The key audit matters we judge that shall be communicated in the audit report are as follows:

1. Cash and cash equivalents

Descriptions of the key audit matter

Please refer to Note 4(6) to the consolidated financial statements for the accounting policies on cash and cash equivalents. Please refer to Note 6(1) to the consolidated financial statements for the explanations on the accounting item. As of June 30, 2025 and 2024, the balances of cash and cash equivalents amounted to NT\$2,241,841 thousand and NT\$2,419,448 thousand, respectively.

The Group designs, manufactures, and sells mechanical and electrical products such as air compressors, and cash and cash equivalents accounted for 30% and 31% of the total consolidated assets, respectively. Because of cash and cash equivalents' inherent risk, we consider cash and cash equivalents as a key audit matter.

Audit procedures in response:

Primary audit procedures are as follows:

- Evaluated and tested the design and effectiveness of the internal control over cash management, including segregation of duties for cash receipts and recording, authorization of receipts and payments in cash and book general entry.
- Sending written confirmation requests regarding all bank accounts, to acquire external information.
- Performed a test audit for large inflows and outflows of cash and verified whether the nature of the transactions complied with the business operating needs.
- Tested the bank reconciliation report by verifying the balance of all accounts against that of the general ledger, checking the balance of the bank account against the bank statements and bank confirmations, and inspecting the reconciling items against the bank statements after the balance sheet date or other supporting documents to ensure the completeness, accuracy as well as the rights and obligations of bank deposit.
- Perform an inventory audit to confirm the existence of cash on hand and revolving funds.

2. Sale revenue from distribution selling

Description of the key audit matter

Please refer to Note 4 (14) to the consolidated financial statements for the accounting policies on revenue recognition. Please refer to Note 6 (14) to the consolidated financial statements for the explanations on the accounting item. For the six months ended June 30, 2025 and 2024, the Group's consolidated revenue amounted to NT\$1,691,828 thousand and NT\$1,701,965 thousand, respectively.

The Group primarily adopts a sales distribution model and signs, with distributors each year, agreements that state the rights and obligations of distributors, such as the terms and conditions, sales quotas, delivery method, maintenance and warranty, and refund policy.

Given that the income generated under the above sale distribution model made up 92 and 95% of the total Group sales revenue, respectively, the sales distribution model and terms of transactions would have a significant impact on the recognition of the sales revenue. Thus, we consider sales revenue from distribution selling as the key audit matter for the six months ended June 30, 2025 and 2024.

Audit procedures in response:

Primary audit procedures are as follows:

- Assessed the new top 10 distributors by checking the owner, major shareholders, business address, capital, main business items and other relevant information of the distribution companies.
- Selected samples from the distributor list, and conducted interviews with them to observe the veracity of sales pertaining to distributors, and inquired whether the financial information of transactions between the distributors and the Group was consistent with the information in the financial statements.
- Verified the balance of accounts receivable at the end of the period by sending confirmation request letters to Group's major distributors, to acquire external information..
- Assessed and tested the implementation effectiveness of internal controls over sales.
- Tested the samples of sales transactions, to assess the correctness of the period of revenue recognition.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission, and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the Audit Committee, are responsible for overseeing the Group’s financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.

We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Group's consolidated financial statements for the six months ended June 30, 2025 and 2024, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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
August 29, 2025

LIDA HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2025, DECEMBER 31, 2024, AND JUNE 30, 2024

Expressed in thousands of New Taiwan dollars

Assets	June 30, 2025		December 31, 2024		June 30, 2024		Liabilities and equity	June 30, 2025		December 31, 2024		June 30, 2024	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current assets:							Current liabilities						
1100 Cash and cash equivalents (Note 4, 6(1) (18) & (19))	\$ 2,241,841	30	2,389,144	31	2,419,448	31	2100 Short-term borrowings (Note 6(9) (18), 7 & 8)	\$ 472,060	6	346,552	5	393,383	5
1136 Financial assets at amortized cost - current (Note 4, 6(2) (18) & 8)	6,137	-	6,717	-	-	-	2170 Accounts payables (Note 6(1))	521,498	7	459,949	6	536,347	7
1170 Accounts receivable, net (Note 4, 5, 6(3) & (18))	1,126,750	16	955,776	13	1,060,674	14	2216 Dividends payables (Note 6(12) & (18))	116,000	2	-	-	127,600	1
1180 Accounts receivable– related parties, net (Note 4, 6(18) & 7)	165	-	-	-	-	-	2219 Other payables (Note 6(15) & (18))	101,748	1	98,525	1	70,219	1
1200 Other receivables (Note 4 & 6(18))	1,212	-	798	-	-	-	2230 Current tax liabilities (Note 4)	13,586	-	-	-	-	-
1220 Current tax assets (Note 4 & 6(11))	-	-	479	-	8,826	-	2250 Provisions – current (Note 4)	3,833	-	3,831	-	3,449	-
130X Inventories (Note 4, 5 & 6(4))	284,515	4	325,867	4	305,498	4		1,228,725	16	908,857	12	1,130,998	14
1410 Prepayments	84	-	565	-	1,304	-	Non-current liabilities						
1470 Other current assets	32,219	-	13,190	-	18,813	-	2570 Deferred income tax liabilities (Note 4 & 6(11))	592,854	8	636,588	8	624,396	8
	3,692,923	50	3,692,536	48	3,814,563	49		592,854	8	636,588	8	624,396	8
Non-current assets:								1,821,579	24	1,545,445	20	1,755,394	22
1600 Property, plant and equipment (Note 4, 5, 6(5) & 8)	3,152,620	42	3,259,027	42	3,519,417	45	Total liabilities						
1755 Right-of-use assets (Note 4, 5, 6(6) & 8)	112,507	2	124,618	2	142,223	1	Equity attributable to owners of the parent company:						
1760 Investment properties, net (Note 4, 5, 6(7) & 8)	435,591	6	484,340	6	208,879	3	(Note 6(12))						
1840 Deferred income tax assets (Note 4 & (11))	26,364	-	27,874	-	16,700	-	3110 Common stock	1,160,000	16	1,160,000	15	1,160,000	15
1915 Prepayments for equipment	24,544	-	133,389	2	131,842	2	3200 Capital surplus	1,548,200	21	1,548,200	20	1,548,200	20
1990 Other non-current assets - others	69	-	177	-	324	-	Retained earnings:						
	3,751,695	50	4,029,425	52	4,019,385	51	3320 Special reserve	605,682	8	605,682	8	605,682	8
							3350 Unappropriated earnings	3,223,066	43	3,239,249	42	3,178,060	40
								3,828,748	51	3,844,931	50	3,783,742	48
							Other equity:						
							3400 Other equity	(913,909)	(12)	(376,615)	(5)	(413,388)	(5)
							Total equity attributable to owners of the parent company	5,623,039	76	6,176,516	80	6,078,554	78
							Total equity	5,623,039	76	6,176,516	80	6,078,554	78
Total assets	\$ 7,444,618	100	7,721,961	100	7,833,948	100	Total liabilities and equity	\$ 7,444,618	100	7,721,961	100	7,833,948	100

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

Accounting Supervisor: Yun-Xiang Huang

Chairman: Chien-Leng Wu

LIDA HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024

Expressed in thousands of New Taiwan Dollars

	For the three months ended June 30, 2025		For the three months ended June 30, 2024		For the six months ended June 30, 2025		For the six months ended June 30, 2024	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue (Note 4, 6(14) & 7)	\$ 908,338	100	987,873	100	1,691,828	100	1,701,965	100
5000 Operating costs (Note 6(4) & (17))	723,701	80	781,312	79	1,353,375	80	1,358,635	80
Gross profit	184,637	20	206,561	21	338,453	20	343,330	20
Operating expenses: (Note 6(17))								
6100 Sales and marketing expenses	13,817	2	15,511	2	26,679	2	33,074	2
6200 General and administrative expenses	35,176	4	36,010	4	75,168	4	65,756	4
6300 Research and development expenses	49,962	5	59,867	6	97,498	6	107,910	6
6450 Expected credit impairment losses	48,045	5	14,517	1	5,897	-	5,908	-
	147,000	16	125,905	13	205,242	12	212,648	12
Operating profit	37,637	4	80,656	8	133,211	8	130,682	8
Non-operating income and expenses: (Note 6(16))								
7100 Interest income	551	-	1,546	-	1,122	-	2,489	-
7010 Rent income	1,305	-	1,543	-	9,121	-	3,760	-
7020 Other gains and losses	(1,872)	-	(15,782)	(2)	(1,138)	-	(16,201)	(1)
7050 Finance costs	(3,602)	-	(4,088)	-	(7,155)	-	(8,236)	-
Total non-operating income and expenses	(3,618)	-	(16,781)	(2)	1,950	-	(18,188)	(1)
Profit before income tax from continuing operations	34,019	4	63,875	6	135,161	8	112,494	7
7950 Less: Income tax expense (Note 4 & 6(11))	9,445	1	16,673	2	35,344	2	35,904	2
Profit for the current period	24,574	3	47,202	4	99,817	6	76,590	5
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))	(609,788)	(67)	59,078	6	(537,294)	(32)	174,869	10
8300 Other comprehensive income for the period (net of income tax)	(609,788)	(67)	59,078	6	(537,294)	(32)	174,869	10
Total comprehensive income for the period	\$ (585,214) (64)		106,280 10		(437,477) (26)		251,459 15	
Profit attributable to:								
Owners of the parent company	\$ 24,574	3	47,202	4	99,817	6	76,590	5
	\$ 24,574 3		47,202 4		99,817 6		76,590 5	
Total comprehensive income attributable to:								
Owners of the parent company	\$ (585,214) (64)		106,280 10		(437,477) (26)		251,459 15	
	\$ (585,214) (64)		106,280 10		(437,477) (26)		251,459 15	
Earnings per share (NTD) (Note 6(13))								
Basic earnings per share (NTD)	\$ 0.21		0.41		0.86		0.66	
Diluted earnings per share (NTD)	\$ 0.21		0.41		0.86		0.66	

(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 SIX MONTHS ENDED JUNE 30, 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	-	-	-	76,590	-	76,590
Other comprehensive income for the period	-	-	-	-	174,869	174,869
Total comprehensive income for the period	-	-	-	76,590	174,869	251,459
Appropriation and distribution of earnings:						
Cash dividends of ordinary shares	-	-	-	(127,600)	-	(127,600)
Balance as of June 30, 2024	\$ 1,160,000	1,548,200	605,682	3,178,060	(413,388)	6,078,554
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	-	-	-	99,817	-	99,817
Other comprehensive income for the period	-	-	-	-	(537,294)	(537,294)
Total comprehensive income for the period	-	-	-	99,817	(537,294)	(437,477)
Appropriation and distribution of earnings:						
Cash dividends of ordinary shares	-	-	-	(116,000)	-	(116,000)
Balance as of June 30, 2025	\$ 1,160,000	1,548,200	605,682	3,223,066	(913,909)	5,623,039

(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 SIX MONTHS ENDED JUNE 30, 2025 AND 2024

Expressed in thousands of New Taiwan Dollars

	For the six months ended June 30, 2025	For the six months ended June 30, 2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before tax for the period	\$ 135,161	112,494
Adjustments:		
Items of income and expenses		
Depreciation expenses	76,079	65,447
Expected credit impairment losses	5,897	5,908
Interest expenses	7,155	8,236
Interest income	(1,122)	(2,489)
Losses on disposal and scrap of property, plant and equipment	174	1,589
Losses on impairment of non-financial assets	-	15,007
Inventory valuation losses (reversal gains)	(442)	2,191
Total items of income and expenses	87,741	95,889
Changes in operating assets / liabilities:		
Net changes in operating assets:		
Accounts receivables	(269,943)	242,436
Accounts receivables– related parties	(165)	-
Other receivables	(414)	1,936
Inventories	14,176	(42,726)
Prepayments	481	(435)
Other current assets	(19,029)	(12,325)
Total net changes in operating assets	(274,894)	188,886
Net changes in operating liabilities:		
Accounts payables	61,549	276,727
Other payables	(19,587)	(36,959)
Provisions	2	(2,441)
Other current liabilities	-	(55)
Total net changes in operating liabilities	41,964	237,272
Total net changes in operating assets and liabilities	(232,930)	426,158
Total adjustments	(145,189)	522,047
Cash generated from (used in) operation	(10,028)	634,541
Interest received	1,122	2,489
Interest paid	(7,155)	(8,236)
Income tax paid	(9,931)	(93,835)
Net cash generated from (used in) operating activities	(25,992)	534,959
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of property, plant and equipment	(130,690)	(330,478)
Disposals of property, plant and equipment	69	386
Increase in guaranteed deposits paid	(14)	(3)
Other receivables – loans and collections	-	1,133,885
Decrease in other non-current assets	122	136
Net cash generated from (used in) investing activities	(130,513)	803,926
CASH FLOW FROM FINANCING ACTIVITIES:		
Increase in short-term borrowings	161,874	-
Net cash generated from investing activities	161,874	-
Effect of changes in exchange rate on cash and cash equivalents	(152,672)	64,022
Increase (decrease) in cash and cash equivalents of the period	(147,303)	1,402,907
Beginning balance of cash and cash equivalents	2,389,144	1,016,541
Ending balance of cash and cash equivalents	\$ 2,241,841	2,419,448

(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
JUNE 30, 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 August 21, 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.

·IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”

·Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

·Annual Improvements to IFRS Accounting Standards

·Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

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:

<u>New or amended standards</u>	<u>Major amendments</u>	<u>Effective date by IASB</u>
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 19 “Subsidiaries without Public Accountability: ”

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(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 consolidation

The principles of preparation of the consolidated financial statements and the subsidiaries included in the consolidated financial statements are the same as those in Note 4(3) of the consolidated financial statements for the year ended December 31, 2024.

Subsidiaries included in the consolidated financial statements:

<u>Investor company</u>	<u>Nam of subsidiary</u>	<u>Main business activities</u>	<u>Percentage of ownership</u>			<u>Note</u>
			<u>June 30,</u> <u>2025</u>	<u>December</u> <u>31, 2024</u>	<u>June 30,</u> <u>2024</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	

(3) 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.

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

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

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 different from the estimates.

The significant accounting judgments, 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.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Cash	\$ 153	333	341
Bank deposits			
Demand deposits	2,241,688	2,388,811	2,419,107
Cash and cash equivalents presented in the consolidated statements of cash flows	<u>\$ 2,241,841</u>	<u>2,389,144</u>	<u>2,419,448</u>

(2) Financial assets at amortized cost

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Pledged time deposits	<u>\$ 6,137</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>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Accounts receivables – measured at amortized cost	\$ 1,298,848	1,137,955	1,165,562
Accounts receivables – related parties	165	-	-
Less: loss allowances	(172,098)	(182,179)	(104,888)
Accounts receivables, net	<u>\$ 1,126,915</u>	<u>955,776</u>	<u>1,060,674</u>

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

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:

	June 30, 2025		
	Carrying amount of accounts receivables	Weighted- average expected credit loss rate	Lifetime expected credit loss
Undue	\$ 648,787	6.83%	44,326
Overdue within 30 days	316,579	14.17%	44,872
Overdue for 31~60 days	244,080	19.73%	48,151
Overdue for 61~90 days	83,690	34.5%	28,872
Overdue for over 91 days	5,877	100%	5,877
	\$ 1,299,013		172,098

	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 91 days	6,838	100%	6,838
	\$ 1,137,955		182,179

	June 30, 2024		
	Carrying amount of accounts receivables	Weighted- average expected credit loss rate	Lifetime expected credit loss
Undue	\$ 606,215	5%	30,311
Overdue within 30 days	293,905	10%	29,390
Overdue for 31~60 days	252,638	16.87%	42,626
Overdue for 61~90 days	12,804	20%	2,561
	\$ 1,165,562		104,888

The credit periods of sales of goods are 60 days to 90 days after monthly settlement. As of June 30, 2025, December 31, 2024, and June 30, 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 six months ended June 30, 2025	For the six months ended June 30, 2024
Beginning balance	\$ 182,179	96,309
Recognition of Impairment losses	5,897	5,908
Exchange rate effects	(15,978)	2,671
Ending balance	<u>\$ 172,098</u>	<u>104,888</u>

(4) Inventories

	June 30, 2025	December 31, 2024	June 30, 2024
Raw materials	\$ 118,640	178,333	168,501
Work in progress	61,478	62,803	71,831
Finished goods	104,741	85,572	69,400
Less: allowances for valuation losses	(344)	(841)	(4,234)
Merchandise inventory	<u>\$ 284,515</u>	<u>325,867</u>	<u>305,498</u>

As of June 30, 2025, December 31, 2024, and June 30, 2024, the inventories were not pledged as collaterals.

The details of costs of goods sold are as follows:

	For the three months ended June 30, 2025	For the three months ended June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Transferred from inventories sold	\$ 724,393	777,206	1,351,133	1,353,014
Inventory valuation losses (reversal gains)	(1,105)	310	(442)	2,191
Unallocated manufacturing expenses for idle equipment	799	4,177	3,431	4,177
Revenue from scraps	(386)	(381)	(747)	(747)
	<u>\$ 723,701</u>	<u>781,312</u>	<u>1,353,375</u>	<u>1,358,635</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	-	138,896	13,230	-	-	1,374	-	153,500
Transfer in for completion	-	-	96,730	-	-	-	-	96,730
Disposals	-	-	(2,053)	(11)	-	-	-	(2,064)
Exchange rate change effects	(18,307)	(251,590)	(75,494)	(1,842)	(542)	(1,677)	-	(349,452)
Balance as of June 30, 2025	<u>\$ 193,531</u>	<u>2,734,776</u>	<u>856,458</u>	<u>19,456</u>	<u>5,735</u>	<u>18,469</u>	<u>-</u>	<u>3,828,425</u>
Balance as of January 1, 2024	\$ -	2,570,307	771,550	21,743	5,987	13,844	436,286	3,819,717
Additions	-	-	125	-	119	-	326,734	326,978
Reclassifications	-	(104,999)	-	-	-	-	-	(104,999)
Disposals	-	-	(5,722)	-	-	-	-	(5,722)
Exchange rate change effects	-	69,309	20,998	593	164	378	14,341	105,783
Balance as of June 30, 2024	<u>\$ -</u>	<u>2,534,617</u>	<u>786,951</u>	<u>22,336</u>	<u>6,270</u>	<u>14,222</u>	<u>777,361</u>	<u>4,141,757</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	(2,591)	(34,274)	(29,739)	(44)	(13)	(847)	-	(67,508)
Disposals	-	-	1,811	10	-	-	-	1,821
Exchange rate change effects	962	16,603	40,213	1,639	482	667	-	60,566
Balance as of June 30, 2025	<u>\$ (11,575)</u>	<u>(194,054)</u>	<u>(440,210)</u>	<u>(17,348)</u>	<u>(5,100)</u>	<u>(7,518)</u>	<u>-</u>	<u>(675,805)</u>
Balance as of January 1, 2024	\$ -	(163,176)	(390,031)	(19,262)	(5,372)	(6,177)	-	(584,018)
Depreciation expenses	-	(28,078)	(27,511)	(46)	(20)	(466)	-	(56,121)
Impairment losses	-	(15,007)	-	-	-	-	-	(15,007)
Reclassifications	-	45,152	-	-	-	-	-	45,152
Disposals	-	-	3,747	-	-	-	-	3,747
Exchange rate change effects	-	(4,434)	(10,814)	(526)	(147)	(172)	-	(16,093)
Balance as of June 30, 2024	<u>\$ -</u>	<u>(165,543)</u>	<u>(424,609)</u>	<u>(19,834)</u>	<u>(5,539)</u>	<u>(6,815)</u>	<u>-</u>	<u>(622,340)</u>
Carrying amount:								
June 30, 2025	<u>\$ 181,956</u>	<u>2,540,722</u>	<u>416,248</u>	<u>2,108</u>	<u>635</u>	<u>10,951</u>	<u>-</u>	<u>3,152,620</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>
June 30, 2024	<u>\$ -</u>	<u>2,369,074</u>	<u>362,342</u>	<u>2,502</u>	<u>731</u>	<u>7,407</u>	<u>777,361</u>	<u>3,519,417</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>

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

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.

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 June 30, 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 June 30, 2025, December 31, 2024 and June 30, 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 six months ended June 30, 2025 and 2024 are both \$0 thousand.

LIDA HOLDINGS LIMITED AND SUBSIDIARIES
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:

	Land
Costs of right-of-use assets:	
Balance as of January 1, 2025	\$ 146,628
Exchange rate change effects	(12,672)
Balance as of June 30, 2025	<u>\$ 133,956</u>
Balance as of January 1, 2024	\$ 176,837
Reclassifications	(16,144)
Exchange rate change effects	4,701
Balance as of June 30, 2024	<u>\$ 165,394</u>
Accumulated depreciation of right-of-use assets:	
Balance as of January 1, 2025	\$ (22,010)
Depreciation expenses	(1,397)
Exchange rate change effects	1,958
Balance as of June 30, 2025	<u>\$ (21,449)</u>
Balance as of January 1, 2024	\$ (27,286)
Depreciation expenses	(1,644)
Reclassifications	6,467
Exchange rate change effects	(708)
Balance as of June 30, 2024	<u>\$ (23,171)</u>
Carrying amount:	
June 30, 2025	<u>\$ 112,507</u>
January 1, 2025	<u>\$ 124,618</u>
June 30, 2024	<u>\$ 142,223</u>
January 1, 2023	<u>\$ 149,551</u>

A. The underlying assets leased by the Group are 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 rented the owner-occupied plants to others, and reclassified the right-of-use assets - land to investment properties.

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

(7) Investment properties

Details of changes in investment properties are as follows:

	Right-of-use		Owner-occupied assets	Total
	assets	assets		
	Land	Buildings and structures	Land improvements	
Costs or deemed costs:				
Balance as of January 1, 2025	\$ 36,380	524,482	34,615	595,477
Exchange rate change effects	(3,144)	(45,327)	(2,991)	(51,462)
Balance as of June 30, 2025	\$ 33,236	479,155	31,624	544,015
Balance as of January 1, 2024	\$ -	167,334	-	167,334
Reclassifications	16,144	104,999	-	121,143
Exchange rate change effects	121	5,349	-	5,470
Balance as of June 30, 2024	\$ 16,265	277,682	-	293,947
Accumulated depreciation and impairment:				
Balance as of January 1, 2025	\$ (9,907)	(99,376)	(1,854)	(111,137)
Depreciation expenses	(353)	(6,398)	(423)	(7,174)
Exchange rate change effects	869	8,842	176	9,887
Balance as of June 30, 2025	\$ (9,391)	(96,932)	(2,101)	(108,424)
Balance as of January 1, 2024	\$ -	(24,649)	-	(24,649)
Depreciation expenses	(168)	(7,514)	-	(7,682)
Reclassifications	(6,467)	(45,152)	-	(51,619)
Exchange rate change effects	(51)	(1,067)	-	(1,118)
Balance as of June 30, 2024	\$ (6,686)	(78,382)	-	(85,068)
Carrying amount:				
June 30, 2025	\$ 23,845	382,223	29,523	435,591
January 1, 2025	\$ 26,473	425,106	32,761	484,340
June 30, 2024	\$ 9,579	199,300	-	208,879
January 1, 2024	\$ -	142,685	-	142,685

A. Investment properties held by the Group are recognized by acquisition costs. Fair value valuation 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

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

appraisers (with relevant recognized professional qualification and relevant 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:

	June 30, 2025	December 31, 2024	June 30, 2024
Investment properties	<u>\$ 463,320</u>	<u>500,675</u>	<u>296,473</u>

B. Please refer to Note 8 for investment properties pledged as collaterals for borrowings and credit lines as of June 30, 2025, December 31, 2024, and June 30, 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:

	June 30, 2025	December 31, 2024	June 30, 2024
Less than 1 year	\$ 21,912	23,083	4,802
1-2 years	20,613	22,413	9,603
2-3 years	3,535	13,445	8,940
Over 3 years	-	435	7,113
Total undiscounted lease payments	<u>\$ 46,060</u>	<u>59,376</u>	<u>30,458</u>

Rent income arising from investment properties is as follows:

	For the three months ended June 30, 2025	For the three months ended June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Rent income	<u>\$ 1,305</u>	<u>1,543</u>	<u>9,121</u>	<u>3,760</u>

(9) Short-term borrowings

Details of short-term borrowings are as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Secured bank borrowings	<u>\$ 472,060</u>	<u>346,552</u>	<u>393,383</u>
Unused credit lines	<u>\$ 271,683</u>	<u>172,000</u>	<u>-</u>
Interest rate intervals	<u>2.1%~4.35%</u>	<u>3.2%~5%</u>	<u>3.45%~5%</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 six months ended June 30, 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 June 30, 2025	For the three months ended June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Operating costs	\$ 8,847	10,377	18,673	19,978
Sales and marketing expenses	232	238	489	467
General and administrative expenses	742	861	1,562	1,729
Research and development expenses	278	302	580	594
	\$ 10,099	11,778	21,304	22,768

(11) Income tax

Details of income tax expenses are as follows:

	For the three months ended June 30, 2025	For the three months ended June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Current income tax expenses				
Origination in the current period	\$ 12,913	10,165	23,580	23,563
Adjustments to current income tax in prior periods	953	(7,172)	953	(7,172)
	13,866	2,993	24,533	16,391
Deferred income tax				
Origination and reversal of temporary differences	(4,421)	13,680	10,811	19,513
	(4,421)	13,680	10,811	19,513
Income tax expenses	\$ 9,445	16,673	35,344	35,904

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

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 six months ended June 30, 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

Except for those explained as follows, there was no significant change in share capital, capital, and other equity for the six months ended June 30, 2025 and 2024. Please refer to Note 6(10) of the consolidated financial statements for the year ended December 31, 2024 for relevant information.

A. Retained earnings

The dividend payout ratios to owners of appropriations of earnings for 2024 resolved by the shareholders' meeting on June 18, 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	1.00	\$ <u><u>116,000</u></u>	1.10	\$ <u><u>127,600</u></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>(537,294)</u>
June 30, 2025	<u><u>\$ (913,909)</u></u>
January 1, 2024	\$ (588,257)
Exchange difference from translation of financial statements of foreign operations	<u>174,869</u>
June 30, 20254	<u><u>\$ (413,388)</u></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 June 30, 2025	For the three months ended June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Basic earnings per share				
Net income attributable to ordinary shareholders of the Company	\$ 24,574	47,202	99,817	76,590
Weighted-average number of outstanding ordinary shares	116,000	116,000	116,000	116,000
	\$ 0.21	0.41	0.86	0.66
Diluted earnings per share				
Net income attributable to ordinary shareholders of the Company	\$ 24,574	47,202	99,817	76,590
Weighted-average number of outstanding ordinary shares	116,000	116,000	116,000	116,000
Effect of dilutive potential ordinary shares				
Effect of employee stock bonus	12	9	22	25
Weighted-average number of outstanding ordinary shares (after adjusting effect of dilutive potential ordinary shares)	116,012	116,009	116,022	116,025
	\$ 0.21	0.41	0.86	0.66

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

(14) Revenue from contracts with customers

	<u>For the three months ended June 30, 2025</u>	<u>For the three months ended June 30, 2024</u>	<u>For the six months ended June 30, 2025</u>	<u>For the six months ended June 30, 2024</u>
Major regional markets:				
Mainland China	\$ 649,168	728,540	1,217,492	1,164,084
Other countries (not reaching the standard of 10%)	259,170	259,333	474,336	537,881
	<u>\$ 908,338</u>	<u>987,873</u>	<u>1,691,828</u>	<u>1,701,965</u>
Major product lines:				
Air compressors	\$ 792,552	907,374	1,525,364	1,570,137
Others	115,786	80,499	166,464	131,828
	<u>\$ 908,338</u>	<u>987,873</u>	<u>1,691,828</u>	<u>1,701,965</u>

(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 and six months ended June 30, 2025 and 2024, employees' compensations were accrued at \$261 thousand, \$456 thousand, \$477 thousand, and \$700 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.

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

(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 June 30, 2025	For the three months ended June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Gains on foreign exchange	\$ 957	7,583	4,218	9,538
Donation expenditures	(427)	-	(427)	(1,310)
Losses on disposal of property, plant and equipment	(174)	(1,589)	(174)	(1,589)
Depreciation expenses of investment properties	(3,378)	(6,685)	(7,174)	(7,682)
Impairment losses	-	(15,007)	-	(15,007)
Others	1,150	(84)	2,419	(151)
	\$ (1,872)	(15,782)	(1,138)	(16,201)

B. Finance costs

Details of finance costs are as follows:

	For the three months ended June 30, 2025	For the three months ended June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Interests of bank borrowings	\$ 3,602	4,088	7,155	8,236

(17) Additional information on expenses by nature

	For the three months ended June 30, 2025	For the three months ended June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Change in inventory of finished foods and work in progress	\$ (51,150)	42,409	(31,933)	(8,619)
Raw materials and supplied used	637,507	578,090	1,143,356	1,105,251
Employee benefit expense	81,313	93,666	173,400	179,422
Raw materials for research and development	47,138	56,782	91,568	101,845
Depreciation expense (excluding investment properties)	33,485	25,877	68,905	57,765
Expected credit impairment losses	48,045	14,517	5,897	5,908
Other costs and expenses	74,363	95,876	107,424	129,711
Operating costs and operating expenses	\$ 870,701	907,217	1,558,617	1,571,283

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

(18) Financial instrument

A. Credit risk

(a) Concentration of credit risk

As the Group has a wide variety of customers, transactions are not significantly 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 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.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
June 30, 2025							
Non-derivative financial liabilities							
Secured bank borrowings	\$ 472,060	478,824	201,581	277,243	-	-	-
Accounts payables	521,498	521,498	521,498	-	-	-	-
Dividends payables	116,000	116,000	116,000	-	-	-	-
Other payables	101,748	101,748	101,748	-	-	-	-
	<u>\$ 1,211,306</u>	<u>1,218,070</u>	<u>940,827</u>	<u>277,243</u>	<u>-</u>	<u>-</u>	<u>-</u>
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	-	-	-	-
	<u>\$ 904,996</u>	<u>913,354</u>	<u>858,730</u>	<u>54,624</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2024							
Non-derivative financial liabilities							
Secured bank borrowings	\$ 393,383	403,573	135,014	268,559	-	-	-
Accounts payables	536,347	536,347	536,347	-	-	-	-
Dividends payables	127,600	127,600	127,600	-	-	-	-
Other payables	70,219	70,219	70,219	-	-	-	-
	<u>\$ 1,127,549</u>	<u>1,137,739</u>	<u>869,180</u>	<u>268,559</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.

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

C. Foreign exchange risk

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

	June 30, 2025			December 31, 2024			June 30, 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 items</u>									
USD : CNY \$	8,901	7.1621	260,801	3,569	7.3213	117,010	2,897	7.3000	94,007

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 June 30, 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 June 30, 2025 and 2024 by \$2,608 thousand and \$940 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 and six months ended June 30, 2025 and 2024, the gains and losses on foreign exchange (including realized and unrealized) amounted to gains of \$957 thousand, gains of \$7,583 thousand, gains of \$4,218 thousand, and gains of \$9,538 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

There is no significant change in the financial risk management objectives and strategies compared with those disclosed in Note 6(21) to the consolidated financial statements for the year ended December 31, 2024.

(20) Capital management

The capital management objectives, strategies, and procedures are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2024. Besides, there is no significant change in the summarized data for the items of capital management compared with those disclosed in the consolidated financial statements for the year ended December 31, 2024. Please refer to Note 6(22) to the consolidated financial statements for the year ended December 31, 2024 for relevant information.

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

(3) Significant transactions with related parties

A. Operating revenue

Amounts of significant sales to related parties are as follows:

	For the three months ended June 30, 2025	For the three months ended June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Wida	\$ 314	-	314	-

The conditions of sales to related parties are not significantly different from general sales prices. The payment term is two months.

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

B. Receivables from related parties

Details of receivables from related parties are as follows:

Account	Name of related party	June 30, 2025	December 31, 2024	June 30, 2024
Accounts receivables	Wida	\$ 165	-	-

C. Rent income

Amounts of rent income from related parties are as follows:

	For the three months ended June 30, 2025	For the three months ended June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Wida	\$ 503	559	1,068	1,106
Enlicheng	1,099	463	1,906	1,635
Lida Commercial Operation	-	354	-	701
Total	\$ 1,602	1,376	2,974	3,442

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.

D. 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 June 30, 2025, December 31, 2024, and June 30, 2024, the guaranteed borrowing facilities amounted to CNY \$25,000 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 June 30, 2025, December 31, 2024, and June 30, 2024, the guaranteed borrowing facilities amounted to CNY \$32,300 thousand, CNY \$32,300 thousand, and CNY \$20,000 thousand, respectively.

As of June 30, 2025, December 31, 2024, and June 30, 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 June 30, 2025	For the three months ended June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Short-term employee benefits	\$ 726	808	1,550	1,604
Post-employment benefits	101	112	214	221
	\$ 827	920	1,764	1,825

8. PLEGGED ASSETS

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

Name of asset	Underlying target of the guarantee	June 30, 2025	December 31, 2024	June 30, 2024
Financial assets at amortized cost	Short-term borrowings	\$ 6,137	6,717	-
Investment properties (part of the land and structures)	Short-term borrowings	59,250	67,388	66,740
		\$ 59,250	67,388	66,740

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

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

	June 30, 2025	December 31, 2024	June 30, 2024
Property, plant and equipment	\$ 57,224	102,116	99,165

10. SIGNIFICANT 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	For the three months ended June 30, 2025			For the three months ended June 30, 2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
By nature						
Employee benefits expenses						
Payroll expenses	54,354	9,183	63,537	62,828	9,681	72,509
Labor and health insurance expenses	3,563	653	4,216	4,988	701	5,689
Pension expenses	8,847	1,252	10,099	10,377	1,401	11,778
Directors' remuneration	-	384	384	-	473	473
Other employee benefits expenses	2,680	396	3,076	3,121	459	3,580
Depreciation expenses	21,385	12,100	33,485	20,054	5,823	25,877
Amortization expenses	-	-	-	-	-	-

By function	For the six months ended June 30, 2025			For the six months ended June 30, 2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
By nature						
Employee benefits expenses						
Payroll expenses	113,276	22,586	135,862	118,314	20,058	138,372
Labor and health insurance expenses	7,584	1,373	8,957	9,971	1,392	11,363
Pension expenses	18,673	2,631	21,304	19,978	2,790	22,768
Directors' remuneration	-	862	862	-	936	936
Other employee benefits expenses	5,584	831	6,415	5,895	914	6,809
Depreciation expenses	43,187	25,718	68,905	43,381	14,384	57,765
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.

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

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 June 30, 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.

(2) Information on investees

The following is the information on investees for the three months ended June 30, 2025:

Expressed in thousands of NTD/shares

Name of investor	Name of investee	Location	Main business and products	Original investment amount		Balance as of June 30, 2025			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 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%	5,748,941	105,350	105,350	Subsidiary
Wellsoon International	Lida (HK)	Hong Kong	Investments	42	42	201,669,137	100.00%	5,742,745	105,586	105,586	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 June 30, 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)	-	-	-	-	117,474	100.00%	117,474	6,328,868	-
Lida (Jiangxi)	Design, manufacture and sales of air compressors	535,924	(Note 2)	-	-	-	-	(8,387)	100.00%	(8,387)	195,677	-

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 audited 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.

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

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.