

Gudeng Precision Industrial Co.,  
Ltd. and Subsidiaries

Consolidated Financial Statements  
and Independent Auditors' Review  
Report

For the Nine Months Ended September 30,  
2024 and 2023

Address: 9F-5, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City

Tel: (02)22689141

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese language independent auditors' report and consolidated financial statements shall prevail.*

## §Table of Content§

ITEM	PAGE	CONSOLIDATED FINANCIAL STATEMENTS NOTE NO.
1. Cover Page	1	-
2. Table of Content	2	-
3. Independent Auditors' Review Report	3-4	-
4. Consolidated Balance Sheets	5	-
5. Consolidated Statements of Comprehensive Income	6	-
6. Consolidated Statements of Changes in Equity	7	-
7. Consolidated Statements of Cash Flows	8-10	-
8. Notes to Consolidated Financial Statements		
(I) Company Overview	11	1
(II) Date and Procedures of Authorization of Financial Statements	11	2
(III) Application of New and Amended Standards and Interpretations	11-13	3
(IV) Summary of Significant Accounting Policies	13-15	4
(V) The Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions	15-16	5
(VI) Details of Significant Accounts	16-66	6-37
(VII) Related Parties Transaction	67-72	38
(VIII) Pledged Assets	72	39
(IX) Significant Contingent Liabilities and Unrecognized Contract Commitments	73	40
(X) Significant Disaster Loss	-	-
(XI) Significant Events after the Balance Sheet Date	-	-
(XII) Others	74-75	41
(XIII) Supplementary Disclosures		
1. Information on Significant Transactions	75, 79-88	42
2. Information on Reinvestment	75, 79-88	42
3. Information on Investments in Mainland China	76, 79-80, 89-90	42
4. Information on Major Shareholders	76, 91	42
(XIV) Segment Information	76-78	43

## **Independent Auditors' Review Report**

To: Gudeng Precision Industrial Co., Ltd.

### **Introduction**

We have reviewed the consolidated balance sheets of Gudeng Precision Industrial Co., Ltd. and its subsidiaries as of September 30, 2024 and 2023, the consolidated statements of comprehensive income from July 1 to September 30, 2024 and 2023 and from January 1 to September 30, 2024 and 2023, the consolidated statements of changes in equity and the consolidated statements of cash flows from January 1 to September 30, 2024 and 2023, and the notes to the consolidated financial statements, including the summary of significant accounting policies. 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 of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

Except as explained in the following paragraph, we conducted our reviews in accordance with the review standard No. 2410 "Review of 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.

### **Basis for Qualified Conclusion**

As disclosed in Note 12 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements were unreviewed. As of September 30, 2024 and 2023, the combined total assets of these non-significant subsidiaries were NT\$3,629,431 thousand and NT\$1,860,473 thousand, respectively, representing 18.78% and 12.44%, respectively, of the consolidated total assets; the combined

total liabilities of these non-significant subsidiaries were NT\$1,258,381 thousand and NT\$345,614 thousand, respectively, representing 15.34% and 4.49%, respectively, of the consolidated total liabilities. For the three months ended September 30, 2024 and 2023, and for the nine months ended September 30, 2024 and 2023, the amounts of the combined comprehensive income of these non-significant subsidiaries were NT\$44,926 thousand, NT\$21,203 thousand, NT\$109,539 thousand and NT\$84,309 thousand, respectively, representing 7.07%, 6.32%, 8.26% and 7.91% of the consolidated total comprehensive income, respectively. As stated in Note 13 of the consolidated financial statements, investments accounted for using the equity method amounted to NT\$327,704 thousand and NT\$164,475 thousand as of September 30, 2024, and 2023, respectively. The share of profit (loss) of associates recognized for the periods from July 1 to September 30, 2024, and 2023, as well as from January 1 to September 30, 2024, and 2023, were NT\$(6,222) thousand, NT\$1,069 thousand, NT\$(12,905) thousand, and NT\$3,475 thousand, respectively. These figures were based on the unreviewed financial statements of the investee companies for the same periods. Additionally, the information disclosed in Note 42 of the consolidated financial statements, pertaining to the aforementioned insignificant subsidiaries and the associates accounted for using the equity method, has not been reviewed by the certified public accountants.

### **Qualified Conclusion**

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and other equity method investees as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the consolidated company as of September 30, 2024 and 2023, and its consolidated financial performance for the three months ended September 30, 2024 and 2023, as well as its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2024 and 2023 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.

Deloitte & Touche  
CPA-Jian-Ming Zeng

CPA-Pan-Fa Wang

Financial Supervisory Commission  
Approval Document No.:  
Financial-Supervisory-Securities  
-Auditing-1100356048

Financial Supervisory Commission Approval  
Document No.:  
Financial-Supervisory-Securities  
-Auditing-1100356048

November 6, 2024

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

As of September 30, 2024, December 31, 2023 and September 30, 2023

Unit: In Thousands of New Taiwan Dollars

Code	Assets	September 30, 2024		December 31, 2023		September 30, 2023	
		Amount	%	Amount	%	Amount	%
	<b>Current assets</b>						
1100	Cash and cash equivalents (Note 6)	\$ 3,798,689	19	\$ 4,004,779	25	\$ 2,728,368	18
1110	Financial assets at fair value through profit or loss - current (Note 7)	426,569	2	167,095	1	177,063	1
1136	Financial assets at amortized cost - current (Note 9)	706,445	4	550,294	3	806,648	6
1150	Notes receivable from unrelated parties (Note 10)	2,949	-	1,453	-	2,328	-
1160	Notes receivable from related parties, net (Notes 10 and 38)	-	-	222	-	772	-
1172	Trade receivables from unrelated parties (Notes 10 and 28)	1,502,314	8	885,391	5	1,161,704	8
1181	Trade receivables from related parties, net (Notes 10, 28 and 38)	5,750	-	147	-	31	-
1200	Other receivables (Note 10)	47,335	-	41,792	-	37,788	-
1210	Other receivables from related parties (Notes 10 and 38)	646	-	12,653	-	997	-
1220	Current tax assets (Note 4)	2,036	-	2,218	-	2,190	-
130X	Inventories (Note 11)	2,065,668	11	1,908,982	12	1,785,226	12
1410	Prepayments (Notes 19 and 38)	147,095	1	165,030	1	207,897	1
1479	Other current assets (Note 20)	81,144	-	70,544	1	3,995	-
11XX	Total current assets	<u>8,786,640</u>	<u>45</u>	<u>7,810,600</u>	<u>48</u>	<u>6,915,007</u>	<u>46</u>
	<b>Non-current assets</b>						
1517	Financial assets at fair value through other comprehensive income - non-current (Note 8)	992,024	5	652,143	4	692,982	5
1535	Financial assets at amortized cost - non-current (Note 9)	8,500	-	-	-	2,553	-
1550	Investments accounted for using the equity method (Note 13)	327,704	2	165,987	1	164,475	1
1600	Property, plant and equipment (Notes 14 and 38)	7,348,865	38	6,079,627	37	5,585,009	37
1755	Right-of-use assets (Notes 15 and 38)	276,439	2	170,021	1	91,934	1
1760	Investment properties, net (Note 16)	700,386	4	654,375	4	656,099	4
1805	Goodwill (Note 17)	181,616	1	176,750	1	65,383	1
1821	Other intangible assets (Note 18)	178,423	1	162,035	1	142,281	1
1840	Deferred tax assets	75,799	-	59,193	-	59,987	-
1915	Prepayments for equipment (Note 40)	420,670	2	240,820	2	453,822	3
1920	Refundable deposits (Note 38)	30,778	-	125,942	1	126,944	1
1990	Other non-current assets - other (Note 20)	875	-	871	-	1,379	-
15XX	Total non-current assets	<u>10,542,079</u>	<u>55</u>	<u>8,487,764</u>	<u>52</u>	<u>8,042,848</u>	<u>54</u>
1XXX	Total assets	<u>\$ 19,328,719</u>	<u>100</u>	<u>\$ 16,298,364</u>	<u>100</u>	<u>\$ 14,957,855</u>	<u>100</u>
	<b>Liabilities and equity</b>						
	<b>Current liabilities</b>						
2100	Short-term borrowings (Note 21)	\$ 300,000	2	\$ 125,000	1	\$ 725,000	5
2120	Financial liabilities at fair value through profit or loss - current (Note 7)	181	-	3,300	-	-	-
2150	Notes payable to unrelated parties (Note 23)	150	-	123	-	291	-
2170	Trade payables to unrelated parties (Note 23)	593,482	3	514,411	3	541,408	4
2180	Trade payables to related parties (Notes 23 and 38)	34,321	-	35,132	-	27,875	-
2219	Other payables (Note 24)	774,999	4	1,115,561	7	543,281	4
2220	Other payables to related parties (Notes 24 and 38)	10	-	10	-	4,262	-
2230	Current tax liabilities (Note 4)	144,550	1	73,511	-	57,104	-
2250	Provisions - current (Note 25)	29,896	-	29,318	-	34,847	-
2280	Lease liabilities - current (Notes 15 and 38)	50,320	-	39,377	-	31,351	-
2131	Contract liabilities - current (Notes 28 and 38)	469,103	2	837,105	5	916,380	6
2320	Long-term liabilities due within one year (Note 21)	306,026	2	257,712	2	507,461	4
2399	Other current liabilities (Notes 24 and 38)	87,180	-	80,218	1	12,919	-
21XX	Total current liabilities	<u>2,790,218</u>	<u>14</u>	<u>3,110,778</u>	<u>19</u>	<u>3,402,179</u>	<u>23</u>
	<b>Non-current liabilities</b>						
2530	Corporate bonds payable (Note 22)	579,210	3	942,415	6	-	-
2540	Long-term borrowings (Note 21)	4,585,943	24	3,175,392	19	4,178,038	28
2570	Deferred tax liabilities	1,022	-	815	-	14,616	-
2580	Lease liabilities - non-current (Notes 15 and 38)	207,172	1	112,882	1	64,101	-
2640	Net defined benefit liabilities - non-current (Note 4)	31,415	-	36,289	-	26,403	-
2645	Guarantee deposits (Note 38)	9,690	-	9,022	-	8,523	-
25XX	Total non-current liabilities	<u>5,414,452</u>	<u>28</u>	<u>4,276,815</u>	<u>26</u>	<u>4,291,681</u>	<u>28</u>
2XXX	Total liabilities	<u>8,204,670</u>	<u>42</u>	<u>7,387,593</u>	<u>45</u>	<u>7,693,860</u>	<u>51</u>
	<b>Equity attributable to owners of the company (Note 27)</b>						
	<b>Share capital</b>						
3110	Ordinary shares	944,374	5	941,844	6	883,844	6
3140	Share capital collected in advance	9,458	-	1,128	-	1,128	-
3100	Total share capital	<u>953,832</u>	<u>5</u>	<u>942,972</u>	<u>6</u>	<u>884,972</u>	<u>6</u>
3200	Capital surplus	<u>6,677,384</u>	<u>35</u>	<u>5,989,152</u>	<u>37</u>	<u>4,221,228</u>	<u>29</u>
	<b>Retained earnings</b>						
3310	Legal reserve	352,485	2	310,168	2	261,984	2
3320	Special reserve	-	-	-	-	146,666	1
3350	Unappropriated earnings	1,232,774	6	794,151	5	818,856	5
3300	Total retained earnings	<u>1,585,259</u>	<u>8</u>	<u>1,104,319</u>	<u>7</u>	<u>1,227,506</u>	<u>8</u>
3400	Other equity	415,035	2	82,801	-	140,679	1
31XX	Total equity attributable to owners of the Company	<u>9,631,510</u>	<u>50</u>	<u>8,119,244</u>	<u>50</u>	<u>6,474,385</u>	<u>44</u>
36XX	Non-controlling interests (Note 27)	<u>1,492,539</u>	<u>8</u>	<u>791,527</u>	<u>5</u>	<u>789,610</u>	<u>5</u>
3XXX	Total equity	<u>11,124,049</u>	<u>58</u>	<u>8,910,771</u>	<u>55</u>	<u>7,263,995</u>	<u>49</u>
	<b>Total liabilities and equity</b>	<u>\$ 19,328,719</u>	<u>100</u>	<u>\$ 16,298,364</u>	<u>100</u>	<u>\$ 14,957,855</u>	<u>100</u>

The attached notes are part of this consolidated financial statements.  
(Please refer to Deloitte & Touche's review report on November 6, 2024)

Chairman: Ming-Chien Chiu

Manager: Lin, Tien-Jui

Accounting Supervisor: Po-An Lai

**Gudeng Precision Industrial Co., Ltd. and Subsidiaries**

**Consolidated Statements of Comprehensive Income**

**For the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023**

Unit: In Thousands of New Taiwan Dollars, Except Earnings Per Share in Dollars

Code		From July 1 to September 30, 2024		From July 1 to September 30, 2023		From January 1 to September 30, 2024		From January 1 to September 30, 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Notes 28 and 38)	\$ 1,893,879	100	\$ 1,336,952	100	\$ 5,070,466	100	\$ 3,756,001	100
5000	Operating costs (Notes 11, 29 and 38)	977,183	52	704,259	53	2,734,045	54	1,974,810	53
5900	Gross profit	916,696	48	632,693	47	2,336,421	46	1,781,191	47
	Operating expenses (Notes 29 and 38)								
6100	Selling and marketing expenses	97,870	5	76,539	6	256,746	5	178,405	5
6200	General and administrative expenses	217,008	12	180,231	14	608,751	12	491,282	13
6300	Research and development expenses	138,942	7	125,894	9	395,257	8	329,801	9
6450	Expected credit impairment (reversal benefit) loss	( 12,815 )	( 1 )	14,847	1	( 13,723 )	( 1 )	8,591	-
6000	Total operating expenses	441,005	23	397,511	30	1,247,031	24	1,008,079	27
6900	Net operating income	475,691	25	235,182	17	1,089,390	22	773,112	20
	Non-operating revenue and expenses								
7100	Interest income (Note 29)	9,015	1	7,951	1	34,903	1	23,377	1
7190	Other income (Notes 29 and 38)	39,519	2	21,769	2	75,731	1	77,779	2
7020	Other gains and losses (Notes 29 and 38)	65,397	3	29,627	2	146,141	3	102,264	3
7050	Finance costs (Note 29)	( 28,872 )	( 2 )	( 22,683 )	( 2 )	( 77,721 )	( 2 )	( 64,155 )	( 2 )
7060	Share of profit or loss from associates accounted for using the equity method	( 6,222 )	-	1,069	-	( 12,905 )	-	3,475	-
7000	Total non-operating revenue and expenses	78,837	4	37,733	3	166,149	3	142,740	4
7900	Net income before tax	554,528	29	272,915	20	1,255,539	25	915,852	24
7950	Income tax expense (Notes 4 and 30)	( 105,342 )	( 5 )	( 56,885 )	( 4 )	( 273,649 )	( 6 )	( 152,397 )	( 4 )
8200	Net income for the year	449,186	24	216,030	16	981,890	19	763,455	20
	Other comprehensive income/(loss)								
8310	Items that will not be reclassified to profit or loss								
8316	Unrealized valuation gain/(loss) on investments in equity instruments at fair value through other comprehensive income	172,787	9	105,157	8	309,977	6	298,809	8
8360	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translation of financial statements of foreign operations	13,401	1	14,124	1	34,646	1	3,873	-
8300	Total other comprehensive income/(loss) for the year (net of income tax)	186,188	10	119,281	9	344,623	7	302,682	8
8500	Total comprehensive income for the year	\$ 635,374	34	\$ 335,311	25	\$ 1,326,513	26	\$ 1,066,137	28
	Net profit attributable to								
8610	Owners of the Company	\$ 415,110	22	\$ 170,584	13	\$ 908,968	18	\$ 652,425	17
8620	Non-controlling interests	34,076	2	45,446	3	72,922	1	111,030	3
8600		\$ 449,186	24	\$ 216,030	16	\$ 981,890	19	\$ 763,455	20
	Total comprehensive income/(loss) attributable to								
8710	Owners of the Company	\$ 603,723	32	\$ 289,865	22	\$ 1,250,912	25	\$ 955,107	25
8720	Non-controlling interests	31,651	2	45,446	3	75,601	1	111,030	3
8700		\$ 635,374	34	\$ 335,311	25	\$ 1,326,513	26	\$ 1,066,137	28
	Earnings per share (Note 31)								
9750	Basic	\$ 4.39		\$ 1.94		\$ 9.63		\$ 7.51	
9850	Diluted	\$ 4.29		\$ 1.89		\$ 9.43		\$ 7.38	

The attached notes are part of this consolidated financial statements.  
(Please refer to Deloitte & Touche's review report on November 6, 2024)

Chairman: Ming-Chien Chiu

Manager: Lin, Tien-Jui

Accounting Supervisor: Po-An Lai

**Gudeng Precision Industrial Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**From January 1 to September 30, 2024 and 2023**  
Unit: In Thousands of New Taiwan Dollars

Code		Equity attributable to owners of the company						Other equity		Total	Non-controlling interests	Total equity	
		Ordinary shares			Retained earnings			Exchange differences on translation of financial statements of foreign operations	Unrealized gains and losses on financial assets measured at fair value through other comprehensive income				
		Number of Shares	Share capital	Share capital collected in advance	Capital surplus	Legal reserve	Special reserve						Unappropriated earnings
A1	Balance on January 1, 2023	84,097	\$ 840,973	\$ 1,521	\$ 3,248,341	\$ 216,567	\$ 157,093	\$ 560,545	( \$ 18,489 )	( \$ 128,177 )	\$ 4,878,374	\$ 476,250	\$ 5,354,624
	Appropriation of earnings for the year 111												
B1	Provision for legal reserve	-	-	-	-	45,417	-	( 45,417 )	-	-	-	-	-
B3	Appropriation of special reserve	-	-	-	-	-	( 10,427 )	10,427	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	-	( 346,353 )	-	-	( 346,353 )	-	( 346,353 )
M7	Changes in ownership interests in subsidiaries	-	-	-	-	-	-	( 28,108 )	-	-	( 28,108 )	-	( 28,108 )
	Changes in other capital surplus:												
C7	Changes in associates and joint ventures accounted for using the equity method	-	-	-	( 106 )	-	-	-	-	-	( 106 )	-	( 106 )
M5	Acquisition or disposal of part of the equity of subsidiaries (Note 34)	-	-	-	92,064	-	-	-	-	-	92,064	203,981	296,045
I1	Conversion of convertible corporate bonds	4,287	42,871	( 393 )	880,929	-	-	-	-	-	923,407	-	923,407
O1	Changes in increase/decrease in non-controlling interests (Note 27)	-	-	-	-	-	-	-	-	-	-	( 1,651 )	( 1,651 )
D1	Net income for the nine months ended September 30, 2023	-	-	-	-	-	-	652,425	-	-	652,425	111,030	763,455
D3	Other comprehensive income/(loss) after tax for the nine months ended September 30, 2023	-	-	-	-	-	-	-	3,873	298,809	302,682	-	302,682
D5	Total comprehensive income/(loss) for the nine months ended September 30, 2023	-	-	-	-	-	-	652,425	3,873	298,809	955,107	111,030	1,066,137
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	15,337	-	( 15,337 )	-	-	-
Z1	Balance on September 30, 2023	<u>88,384</u>	<u>\$ 883,844</u>	<u>\$ 1,128</u>	<u>\$ 4,221,228</u>	<u>\$ 261,984</u>	<u>\$ 146,666</u>	<u>\$ 818,856</u>	<u>( \$ 14,616 )</u>	<u>\$ 155,295</u>	<u>\$ 6,474,385</u>	<u>\$ 789,610</u>	<u>\$ 7,263,995</u>
A1	Balance on January 1, 2024	94,184	\$ 941,844	\$ 1,128	\$ 5,989,152	\$ 310,168	\$ -	\$ 794,151	( \$ 30,322 )	\$ 113,123	\$ 8,119,244	\$ 791,527	\$ 8,910,771
	Appropriation of earnings												
B1	Provision for legal reserve	-	-	-	-	42,317	-	( 42,317 )	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	-	( 330,040 )	-	-	( 330,040 )	-	( 330,040 )
	Changes in other capital surplus (Note 27):												
C7	Changes in associates and joint ventures accounted for using the equity method	-	-	-	3,450	-	-	-	-	-	3,450	-	3,450
N1	Issuance of employees stock options by subsidiaries	-	-	-	11,618	-	-	-	-	-	11,618	14,528	26,146
M7	Changes in ownership interests in subsidiaries (Notes 27 and 34)	-	-	-	307,298	-	-	( 107,698 )	-	-	199,600	680,752	880,352
O1	Increase/decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	( 69,869 )	( 69,869 )
I1	Conversion of convertible corporate bonds	253	2,530	8,330	365,866	-	-	-	-	-	376,726	-	376,726
D1	Net income for the nine months ended September 30, 2024	-	-	-	-	-	-	908,968	-	-	908,968	72,922	981,890
D3	Other comprehensive income/(loss) after tax for the nine months ended September 30, 2024	-	-	-	-	-	-	-	31,967	309,977	341,944	2,679	344,623
D5	Total comprehensive income/(loss) for the nine months ended September 30, 2024	-	-	-	-	-	-	908,968	31,967	309,977	1,250,912	75,601	1,326,513
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	9,710	-	( 9,710 )	-	-	-
Z1	Balance on September 30, 2024	<u>94,437</u>	<u>\$ 944,374</u>	<u>\$ 9,458</u>	<u>\$ 6,677,384</u>	<u>\$ 352,485</u>	<u>\$ -</u>	<u>\$ 1,232,774</u>	<u>\$ 1,645</u>	<u>\$ 413,390</u>	<u>\$ 9,631,510</u>	<u>\$ 1,492,539</u>	<u>\$ 11,124,049</u>

The attached notes are part of this consolidated financial statements.  
(Please refer to Deloitte & Touche's review report on November 6, 2024)

Chairman: Ming-Chien Chiu

Manager: Lin, Tien-Jui

Accounting Supervisor: Po-An Lai

**Gudeng Precision Industrial Co., Ltd. and Subsidiaries**

**Consolidated Statements of Cash Flows**

**From January 1 to September 30, 2024 and 2023**

Unit: In Thousands of New Taiwan Dollars

Code		From January 1 to September 30, 2024	From January 1 to September 30, 2023
	Cash flows from operating activities		
A10000	Net income before tax for the period	\$ 1,255,539	\$ 915,852
A20010	Income and expense items		
A20100	Depreciation expenses	342,710	226,031
A20200	Amortization expenses	24,460	14,312
A20300	Expected credit impairment (reversal benefit) loss	( 13,723)	8,591
A20400	Net gain on financial assets and liabilities at fair value through profit or loss	( 102,093)	( 38,467)
A20900	Finance costs	77,721	64,155
A21200	Interest income	( 34,903)	( 23,377)
A21300	Dividend income	( 20,228)	( 36,028)
A21900	Compensation costs of share-based payment	26,146	-
A22300	Share of loss (profit) of associates accounted for using the equity method	12,905	( 3,475)
A22500	(Gains) losses from disposal of property, plant and equipment	( 8,456)	12,815
A22800	Losses from disposal of intangible assets	196	-
A22900	Gain on lease amendment	-	( 435)
A23800	Inventory write-down and obsolescence loss	70,411	26,157
A29900	Income from the conversion of corporate bonds into fractional shares	( 7)	( 30)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	( 1,104)	( 1,052)
A31150	Trade receivables	( 567,001)	( 92,639)
A31180	Other receivables	21,829	( 31,587)
A31200	Inventories	( 80,594)	( 161,501)
A31230	Prepayments	46,691	( 40,979)
A31240	Other current assets	( 6,560)	906
A32125	Contract liabilities	( 368,002)	207,354
A32130	Notes payable	( 6,099)	( 8,562)
A32150	Trade payables	57,416	14,388
A32180	Other payables	( 6,126)	( 43,902)
A32200	Provision for Liabilities	578	8,229

(Continued on next page)

(Continued from previous page)

Code		From January 1 to September 30, 2024	From January 1 to September 30, 2023
A32230	Other current liabilities	\$ 6,962	(\$ 777)
A32240	Net defined benefit liabilities	( 4,874)	293
A33000	Cash generated from/(used in) operations	723,794	1,016,272
A33100	Interest received	36,727	23,038
A33200	Dividends received	36,230	36,028
A33300	Interest paid	( 70,117)	( 63,481)
A33500	Income tax paid	( 197,507)	( 300,963)
AAAA	Net cash inflow from operating activities	<u>529,127</u>	<u>710,894</u>
	Cash flows from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	( 46,049)	( 15,037)
B00020	Sale of financial assets measured at fair value through other comprehensive income	15,527	25,535
B00040	Acquisition of financial assets at amortized cost	( 1,504,832)	( 476,895)
B00050	Sale of financial assets measured at amortized cost	1,340,181	-
B00100	Acquisition of financial assets at fair value through profit or loss	( 185,372)	( 27,025)
B00200	Sale of financial assets at fair value through profit or loss	24,208	26,149
B01800	Acquisition of long-term equity investments accounted for using the equity method	( 169,839)	( 71,466)
B02200	Net cash outflow on acquisition of subsidiaries	( 59,618)	-
B02700	Payments for property, plant and equipment	( 1,202,170)	( 859,854)
B02800	Proceeds from disposal of property, plant and equipment	19,814	8,677
B03700	Increase in refundable deposits	-	( 97,999)
B03800	Decrease in refundable deposits	95,164	-
B04500	Payments for intangible assets	( 29,061)	( 53,030)
B04600	Disposal of intangible assets	571	-
B05400	Acquisition of investment properties	( 41,337)	-
B06800	Decrease in other non-current assets	654	74
B07100	Increase in prepayments for equipment	( 361,888)	( 340,610)
B07600	Dividends received from associates	<u>1,750</u>	<u>3,500</u>
BBBB	Net cash outflow from investment activities	<u>( 2,102,297)</u>	<u>( 1,877,981)</u>
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	1,091,000	1,300,000
C00200	Decrease in short-term borrowings	( 995,970)	( 603,000)
C01600	Proceeds from long-term borrowings	1,992,942	1,580,080
C01700	Repayments of long-term borrowings	( 613,354)	( 218,424)
C03000	Increase in guarantee deposits	668	-

(Continued on next page)

(Continued from previous page)

<u>Code</u>		<u>From January 1 to September 30, 2024</u>	<u>From January 1 to September 30, 2023</u>
C03100	Refund of guarantee deposits	\$ -	(\$ 15)
C04020	Return on lease liabilities principal	( 36,889)	( 25,965)
C04500	Cash dividends distribution	( 707,923)	( 683,351)
C05400	Acquisition of equity of subsidiaries	( 241,068)	( 450)
C05500	Disposal of equity of subsidiaries	-	113,538
C05800	Cash dividends paid to non-controlling interests	( 69,869)	( 22,515)
C09900	Changes in non-controlling interests	<u>914,794</u>	<u>182,896</u>
CCCC	Net cash inflow from financing activities	<u>1,334,331</u>	<u>1,622,794</u>
DDDD	Impact of changes in interest rates on cash and cash equivalents	<u>32,749</u>	<u>2,173</u>
EEEE	Net (decrease) increase in cash and cash equivalents	( 206,090)	457,880
E00100	Cash and cash equivalents at the beginning of the period	<u>4,004,779</u>	<u>2,270,488</u>
E00200	Cash and cash equivalents at the end of the period	<u>\$ 3,798,689</u>	<u>\$ 2,728,368</u>

The attached notes are part of this consolidated financial statements.

(Please refer to Deloitte & Touche's review report on November 6, 2024)

Chairman: Ming-Chien Chiu

Manager: Lin, Tien-Jui

Accounting Supervisor: Po-An Lai

**Gudeng Precision Industrial Co., Ltd. and Subsidiaries**

**Notes to Consolidated Financial Statements**

**From January 1 to September 30, 2024 and 2023**

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

---

**1. Company Overview**

Gudeng Precision Industrial Co., Ltd. (hereinafter “the Company”) was a company limited by shares incorporated at New Taipei City in March 1998, and opened for business in March of the same year with primary business of trading and manufacturing of mold and mask package.

Shares of the Company were traded in the over-the-counter (OTC) market at Taipei Exchange (TPEX) in August 2011.

The consolidated financial statements of the Company are presented in the New Taiwan Dollars, the functional currency of the Company.

**2. Date and Procedures of Authorization of Financial Statements**

The accompanying consolidated financial statements were published after being reported to the Board of Directors on November 6, 2024.

**3. Application of New and Amended Standards and Interpretations**

a. Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC) The application of the revised IFRS, as approved and enacted by the FSC, did not result in significant changes on the accounting policies of Gudeng Precision Industrial Co., Ltd. and its subsidiaries (hereinafter referred to as the consolidated company).

b. IFRS Accounting Standards endorsed by the FSC that are applicable in 2025

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)

Note 1: Applicable to annual reporting periods beginning on or after January 1, 2025.

Upon the initial application of the amendment, the comparative period shall not be restated. Instead, the effect shall be recognized in retained earnings or equity, as appropriate, under the foreign currency translation reserve at the

date of initial application, together with the related affected assets and liabilities.

As of the date the accompanying consolidated financial statements were authorized for issue, the consolidated company continues in evaluating the impact on its financial position and financial performance as a result of the aforementioned standards or interpretations. The related impact will be disclosed when the evaluation has been completed.

- c. IFRS Accounting Standards issued by the IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Annual improvements - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note 1: Unless stated otherwise, the aforementioned New, Revised or Amended Standards and Interpretations are effective for annual periods beginning on or after their respective effective dates.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will replace IAS 1 “Presentation of Financial Statements.” The main changes in this standard include:

- The income statement should classify income and expense items into the following categories: operating, investing, financing, income taxes, and discontinued operations.
- The income statement should report operating income, financing, and pre-tax income, as well as subtotals and totals of income.

- Provide guidance to strengthen consolidation and segmentation requirements: The consolidated company should identify the assets, liabilities, equity, income, expenses, and cash flows from individual transactions or other matters and classify and consolidate them based on common characteristics so that each line item reported in the primary financial statements has at least one similar characteristic. The items with different characteristics should be classified in the main financial statements and notes. When the consolidated company cannot find a more informative name, it will label such items as ‘Others’.
- Disclosure of performance measures defining management levels: When the consolidated company engages in public communication outside of financial statements and communicates with financial statement users regarding a specific aspect of the overall financial performance of the consolidated company, relevant information regarding the disclosure of performance measures defining management levels should be disclosed in a single note to the financial statements. This includes the description of the measure, how it is calculated, adjustments to subtotals or totals as defined by IFRS accounting standards, and the impact of income tax and non-controlling interests on related adjustments.

Except for the aforementioned impacts, as of the date of approval and issuance of these consolidated financial statements, the consolidated company is still evaluating the effects of amendments to various standards and interpretations on its financial position and performance. Relevant impacts will be disclosed upon completion of the evaluation.

#### **4. Summary of Significant Accounting Policies**

##### **a. Statement of Compliance**

The consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting”, endorsed and issued into effect by the FSC. The consolidated financial statements do not contain all of the disclosures required by IFRS accounting standards for the entire annual financial report.

##### **b. Basis of Preparation**

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of plan assets.

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

- 1) Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date.
- 2) Level 2: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- 3) Level 3: Inputs are unobservable inputs for the asset or liability.

c. Basis for Merger

This consolidated financial statement includes the financial statements of the Company and the entities (subsidiaries) controlled by the Company. The consolidated statements of comprehensive income include the operating profit or loss of subsidiaries that have been acquired or disposed of from the acquisition date to the disposal date of the current period. The financial statements of the subsidiaries have been adjusted to align their accounting policies with those of the consolidated company. During the preparation of the consolidated financial statements, all transactions, account balances, gains and losses between the individual companies have been eliminated. The total comprehensive income and loss of the subsidiaries is attributable to the owners of the Company and non-controlling interests, even if the non-controlling interests result in a deficit balance.

Where the change in the consolidated company's ownership interest in the subsidiary does not result in the loss of control, it shall be treated as an equity transaction. The carrying amount of the consolidated company and non-controlling interests have been adjusted to reflect changes in equity of the subsidiaries. The amount adjusted for non-controlling interests and the difference between the carrying amount of the investment and the fair value of the consideration paid or received is directly recognized as equity and is attributable to owners of the Company.

For details of subsidiaries, ratio of shareholding, and operations, please refer to Note 12 and Table VIII & IX.

d. Other Significant Accounting Policies

Except for the following, for the summary of other significant accounting policies, please refer to the consolidated financial statements for the year ended December 31, 2023.

1) Criteria classifying current/non-current assets and liabilities

Current assets include:

- i. Assets held primarily for the purpose of trading;
- ii. Assets expected to be realized within 12 months after the reporting period; and
- iii. Cash and cash equivalents (not including the asset restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period).

Current liabilities include:

- i. Liabilities held primarily for the purpose of trading;
- ii. Liabilities that are due for repayment within 12 months after the balance sheet date (current liabilities even if long-term refinancing or rescheduling agreements have been completed between the balance sheet date and the issuance of financial statements), and
- iii. At the balance sheet date, the Company has no substantive right to defer the maturity of any liability for which the Company is not in a position to defer repayment for more than 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current.

2) Retirement benefits

Pension cost for and interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

3) Income tax expenses

Income tax expense represents the sum of the tax currently payable and deferred income tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

**5. The Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions**

When the consolidated company adopts accounting policies, the management must make judgments, estimates and assumptions based on historical experience and other critical factors. Actual results might be different from estimates.

After evaluation by the management of the consolidated company, there are no uncertainties in major accounting judgments, estimates, and assumptions.

**6. Cash and Cash Equivalents**

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand and working capital	\$ 1,168	\$ 982	\$ 828
Bank checking and demand deposits	2,709,924	3,777,399	2,695,540
Cash equivalents (investments with original maturity date within 3 months)			
Bank time deposits	<u>1,087,597</u>	<u>226,398</u>	<u>32,000</u>
	<u>\$ 3,798,689</u>	<u>\$ 4,004,779</u>	<u>\$ 2,728,368</u>

**7. Financial Instruments at Fair Value through Profit or Loss**

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets - current</u>			
Mandatorily at fair value through profit or loss			
Derivatives (not designated for hedging)			
— Conversion of options (Note 22)	\$ 2,178	\$ 1,000	\$ -
Non-derivative financial assets			
— Domestic publicly traded shares	342,611	152,540	177,063
— Domestic non-publicly traded shares	36,000	-	-
— Domestic limited partnership	45,780	-	-
Hybrid financial assets			
Non-principal guaranteed floating income financial products	\$ -	\$ 13,555	\$ -
	<u>\$ 426,569</u>	<u>\$ 167,095</u>	<u>\$ 177,063</u>

(Continued on next page)

(Continued from previous page)

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial liabilities - current</u>			
Held for trading			
Derivatives (not designated for hedging)			
— Conversion of options (Note 22)	\$ 181	\$ 3,300	\$ -

## 8. Financial Assets at Fair Value through Other Comprehensive Income

### Investments in equity instruments

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Non-current</u>			
Domestic investment			
Publicly traded placement shares			
Symtek Automation Asia Co., Ltd.	\$ -	\$ 398,437	\$ 394,398
Publicly traded shares			
Asia Neo Tech Industrial Co., Ltd.	235,837	148,844	229,383
Symtek Automation Asia Co., Ltd.	622,173	16,897	-
Non-publicly traded shares			
NanoClean Materials Co., Ltd.	4,020	4,020	1,465
MontJade Engineering Co., Ltd.	7,883	7,883	16,669
Jiurun Precision Technology Co., Ltd.	29,032	29,032	12,202
Origin Precision Technology Co., Ltd.	5,021	5,021	5,918
Certain Micro Application Technology Inc.	42,009	42,009	32,947
Shun Jih Fa	37,500	-	-
KoJem International Co., Ltd.	8,549	-	-
	<u>\$ 992,024</u>	<u>\$ 652,143</u>	<u>\$ 692,982</u>

The consolidated company invests in publicly and non-publicly traded ordinary shares under the medium and long-term strategy and expects to make profits through long-term investment. The management of the consolidated company believes that if the short-term fluctuations of fair value of these investments are included in the profit or loss, it would be inconsistent with the aforementioned long-term investment plan. Therefore, we have chosen to designate these investments as measured at fair value through other comprehensive income.

The shares of Symtek Automation Asia Co., Ltd. held by the consolidated company are private ordinary shares subject to transfer restrictions pursuant to Article 43-8 of the Securities and Exchange Act.

**9. Financial Assets at Amortized Cost**

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Pledged certificate of deposit	\$ 133,302	\$ 121,500	\$ 179,000
Pledged deposits	222,185	56,740	-
Time deposits with original maturity date exceeding 3 months	<u>350,958</u>	<u>372,054</u>	<u>627,648</u>
	<u>\$ 706,445</u>	<u>\$ 550,294</u>	<u>\$ 806,648</u>
<u>Non-current</u>			
Pledged deposits	<u>\$ 8,500</u>	<u>\$ -</u>	<u>\$ 2,553</u>

Please refer to Note 39 for information on financial assets at amortized cost pledged as collateral.

**10. Notes Receivable, Trade Receivables, Other Receivables, and Collection**

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Notes receivable</u>			
Measured at amortized cost			
Total carrying amount	\$ 2,949	\$ 1,453	\$ 2,328
Less: allowance for loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,949</u>	<u>\$ 1,453</u>	<u>\$ 2,328</u>
Arising from operations	<u>\$ 2,949</u>	<u>\$ 1,453</u>	<u>\$ 2,328</u>

(Continued on next page)

(Continued from previous page)

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Notes receivable - related parties</u>			
(Note 38)			
Measured at amortized cost			
Total carrying amount	\$ -	\$ 222	\$ 772
Less: allowance for loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 222</u>	<u>\$ 772</u>
 <u>Trade receivables</u>			
Measured at amortized cost			
Total carrying amount	\$ 1,508,051	\$ 897,291	\$ 1,178,320
Less: allowance for loss	( 5,737)	( 11,900)	( 16,616)
	<u>\$ 1,502,314</u>	<u>\$ 885,391</u>	<u>\$ 1,161,704</u>
 <u>Trade receivables - related parties</u>			
(Note 38)			
Measured at amortized cost			
Total carrying amount	\$ 5,750	\$ 147	\$ 31
Less: allowance for loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,750</u>	<u>\$ 147</u>	<u>\$ 31</u>
 <u>Other receivables</u>			
Other receivable - non-related parties			
Business tax refund receivable	\$ 10,332	\$ -	\$ 14,568
Stock settlements receivable	-	-	16,293
Land receivables (Note 35)	32,022	32,722	-
Dividends receivable	-	4,155	-
Interest receivable	713	2,537	-
Others	4,268	2,378	6,927
	<u>\$ 47,335</u>	<u>\$ 41,792</u>	<u>\$ 37,788</u>
 Other receivables from related parties (Note 38)			
	<u>\$ 646</u>	<u>\$ 12,653</u>	<u>\$ 997</u>
 <u>Collection receivables</u>			
Measured at amortized cost			
Total carrying amount	\$ 5,032	\$ 20,203	\$ 18,820
Less: allowance for loss	( 5,032)	( 20,203)	( 18,820)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Trade receivables

The average credit period of the consolidated company for commodity sales is 60 to 120 days. In assessing the recoverability of trade receivable, the consolidated company

considers any change in the credit quality of the trade receivables from the original credit date to the balance sheet date. To mitigate the credit risk, the management of the consolidated company appoints a team solely responsible for determination of credit lines, credit approvals and other monitoring procedures to ensure that appropriate action has been taken for the collection of overdue receivables. In addition, the consolidated company will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been recognized with appropriate impairment loss. Accordingly, the management of the Company believes that the consolidated company's credit risk is significantly reduced.

The consolidated company applies the simplified approach of IFRS 9 and recognizes allowance for uncollectible accounts for trade receivables as lifetime expected credit losses for the duration of contract. The lifetime expected credit loss is determined the provision matrix which refers to past default records and the current financial condition of the clients and industrial economic conditions. Due to the historical experience of credit losses of the consolidated company, there is no significant difference in the loss patterns of different client's groups. Therefore, the provision matrix does not further distinguish the customer base, and only sets the expected credit loss rate based on the overdue days of notes receivable and entry days of trade receivable.

The consolidated company directly reclassifies the collection when there is evidence indicating that the debtor is experiencing in severe financial difficulty and there is no realistic prospect of recovery by the consolidated company, such as the counterparty is under liquidation or the aging of the debts is over 365 days. The consolidated company continues to engage in enforcement activity, and the recovered amounts are written off the related collection.

The consolidated company's loss allowance for notes receivable and trade receivables based on the provision matrix were as follows:

Notes receivable

September 30, 2024

	<u>Not overdue</u>
Expected credit loss rate	0%
Total carrying amount	\$ 2,949
Allowance for losses (lifetime expected credit losses)	<u>-</u>
Costs after amortization	<u>\$ 2,949</u>

December 31, 2023

	<u>Not overdue</u>
Expected credit loss rate	0%
Total carrying amount	\$ 1,675
Allowance for losses (lifetime expected credit losses)	<u>-</u>
Costs after amortization	<u>\$ 1,675</u>

September 30, 2023

	<u>Not overdue</u>
Expected credit loss rate	0%
Total carrying amount	\$ 3,100
Allowance for losses (lifetime expected credit losses)	<u>-</u>
Costs after amortization	<u>\$ 3,100</u>

Trade receivables

September 30, 2024

	<u>1~90 days</u>	<u>91~180 days</u>	<u>181~270 days</u>	<u>271~365 days</u>	<u>Over 365 days</u>	<u>Total</u>
Expected credit loss rate	0.16%	1.92%	2.54%	0.20%	-	
Total carrying amount	\$ 1,316,928	\$ 159,825	\$ 21,087	\$ 497	\$ 15,464	\$ 1,513,801
Allowance for losses (lifetime expected credit losses)	( 2,130 )	( 3,070 )	( 536 )	( 1 )	-	( 5,737 )
Costs after amortization	<u>\$ 1,314,798</u>	<u>\$ 156,755</u>	<u>\$ 20,551</u>	<u>\$ 496</u>	<u>\$ 15,464</u>	<u>\$ 1,508,064</u>

All accounts receivable outstanding for more than 365 days have been collected as of October 2024; therefore, no expected credit losses have been recognized.

December 31, 2023

	<u>1~90 days</u>	<u>91~180 days</u>	<u>181~270 days</u>	<u>271~365 days</u>	<u>Over 365 days</u>	<u>Total</u>
Expected credit loss rate	0.39%	5.03%	11.66%	6.72%	-	
Total carrying amount	\$ 773,404	\$ 52,645	\$ 29,870	\$ 41,519	\$ -	\$ 897,438
Allowance for losses (lifetime expected credit losses)	( 2,978 )	( 2,646 )	( 3,484 )	( 2,792 )	-	( 11,900 )
Costs after amortization	<u>\$ 770,426</u>	<u>\$ 49,999</u>	<u>\$ 26,386</u>	<u>\$ 38,727</u>	<u>\$ -</u>	<u>\$ 885,538</u>

September 30, 2023

	<u>1~90 days</u>	<u>91~180 days</u>	<u>181~270 days</u>	<u>271~365 days</u>	<u>Over 365 days</u>	<u>Total</u>
Expected credit loss rate	0.27%	1.94%	5.9%	13.83%	-	
Total carrying amount	\$ 893,722	\$ 145,356	\$ 99,255	\$ 40,018	\$ -	\$ 1,178,351
Allowance for losses (lifetime expected credit losses)	( 2,414 )	( 2,815 )	( 5,852 )	( 5,535 )	-	( 16,616 )
Costs after amortization	<u>\$ 891,308</u>	<u>\$ 142,541</u>	<u>\$ 93,403</u>	<u>\$ 34,483</u>	<u>\$ -</u>	<u>\$ 1,161,735</u>

The above is the aging analysis based on the date of entry.

Changes in loss allowance for trade receivables are as follows:

	<u>From January 1 to September 30, 2024</u>	<u>From January 1 to September 30, 2023</u>
Beginning balance	\$ 11,900	\$ 6,589
Add: impairment loss recognized for the period	-	16,109
Less: reversal on impairment loss for the period	( 4,052)	-
Less: transferred out due to reclassification for the period	( 2,176)	( 6,084)
Exchange difference of foreign currency	<u>65</u>	<u>2</u>
Ending balance	<u>\$ 5,737</u>	<u>\$ 16,616</u>

Changes in loss allowance for collection are as follows:

	<u>From January 1 to September 30, 2024</u>	<u>From January 1 to September 30, 2023</u>
Beginning balance	\$ 20,203	\$ 20,248
Add: transferred in due to reclassification for the period	2,176	6,084
Less: Reversal on impairment loss for the period	( 9,671)	( 7,518)
Less: actual write-off for the period	( 7,727)	-
Exchange difference of foreign currency	<u>51</u>	<u>6</u>
Ending balance	<u>\$ 5,032</u>	<u>\$ 18,820</u>

## 11. Inventories

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Raw materials	\$ 558,395	\$ 400,489	\$ 370,514
Semi-finished products	453,960	297,235	245,007
Work in process	530,701	661,845	619,079
Finished products	328,806	400,829	413,154
Merchandise inventory	<u>6,374</u>	<u>26,450</u>	<u>15,338</u>
	1,878,236	1,786,848	1,663,092
<u>Land held for construction site</u>			
Sanxia District, New Taipei City	<u>187,432</u>	<u>122,134</u>	<u>122,134</u>
	<u>\$ 2,065,668</u>	<u>\$ 1,908,982</u>	<u>\$ 1,785,226</u>

Nature of cost of goods sold as below:

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Cost of inventory sold	\$ 976,033	\$ 702,541	\$ 2,663,797	\$ 1,940,560
Inventory (recovery gain) loss for market price decline	923	( 9,255 )	70,411	26,157
Inventories loss	( 157 )	-	3,467	-
Revenue from leftover materials sold	( 2,108 )	-	( 6,057 )	-
Loss on inventory scrap	2,492	22,584	2,492	22,584
Others	-	( 11,611 )	( 65 )	( 14,491 )
	<u>\$ 977,183</u>	<u>\$ 704,259</u>	<u>\$ 2,734,045</u>	<u>\$ 1,974,810</u>

The rebound in the net realizable value of inventories was due to the increase in market selling prices of those inventories.

## 12. Subsidiaries

### Subsidiaries included in the consolidated financial statements

The main entity responsible for the preparation of this consolidated financial statement is as follows:

Name of investor company	Name of subsidiary	Nature of business	Percentage of equity held			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
Gudeng Precision Industrial Co., Ltd. (hereinafter "the Company")	Gudeng Venture Capital Co., Ltd. (hereinafter "Gudeng Venture")	Venture capital and management consulting business	100%	100%	100%	-
	We Solutions Technology Co., Ltd. (hereinafter "We Solutions")	Various semiconductor component manufacturing and trading business	55.28%	83.33%	83.33%	Notes 1 and 2
	Gudeng Equipment Co., Ltd. (hereinafter "Gudeng Equipment")	Manufacture, trading, repair, and maintenance of various precision instruments	45.44%	46.83%	46.73%	Notes 2 and 5
	Rich Point Global Corp. (hereinafter "Rich Point")	Engaged in various investment activities	100%	100%	100%	Note 1
	Partner one Ltd.	Engaged in various investment activities	-	-	-	Note 3
	Gudeng Inc.(USA)	Engaged in the business of various electronic components	51%	51%	51%	Notes 1 and 6
	Gudeng Aerospace Technologies Corporation (hereinafter "Gudeng Aerospace")	Retail, wholesale, and manufacturing of aircraft and their components	100%	100%	100%	Notes 1 and 7
	Gudeng Co., Ltd.	Engaged in the business of various electronic components	100%	-	-	Notes 1 and 11
Gudeng Aerospace	JYR Aviation Components Co., Ltd. (hereinafter "JYR Aviation")	Retail, wholesale, and manufacturing of aircraft and their components	51%	-	-	Notes 1 and 10
	Gudeng Aerospace Inc. (hereinafter "Aerospace (USA)")	Retail, wholesale, and manufacturing of aircraft and their components	100%	-	-	Notes 1 and 12
Gudeng Venture	Jia Shuo Construction, Inc. (hereinafter "Jia Shuo Construction")	Industrial plant, residential and building development and leasing, real estate sales and leasing	100%	100%	100%	Note 1
	Hengyang Green Energy Co., Ltd. (hereinafter "Hengyang")	Piping works and electrical installations	45%	45%	45%	Note 1
Rich Point	Sun Park Development Limited (hereinafter "Sun Park")	Engaged in various investment activities	100%	100%	100%	Note 1
	Gudeng Investment Co., Ltd. (hereinafter "Gudeng Investment")	Engaged in various investment activities	100%	100%	100%	Note 1

(Continued on next page)

(Continued from previous page)

Name of investor company	Name of subsidiary	Nature of business	Percentage of equity held			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
Sun Park	Shanghai Gudeng Trading Co., Ltd. (hereinafter "Shanghai Gudeng")	Sales of plastic and electronic products	100%	100%	100%	Note 1
	Suzhou Kunju Trading Co., Ltd. (hereinafter "Suzhou Kunju")	Sales and maintenance of automobiles, trading various types of alcoholic beverages and aluminum foil	-	-	-	Notes 1 and 8
Shanghai Gudeng	Kawaguchi Plastic Industry (Kunshan) Co., Ltd. (hereinafter "Kunshan Kawaguchi")	Sales of plastic and electronic products	100%	100%	-	Notes 1 and 9
Kunshan Kawaguchi	Dachuan Plastic Industrial (Kunshan) Co., Ltd. (hereinafter "Kunshan Dachuan")	Manufacturing of plastic and electronic products	100%	100%	-	Notes 1 and 9
Partner one Ltd.	Gudeng Investment (HK)	Engaged in various investment activities	-	-	-	Note 3
Gudeng Investment (HK)	Welton Technology Limited (hereinafter "Welton")	Engaged in the business of manufacturing plastic products, electronic and communication equipment, electric machinery and equipment	-	-	-	Note 4
Gudeng Equipment	Showa Precision Co., Ltd. (hereinafter "Showa")	Manufacture, trading, repair, and maintenance of various precision instruments	100%	100%	100%	Note 1
	Gudeng Inc. (USA)	Engaged in the business of various electronic components	4%	4%	4%	Notes 1 and 6
We Solutions	Fu Rui Sheng Industrial Co., Ltd. (hereinafter "Fu Rui Sheng")	Investment and management consulting business	75.19%	54.94%	54.94%	Notes 1 and 2
	Suting Precision Industry Co., Ltd. (hereinafter "Suting")	Manufacturing and wholesale of mold and manufacturing of machinery and equipment	85.54%	70.43%	70.43%	Notes 1 and 2
	Bor Sheng Industrial Co., Ltd. (hereinafter "Bor Sheng")	Manufacturing and wholesale of mold and manufacturing of machinery and equipment	0.5%	0.5%	0.5%	Notes 1 and 2
Fu Rui Sheng	Bor Sheng	Manufacturing and wholesale of mold and manufacturing of machinery and equipment	93%	93%	93%	Note 1

Note 1: This is an immaterial subsidiary for which financial statements have not been reviewed by the Company's independent accountants.

Note 2: Please refer to Note 34 for details of change in percentage of equity held by the consolidated company.

Note 3: The registration was completed in 2017, but no capital has been invested yet.

Note 4: Welton is currently in the pre-approval stage for its name and has not yet been established.

Note 5: The consolidated company holds a 45.44% stake in Gudeng Equipment. Since Gudeng Equipment is a publicly traded OTC company in Taiwan, the remaining 54.56% of its shares are held by hundreds of shareholders, none of whom are related parties to the consolidated company. After considering the absolute and relative size and distribution of voting rights held by these other shareholders, the consolidated company has determined that it possesses the substantive ability to control the relevant activities of Gudeng Equipment. Therefore, it is classified as a subsidiary.

Note 6: Gudeng Inc. (USA) increased its capital on September 30, 2023. Gudeng and Gudeng Equipment participated in the subscription, with shareholding ratio of 51% and 4% respectively. The consolidated shareholding ratio is 55%.

Note 7: The consolidated company invested NT\$320,000 thousand on September 6, 2023 to acquire 100% equity of Gudeng Aerospace.

Note 8: On September 14, 2023, Suzhou Kunju's registration was canceled, and the consolidated company lost control.

Note 9: Shanghai Gudeng invested RMB 107,500 thousand on November 30, 2023, to acquire 100% equity of Kunshan Kawaguchi and its subsidiaries.

Note 10: Gudeng Aerospace invested NT\$260,685 thousand on January 12, 2024 to acquire 51% equity in JYR Aviation.

Note 11: On March 1, 2024, the consolidated company invested JPY 9,900 thousand and acquired 100% equity of Gudeng Co., Ltd.

Note 12: Gudeng Aerospace invested USD 500 thousand on June 25, 2024 to acquire 100% equity of Gudeng Aerospace Inc.

### 13. **Investments Accounted for Using the Equity Method**

#### Investment in affiliated companies

	September 30, 2024	December 31, 2023	September 30, 2023
Individual insignificant associates	<u>\$ 327,704</u>	<u>\$ 165,987</u>	<u>\$ 164,475</u>

As of June 30, 2024, the consolidated company did not participate in the cash capital increase of YAHOO System Technology Co., Ltd. (hereinafter referred to as YAHOO) in proportion to its shareholding. The consolidated company acquired 447 thousand ordinary shares of YAHOO at NT\$42 per share, for a total of NT\$18,789 thousand. As a result, the consolidated company's shareholding decreased from 21.05% to 20.05%.

On February 4, 2024, the consolidated company participated in the investment of Global Magic Electronic Co., Ltd. (hereinafter referred to as Global Magic), acquiring 12,500 thousand ordinary shares of Global Magic by cash at NT\$12 per share, for a total of NT\$150,000 thousand with a shareholding of 33.47%. In June 2024, the consolidated company opted not to participate in the cash capital increase of Global Magic, resulting in a decrease in its shareholding to 29.98%.

Please refer to Table VIII “Names, Locations and Relevant Information of Investee Companies” for nature of business, primary business premises, and countries of company registration of the above-mentioned associates.

The profit or loss and other comprehensive income entitled by the associates accounted for using equity method and the consolidated company were not calculated based on financial statements audited by other certified public accountants.

#### 14. Property, plant and equipment

##### Self-usage

	Self-owned land	Buildings	Machinery equipment	Leasehold improvements	Other equipment	Real property under construction	Total
<u>Cost</u>							
Balance on January 1, 2024	\$ 2,853,930	\$ 829,572	\$ 1,528,776	\$ 112,499	\$ 1,378,494	\$ 1,004,767	\$ 7,708,038
Acquisition through business combinations (Note 33)	-	-	201,987	40,176	121,332	-	363,495
Addition	234,079	179,249	119,322	13,280	142,268	585,805	1,274,003
Disposal	( 24,630 )	-	( 97,761 )	-	( 39,519 )	-	( 161,910 )
Reclassification	36,088	39,963	108,528	5,314	24,870	-	214,763
Reclassified as investment property	( 7,677 )	( 2,958 )	-	-	-	-	( 10,635 )
Net exchange differences	9,083	9,658	8,691	1,650	1,765	857	31,704
Balance on September 30, 2024	<u>\$ 3,100,873</u>	<u>\$ 1,055,484</u>	<u>\$ 1,869,543</u>	<u>\$ 172,919</u>	<u>\$ 1,629,210</u>	<u>\$ 1,591,429</u>	<u>\$ 9,419,458</u>
<u>Accumulated depreciation and impairment</u>							
Balance on January 1, 2024	\$ -	\$ 158,796	\$ 713,352	\$ 44,373	\$ 711,890	\$ -	\$ 1,628,411
Acquisition through business combinations (Note 33)	-	-	114,361	33,324	105,004	-	252,689
Disposal	-	-	( 88,547 )	-	( 29,983 )	-	( 118,530 )
Depreciation expenses	-	16,654	121,545	12,958	148,810	-	299,967
Reclassified as investment property	-	( 551 )	-	-	-	-	( 551 )
Net exchange differences	-	3,194	4,380	41	992	-	8,607
Balance on September 30, 2024	<u>\$ -</u>	<u>\$ 178,093</u>	<u>\$ 865,091</u>	<u>\$ 90,696</u>	<u>\$ 936,713</u>	<u>\$ -</u>	<u>\$ 2,070,593</u>
Net balance on September 30, 2024	<u>\$ 3,100,873</u>	<u>\$ 877,391</u>	<u>\$ 1,004,452</u>	<u>\$ 82,223</u>	<u>\$ 692,497</u>	<u>\$ 1,591,429</u>	<u>\$ 7,348,865</u>
Net balance on December 31, 2023 and January 1, 2024	<u>\$ 2,853,930</u>	<u>\$ 670,776</u>	<u>\$ 815,424</u>	<u>\$ 68,126</u>	<u>\$ 666,604</u>	<u>\$ 1,004,767</u>	<u>\$ 6,079,627</u>
<u>Cost</u>							
Balance on January 1, 2023	\$ 2,640,623	\$ 588,493	\$ 1,059,162	\$ 54,566	\$ 1,157,007	\$ 443,480	\$ 5,943,331
Addition	102,604	21,874	143,056	8,848	177,702	381,696	835,780
Disposal	-	-	( 46,935 )	-	( 9,944 )	-	( 56,879 )
Reclassification	-	-	51,456	2,000	52,178	-	105,634
Transfer of investment property	38,244	92,075	-	-	-	-	130,319
Net exchange differences	-	950	2	1	326	-	1,279
Balance on September 30, 2023	<u>\$ 2,781,471</u>	<u>\$ 703,392</u>	<u>\$ 1,206,741</u>	<u>\$ 65,415</u>	<u>\$ 1,377,269</u>	<u>\$ 825,176</u>	<u>\$ 6,959,464</u>
<u>Accumulated depreciation and impairment</u>							
Balance on January 1, 2023	\$ -	\$ 65,251	\$ 544,329	\$ 21,888	\$ 574,501	\$ -	\$ 1,205,969
Disposal	-	-	( 31,157 )	-	( 4,230 )	-	( 35,387 )
Depreciation expenses	-	9,983	66,786	4,641	111,555	-	192,965
Transfer of investment property	-	10,832	-	-	-	-	10,832
Net exchange differences	-	-	2	1	73	-	76
Balance on September 30, 2023	<u>\$ -</u>	<u>\$ 86,066</u>	<u>\$ 579,960</u>	<u>\$ 26,530</u>	<u>\$ 681,899</u>	<u>\$ -</u>	<u>\$ 1,374,455</u>
Net balance on September 30, 2023	<u>\$ 2,781,471</u>	<u>\$ 617,326</u>	<u>\$ 626,781</u>	<u>\$ 38,885</u>	<u>\$ 695,370</u>	<u>\$ 825,176</u>	<u>\$ 5,585,009</u>

Depreciation expenses are calculated by straight-line basis using the estimated useful lives as follows:

Buildings	6 to 51 years
Machinery equipment	2 to 15 years
Leasehold improvements	2 to 11 years
Other assets	2 to 21 years

The consolidated company's significant components of the buildings includes main buildings of plants, improvement of main buildings, roads and walls, etc., and they are depreciated based on the estimated useful lives of 51 years, 21 years, and 20 years, respectively.

As of September 30, 2024, and December 31 and September 30, 2023, the consolidated company owned agricultural land with a value of NT\$218,105 thousand, NT\$220,359 thousand, and NT\$3,701 thousand, respectively. The ownership was temporarily registered in the name of a third party, and the trustee had issued a settlement statement.

Please refer to Note 39 for the amount of property, plant and equipment pledged as collateral for loans.

## 15. Lease Agreements

### a. Right-of-use assets

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amount of right-of-use assets			
Land	\$ 139,636	\$ 20,369	\$ -
Buildings	120,786	140,015	80,305
Transportation equipment	<u>16,017</u>	<u>9,637</u>	<u>11,629</u>
	<u>\$ 276,439</u>	<u>\$ 170,021</u>	<u>\$ 91,934</u>
	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024
Additions of right-of-use assets			<u>\$ 147,157</u>
			<u>\$ 48,793</u>
Depreciation expense of right-of-use assets			
Land	\$ 1,738	\$ -	\$ 2,010
Buildings	10,379	8,420	31,075
Transportation equipment	<u>1,423</u>	<u>1,466</u>	<u>4,248</u>
	<u>\$ 13,540</u>	<u>\$ 9,886</u>	<u>\$ 37,333</u>
			<u>\$ 27,897</u>

Except for the addition of depreciation expenses recognized as above, there is no significant sublease or impairment of the right-of-use assets of the consolidated company for the nine months ended September 30, 2024 and 2023.

b. Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amount of lease liabilities			
Current	<u>\$ 50,320</u>	<u>\$ 39,377</u>	<u>\$ 31,351</u>
Non-current	<u>\$ 207,172</u>	<u>\$ 112,882</u>	<u>\$ 64,101</u>

Ranges of discount rates for lease liabilities are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Land	2.33%	-	-
Buildings	1.03% ~ 5.33%	1.45% ~ 5.33%	1.45% ~ 2.99%
Transportation equipment	1.50% ~ 2.99%	1.50% ~ 2.99%	1.50% ~ 7.90%

c. Major lease activities and terms

The consolidated company leases several transportation equipment for operational use with lease terms of 3 to 5 years. At the end of the lease term, the consolidated company has the option to purchase the equipment for its nominal amount at that time.

The consolidated company has also leased certain land for plant use for a period of 5 to 20 years. Upon the termination of the lease term, the consolidated company does not have any preferential right to purchase the leased land, buildings and transportation equipment, and it is agreed that without the consent of the lessor, the consolidated company shall not sublease or transfer the entire or any part of the leased property.

d. Other lease information

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Short-term leases expenses	<u>\$ 5,248</u>	<u>\$ 2,718</u>	<u>\$ 15,555</u>	<u>\$ 11,214</u>
Expenses relating to low-value asset leases	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ 225</u>	<u>\$ -</u>
Total cash (outflow) for leases			<u>(\$ 54,930)</u>	<u>(\$ 38,842)</u>

The consolidated company has elected to apply the recognition exemption on the leases houses and buildings which qualify as short-term leases, and it did not recognize related right-of-use assets and lease liabilities for these leases.

All lease commitments with lease terms beginning after the balance sheet date are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Lease commitments	<u>\$ 8,542</u>	<u>\$ 138</u>	<u>\$ 290</u>

**16. Investment properties**

	<u>Completed investment properties</u>
<u>Cost</u>	
Balance on January 1, 2024	\$ 704,645
Addition	41,337
Transfer in from property, plant and equipment	<u>10,635</u>
Balance on September 30, 2024	<u>\$ 756,617</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2024	\$ 50,270
Transfer in from property, plant and equipment	551
Depreciation expenses	<u>5,410</u>
Balance on September 30, 2024	<u>\$ 56,231</u>
Net balance on September 30, 2024	<u>\$ 700,386</u>
Net balance on December 31, 2023 and January 1, 2024	<u>\$ 654,375</u>
<u>Cost</u>	
Balance on January 1, 2023	\$ 834,964
Reclassified to Property, Plant and Equipment	( <u>130,319</u> )
Balance on September 30, 2023	<u>\$ 704,645</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2023	\$ 54,209
Reclassified to Property, Plant and Equipment	( <u>10,832</u> )
Depreciation expenses	<u>5,169</u>
Balance on September 30, 2023	<u>\$ 48,546</u>
Net balance on September 30, 2023	<u>\$ 656,099</u>

The total amount of lease payments to be collected in the future for investment property under operating leases for 2024 and 2023 is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Year 1	\$ 14,898	\$ 34,096	\$ 32,539
Year 2	<u>3,100</u>	<u>5,262</u>	<u>26,150</u>
	<u>\$ 17,998</u>	<u>\$ 39,358</u>	<u>\$ 58,689</u>

Investment properties are depreciated by straight-line basis using the service life as follows:

Main buildings	51 years
----------------	----------

The fair value of investment properties is measured by an independent appraisal company using Level 3 input. The valuation is based on the cash flow method and the comparison method. Important unobservable inputs used include discount rates. The fair value obtained from the valuation is as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Fair value	<u>\$ 1,198,400</u>	<u>\$ 1,198,400</u>

The consolidated company held freehold interests in all of its investment properties. Please refer to Note 39 for the amount of investment property pledged as collateral for loans.

The consolidated company has no lease commitment commencing after the balance sheet date for the lease term.

## 17. Goodwill

	<u>From January 1 to September 30, 2024</u>	<u>From January 1 to September 30, 2023</u>
<u>Cost</u>		
Beginning balance	\$ 200,951	\$ 89,584
Acquisition through business combination for the current period (Note 33)	46,801	-
Reclassification	( <u>41,935</u> )	-
Ending balance	<u>\$ 205,817</u>	<u>\$ 89,584</u>
<u>Accumulated impairment loss</u>		
Beginning balance	( <u>\$ 24,201</u> )	( <u>\$ 24,201</u> )
Ending balance	( <u>\$ 24,201</u> )	( <u>\$ 24,201</u> )
Net beginning balance	<u>\$ 176,750</u>	<u>\$ 65,383</u>
Net ending balance	<u>\$ 181,616</u>	<u>\$ 65,383</u>

The consolidated company acquired JYR Aviation Components Co., Ltd. and Kawaguchi Plastic Industry (Kunshan) Co., Ltd. on January 12, 2024 and November 30, 2023, respectively, generating goodwill of NT\$46,801 thousand and NT\$131,271 thousand. The goodwill mainly arises from control premium, including expected combination synergies, revenue growth, future market development, all of which have been assessed and no impairment losses have been recognized.

In October 2024, the consolidated company received an appraisal report, which indicated that the fair value of the property, plant and equipment, right-of-use assets, and other intangible assets of the subsidiary, Kawaguchi Plastic Industry (Kunshan) Co., Ltd., as of the acquisition date, was NT\$257,453 thousand.

## 18. Other Intangible Assets

	Patents	Computer software	Golf membership card	Technology	Client relationship	Total
<u>Cost</u>						
Balance on January 1, 2024	\$ 99,925	\$ 124,438	\$ 8,763	\$ 5,900	\$ 25,204	\$ 264,230
Acquisition through business combinations (Note 33)	-	22,675	-	-	-	22,675
Reclassification (Note 17)	-	-	-	-	10,566	10,566
Acquired separately	-	29,061	-	-	-	29,061
Disposal for the period	-	( 1,134 )	-	-	-	( 1,134 )
Net exchange differences	-	-	-	-	14	14
Balance on September 30, 2024	<u>\$ 99,925</u>	<u>\$ 175,040</u>	<u>\$ 8,763</u>	<u>\$ 5,900</u>	<u>\$ 35,784</u>	<u>\$ 325,412</u>
<u>Accumulated amortization and impairment</u>						
Balance on January 1, 2024	\$ 39,450	\$ 54,917	\$ -	\$ 2,528	\$ 5,300	\$ 102,195
Acquisition through business combinations (Note 33)	-	20,839	-	-	-	20,839
Amortization expenses	6,573	14,792	-	632	2,463	24,460
Disposal for the period	-	( 367 )	-	-	-	( 367 )
Net exchange differences	-	( 138 )	-	-	-	( 138 )
Balance on September 30, 2024	<u>\$ 46,023</u>	<u>\$ 90,043</u>	<u>\$ -</u>	<u>\$ 3,160</u>	<u>\$ 7,763</u>	<u>\$ 146,989</u>
Net balance on September 30, 2024	<u>\$ 53,902</u>	<u>\$ 84,997</u>	<u>\$ 8,763</u>	<u>\$ 2,740</u>	<u>\$ 28,021</u>	<u>\$ 178,423</u>
Net balance on December 31, 2023 and January 1, 2024	<u>\$ 60,475</u>	<u>\$ 69,521</u>	<u>\$ 8,763</u>	<u>\$ 3,372</u>	<u>\$ 19,904</u>	<u>\$ 162,035</u>
<u>Cost</u>						
Balance on January 1, 2023	\$ 97,425	\$ 67,779	\$ 8,763	\$ 5,900	\$ 5,300	\$ 185,167
Acquired separately	2,500	50,530	-	-	-	53,030
Balance on September 30, 2023	<u>\$ 99,925</u>	<u>\$ 118,309</u>	<u>\$ 8,763</u>	<u>\$ 5,900</u>	<u>\$ 5,300</u>	<u>\$ 238,197</u>
<u>Accumulated amortization and impairment</u>						
Balance on January 1, 2023	\$ 30,796	\$ 43,815	\$ -	\$ 1,687	\$ 5,300	\$ 81,598
Amortization expenses	6,463	7,218	-	631	-	14,312
Net exchange differences	-	6	-	-	-	6
Balance on September 30, 2023	<u>\$ 37,259</u>	<u>\$ 51,039</u>	<u>\$ -</u>	<u>\$ 2,318</u>	<u>\$ 5,300</u>	<u>\$ 95,916</u>
Net balance on September 30, 2023	<u>\$ 62,666</u>	<u>\$ 67,270</u>	<u>\$ 8,763</u>	<u>\$ 3,582</u>	<u>\$ -</u>	<u>\$ 142,281</u>

Golf membership card of the consolidated company is a right of use and the management of the consolidated company considers that the consolidated company has the intention and ability to extend the useful life continuously, hence it is an intangible asset with indefinite useful life, and is tested for impairment annually whether or not there is any indication of impairment. Security deposit of golf membership amounted to NT\$12,000 thousand and recognized as refundable deposits.

Amortization expenses are calculated by straight-line basis using the estimated useful lives as follows:

Cost of computer software	1 to 9 years
Patents	5 to 10 years
Technology	7 years
Client relationship	2 to 8 years

Amortization expenses summarized by function:

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Operating costs	\$ 1,570	\$ 1,218	\$ 4,245	\$ 4,283
Selling and marketing expenses	609	3	614	6
General and administrative expenses	4,488	1,591	12,248	3,315
R&D expenses	<u>2,530</u>	<u>2,286</u>	<u>7,353</u>	<u>6,708</u>
	<u>\$ 9,197</u>	<u>\$ 5,098</u>	<u>\$ 24,460</u>	<u>\$ 14,312</u>

## 19. Prepayments

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Advance payment	\$ 21,309	\$ 102,406	\$ 139,193
Tax overpaid retained for offsetting the future tax payable	52,003	38,408	16,539
Other prepayments	<u>73,783</u>	<u>24,216</u>	<u>52,165</u>
	<u>\$ 147,095</u>	<u>\$ 165,030</u>	<u>\$ 207,897</u>

## 20. Other Assets

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Other current assets			
Temporary payments	\$ 4,008	\$ 2,846	\$ 3,995
Payment on behalf of others	<u>77,136</u>	<u>67,698</u>	<u>-</u>
	<u>\$ 81,144</u>	<u>\$ 70,544</u>	<u>\$ 3,995</u>
<u>Non-current</u>			
Other non-current assets			
Net defined benefit assets	<u>\$ 875</u>	<u>\$ 871</u>	<u>\$ 1,379</u>

## 21. Borrowings

### a. Short-term borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Secured loans</u> (Note 39)			
— Bank loans	\$ -	\$ -	\$ 250,000
<u>Unsecured loans</u>			
— Bank loans	<u>300,000</u>	<u>125,000</u>	<u>475,000</u>
	<u>\$ 300,000</u>	<u>\$ 125,000</u>	<u>\$ 725,000</u>

The interest rates on bank revolving loans were 1.99%-3.05%, 2.05%-2.40% and 1.87%-2.50% as of September 30, 2024, December 31 and September 30, 2023, respectively.

### b. Long-term borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Secured loans</u> (Note 39)	\$ 3,487,215	\$ 2,644,969	\$ 3,399,595
<u>Unsecured loans</u>	1,404,754	788,135	1,285,904
Less: current portion matured in 1 year	( <u>306,026</u> )	( <u>257,712</u> )	( <u>507,461</u> )
	<u>\$ 4,585,943</u>	<u>\$ 3,175,392</u>	<u>\$ 4,178,038</u>
<u>Contents of borrowings</u>			
Annual interest rate	1.025% ~ 3.850%	1.850% ~ 3.850%	1.85% ~ 3.12%
Maturity date	Mature in succession before January 2042	Mature in succession before January 2042	Mature in succession before January 2042

## 22. Corporate Bonds Payable

	September 30, 2024	December 31, 2023	September 30, 2023
Domestic unsecured convertible bonds	\$ 579,210	\$ 942,415	\$ -
Less: current portion matured in 1 year	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 579,210</u>	<u>\$ 942,415</u>	<u>\$ -</u>

### The fourth domestic unsecured convertible corporate bonds

On October 18, 2023, the consolidated company issued 10,000 units with 3-year issuance periods of NTD denominated unsecured convertible corporate bonds at a coupon rate of 0% with a principal amounted to \$1,000,000 thousand.

Holders of corporate bonds of each unit are entitled to convert into the ordinary shares of the consolidated company at NT\$374.9 per share. After such conversion price is determined, if there is an increase in the ordinary shares in issue, the conversion price adjustment formula shall be adjusted.

From the day after the issuance of the convertible corporate bonds for three months to 40 days before the maturity date, if the closing price of the consolidated company's ordinary shares exceeds 30% of the current conversion price for 30 consecutive business days, the consolidated company may, within 30 business days, delivery a "Notice to call back bonds" due in 30 days through registered mails, and call back all the corporate bonds by cash at par value by the end of that period; from the day after the issuance of the convertible corporate bonds for three months to 40 days before the maturity date, if the outstanding balance of the convertible corporate bonds is less than 10% of total initial issue amount, the consolidated company may, at any time after that time, delivery a "Notice to call back bonds" due in 30 days through registered mails, and call back all the corporate bonds by cash at par value by the end of that period.

The date when two years have passed since the issuance of the convertible corporate bonds is the benchmark date for bondholders to sell back the converted corporate bonds in advance. Forty business days before the date, the consolidated company shall send a "Notice of Exercise of Put-back Option" by registered mail to redeem all of its bonds in cash at the face value of the bonds.

This convertible corporate bonds comprise a liability and equity component, and the equity component is presented under equity as capital surplus - share option. The equity component is initially recognized at the effective interest rate of 2.14%.

The contents of the conversion which was fully converted by the consolidated company per the requests of the bond holders as of September 30, 2024 are as follows:

	<u>From January 1 to September 30, 2024</u>
Total amount of requested conversion of bonds	\$ 395,100
Less: shares capital of ordinary shares issued at the conversion price of the above-mentioned convertible bonds in accordance with issuance regulations	( 10,860 )
Premium on conversion	384,240
Add: capital surplus – share option	22,302
Financial liabilities at fair value through profit or loss	258
Less: discount on corporate bonds payable	( 17,085 )
Financial assets at fair value through profit or loss	( 1,540 )
Odd lot transferred into other revenue	( 7 )
Ordinary shares Issued and partially transferred to capital surplus - premium on conversion of corporate bonds	<u>\$ 388,168</u>

The changes in the master debt agreement from the issuance date to September 30, 2024, are as follows:

	<u>Amount</u>
Issue proceeds on October 18, 2023 (less transaction costs of NT\$2,715 thousand)	\$ 997,285
Equity components (less transaction cost allocated to equity of NT\$154 thousand)	( 56,446 )
Derivatives components - put right	( 3,700 )
Derivatives components - redemption rights	<u>1,200</u>
Liability components on issuance date (Derivatives components - redemption rights)	938,339
Interests calculated at the effective interest rate of 2.14%	<u>4,076</u>
Liability components on December 31, 2023	<u>\$ 942,415</u>
Liability components on January 1, 2024	\$ 942,415
Interests calculated at the effective interest rate of 2.14%	14,810
Ordinary shares converted from corporate bonds payable	( <u>378,015</u> )
Liability components on September 30, 2024	<u>\$ 579,210</u>

The third domestic unsecured convertible corporate bonds

On July 7, 2022, the consolidated company issued 10,000 units with 3-year issuance periods of NTD denominated unsecured convertible corporate bonds at a coupon rate of 0% with a principal amounted to \$1,000,000 thousand.

Holders of corporate bonds of each unit are entitled to convert into the ordinary shares of the consolidated company at \$231.4 per share. After such conversion price is determined, if there is an increase in the ordinary shares in issue, the conversion price adjustment formula shall be adjusted.

From the day after the issuance of the convertible corporate bonds for three months to 40 days before the maturity date, if the closing price of the consolidated company's ordinary shares exceeds 30% of the current conversion price for 30 consecutive business days, the consolidated company may, within 30 business days, delivery a "Notice to call back bonds" due in 30 days through registered mails, and call back all the corporate bonds by cash at par value by the end of that period; from the day after the issuance of the convertible corporate bonds for three months to 40 days before the maturity date, if the outstanding balance of the convertible corporate bonds is less than 10% of total initial issue amount, the consolidated company may, at any time after that time, delivery a "Notice to call back bonds" due in 30 days through registered mails, and call back all the corporate bonds by cash at par value by the end of that period.

The date when two years have passed since the issuance of the convertible corporate bonds is the benchmark date for bondholders to sell back the converted corporate bonds in advance. Forty business days before the date, the consolidated company shall send a “Notice of Exercise of Put-back Option” by registered mail to redeem all of its bonds in cash at the face value of the bonds.

This convertible corporate bonds comprise a liability and equity component, and the equity component is presented under equity as capital surplus - share option. The equity component is initially recognized at the effective interest rate of 1.79%.

The contents of the conversion which was fully converted by the consolidated company per the requests of the bond holders as of December 31, 2023 are as follows:

	<u>2023</u>
Total amount of requested conversion of bonds	\$ 964,800
Less: shares capital of ordinary shares issued at the conversion price of the above-mentioned convertible bonds in accordance with issuance regulations	( 42,478 )
Premium on conversion	922,322
Add: capital surplus – share option	41,362
Financial liabilities at fair value through profit or loss	687
Less: discount on corporate bonds payable	( 37,968 )
Financial assets at fair value through profit or loss	( 4,082 )
Odd lot transferred into other revenue	( 30 )
Ordinary shares Issued and partially transferred to capital surplus - premium on conversion of corporate bonds	<u>\$ 922,291</u>

Movements of the master contracts of debt from the issuance date to December 31, 2023 are as follows:

	<u>Amount</u>
Issue proceeds on July 7, 2022 (less transaction costs of NT\$5,280 thousand)	\$ 994,720
Equity components (less transaction cost allocated to equity of NT\$228 thousand)	( 42,872 )
Derivatives components - put right	( 4,500 )
Derivatives components - redemption rights	<u>700</u>
Liability components on issuance date (Derivatives components - redemption rights)	948,048
Interests calculated at the effective interest rate of 1.79%	8,300
Ordinary shares converted from corporate bonds payable	( 33,766 )
Liability components on December 31, 2022	<u>\$ 922,582</u>
Liability components on January 1, 2023	\$ 922,582
Interests calculated at the effective interest rate of 1.79%	4,250
Ordinary shares converted from corporate bonds payable	( 926,832 )
Liability components on December 31, 2023	<u>\$ -</u>

The contents of the conversion which was fully converted by the consolidated company per the requests of the bond holders as of September 30, 2023 are as follows:

	<u>From January 1 to September 30, 2023</u>
Total amount of requested conversion of bonds	\$ 964,800
Less: shares capital of ordinary shares issued at the conversion price of the above-mentioned convertible bonds in accordance with issuance regulations	( 42,478)
Premium on conversion	922,322
Add: capital surplus – share option	41,362
Financial liabilities at fair value through profit or loss	687
Less: discount on corporate bonds payable	( 37,968)
Financial assets at fair value through profit or loss	( 4,082)
Odd lot transferred into other revenue	( 30)
Ordinary shares Issued and partially transferred to capital surplus - premium on conversion of corporate bonds	<u>\$ 922,291</u>

The changes in the master debt agreement from the issuance date to September 30, 2023, are as follows:

	<u>Amount</u>
Issue proceeds on July 7, 2022 (less transaction costs of NT\$5,280 thousand)	\$ 994,720
Equity components (less transaction cost allocated to equity of NT\$228 thousand)	( 42,872)
Derivatives components - put right	( 4,500)
Derivatives components - redemption rights	<u>700</u>
Liability components on issuance date (Derivatives components - redemption rights)	948,048
Interests calculated at the effective interest rate of 1.79%	\$ 8,300
Ordinary shares converted from corporate bonds payable	( 33,766)
Liability components on December 31, 2022	<u>\$ 922,582</u>
Liability components on January 1, 2023	\$ 922,582
Interests calculated at the effective interest rate of 1.79%	4,250
Ordinary shares converted from corporate bonds payable	( 926,832)
Liability components on September 30, 2023	<u>\$ -</u>

### 23. Notes Payable and Trade Payables

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Notes payable</u>			
Arising from operations - non-related parties	\$ <u>150</u>	\$ <u>123</u>	\$ <u>291</u>
<u>Trade payables</u>			
Arising from operations - non-related parties	\$ <u>593,482</u>	\$ <u>514,411</u>	\$ <u>541,408</u>
Arising from operations - related parties (Note 38)	\$ <u>34,321</u>	\$ <u>35,132</u>	\$ <u>27,875</u>

The average credit period for partial commodities purchased by the consolidated company is 1-3 months, without interest imposed on the trade payables. The consolidated company has financial risk management policies to ensure that all trade payables are paid within the pre-determined credit terms.

### 24. Other Liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
<u>Other payables</u>			
Equipment payment payable	\$ 187,395	\$ 122,474	\$ 40,330
Salaries and bonuses payable	215,872	185,279	178,595
Employee compensation payable	63,537	67,827	56,613
Directors remuneration payable	45,961	43,839	34,484
Vacation leave payment payable	18,226	20,247	21,030
Interest payable	3,043	3,336	5,636
Dividends payable	\$ -	\$ 377,883	\$ -
Payable for investments (Note 35)	24,311	93,031	-
Others	<u>216,654</u>	<u>201,645</u>	<u>206,593</u>
	<u>\$ 774,999</u>	<u>\$ 1,115,561</u>	<u>\$ 543,281</u>
Other payable - related parties (Note 38)	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 4,262</u>
<u>Other Liabilities</u>			
Temporary received	\$ 2,210	\$ 337	\$ 500
Received on behalf of others	84,643	72,452	3,249
Others	<u>327</u>	<u>7,429</u>	<u>9,170</u>
	<u>\$ 87,180</u>	<u>\$ 80,218</u>	<u>\$ 12,919</u>

## 25. Provision for Liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Warranty	<u>\$ 29,896</u>	<u>\$ 29,318</u>	<u>\$ 34,847</u>

Warranty provisions is the present value of the best estimate of the future economic benefits resulted from the consolidated company's management due to warranty obligations according to the agreements of sales contracts of commodities. This estimate is based on the historical experience of warranty and considers the adjustment of new raw materials, changes in manufacturing process, or other factors affecting quality of the products.

## 26. Benefits after Retirement Plan

Employee benefits expense in respect of the consolidated company's defined benefit plans was NT\$237 thousand, NT\$111 thousand, NT\$711 thousand and NT\$332 thousand for the three months ended September 30, 2024 and 2023, and for the nine months ended September 30, 2024 and 2023, respectively, and were calculated using the prior year's actuarially determined pension cost discount rate as of December 31, 2024 and 2023, respectively.

## 27. Equity

### a. Ordinary share capital and share capital collected in advance

	September 30, 2024	December 31, 2023	September 30, 2023
Nominal shares (in thousand shares)	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Nominal share capital	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Number of shares issued and payments received in full (in thousand shares)	<u>94,437</u>	<u>94,184</u>	<u>88,384</u>
Share capital issued	<u>\$ 944,374</u>	<u>\$ 941,844</u>	<u>\$ 883,844</u>
Share capital collected in advance	<u>\$ 9,458</u>	<u>\$ 1,128</u>	<u>\$ 1,128</u>

From January 1 to September 30, 2024 and 2023, the Company's corporate bonds were converted into 1,086 shares and 4,248 ordinary shares, respectively, with a par value of NT\$10 per share, totaling NT\$10,860 thousand and NT\$42,478 thousand.

As of September 30, 2024 and December 31 and June 30, 2023, the bond holders of the Company's unsecured convertible corporate bonds had requested to convert into 946 thousand ordinary shares, 113 thousand ordinary shares, and 113 thousand

ordinary shares, of which were recorded as share capital collected in advance amounted to NT\$9,458 thousand, NT\$1,128 thousand and NT\$1,128 thousand respectively, and the registration of the change was made after new shares issued on the ex-rights date of the capital increase according to the law.

b. Capital surplus

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Used to offset deficit, distribute cash, or replenish share capital (1)</u>			
Premium on issuance of shares	\$ 4,412,831	\$ 4,412,831	\$ 2,696,145
Premium on conversion of convertible corporate bonds	1,619,644	1,231,476	1,231,476
Treasury shares transactions	200,461	200,461	200,461
Changes in net equity values of associates and joint ventures accounted for using the equity method	1,082	1,082	1,082
Difference between equity value and book value of subsidiaries' actual acquisition or disposal	122,839	86,856	92,064
<u>Can only be used to offset losses</u>			
Recognized changes in ownership interest in subsidiaries (2)	\$ 282,933	\$ -	\$ -
Changes in net equity values of associates and joint ventures accounted for using the equity method	3,450	-	-
<u>Not to be used for any purposes</u>			
Stock option	34,144	56,446	-
	<u>\$ 6,677,384</u>	<u>\$ 5,989,152</u>	<u>\$ 4,221,228</u>

- 1) This type of capital surplus may be used to offset deficit or issue cash or replenish share capital when there are no loss, but share capital replenishment is restricted to the ratio of actual share capital stock each year.

2) Such capital surplus arises from equity transactions recognized due to changes in the equity of subsidiaries, without the parent company actually acquiring or disposing of subsidiary shares, or from adjustments recognized under the equity method for the capital surplus of subsidiaries.

c. Retained earnings and dividends policy

According to the surplus distribution policy of the Company's Articles of Incorporation, the Company's earning distribution or appropriation for deficits shall be made after the end of the half-year period in a fiscal year. As in the form of new share issuance, the proposal shall be resolved in the shareholders' meeting before the distribution; as in the form of cash, the proposal shall be resolved by the Board of Directors and then reported in the shareholders' meeting.

According to the surplus distribution policy of the company's Articles of Incorporation, if there is a surplus in the annual final accounts, taxes shall be paid in accordance with the law, and after the accumulated losses are made up, another 10% shall be allocated as the legal reserve, and the rest shall be set aside or reversed to special reserves as required by law and order; if there is a balance and accumulated undistributed surplus, the Board of Directors shall draw up a surplus distribution proposal and submit it to the shareholders' meeting for resolution to distribute dividends and bonuses to shareholders. For the policies on employees' compensation and remuneration of directors, which is stipulated in the Company's Articles of Incorporation, please refer to Note 29 (7).

The legal reserve shall be allocated until it reaches the balance of the Company's paid-in capital. The legal reserve can be used to offset deficit. When the Company has no loss, the part of the legal capital reserve exceeding 25% of the total paid-in capital may be distributed in cash in addition to being appropriated as share capital.

The Company has set aside and reversed the special reserve in accordance with the provisions of Jin-Guan-Zheng-Fa-Zi No. 1010012865 and No. 1090150022. If there is a subsequent reversal of the net reduction of other equity, the surplus may be allocated in respect of the reserved portion of the reserved special reserve.

The Board of Directors of the Company has decided on the surplus distribution plan for the year 2022 as follows:

	<u>From July 1 to December 31, 2022</u>	<u>From January 1 to June 30, 2022</u>
Date of the resolution of the Board of Directors Meeting	March 29, 2023	November 9, 2022
Legal reserve	<u>\$ 45,417</u>	<u>\$ 47,775</u>
Special reserve	<u>(\$ 10,427)</u>	<u>\$ 151,184</u>
Cash dividends	<u>\$ 346,353</u>	<u>\$ 336,998</u>
Cash dividend per share (NT\$)	<u>\$ 4.0</u>	<u>\$ 4.0</u>

The above-mentioned cash dividend was resolved by the Board of Directors to distribute, and the remaining earnings items were also resolved at the regular shareholders' meeting held on May 24, 2023.

The Board of Directors of the Company has decided on the surplus distribution plan for the year 2023 as follows:

	<u>From July 1 to December 31, 2023</u>	<u>From January 1 to June 30, 2023</u>
Date of the resolution of the Board of Directors Meeting	March 6, 2024	November 8, 2023
Legal reserve	<u>\$ 42,317</u>	<u>\$ 48,184</u>
Special reserve	<u>\$ -</u>	<u>(\$ 146,666)</u>
Cash dividends	<u>\$ 330,040</u>	<u>\$ 377,883</u>
Cash dividend per share (NT\$)	<u>\$ 3.5</u>	<u>\$ 4.27</u>

The above-mentioned cash dividend was resolved by the Board of Directors to distribute, and the remaining earnings distribution items were also resolved at the regular shareholders' meeting held on May 24, 2024.

The board of directors of the Company has decided on the surplus distribution plan for the half year of 113 as follows:

	<u>From January 1 to June 30, 2024</u>
Date of the resolution of the Board of Directors Meeting	November 6, 2024
Legal reserve	<u>\$ 49,386</u>
Special reserve	<u>\$ -</u>
Cash dividends	<u>\$ 364,232</u>
Cash dividend per share (NT\$)	<u>\$ 3.8</u>

d. Non-controlling interests

	<u>From January 1 to September 30, 2024</u>	<u>From January 1 to September 30, 2023</u>
Beginning balance	\$ 791,527	\$ 476,250
Net income for the year	72,922	111,030
Earnings distribution for the current period	( 69,869)	( 22,515)
Other comprehensive income for the current period		
Unrealized appraisal gains and losses of financial assets measured at fair value through other comprehensive gains and losses	2,679	-
Acquisition of part of the equity in subsidiaries (Note 34)	( 74,301)	( 389)
Acquisition of non-controlling interests increased by subsidiaries (Note 33)	205,496	182,896
Disposal of part of the equity of Gudeng Equipment subsidiaries (Note 34)	-	21,474
Disposal of part of the equity of We Solutions subsidiaries (Note 34)	87,161	-
Participation of non-controlling interests in the cash capital increase of subsidiaries (Note 34)	462,396	-
Acquisition of non-controlling interests increased by subsidiaries based on non-shareholding ratio (Note 34)	-	16,658
Increase in non-controlling interests resulting from organizational restructuring	-	4,206
Share-based payment transactions	<u>14,528</u>	<u>-</u>
Ending balance	<u>\$ 1,492,539</u>	<u>\$ 789,610</u>

## 28. Revenue

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Revenue from customer contracts				
Sales revenue of commodities	\$ 1,530,993	\$ 1,248,073	\$ 4,302,147	\$ 3,363,963
Other operating revenue	<u>362,886</u>	<u>88,879</u>	<u>768,319</u>	<u>392,038</u>
	<u>\$ 1,893,879</u>	<u>\$ 1,336,952</u>	<u>\$ 5,070,466</u>	<u>\$ 3,756,001</u>

### a. Explanation from customer contracts

#### Sales revenue of commodities

The sales revenue of commodities comes from the manufacturing of mask packages, its service of design, and the sales of semiconductor related products. Upon shipping of the mask packages products, the clients have the right to set prices and to use the merchandise as well as the major responsibility of reselling, and bear the risk of obsolescence. Besides, for the sales of semiconductor equipment, when the customer accepts the equipment, it will satisfy the performance obligation and the customer will take control of the product. The consolidated company recognizes revenue and trade receivables at that point in time.

### b. Balance of contracts

	September 30, 2024	December 31, 2023	September 30, 2023	January 1, 2023
Trade receivables (Note 10)	<u>\$ 1,502,314</u>	<u>\$ 885,391</u>	<u>\$ 1,161,704</u>	<u>\$ 1,077,420</u>
Trade receivables from related parties (Note 10)	<u>\$ 5,750</u>	<u>\$ 147</u>	<u>\$ 31</u>	<u>\$ 275</u>
Contract liabilities –				
Unearned sales revenue				
Sales of commodities	\$ 455,317	\$ 817,764	\$ 846,802	\$ 670,354
Others	<u>13,786</u>	<u>19,341</u>	<u>69,578</u>	<u>38,672</u>
	<u>\$ 469,103</u>	<u>\$ 837,105</u>	<u>\$ 916,380</u>	<u>\$ 709,026</u>

### c. Breakdown of revenue from customer contracts

Please refer to Note 43 for information on the breakdown of revenue.

## 29. Net Income before Tax

### a. Interest income

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Bank deposits	\$ 8,991	\$ 7,866	\$ 34,835	\$ 23,083
Imputed interest on deposits	<u>24</u>	<u>85</u>	<u>68</u>	<u>294</u>
	<u>\$ 9,015</u>	<u>\$ 7,951</u>	<u>\$ 34,903</u>	<u>\$ 23,377</u>

b. Other income

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Rental income				
Investment properties	\$ 8,758	\$ 8,845	\$ 26,127	\$ 26,973
Other rental	<u>2,863</u>	<u>219</u>	<u>8,823</u>	<u>1,587</u>
	<u>11,621</u>	<u>9,064</u>	<u>34,950</u>	<u>28,560</u>
Dividend income				
Financial assets at fair value through profit or loss	3,874	3,433	3,874	12,028
Investments in equity instruments at fair value through other comprehensive income	<u>14,490</u>	<u>-</u>	<u>16,354</u>	<u>24,000</u>
	<u>18,364</u>	<u>3,433</u>	<u>20,228</u>	<u>36,028</u>
Others	<u>9,534</u>	<u>9,272</u>	<u>20,553</u>	<u>13,191</u>
	<u>\$ 39,519</u>	<u>\$ 21,769</u>	<u>\$ 75,731</u>	<u>\$ 77,779</u>

c. Other gains and (losses)

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Gain (loss) of financial assets and financial liabilities				
Financial assets and liabilities mandatorily classified as at fair value through profit or loss	\$ 79,617	(\$ 21,118)	\$ 102,093	\$ 38,467
Net gain (loss) on foreign exchange	( 21,587)	62,448	36,485	79,878
Gain (loss) on disposal of property, plant and equipment / intangible assets	7,448	( 8,961)	8,260	( 12,815)
Gain on lease amendment	-	130	-	435
Others	<u>( 81)</u>	<u>( 2,872)</u>	<u>( 697)</u>	<u>( 3,701)</u>
	<u>\$ 65,397</u>	<u>\$ 29,627</u>	<u>\$ 146,141</u>	<u>\$ 102,264</u>

d. Finance costs

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Interest on bank loans	\$ 25,203	\$ 25,097	\$ 67,494	\$ 64,542
Interest on convertible corporate bonds	4,762	( 689 )	14,810	4,250
Interest on lease liabilities	1,160	548	2,261	1,663
Imputed interest on deposits	14	9	43	29
Other interest expenses	-	( 32 )	-	-
Interest on loans from related parties	-	-	26	-
Less: amount included in the cost of key assets	( <u>2,267</u> )	( <u>2,250</u> )	( <u>6,913</u> )	( <u>6,329</u> )
	<u>\$ 28,872</u>	<u>\$ 22,683</u>	<u>\$ 77,721</u>	<u>\$ 64,155</u>

Information on interest capitalization is as follows:

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Amount of capitalized interest	\$ 2,267	\$ 2,250	\$ 6,913	\$ 6,329
Capitalized interest rate	2.26%	1.76%	2.26%	1.76%

e. Depreciation and amortization

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Depreciation expenses summarized by function				
Operating costs	\$ 73,831	\$ 52,977	\$ 214,523	\$ 150,819
Operating expenses	<u>46,519</u>	<u>28,145</u>	<u>128,187</u>	<u>75,212</u>
	<u>\$ 120,350</u>	<u>\$ 81,122</u>	<u>\$ 342,710</u>	<u>\$ 226,031</u>
Amortization expenses summarized by function				
Operating costs	\$ 1,570	\$ 1,218	\$ 4,245	\$ 4,283
Operating expenses	<u>7,627</u>	<u>3,880</u>	<u>20,215</u>	<u>10,029</u>
	<u>\$ 9,197</u>	<u>\$ 5,098</u>	<u>\$ 24,460</u>	<u>\$ 14,312</u>

f. Employee benefit expenses

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Benefits after retirement				
Defined contribution plans	\$ 10,512	\$ 8,172	\$ 28,905	\$ 22,552
Defined benefit plans (Note 26)	<u>237</u>	<u>111</u>	<u>711</u>	<u>332</u>
	10,749	8,283	29,616	22,884
Share-based payment				
Equity settlement	804	-	26,146	-
Other employee benefits	<u>380,911</u>	<u>297,486</u>	<u>1,043,161</u>	<u>841,872</u>
Total employee benefit expenses	<u>\$ 392,464</u>	<u>\$ 305,769</u>	<u>\$ 1,098,923</u>	<u>\$ 864,756</u>
Summarized by function				
Operating costs	\$ 168,111	\$ 128,473	\$ 463,495	\$ 372,122
Operating expenses	<u>224,353</u>	<u>177,296</u>	<u>635,428</u>	<u>492,634</u>
	<u>\$ 392,464</u>	<u>\$ 305,769</u>	<u>\$ 1,098,923</u>	<u>\$ 864,756</u>

g. Remunerations of employees and directors

The Company allocates the employees' compensation and remuneration of directors for not less than 3% and not more than 3%, respectively, of the income before tax before deducting the distributed the employees' compensation and the remuneration of directors in the current year.

The employees' compensation and remuneration of directors for the nine months ended September 30, 2024 and 2023, were as follows:

Estimated ratio

	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Employees' compensation	3%	3%
Remuneration of directors	3%	3%

Amount

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Employees' compensation	<u>\$ 15,163</u>	<u>\$ 6,487</u>	<u>\$ 33,989</u>	<u>\$ 22,910</u>
Remuneration of directors	<u>\$ 15,163</u>	<u>\$ 6,487</u>	<u>\$ 33,988</u>	<u>\$ 22,909</u>

If there is any change in the amount after the date of issuance of the annual consolidated financial statements, it shall be treated according to the change in accounting estimates and adjusted and recorded in the next year.

The employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2023 and 2022 were resolved by the Board of Directors on March 6, 2024 and March 8, 2023, respectively, as follows:

Amount

	2023		2022	
	Cash	Stock	Cash	Stock
Employees' compensation	\$ 31,429	\$ -	\$ 35,338	\$ -
Remuneration of directors and supervisors	31,428	-	34,130	-

There was no difference between the actual amount paid of employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2023 and 2022 and the amount recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

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

**30. Income Tax**

a. Income tax recognized in profit or loss

The main components of income tax expenses are as follows:

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Current income tax				
Incurred for the period	\$ 99,474	\$ 49,276	\$ 282,702	\$ 175,096
Additional levy on undistributed earnings	835	( 1,666 )	4,714	6,146
Adjustments from prior years	<u>1,980</u>	<u>-</u>	<u>2,632</u>	<u>( 29,096 )</u>
	<u>102,289</u>	<u>47,610</u>	<u>290,048</u>	<u>152,146</u>
Deferred income tax				
Incurred for the period	<u>3,053</u>	<u>9,275</u>	<u>( 16,399 )</u>	<u>251</u>
Income tax expense recognized in profit or loss	<u>\$ 105,342</u>	<u>\$ 56,885</u>	<u>\$ 273,649</u>	<u>\$ 152,397</u>

b. Income tax assessments

The annual income tax return of a profit-seeking enterprise of the Company, Gudeng Venture, We Solutions, Gudeng Equipment, Showa, Fu Rui Sheng, Suting, Bor Sheng, Jia Shuo Construction, Hengyang and JYR Aviation Components Co, Ltd. have been

assessed by the tax authorities, through the 2022 annual income tax return of a profit-seeking enterprise.

### 31. Earnings per Share

Weighted average of ordinary shares and earnings used for calculating earnings per share are as follows:

#### Net income for the year

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Net income used for calculating basic earnings per share	\$ 415,110	\$ 170,584	\$ 908,968	\$ 652,425
Impacts of potential ordinary shares with dilution effect:				
Interest on convertible corporate bonds and gain or loss on valuation of conversion options	<u>1,431</u>	<u>( 558 )</u>	<u>6,270</u>	<u>1,163</u>
Net income used for calculating diluted earnings per share	<u>\$ 416,541</u>	<u>\$ 170,026</u>	<u>\$ 915,238</u>	<u>\$ 653,588</u>

#### Number of shares

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
				Unit: Thousand shares
Weighted average of ordinary shares used for calculating basic earnings per share	94,632	88,137	94,406	86,883
Impacts of potential ordinary shares with dilution effect:				
Employees' compensation	60	67	77	95
Convertible corporate bonds	<u>2,403</u>	<u>1,878</u>	<u>2,617</u>	<u>1,592</u>
Weighted average of ordinary shares used for calculating dilutive earnings per share	<u>97,095</u>	<u>90,082</u>	<u>97,100</u>	<u>88,570</u>

If the consolidated company has the option to issue the employee bonus in stocks or cash when calculating the diluted earnings per share, it is assumed that the employee bonus will adopt the method of issuing stocks, and the weighted average number of outstanding shares will be included in the calculation of diluted earnings per share when the potential ordinary shares are diluted. While determining diluted earnings per share before distributing shares to employees as compensations in the following year, dilutive effects of such potential ordinary shares should still be considered.

### 32. Share-based Payment Agreement

a. Employees stock option plan of the subsidiaries

The subsidiary Gudeng Equipment Co., Ltd. (hereinafter “Gudeng Equipment”) under the Company granted 407 thousand stock options to its employees in April 2024.

The information on employee stock options is as follows:

<u>Employees stock options</u>	<u>From January 1 to September 30, 2024</u>	
	<u>Unit (thousands)</u>	<u>Weighted average exercise price (NT\$)</u>
Outstanding at the beginning of the period	-	\$ -
Granted during the period	407	216.8
Exercised during the period	( 345 )	216.8
Expired during the period	( <u>62</u> )	
Outstanding at the end of the period	<u>=</u>	
Exercisable at the end of the period	<u>=</u>	
Weighted average fair value of stock options granted during the period (NT\$)	\$ <u>71.9</u>	

The weighted average stock price on the exercise dates for employee stock options exercised from January 1 to September 30, 2024, was NT\$284.64.

Gudeng Equipment priced the granted employee share options granted in April 2024 by the Black-Scholes option valuation model, and the inputs used for the valuation model are as below:

Market value on the grant date	<u>April 2024</u> NT\$284.64
Exercised price	NT\$216.8
Expected volatility	165.687%
Duration	8 days
Expected rate of dividend	0%
Risk-free interest rate	0.03626%

The compensation cost recognized by Gudeng Equipment from January 1 to September 30, 2024, was NT\$24,805 thousand.

b. Employees stock option plan of the subsidiaries

The subsidiary We Solutions Technology Co., Ltd. (hereinafter “We Solutions”) under the Company granted 1,900 thousand stock options to its employees in April 2024.

The information on employee stock options is as follows:

<u>Employees stock options</u>	<u>From January 1 to September 30, 2024</u>	
	<u>Unit (thousands)</u>	<u>Weighted average exercise price (NT\$)</u>
Outstanding at the beginning of the period	-	\$ -
Granted during the period	<u>1,900</u>	12.67
Outstanding at the end of the period	<u>1,900</u>	
Exercisable at the end of the period	<u>1,900</u>	
Weighted average fair value of stock options granted during the period (NT\$)	<u>\$ 1.2</u>	

The weighted average stock price on the exercise dates for employee stock options exercised from January 1 to September 30, 2024, was NT\$12.75.

We Solutions priced the granted employee share options granted in April 2024 by the Black-Scholes option valuation model, and the inputs used for the valuation model are as below:

	<u>April 2024</u>
Market value on the grant date	NT\$12.75
Exercised price	NT\$12.67
Expected volatility	26.20%
Duration	9 months
Expected rate of dividend	0%
Risk-free interest rate	1.3846%

The compensation cost recognized by We Solutions from January 1 to September 30, 2024, was NT\$1,341 thousand.

### 33. Business Combinations

#### a. Acquisition of subsidiaries

	<u>Main operational activities</u>	<u>Acquisition date</u>	<u>Ownership interest/ acquisition ratio with voting rights (%)</u>	<u>Transfer consideration</u>
JYR Aviation Components Co., Ltd.	Retail, wholesale, and manufacturing of aircraft and their components	January 12, 2024	51%	<u>\$ 260,685</u>

The consolidated company acquired JYR Aviation Components Co., Ltd. on January 12, 2024, in order to further expand the operations of the consolidated company.

b. Transfer consideration

	JYR Aviation Components Co., Ltd.
	<hr/>
Cash	<u>\$ 260,685</u>

c. Assets acquired and liabilities assumed on the acquisition date

	JYR Aviation Components Co., Ltd.
	<hr/>
Current assets	
Cash and cash equivalents	\$ 269,787
Accounts receivable and other receivables	43,257
Current income tax assets	25
Inventories	146,911
Prepayments	29,768
Other current assets	4,040
Non-current assets	
Property, plant and equipment	110,806
Other Intangible Assets	1,836
Deferred tax assets	22,562
Prepayments for equipment	2,178
Other current assets	658
Current liabilities	
Short-term borrowings	( 79,970)
Notes payable	( 6,126)
Accounts payable and other payables	( 68,383)
Current portion of Long-term borrowings	( 10,861)
Non-current liabilities	
Long-term Borrowings	( 47,006)
Deferred tax liabilities	( <u>102</u> )
	<u>\$ 419,380</u>

If the measurement of identifiable assets acquired and liabilities assumed from business combination has not been completed, the balance sheet date shall be recognized with the provisional sum, and retroactive adjustment or additional assets or liabilities shall be recognized during the measurement period to reflect the new information about the actual facts and conditions on the acquisition date.

d. Goodwill generated from the acquisition

From January 1 to September 30, 2024

	<u>JYR Aviation Components Co., Ltd.</u>
Transfer consideration	\$ 260,685
Add: non-controlling interests	205,496
Less: fair value of identifiable net assets acquired	( <u>419,380</u> )
Goodwill generated from the acquisition	<u>\$ 46,801</u>

**34. Equity Transactions with Non-controlling Interests**

In September 2024, the consolidated company disposed of its 21.50% shareholding in We Solutions, resulting in a decrease in the shareholding ratio from 76.78% to 55.28%.

	<u>(September 2, 2024) We Solutions</u>
Cash consideration received	\$ 210,000
Carrying amount of the subsidiary's net assets to be transferred in non-controlling interest with calculations based on the changes in equity	( <u>87,161</u> )
Difference in equity transactions	<u>\$ 122,839</u>

Adjustment account for difference in equity  
transactions

Capital surplus - difference between equity price and book value of subsidiaries' actual acquisition or disposal	<u>\$ 122,839</u>
------------------------------------------------------------------------------------------------------------------------	-------------------

From January 1 to September 30, 2024, the consolidated company did not acquire shares of Gudeng Equipment Co., Ltd. in proportion to the shareholding ratio, resulting in an increase on the shareholding ratio to 45.44%.

As the above-mentioned transaction did not change the control over the subsidiary, the Company treated the transaction as an equity transaction.

	<u>Gudeng Equipment</u>
Cash consideration (paid)	( \$ 230,106 )
Carrying amount of the subsidiary's net assets to be transferred out of non-controlling interest with calculations based on the changes in equity	<u>38,466</u>
Difference in equity transactions	<u>( \$ 191,640 )</u>

(Continued on next page)

(Continued from last page)

	<u>Gudeng Equipment</u>
<u>Adjustment account for difference in equity transactions</u>	
Capital surplus - difference between equity price and book value of subsidiaries' actual acquisition or disposal	(\$ 86,856)
Unappropriated earnings	( <u>104,784</u> )
	( <u>\$ 191,640</u> )

The consolidated company did not participate in the cash capital increases of Gudeng Equipment and We Solutions, resulting in a decrease in its shareholding ratios to 42.92% and 76.78%, respectively.

As the above-mentioned transaction did not change the control over the subsidiary, the Company treated the transaction as an equity transaction.

	(May 9, 2024) Gudeng Equipment Co., Ltd.	(April 30, 2024) We Solutions
Cash consideration received	\$ 694,612	\$ 4,682
Equity consideration received	-	27,786
Carrying amount of the subsidiary's net assets to be transferred in non-controlling interest with calculations based on the changes in equity	( <u>425,820</u> )	( <u>31,076</u> )
Difference in equity transactions	<u>\$ 268,792</u>	<u>\$ 1,392</u>
<u>Adjustment account for difference in equity transactions</u>		
Capital surplus - recognized changes in ownership interest in subsidiaries	<u>\$ 268,792</u>	<u>\$ 1,392</u>

In April 2024, We Solutions, a subsidiary of the consolidated company, exchanged shares with Fu Rui Sheng and Suting, resulting in an increase in its shareholding ratios to 75.19% and 85.54%, respectively.

As the above-mentioned transaction did not change the control over the subsidiary, the Company treated the transaction as an equity transaction.

	(April 30, 2024) Fu Rui Sheng	(April 30, 2024) Suting
Equity consideration (paid)	(\$ 20,369)	(\$ 7,417)
Carrying amount of the subsidiary's net assets to be transferred out of non-controlling interest with calculations based on the changes in equity	<u>20,396</u>	<u>8,368</u>
Difference in equity transactions	<u>\$ 27</u>	<u>\$ 951</u>
<u>Adjustment account for difference in equity transactions</u>		
Unappropriated earnings	<u>\$ 27</u>	<u>\$ 951</u>

In January 2024, We Solutions did not acquire shares of Fu Rui Sheng and Suting in proportion to the shareholding ratio, resulting in an increase on the shareholding ratio to 58.18% and 74.37%, respectively.

As the above-mentioned transaction did not change the control over the subsidiary, the Company treated the transaction as an equity transaction.

	(January 17, 2024) Fu Rui Sheng	(January 17, 2024) Suting
Cash consideration (paid)	(\$ 6,258)	(\$ 4,704)
Carrying amount of the subsidiary's net assets to be transferred out of non-controlling interest with calculations based on the changes in equity	<u>3,807</u>	<u>2,758</u>
Difference in equity transactions	<u>(\$ 2,451)</u>	<u>(\$ 1,946)</u>
<u>Adjustment account for difference in equity transactions</u>		
Unappropriated earnings	<u>(\$ 2,451)</u>	<u>(\$ 1,946)</u>

On September 30, 2023, the consolidated company did not acquired shares of the subsidiary Gudeng Inc. (USA) issued for cash in proportion to the shareholding ratio, resulting in a decrease in the shareholding ratio from 100% to 55%.

As the above-mentioned transaction for the year ended December 31, 2023 did not change the control over the subsidiary, the Company treated the transaction as an equity transaction.

	(September 30, 2023) Gudeng Inc. (USA)
Cash consideration paid	\$ -
Carrying amount of the subsidiary's net assets to be transferred out of non-controlling interest with calculations based on the changes in equity	( 16,658)
Difference in equity transactions	(\$ 16,658)
 <u>Adjustment account for difference in equity transactions</u>	
Unappropriated earnings	(\$ 16,658)

In June 2023, the consolidated company acquired of its 0.50% shareholding in Bor Sheng, resulting in an increase in the shareholding ratio from 93% to 93.50%. Additionally, it disposed of its 3.37% shareholding in Jia Shuo Technology Company, resulting in a decrease in the shareholding ratio from 50.10% to 46.73%.

	(June 30, 2023) Bor Sheng	(June 16, 2023) Gudeng Equipment Co., Ltd.
Cash consideration received (paid)	(\$ 450)	\$ 113,538
Carrying amount of the subsidiary's net assets to be transferred in non-controlling interest with calculations based on the changes in equity	389	( 21,474)
Difference in equity transactions	(\$ 61)	\$ 92,064
 <u>Adjustment account for difference in equity transactions</u>		
Capital surplus - difference between equity price and book value of subsidiaries' actual acquisition or disposal	(\$ 61)	\$ 92,064

### 35. Information on cash flows

#### Non-cash transactions

Except as disclosed in other notes, the consolidated company engaged in the following non-cash investing and financing activities from January 1 to September 30, 2024, and 2023:

- a. As of September 30, 2024 and December 31, 2023, the consolidated company has not yet collected NT\$32,022 thousand and NT\$32,722 thousand, respectively, from the sale of its self-own land from January 1 to September 30, 2024 and 2023. This amount is recognized as other receivables.

- b. The consolidated company acquired equity in Kunshan Kawaguchi in 2023. As of September 30 2024, and December 31, 2023, amounts of NT\$24,311 thousand and NT\$93,031 thousand, respectively, remained unpaid and were recorded under other payables.
- c. On April 30, 2024, We Solutions, a subsidiary of the Company, exchanged shares with Fu Rui Sheng and Suting (see Note 34).

### 36. Capital Risk Management

The consolidated company is currently in stable operations, and it conducts management of risks in capital to ensure that it would continue as a going concern with the premise of optimizing the balances of debt and equity, and to maximize shareholders' equity.

The consolidated company adopts a prudent risk management strategy which is reviewed on a regular basis and makes overall planning in accordance with its business development strategies and operational requirements to determine the appropriate capital structure of the consolidated company.

### 37. Financial Instruments

- a. Fair value information - financial instruments not measured at fair value

The carrying amounts of financial assets and financial liabilities not measured at fair value, except for the following table, are considered to be close to the fair value by the management of the consolidated company.

- b. Fair value information - Fair value of financial instruments measured at fair value on a recurring basis

- 1) Fair value hierarchy

September 30, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
Derivatives	\$ -	\$ 2,178	\$ -	\$ 2,178
Domestic publicly traded shares	342,611	-	-	342,611
Domestic non-publicly traded shares	-	-	36,000	36,000
Domestic limited partnership	-	-	<u>45,780</u>	<u>45,780</u>
Total	<u>\$ 342,611</u>	<u>\$ 2,178</u>	<u>\$ 81,780</u>	<u>\$ 426,569</u>

(Continued on next page)

(Continued from last page)

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u>				
<u>through other comprehensive</u>				
<u>income</u>				
Investments in equity instruments				
— Domestic publicly traded shares	\$ 858,010	\$ -	\$ -	\$ 858,010
— Domestic non-publicly traded shares	<u>-</u>	<u>-</u>	<u>134,014</u>	<u>134,014</u>
Total	<u>\$ 858,010</u>	<u>\$ -</u>	<u>\$ 134,014</u>	<u>\$ 992,024</u>
 <u>Financial liabilities at fair value</u>				
<u>through profit or loss</u>				
Derivatives	<u>\$ -</u>	<u>\$ 181</u>	<u>\$ -</u>	<u>\$ 181</u>
 <u>December 31, 2023</u>				
	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
Derivatives	\$ -	\$ 1,000	\$ -	\$ 1,000
Domestic publicly traded shares	152,540	-	-	152,540
Non-guaranteed financial products with floating rate income	<u>-</u>	<u>13,555</u>	<u>-</u>	<u>13,555</u>
Total	<u>\$ 152,540</u>	<u>\$ 14,555</u>	<u>\$ -</u>	<u>\$ 167,095</u>
 <u>Financial assets at fair value</u>				
<u>through other comprehensive</u>				
<u>income</u>				
Investments in equity instruments				
— Domestic publicly traded shares	\$ 165,741	\$ 398,437	\$ -	\$ 564,178
— Domestic non-publicly traded shares	<u>-</u>	<u>-</u>	<u>87,965</u>	<u>87,965</u>
Total	<u>\$ 165,741</u>	<u>\$ 398,437</u>	<u>\$ 87,965</u>	<u>\$ 652,143</u>
 <u>Financial liabilities at fair value</u>				
<u>through profit or loss</u>				
Derivatives	<u>\$ -</u>	<u>\$ 3,300</u>	<u>\$ -</u>	<u>\$ 3,300</u>

September 30, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
Domestic publicly traded shares	<u>\$ 177,063</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 177,063</u>
<u>Financial assets at fair value</u>				
<u>through other comprehensive income</u>				
Investments in equity instruments				
— Domestic publicly traded shares	\$ 229,383	\$ 394,398	\$ -	\$ 623,781
— Domestic non-publicly traded shares	<u>-</u>	<u>-</u>	<u>69,201</u>	<u>69,201</u>
Total	<u>\$ 229,383</u>	<u>\$ 394,398</u>	<u>\$ 69,201</u>	<u>\$ 692,982</u>

There was no transfer between Level 1 and Level 2 fair value measurements for the nine months ended September 30, 2024 and 2023.

2) Reconciliation of financial instruments at Level 3 fair value measurement

From January 1 to September 30, 2024

<u>Financial assets</u>	<u>Financial Instruments at Fair Value through Profit or Loss</u>	<u>Equity instruments on financial assets at fair value through other comprehensive income</u>	<u>Total</u>
Beginning balance	\$ -	\$ 87,965	\$ 87,965
Additions for the period	<u>81,780</u>	<u>46,049</u>	<u>127,829</u>
Ending balance	<u>81,780</u>	<u>134,014</u>	<u>215,794</u>

From January 1 to September 30, 2023

<u>Financial assets</u>	<u>Equity instruments on financial assets at fair value through other comprehensive income</u>
Beginning balance	<u>\$ 69,201</u>
Ending balance	<u>\$ 69,201</u>

3) Valuation techniques and inputs applied to Level 2 fair value measurement

Financial instruments classification	Valuation techniques and inputs
Derivatives - options to redeem convertible corporate bonds	Were estimated by the binary tree model for convertible corporate bonds valuation, and the significant unobservable inputs used are stock price volatility. When share price volatility increases, the fair value of these derivatives will increase.
Domestic publicly traded securities	Private equity investments of the consolidated company are financial commodities that have an active market but cannot be sold subject to a lock-up period, and the consolidated company determines the fair value of such financial commodities based on the relevant market price.
Non-principal guaranteed floating income financial products	Obtained by referring to quoted prices from counterparties.

4) Valuation techniques and inputs applied to Level 3 fair value measurement

- i. The fair value of unquoted stocks is determined using market valuation method, such as the price-to-earnings ratio method and the price-to-book ratio method, to assess a reasonable fair value.
- ii. The limited partnership evaluates fair value using the asset-based approach, estimating it based on the net asset value and operational status of the investee as reported in its most recent financial statements.

c. Classification of financial instruments

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
Measured at fair value through profit or loss			
Mandatorily at fair value through profit or loss	\$ 426,569	\$ 167,095	\$ 177,063
Financial assets at amortized cost (Note 1)	6,103,406	5,622,673	4,868,133
Financial assets at fair value through other comprehensive income			
Investments in equity instruments	992,024	652,143	692,982

(Continued on next page)

(Continued from last page)

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial liabilities</u>			
Measured at fair value through profit or loss			
Held for trading	181	3,300	-
Measured at amortized cost (Note 2)	7,183,831	6,174,778	6,536,139

Note 1: The balance refers to financial assets at amortized cost, including cash and cash equivalents, notes receivable (including related parties), accounts receivable (including related parties), financial assets at amortized cost, other receivables (including related parties), and refundable deposits.

Note 2: The balance refers to the financial liabilities measured at amortized cost, including short-term borrowings, note payables (including related parties), trade payables (including related parties), other payables (including related parties), guarantee deposits, current portion of long-term borrowings and corporate bonds payables, and long-term borrowings.

d. Objectives and policy of financial risk management

The consolidated company's main financial instruments include equity instrument investment, trade receivables, trade payables, corporate bonds payables, and borrowings. The above financial instruments are subject to financial risk, (including foreign exchange rates, interest rates and other price risks), credit risk and liquidity risk in relation to operations.

1) Market Risks

The consolidated company's activities expose it primarily to the financial risks of changes in foreign exchange rates (see (i) below) and the changes in interest rates (see (ii) below).

There is no change in the consolidated company's exposure to market risks of financial instruments and how such exposure is managed and measured.

i. Exchange Rate Risks

The Company's several subsidiaries' sales and purchase transactions are denominated in foreign currency; as a consequence, the consolidated company is exposed to the risk of fluctuation in the exchange rate. The management of the consolidated company's exchange rate exposure is to use

foreign exchange forward contracts and options to manage risks within the scope permitted by the policy.

For the carrying amount of monetary assets and monetary liabilities of the consolidated company denominated in non-functional currencies on the balance sheet date (including monetary items denominated in a non-functional currency in the consolidated financial statements), please refer to Note 41.

#### Sensitivity analysis

The consolidated company is mostly affected by the fluctuation of the USD and JPY exchange rate.

The following table details the sensitivity analysis of the consolidated company when the exchange rate of the New Taiwan dollar (functional currency) increases and decreases by 1% against the relevant foreign currencies. A sensitivity rate of 1% is used internally when reporting to management from the Group on exchange rate risks. It represents management's assessment on reasonably possible scope of foreign exchange rates.

	Effect of USD currency		(i)	Effect of JPY currency		(ii)	Effect of RMB currency		(iii)
	From January 1 to September 30, 2024	From January 1 to September 30, 2023		From January 1 to September 30, 2024	From January 1 to September 30, 2023		From January 1 to September 30, 2024	From January 1 to September 30, 2023	
Gains and losses	\$10,638	\$11,396		\$ 191	\$ 498		( \$ 448 )	( \$ 2 )	

- (a) It is mainly derived from USD-denominated bank deposits, receivables, and payables that are still outstanding on the balance sheet date of the consolidated company without cash flow hedging.
- (b) It is mainly derived from JPY-denominated bank deposits, receivables, and payables that are still outstanding on the balance sheet date of the consolidated company without cash flow hedging.
- (c) Primarily arising from the RMB-denominated receivables and payables that are still outstanding as of the balance sheet date and have not been hedged for cash flow.

#### ii. Interest Rate Risks

The entities of the consolidated company have been exposed to interest rate risk through its fixed and floating-rate borrowings.

The carrying amounts of the consolidated company's financial assets and financial liabilities subject to interest rate exposure on the balance sheet date are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
With interest rate risk of fair value			
— Financial assets	\$ 1,087,597	\$ 226,398	\$ 32,000
— Financial liabilities	836,702	1,094,674	95,452
Interest rate risk with cash flows			
— Financial assets	3,424,869	4,327,693	3,504,741
— Financial liabilities	5,195,012	3,561,440	5,416,135

#### Sensitivity analysis

The following sensitivity analysis is based on the interest rate exposure of derivative and non-derivative instruments on the balance sheet date. For floating rate liabilities, the analysis is based on the assumption that the amount of liabilities outstanding on the balance sheet date is circulated during the reporting period. The rate of change used internally in reporting interest rates to the management from the Group is the 0.25% increase or decrease in interest rates, which also represents the management's evaluation of the reasonable range of possible changes in interest rates.

If the interest rate increased/decreased by 0.25% and all other variables were held constant, the consolidated company's net income before tax for the nine months ended September 30, 2024 and 2023 would have decreased/increased by NT\$3,319 thousand and NT\$3,584 thousand.

#### iii. Other Price Risks

The consolidated company has equity price exposure arising from the investments in equity securities, and the management of the consolidated company manage the risks by holding different risk investment portfolios.

#### Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the balance sheet date.

If the monetary fund price increased/decreased by 10%, income before tax for the nine months ended September 30, 2024 and 2023 would have increased/decreased by NT\$42,439 thousand and NT\$17,706 thousand, respectively, due to an increase/decrease in the fair value of financial assets at fair value through profit or loss. The pre-tax other comprehensive income for the nine months ended September 30, 2024 and 2023 would have increased/decreased by \$99,202 thousand and \$69,298 thousand, due to an increase/decrease in fair value of financial assets at fair value through other comprehensive income.

The increased sensitivity of the consolidated company to price risk during this period was mainly due to acquisition of domestic publicly traded shares and domestic limited partnerships.

## 2) Credit Risks

Credit risk refers to the risk of financial loss of the Group caused by the counterparty's default of contractual obligations. As of the balance sheet date, the consolidated company's maximum credit risk exposure that may cause financial losses due to the failure of the counterparty to fulfill the obligation and the financial guarantee provided by the consolidated company is mainly from:

- i. The carrying amount of financial assets recognized in the consolidated balance sheets.
- ii. Amount of contingent liabilities arising from financial guarantees provided by the consolidated company.

The policies adopted by the consolidated company are to trade only with well-reputed counter parties, and, as it is necessary, sufficient collateral must be obtained to reduce the risk of financial losses. To mitigate the credit risk, the management of the consolidated company appoints a team solely responsible for determination of credit lines, credit approvals and other monitoring procedures to ensure that appropriate action has been taken for the collection of overdue receivables. In addition, the consolidated company will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been recognized with appropriate impairment loss. Accordingly, the management of the Company believes that the consolidated company's credit risk is significantly reduced. Therefore, the credit risk is limited.

The consolidated company's credit risks are concentrated on the biggest client, and the ratio of trade receivables from the above-mentioned client as of September 30, 2024, December 31, 2023 and September 30, 2023 were 23%, 41%, and 24%, respectively.

### 3) Liquidity Risks

The consolidated company manages and maintains sufficient positions in cash and cash equivalents to support the consolidated company's operations and to mitigate the impact of cash flow fluctuations. The management of the consolidated company supervises the use of the bank's financing line and ensures compliance with the terms of the loans contract.

The bank loans are an important source of liquidity for the consolidated company. Please refer to the following (ii) description of financing lines for the unused financing lines of the consolidated company as of September 30, 2024, December 31, and September 30, 2023.

#### i. Liquidity of non-derivative financial liabilities

The remaining contractual maturity analysis for non-derivative financial liabilities is prepared based on the undiscounted cash flows (including principal and estimated interest) of financial liabilities based on the earliest date on which the consolidated company can be required to pay. Therefore, the consolidated company's bank borrowings with repayment on demand clause are included in the earliest duration in below table regardless of the probability of the banks choosing to exercise their rights immediately. The analysis of maturity dates for other non-derivative financial liabilities is based on the agreed repayment dates.

#### September 30, 2024

	<u>Less than 1 year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>3 to 5 years</u>	<u>5 years and above</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>						
Notes payable	\$ 150	\$ -	\$ -	\$ -	\$ -	\$ 150
Trade payables	627,803	-	-	-	-	627,803
Other payables	771,966	-	-	-	-	771,966
Lease liabilities	59,282	50,755	40,612	44,648	106,256	301,553
Guarantee deposits	-	9,690	-	-	-	9,690
Other current liabilities	87,180	-	-	-	-	87,180
Borrowings	690,480	551,729	1,665,655	2,287,148	-	5,195,012
Convertible corporate bonds	-	-	604,900	-	-	604,900
	<u>\$ 2,236,861</u>	<u>\$ 612,174</u>	<u>\$ 2,311,167</u>	<u>\$ 2,331,796</u>	<u>\$ 106,256</u>	<u>\$ 7,598,254</u>

Further information on the maturity analysis of lease liabilities is as follows:

	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>3-5 years</u>	<u>5 years and above</u>
Lease liabilities	<u>\$ 59,282</u>	<u>\$ 50,755</u>	<u>\$ 40,612</u>	<u>\$ 44,648</u>	<u>\$ 106,256</u>

## December 31, 2023

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 5 years	5 years and above	Total
<u>Non-derivative financial liabilities</u>						
Notes payable	\$ 123	\$ -	\$ -	\$ -	\$ -	\$ 123
Trade payables	549,543	-	-	-	-	549,543
Other payables	1,112,235	-	-	-	-	1,112,235
Lease liabilities	44,835	43,664	33,329	49,952	-	171,780
Guarantee deposits	-	9,022	-	-	-	9,022
Other current liabilities	80,218	-	-	-	-	80,218
Borrowings	386,048	642,924	176,320	2,356,148	-	3,561,440
Convertible corporate bonds	-	-	1,000,000	-	-	1,000,000
	<u>\$ 2,173,002</u>	<u>\$ 695,610</u>	<u>\$ 1,209,649</u>	<u>\$ 2,406,100</u>	<u>\$ -</u>	<u>\$ 6,484,361</u>

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1-2 years	2-3 years	3-5 years	5 years and above
Lease liabilities	<u>\$ 44,835</u>	<u>\$ 43,664</u>	<u>\$ 33,329</u>	<u>\$ 49,952</u>	<u>\$ -</u>

## September 30, 2023

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 5 years	5 years and above	Total
<u>Non-derivative financial liabilities</u>						
Notes payable	\$ 291	\$ -	\$ -	\$ -	\$ -	\$ 291
Trade payables	569,283	-	-	-	-	569,283
Other payables	541,907	-	-	-	-	541,907
Lease liabilities	34,863	36,027	18,370	22,151	985	112,396
Guarantee deposits	-	8,523	-	-	-	8,523
Other current liabilities	12,919	-	-	-	-	12,919
Borrowings	1,238,096	713,959	423,845	3,040,235	-	5,416,135
	<u>\$ 2,397,359</u>	<u>\$ 758,509</u>	<u>\$ 442,215</u>	<u>\$ 3,062,386</u>	<u>\$ 985</u>	<u>\$ 6,661,454</u>

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1-2 years	2-3 years	3-5 years	5 years and above
Lease liabilities	<u>\$ 34,863</u>	<u>\$ 36,027</u>	<u>\$ 18,370</u>	<u>\$ 22,151</u>	<u>\$ 985</u>

## ii. Financing line

	September 30, 2024	December 31, 2023	September 30, 2023
Credit line of unsecured bank overdraft (to be extended with agreement between two parties)			
Amount used	\$ 1,704,754	\$ 913,135	\$ 1,760,904
Amount unused	<u>1,642,110</u>	<u>1,364,360</u>	<u>1,169,230</u>
	<u>\$ 3,346,864</u>	<u>\$ 2,277,495</u>	<u>\$ 2,930,134</u>
Credit line of secured bank loans (to be extended with agreement between two parties)			
Amount used	\$ 3,487,215	\$ 2,644,969	\$ 3,649,595
Amount unused	<u>1,816,559</u>	<u>748,319</u>	<u>657,180</u>
	<u>\$ 5,303,774</u>	<u>\$ 3,393,288</u>	<u>\$ 4,306,775</u>

### 38. Related parties transaction

All transactions, account balances, gains and losses between the Company and subsidiaries (related parties of the Company) have been eliminated upon consolidation and are therefore not disclosed in this note. In addition to those disclosed in other notes, the transactions between the consolidated company and other related parties are as follows:

#### a. Name and relationship of related party

<u>Name of related party</u>	<u>Relationship with the consolidated company</u>
Jin Peng Investment Co., Ltd. (hereinafter “Jin Peng”)	Substantial related party
Sheng Jie Investment Co., Ltd. (hereinafter “Sheng Jie”)	Substantial related party
Yun Sheng Investment Co., Ltd. (hereinafter “Yun Sheng”)	Substantial related party
Onore King Taiwan International Marketing Co., Ltd. (hereinafter “Onore King”)	Substantial related party
Ting Shan Enterprise Co., Ltd. (hereinafter “Ting Shan”)	Substantial related party
Shuo Great Co., Ltd. (hereinafter “Shuo Great”)	Substantial related party
Laien Parts Technology Co., Ltd. (hereinafter “Laien Parts”)	Substantial related party
Sun Bright Technology Co., Ltd. (hereinafter “Sun Bright”)	Substantial related party
Symtek Automation Asia Co., Ltd. (hereinafter “Symtek”)	Substantial related party
Symtek Automation Asia (DongGuan) Co., Ltd. (hereinafter “Symtek”)	Substantial related party
Jau Yeou Industry Co., Ltd. (hereinafter “Jau Yeou”)	Substantial related party
Tsai-Fang Lo	Substantial related party
Shou Wei Investment Co., Ltd.	Substantial related party
Chongqing Global Magic Electronic Co., Ltd. (hereinafter “Chongqing Global Magic”)	Associates
Jin Hui Technology Co., Ltd. (hereinafter “Jin Hui”)	Associates
YAHOO System Technology Co., Ltd. (hereinafter “YAHOO”)	Associates

#### b. Operating revenue

<u>Item</u>	<u>Type of related party</u>	<u>From July 1 to September 30, 2024</u>	<u>From July 1 to September 30, 2023</u>	<u>From January 1 to September 30, 2024</u>	<u>From January 1 to September 30, 2023</u>
Sales revenue	Substantial related party	\$ 8,297	\$ 2,141	\$ 15,093	\$ 2,141
	Associates	3,994	-	5,788	-
		<u>\$ 12,291</u>	<u>\$ 2,141</u>	<u>\$ 20,881</u>	<u>\$ 2,141</u>

The purchase price of the consolidated company for related parties are equivalent to those for general clients.

#### c. Purchase

<u>Item</u>	<u>Type of related party</u>	<u>From July 1 to September 30, 2024</u>	<u>From July 1 to September 30, 2023</u>	<u>From January 1 to September 30, 2024</u>	<u>From January 1 to September 30, 2023</u>
Cost of good sold	Substantial related party	\$ 6,923	\$ 10,838	\$ 62,770	\$ 10,838
	Associates	11,081	34,302	48,995	46,367
		<u>\$ 18,004</u>	<u>\$ 45,140</u>	<u>\$ 111,765</u>	<u>\$ 57,205</u>

The discount is deducted out of the market price of the purchase to reflect the purchased quantity and the relationship with the related party.

d. Contract liabilities

Name of related party	September 30, 2024	December 31, 2023	September 30, 2023
Sun Bright	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,718</u>

e. Receivables from related parties (excluding loans to related parties)

Item	Name of related party	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable - related parties	Ting Shan	\$ -	\$ 161	\$ 695
	Shuo Great	<u>-</u>	<u>61</u>	<u>77</u>
		<u>\$ -</u>	<u>\$ 222</u>	<u>\$ 772</u>
Trade receivables - related parties	Shuo Great	\$ -	\$ 134	\$ 31
	YAHO	-	13	-
	Symtek	1,899	-	-
	Automation Asia Co., Ltd.	-	-	-
	Chongqing Global Magic	<u>3,851</u>	<u>-</u>	<u>-</u>
		<u>\$ 5,750</u>	<u>\$ 147</u>	<u>\$ 31</u>
Other receivables - related parties	Jin Hui	\$ 4	\$ 10	\$ 14
	Symtek	621	12,643	983
	Automation Asia Co., Ltd.	-	-	-
	YAHO	8	-	-
	Laien Parts	<u>13</u>	<u>-</u>	<u>-</u>
		<u>\$ 646</u>	<u>\$ 12,653</u>	<u>\$ 997</u>

No guarantee has been collected for the outstanding receivables from related parties. No bad debt expenses have been accrued for the receivables from related parties from January 1 to September 30, 2024 and 2023.

f. Payable to related party (excluding loans to related parties)

Item	Name of related party	September 30, 2024	December 31, 2023	September 30, 2023
Trade payables - related parties	Jin Hui	\$ 5,592	\$ 17,401	\$ 20,002
	Symtek Automation Asia Co., Ltd.	5,654	-	-
	YAHU	6,569	3,344	-
	Jau Yeou	11	-	-
	Laien Parts	10,743	14,387	7,873
	Chongqing Global Magic	<u>5,752</u>	<u>-</u>	<u>-</u>
		<u>\$ 34,321</u>	<u>\$ 35,132</u>	<u>\$ 27,875</u>
Other payables - related parties	Laien Parts	\$ 10	\$ 10	\$ 10
	YAHU	<u>-</u>	<u>-</u>	<u>4,252</u>
		<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 4,262</u>

The outstanding balance of payables to related parties is not collateralized.

g. Prepayments

Name of related party	September 30, 2024	December 31, 2023	September 30, 2023
YAHU	<u>\$ 4,949</u>	<u>\$ 4,050</u>	<u>\$ 1,811</u>

h. Acquisition of property, plant and equipment

Name of related party	Acquisition price	
	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Laien Parts	\$ -	\$136,000
YAHU	<u>21,390</u>	<u>-</u>
	<u>\$ 21,390</u>	<u>\$136,000</u>

i. Disposal of property, plant and equipment

Name of related party	Proceeds from disposal		Gain (loss) on disposal	
	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From July 1 to September 30, 2024	From July 1 to September 30, 2023
Shuo Great	<u>\$ -</u>	<u>\$ 31</u>	<u>\$ -</u>	<u>( \$ 1,386 )</u>

j. Lease agreements as a lessee

Classification/Name of Related Party	From January 1 to September 30, 2024	From January 1 to September 30, 2023
<u>Acquisition of right-of-use assets</u>		
Substantial related party		
Tsai-Fang Lo	\$ <u>1,754</u>	\$ <u>-</u>

  

Item	Type of related party	September 30, 2024	December 31, 2023	September 30, 2023
Lease liabilities	Substantial related party	\$ <u>1,527</u>	\$ <u>-</u>	\$ <u>-</u>

Lease expenses

Type of lessor	Underlying subject	Rental and payment method of rent	Lease expenses			
			From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Substantial related party	Employee dorm	The monthly rent for each room is NT\$172 thousand, which shall be paid on a monthly basis.	\$ <u>1,579</u>	\$ <u>377</u>	\$ <u>2,642</u>	\$ <u>1,218</u>
Substantial related party	Warehouse	The monthly rent for each room is NT\$150 thousand, which shall be paid on a monthly basis.	\$ <u>1,350</u>	\$ <u>450</u>	\$ <u>2,250</u>	\$ <u>1,350</u>
Substantial related party	Plant	The monthly rent for each room is NT\$245 thousand, which shall be paid on a monthly basis.	\$ <u>736</u>	\$ <u>-</u>	\$ <u>2,209</u>	\$ <u>-</u>
Associates	Plant	The monthly rent for each room is RMB\$250 thousand, which shall be paid on a monthly basis.	\$ <u>3,332</u>	\$ <u>-</u>	\$ <u>3,332</u>	\$ <u>-</u>

k. Lease agreements as a lessor

1) Other prepayments (recognized as contract liabilities) are summarized as follows:

Name of related party	September 30, 2024	December 31, 2023	September 30, 2023
Jin Peng	\$ -	\$ -	\$ 6
Onore King	<u>3</u>	<u>-</u>	<u>6</u>
	\$ <u>3</u>	\$ <u>-</u>	\$ <u>12</u>

2) The total amount of lease payments received in the future is summarized as follows:

Type of related party	September 30, 2024	December 31, 2023	September 30, 2023
Substantial related party	\$ <u>3</u>	\$ <u>36</u>	\$ <u>36</u>

3) The summary of deposits for guarantees is as follows:

Name of related party	September 30, 2024	December 31, 2023	September 30, 2023
Sheng Jie	\$ 2	\$ 2	\$ 2
Yun Sheng	2	2	2
Jin Peng	2	2	2
Onore King	<u>2</u>	<u>-</u>	<u>-</u>
	<u>\$ 8</u>	<u>\$ 6</u>	<u>\$ 6</u>

4) Rental income is summarized as follows:

Type of lessee	Underlying subject	Rental and payment method of rent	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Substantial related party	Office	Rent amounted to NT\$1 thousand per month with monthly payment.	\$ 9	\$ 12	\$ 33	\$ 36
	Employee dorm	Rent amounted to USD 1.85 thousand per month with monthly payment.	<u>1</u>	<u>-</u>	<u>178</u>	<u>-</u>
			<u>\$ 10</u>	<u>\$ 12</u>	<u>\$ 211</u>	<u>\$ 36</u>

## 1. Other related party transactions

### 1) Other assets and liabilities

Item	Name of related party	September 30, 2024	December 31, 2023	September 30, 2023
Refundable deposits	Sheng Jie	\$ 103	\$ 23	\$ -
	Yun Sheng	<u>300</u>	<u>300</u>	<u>-</u>
		<u>\$ 403</u>	<u>\$ 323</u>	<u>\$ -</u>
Received on behalf of others	Sun Bright	<u>\$ 78,190</u>	<u>\$ 68,638</u>	<u>\$ -</u>

### 2) Other income

Item	Type of related party	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Other income	Substantial related party Associates	\$ 145	\$ 13	\$ 1,486	\$ 66
		<u>769</u>	<u>87</u>	<u>816</u>	<u>87</u>
		<u>\$ 914</u>	<u>\$ 100</u>	<u>\$ 2,302</u>	<u>\$ 153</u>

3) Manufacturing costs and operating expenses

Item	Type of related party	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Manufacturing overheads	Substantial related party	\$ 1,064	\$ -	\$ 3,241	\$ -
	Associates	<u>15</u>	<u>-</u>	<u>15</u>	<u>-</u>
		<u>\$ 1,079</u>	<u>\$ -</u>	<u>\$ 3,256</u>	<u>\$ -</u>
Operating expenses	Associates	<u>\$ 1,932</u>	<u>\$ -</u>	<u>\$ 1,932</u>	<u>\$ -</u>

4) Interest expenses

Type of related party	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Substantial related party	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26</u>	<u>\$ -</u>

m. Remuneration for key management

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Short-term employee benefits	\$ 22,197	\$ 14,725	\$ 68,956	\$ 60,444
Share-based payment	<u>-</u>	<u>-</u>	<u>5,536</u>	<u>-</u>
	<u>\$ 22,197</u>	<u>\$ 14,725</u>	<u>\$ 74,492</u>	<u>\$ 60,444</u>

The remuneration of directors and other members of key management, was determined by the remuneration committee based on the individual performance and market trends.

**39. Pledged Assets**

The following assets were pledged as collateral for financing loans and land use rights:

	September 30, 2024	December 31, 2023	September 30, 2023
Pledged time deposits (recognized as financial assets measured at amortized cost)	\$ 133,302	\$ 121,500	\$ 179,000
Pledged deposits (recognized as financial assets measured at amortized cost)	230,685	56,740	2,553
Self-owned land	2,804,140	2,746,761	2,524,812
Buildings, net	527,494	558,605	558,524
Investment Properties	<u>700,386</u>	<u>654,375</u>	<u>656,099</u>
	<u>\$ 4,396,007</u>	<u>\$ 4,137,981</u>	<u>\$ 3,920,988</u>

#### **40. Significant Contingent Liabilities and Unrecognized Contract Commitments**

Except for those disclosed in other notes, significant commitments and contingencies of the consolidated company on the balance sheet date are as follows:

a. Significant commitments

- 1) As of September 30, 2024, guarantee notes issued by the consolidated company for financing facilities applied from financial institutions (including long-term and short-term borrowings) amounted to NT\$825,900 thousand.
- 2) The consolidated company and various vendors have committed to purchasing equipment and commissioning construction of collective residential buildings, with a total contract value of NT\$4,689,115 thousand. As of September 30, 2024, NT\$611,839 thousand has been paid, recorded as NT\$420,670 thousand in prepaid equipment payments, NT\$136,000 thousand in construction-in-progress real estate, and NT\$55,169 thousand in land held for construction site. The remaining NT\$4,077,276 thousand has not yet been paid.

b. Contingency

The Company's patent of Republic of China No. I238804 has been infringed upon by Entegris Inc. (hereinafter referred to as Entegris) and seven others without authorization, resulting in damages to the Company. The Company has filed a lawsuit for damages in the Intellectual Property Court, requesting a joint compensation of NT\$100 million from the aforementioned individuals. The court has rejected the appeal, deeming that the claimant is not qualified after hearing the case. The Company has declared an appeal against this judgment, and the appeal was rejected in the second instance on August 30, 2024. We subsequently filed a third appeal, which is currently under review by the Supreme Court as of September 30, 2024.

Entegris has filed a lawsuit against the Company in the Intellectual Property Court of the Intellectual Property and Commercial Court, claiming that the Company has infringed on their ROC invention patent No. I830642. They are seeking damages of NT\$30 million from the Company. The Company received a transcript of complaint on May 15, 2024 and it is currently undergoing the first instance proceedings in the Intellectual Property Court.

The case is still under review and pending trial, and it has no material impact on the operations of the finance and business sales function through evaluation.

#### 41. Information on Foreign Currency Assets and Liabilities with Significant Effect

The following information summarizes the currencies other than the functional currencies of the entities of the consolidated company. The disclosed exchange rates refer to the rates at which these foreign currencies are converted into functional currencies. Information on foreign currency assets and liabilities with significant effect are as follows:

September 30, 2024

	Foreign currency	Exchange rate		Carrying amount
<u>Foreign currency assets</u>				
<u>Monetary items</u>				
USD	\$ 41,128	31.65	(USD:NTD)	\$ 1,301,701
JPY	88,197	0.2223	(JPY:NTD)	19,606
RMB	1	4.523	(RMB:NTD)	<u>5</u>
				<u>\$ 1,321,312</u>
<u>Foreign currency liabilities</u>				
<u>Monetary items</u>				
USD	7,517	31.65	(USD:NTD)	\$ 237,913
JPY	2,372	0.2223	(JPY:NTD)	527
RMB	9,902	4.523	(RMB:NTD)	<u>44,787</u>
				<u>\$ 283,227</u>

December 31, 2023

	Foreign currency	Exchange rate		Carrying amount
<u>Foreign currency assets</u>				
<u>Monetary items</u>				
USD	\$ 53,955	30.705	(USD:NTD)	\$ 1,656,688
JPY	152,823	0.2172	(JPY:NTD)	33,193
RMB	5,652	4.327	(RMB:NTD)	<u>24,456</u>
				<u>\$ 1,714,337</u>
<u>Foreign currency liabilities</u>				
<u>Monetary items</u>				
USD	26,320	30.705	(USD:NTD)	\$ 808,156
JPY	5,826	0.2172	(JPY:NTD)	1,265
RMB	1,824	4.327	(RMB:NTD)	<u>7,892</u>
				<u>\$ 817,313</u>

September 30, 2023

	Foreign currency	Exchange rate		Carrying amount
<u>Foreign currency assets</u>				
<u>Monetary items</u>				
USD	\$ 44,364	32.27	(USD:NTD)	\$ 1,431,626
JPY	230,710	0.216	(JPY:NTD)	49,833
RMB	2,372	4.42	(RMB:NTD)	10,484
				<u>\$ 1,491,943</u>
<u>Foreign currency liabilities</u>				
<u>Monetary items</u>				
USD	9,048	32.27	(USD:NTD)	\$ 291,979
RMB	2,428	4.42	(RMB:NTD)	10,732
				<u>\$ 302,711</u>

The net foreign exchange gain or loss (realized and unrealized) of the consolidated company for the three months ended September 30, 2024 and 2023, and for the nine months ended September 30, 2024 and 2023 were a loss of NT\$(21,587) thousand, a gain of NT\$62,448 thousand, a gain of NT\$36,485 thousand and a gain of NT\$79,878 thousand, respectively. Due to the variety of foreign currency transactions and functional currencies of the Group individual entities, the exchange gains or losses could not be disclosed according to the foreign currencies with significant impact.

#### **42. Supplementary Disclosures**

a. Information on significant transactions and b. reinvestment:

No.	Item	Description
1	Loans to others.	Table I
2	Endorsements/guarantees to others.	Table II
3	Marketable securities held at the end of the period. (excluding investment in subsidiaries, associates, and joint ventures)	Table III
4	The cumulative purchase or sale of the same securities amounted to NT\$300 million or 20% and above of the paid-in capital.	Table IV
5	The amount of property acquired reached NT\$300 million or 20% and above of the paid-in capital.	Table V
6	The amount of property disposal reached NT\$300 million or 20% and above of the paid-in capital.	None
7	The amount of purchases or sales with related parties reached NT\$100 million or 20% and above of the paid-in capital.	Table VI
8	Receivables from related parties amounted to NT\$100 million or 20% and above of paid-in capital.	None
9	Engaged in derivative products transactions.	Note 7
10	Others: the business relationships and significant transactions and amounts between parent and subsidiaries and between subsidiaries.	Table VII
11	Investee information.	Table VIII

c. Information on investments in mainland China:

No.	Item	Description
1	Name of the investee in mainland China, primary business, paid-in capital, investment method, outward and inward remittance of the fund, shareholding ratio, investment gain (loss) recognized for the period, carrying amount of the investment at the end of the period, repatriation of investment profit or loss and investment limit in mainland China.	Table IX
2	The following significant transactions with the mainland investee, directly or indirectly through the third region, and their prices, payment terms, unrealized gain or loss:	
	(1) Purchase amount and percentage, ending balance and percentage of payables.	Table X
	(2) Sales amount and percentage, ending balance and percentage of receivables.	Table X
	(3) The amount of property transactions and the amount of profit or loss generated.	None
	(4) The ending balance and the purpose of bill endorsement, or provision of collateral.	Table II
	(5) The maximum balance, ending balance, Interest rate interval and total amount of current interest of financing.	Table I
	(6) Other transactions that have a significant effect on the current profit or loss or financial situation, such as the provision or acceptance of services.	Table X

d. Information of major shareholder: list of all shareholders with ownership of 5% or greater showing the names and the number of shares and percentage of ownership held by each shareholder. (Table XI)

**43. Segment Information**

Information provided to key operational decision-makers to allocate resources and evaluate segment performance, focusing on the types of products or services delivered or provided.

The reportable segments of the consolidated company are as follows:

Semiconductor - manufacturer

Semiconductor - equipment manufacturing

Others

a. Segment revenue and operating results

The revenue and operating results of the consolidated company shall be analyzed by the reportable segments as follows:

	From January 1 to September 30, 2024				
	Semiconductor manufacturing	Semiconductor equipment manufacturing	Others	Adjustment and elimination	Total
Revenue					
Revenue from external clients	\$ 3,514,648	\$ 961,218	\$ 594,600	\$ -	\$ 5,070,466
Interdepartmental revenue	376,208	43,362	427,243	( 846,813)	-
Interest income	<u>14,275</u>	<u>12,255</u>	<u>9,795</u>	<u>( 1,422)</u>	<u>34,903</u>
Total revenue	<u>\$ 3,905,131</u>	<u>\$ 1,016,835</u>	<u>\$ 1,031,638</u>	<u>(\$ 848,235)</u>	<u>\$ 5,105,369</u>
Interest expenses	<u>\$ 64,003</u>	<u>\$ 1,152</u>	<u>\$ 14,153</u>	<u>(\$ 1,587)</u>	<u>\$ 77,721</u>
Depreciation and amortization	<u>\$ 263,333</u>	<u>\$ 27,678</u>	<u>\$ 78,716</u>	<u>(\$ 2,557)</u>	<u>\$ 367,170</u>
Segment gains and losses	<u>\$ 954,657</u>	<u>\$ 173,911</u>	<u>\$ 171,172</u>	<u>(\$ 317,850)</u>	<u>\$ 981,890</u>

	From January 1 to September 30, 2023				
	Semiconductor manufacturing	Semiconductor equipment manufacturing	Others	Adjustment and elimination	Total
Revenue					
Revenue from external clients	\$ 2,353,521	\$ 1,016,063	\$ 386,417	\$ -	\$ 3,756,001
Interdepartmental revenue	320,358	2,624	147,999	( 470,981)	-
Interest income	<u>15,163</u>	<u>5,524</u>	<u>3,690</u>	<u>( 1,000)</u>	<u>23,377</u>
Total revenue	<u>\$ 2,689,042</u>	<u>\$ 1,024,211</u>	<u>\$ 538,106</u>	<u>(\$ 471,981)</u>	<u>\$ 3,779,378</u>
Interest expenses	<u>\$ 60,323</u>	<u>\$ 559</u>	<u>\$ 4,482</u>	<u>(\$ 1,209)</u>	<u>\$ 64,155</u>
Depreciation and amortization	<u>\$ 205,724</u>	<u>\$ 13,768</u>	<u>\$ 23,503</u>	<u>(\$ 2,652)</u>	<u>\$ 240,343</u>
Segment gains and losses	<u>\$ 693,850</u>	<u>\$ 225,856</u>	<u>\$ 84,278</u>	<u>(\$ 240,529)</u>	<u>\$ 763,455</u>

b. Segment assets and liabilities

	September 30, 2024				
	Semiconductor manufacturing	Semiconductor equipment manufacturing	Others	Adjustment and elimination	Total
Segment assets	<u>\$ 16,268,956</u>	<u>\$ 2,459,949</u>	<u>\$ 5,541,246</u>	<u>(\$ 4,941,432)</u>	<u>\$ 19,328,719</u>
Segment liabilities	<u>\$ 6,226,818</u>	<u>\$ 955,925</u>	<u>\$ 1,277,461</u>	<u>(\$ 255,534)</u>	<u>\$ 8,204,670</u>

	December 31, 2023				
	Semiconductor manufacturing	Semiconductor equipment manufacturing	Others	Adjustment and elimination	Total
Segment assets	<u>\$ 14,174,765</u>	<u>\$ 1,880,714</u>	<u>\$ 3,973,711</u>	<u>(\$ 3,730,826)</u>	<u>\$ 16,298,364</u>
Segment liabilities	<u>\$ 5,690,972</u>	<u>\$ 1,147,407</u>	<u>\$ 865,335</u>	<u>(\$ 316,121)</u>	<u>\$ 7,387,593</u>

	September 30, 2023				
	Semiconductor manufacturing	Semiconductor equipment manufacturing	Others	Adjustment and elimination	Total
Segment assets	<u>\$ 13,193,860</u>	<u>\$ 1,887,941</u>	<u>\$ 3,054,365</u>	<u>(\$ 3,178,311)</u>	<u>\$ 14,957,855</u>
Segment liabilities	<u>\$ 6,369,606</u>	<u>\$ 1,166,544</u>	<u>\$ 471,221</u>	<u>(\$ 313,511)</u>	<u>\$ 7,693,860</u>

Based on the purpose of supervising segment performance and allocating resources to each segment:

- 1) All assets are evenly allocated to reportable segments other than associates accounted for using the equity method, other financial assets and current and deferred income tax assets. The goodwill has been allocated to the reportable segments. Assets shared by reportable segments are allocated based on the revenue earned by each reportable segment; and
- 2) All liabilities are evenly allocated to reportable segments other than borrowings, other financial liabilities and current and deferred income tax liabilities. The liabilities shared by reportable segments should be allocated proportionally based on the segments' assets.

**Gudeng Precision Industrial Co., Ltd. and Subsidiaries**

Financing provided to others

From January 1 to September 30, 2024

Unit: In thousands of NT\$ and foreign currency, unless otherwise specified

No. (Note 1)	Financing company	Counterparty	Transaction item	Related party	Maximum balance for the period	Ending balance	Amount actually drawn	Interest rate	Nature for financing (Note 2)	Short-term financing funds	Reasons for the need for short-term financing funds	Provision for allowance for bad debts	Collateral		Loan limits for individual parties (Note 3)	Total financing limits (Note 3)	Note
													Name	Value			
0	Gudeng Precision Industrial Co., Ltd.	We Solutions Technology Co., Ltd.	Other receivables - related parties	Y	\$ 30,000	\$ 30,000	\$ -	3%	2	\$ -	Operating capital	\$ -	Promissory note	\$ 30,000	\$ 3,852,604	\$ 3,852,604	
0	Gudeng Precision Industrial Co., Ltd.	Gudeng Venture Co., Ltd.	Other receivables - related parties	Y	30,000	30,000	-	3%	2	-	Operating capital	-	Promissory note	30,000	3,852,604	3,852,604	
0	Gudeng Precision Industrial Co., Ltd.	Suting Precision Industry Co., Ltd.	Other receivables - related parties	Y	50,000	-	-	3%	2	-	Operating capital	-	None	-	3,852,604	3,852,604	
0	Gudeng Precision Industrial Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	Other receivables - related parties	Y	253,200 (USD 8,000)	-	-	3%	2	-	Operating capital	-	None	-	3,852,604	3,852,604	
0	Gudeng Precision Industrial Co., Ltd.	Jiurun Precision Technology Co., Ltd.	Other receivables	N	25,000	-	-	3%	2	-	Operating capital	-	None	-	3,852,604	3,852,604	
1	Gudeng Venture Co., Ltd.	Gudeng Precision Industrial Co., Ltd.	Other receivables - related parties	Y	30,000	30,000	-	3%	2	-	Operating capital	-	Promissory note	30,000	3,852,604	3,852,604	
1	Gudeng Venture Co., Ltd.	Hengyang Green Energy Co., Ltd.	Other receivables - related parties	Y	20,000	20,000	-	3%	2	-	Operating capital	-	Promissory note	20,000	3,852,604	3,852,604	
1	Gudeng Venture Co., Ltd.	Gudeng Co., Ltd.	Other receivables - related parties	Y	4,446 (JPY 20,000)	4,446 (JPY 20,000)	-	3%	2	-	Operating capital	-	Promissory note	4,446 (JPY 20,000)	3,852,604	3,852,604	
2	We Solutions Technology Co., Ltd.	Suting Precision Industry Co., Ltd.	Other receivables - related parties	Y	15,000	-	-	3%	2	-	Operating capital	-	None	-	164,251	164,251	
3	Gudeng Investment Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	Other receivables - related parties	Y	253,200 (USD 8,000)	-	-	3%	2	-	Operating capital	-	None	-	3,852,604	3,852,604	
4	Kawaguchi Plastic Industry (Kunshan) Co., Ltd.	Dachuan Plastic Industrial (Kunshan) Co., Ltd.	Other receivables - related parties	Y	67,845 (CNY 15,000)	67,845 (CNY 15,000)	-	3%	2	-	Operating capital	-	Promissory note	67,845 (CNY 15,000)	3,852,604	3,852,604	

Note 1: The No. column is filled as follows:

- (1) Fill in 0 for issuer.
- (2) Investee companies are numbered in order starting from Arabic numeral 1 by company.

Note 2: The nature of the financing is described below:

- (1) Fill in 1 for any business interaction.
- (2) Fill in 2 for any needs in short-term financing.

Note 3: Calculation method and limits for lending of funds

- (1) Financing limits for each borrowing company:
  - A. The Company's financing limits for each borrowing company for is limited to 40% of the Company's current net worth (2024.9.30) in compliance with the Company's regulations of procedures for financing.
  - B. The investee company's financing limits for each borrowing company for is limited to 40% of the Company's current net worth (2024.9.30) in compliance with the Company's regulations of procedures for financing.
- (2) Total financing limits:
  - A. The Company's aggregate financing limits for external parties for is limited to 40% of the Company's current net worth (2024.9.30) in compliance with the Company's regulations of procedures for financing.
  - B. The investee company's aggregate financing limits for external parties for is limited to 40% of the Company's current net worth (2024.9.30) in compliance with the Company's regulations of procedures for financing.
- (3) The Company's financing limits are calculated based on the net worth of the Company's financial statements audited by the certified public accountants; the investee company's financing limits are calculated based on the net worth of the Company's foreign currency financial statements audited by the certified public accountants.

**Gudeng Precision Industrial Co., Ltd. and Subsidiaries**

Endorsements/guarantees to others

From January 1 to September 30, 2024

Unit: In thousands of NT\$ and foreign currency, unless otherwise specified

No. (Note 1)	Name of the endorser's company	Endorsement object		Limit of endorsement for single enterprise (Note 3)	Maximum endorsement balance for the current period	Ending endorsement balance	Amount actually drawn	Amount of endorsement secured by property	Ratio of accumulated endorsement amount to net value of latest financial statement (%)	Maximum limit of endorsement (Note 3)	Endorsement of the parent company to the subsidiary company	Endorsement of the subsidiary company to the parent company	Endorsement to mainland China	Note
		Name of company	Relationship (Note 2)											
0	Gudeng Precision Industrial Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	(3)	\$ 1,926,302	\$ 936,109 (RMB167,500) (USD 5,640)	\$ 936,109 (RMB167,500) (USD 5,640)	\$ 840,260	\$ -	9.72	\$ 4,815,755	Y	N	Y	
0	Gudeng Precision Industrial Co., Ltd.	Gudeng Inc. (USA)	(2)	1,926,302	31,650 (USD 1,000)	-	-	-	-	4,815,755	Y	N	N	
0	Gudeng Precision Industrial Co., Ltd.	Suting Precision Industry Co., Ltd.	(3)	1,926,302	50,000	50,000	-	-	0.52	4,815,755	Y	N	N	
0	Gudeng Precision Industrial Co., Ltd.	Gudeng Co., Ltd.	(2)	1,926,302	192,312 (JPY 865,100)	192,312 (JPY 865,100)	189,911	-	2.00	4,815,755	Y	N	N	
0	Gudeng Precision Industrial Co., Ltd.	Dachuan Plastic Industrial (Kunshan) Co., Ltd.	(3)	1,926,302	180,920 (RMB 40,000)	180,920 (RMB 40,000)	26,007	-	1.88	4,815,755	Y	N	Y	
0	Gudeng Precision Industrial Co., Ltd.	JYR Aviation Components Co., Ltd.	(3)	1,926,302	90,000	90,000	-	-	0.93	4,815,755	Y	N	N	

Note 1: The No. column is filled as follows:

- (1) Fill in 0 for issuer.
- (2) Investee companies are numbered in order starting from Arabic numeral 1 by company.

Note 2: The relationship between the endorsement and the endorsed object is as follows:

- (1) The companies with business relationships.
- (2) The subsidiaries that directly hold more than 50% of the ordinary shares.
- (3) The investee company in which the parent company and its subsidiary indirectly hold more than 50% of the ordinary shares.
- (4) A parent company that owns more than 50% of its ordinary shares, either directly or indirectly through a subsidiary.

Note 3: Calculation method and amount of endorsement limit:

- (1) Limit of endorsement for single enterprise:
  - A. The limit of the Company's endorsement for a single company is in accordance with the Company's endorsement operating procedures, and the limit shall not exceed 20% of the Company's current net value (2024.9.30).
  - B. The limit of the Company's endorsement for an overseas single affiliated company is in accordance with the Company's endorsement operating procedures, and the limit shall not exceed 20% of the Company's current net value (2024.9.30).
- (2) Maximum limit of endorsement:
  - A. The limit of the Company's cumulative endorsement is in accordance with the Company's endorsement operating procedures, and the limit shall not exceed 50% of the Company's current net value (2024.9.30).



**Gudeng Precision Industrial Co., Ltd. and Subsidiaries**

The cumulative purchase or sale of the same securities amounted to NT\$300 million or 20% and above of the paid-in capital

From January 1 to September 30, 2024

Unit: In Thousands of New Taiwan Dollars, Unless Specified Otherwise

Company name	Type and name of marketable securities	Financial statement account	Counterparty	Relationship	Beginning		Buy		Sell			Other adjustment items (Note)	End of the period		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Carrying cost		Gain (loss) on disposal	Number of shares	Amount
Gudeng Aerospace Technologies Corporation	JYR Aviation Components Co., Ltd.	Investments Accounted for Using the Equity Method	JYR Aviation Components Co., Ltd.	Subsidiaries	-	\$ -	21,567,979	\$ 260,685	-	\$ -	\$ -	\$ -	( \$ 26,646 )	21,567,979	\$ 234,039
Gudeng Precision Industrial Co., Ltd.	Gudeng Venture Co., Ltd.	Investments Accounted for Using the Equity Method	Gudeng Venture Co., Ltd.	Subsidiaries	56,700,000	967,379	2,000,000	200,000	-	-	-	-	204,790	58,700,000	1,372,169
Gudeng Precision Industrial Co., Ltd.	Gudeng Equipment Co., Ltd.	Investments Accounted for Using the Equity Method	Gudeng Equipment Co., Ltd.	Subsidiaries	12,782,268	343,515	857,000	230,106	-	-	-	-	104,420	13,639,268	678,041
Gudeng Precision Industrial Co., Ltd.	We Solutions Technology Co., Ltd.	Investments Accounted for Using the Equity Method	Giga Computing Technology Co., Ltd.	-	25,000,000	303,790	-	-	7,000,000	210,000	87,161	-	8,697	18,000,000	225,326
Gudeng Precision Industrial Co., Ltd.	Gudeng Co., Ltd.	Investments Accounted for Using the Equity Method	Gudeng Co., Ltd.	Subsidiaries	-	-	47,040	196,167	-	-	-	-	6,433	47,040	202,600

Note 1: This includes recognizing the share of profit or loss of subsidiaries under the equity method, making adjustments for differences in equity transactions, adjusting for the disposal of equity instruments measured at fair value through other comprehensive income, and accounting for exchange differences on translation of financial statements of foreign operations.

**Gudeng Precision Industrial Co., Ltd. and Subsidiaries**

Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital

From January 1 to September 30, 2024

Unit: In Thousands of New Taiwan Dollars, Unless Specified Otherwise

Company acquiring the property	Types of property	Transaction date	Transaction amount	Payment term	Counterparty	Relationship	Information on prior transaction for the counterparty of related party				Reference for price determination	Purpose of acquisition and situation of usage	Other agreements
							Owner	Relationship with the issuer	Transfer date	Amount			
Gudeng Co., Ltd.	Self-owned land	2024.3.27	\$ 190,304 (JPY899,784)	Payment in accordance with the property sale and purchase contract	Ju-ken Co., Ltd.	Non-related party	-	-	-	\$ -	Referred to transactions based on market conditions and property valuation reports from real estate appraisers	Self-usage in operation	-

**Gudeng Precision Industrial Co., Ltd. and Subsidiaries**

Amount of purchases or sales with related parties reached to NT\$100 million or 20% and above of the paid-in capital

From January 1 to September 30, 2024

Unit: In Thousands of New Taiwan Dollars, Unless Specified Otherwise

Buyer/Seller	Name of Counterparty	Relationship	Transaction Status				Abnormal Transaction Situation and Reasons		Notes/ Trade Receivable (Payable)		Note
			Purchase (Sale)	Amount	Ratio to Total Purchase (Sales)	Credit Terms	Unit Price	Credit Terms	Balance	Ratio to Total Notes or Trade Receivable (payable)	
Gudeng Precision Industrial Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	The same affiliate	Sales	\$ 131,608	4	120 days	-	-	\$ 61,022	5	
"	Dachuan Plastic Industrial (Kunshan) Co., Ltd.	"	Sales	113,411	3	90 days	-	-	66,222	5	
"	We Solutions Technology Co., Ltd.	"	Purchase	121,651	10	65 days	-	-	( 23,777)	( 6)	
"	Dachuan Plastic Industrial (Kunshan) Co., Ltd.	"	Purchase	146,435	12	65 days	-	-	( 31,522)	( 8)	

Note 1: If the trading conditions of related parties are different from general trading conditions, the situation and reasons for the differences should be described in the Unit Price and Credit Terms columns.

Note 2: In case of advance receipt (payment), the reasons, contractual terms, amount and difference from the general transaction shall be stated in the Remarks column.

Note 3: The paid-in capital is the paid-in capital of the parent company. For issuers with shares of no-par value or of par value which is not NT\$10 per share, the regulation regarding the 20% of the paid-in capital is calculated by the 10% equity attributable to owners of the parent company on the balance sheet.

**Gudeng Precision Industrial Co., Ltd. and Subsidiaries**

Business relationships and significant transactions between parent and subsidiaries

From January 1 to September 30, 2024

Unit: In Thousands of New Taiwan Dollars, Unless Specified Otherwise

No. (Note 1)	Trade Provider	Trade Recipient	Relationship with Provider (Note 2)	Transaction status			Ratio to total consolidated revenue or total assets (Note 3)		
				Account	Amount	Transaction terms (Note 4)			
0	Gudeng Precision Industrial Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	1	Sales	\$ 131,608	—	3		
			1	Service fees	105,735	—	2		
			1	Trade receivables - related parties	61,022	—	-		
		We Solutions Technology Co., Ltd.	1	Other payables - related parties	14,620	—	-		
			1	Purchase	121,695	—	2		
			1	Trade payables - related parties	23,777	—	-		
			1	Service fees	41,085	—	1		
		Gudeng Inc. (USA)	1	Other payables - related parties	7,576	—	-		
			1	Acquisition of land	139,647	—	1		
		Suting Precision Industry Co., Ltd.	1	Purchase	11,617	—	-		
			1	Sales	113,411	—	2		
		1	Gudeng Equipment Co., Ltd.	Dachuan Plastic Industrial (Kunshan) Co., Ltd.	1	Purchase	146,435	—	3
					1	Trade receivables - related parties	66,222	—	-
1	Trade payables - related parties				31,522	—	-		
2	Sales				15,443	—	-		
2	Purchase				5,055	—	-		
2	Shanghai Gudeng Trading Co., Ltd.	Gudeng Precision Industrial Co., Ltd.	3	Contract liabilities	19,047	—	-		
			3	Sales	23,487	—	-		
3	Dachuan Plastic Industrial (Kunshan) Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	3	Purchase	104,022	—	2		
			3	Trade payables - related parties	9,948	—	-		
3	Dachuan Plastic Industrial (Kunshan) Co., Ltd.	Kawaguchi Plastic Industry (Kunshan) Co., Ltd.	3	Other payables - related parties	5,345	—	-		
			3	Manufacturing overheads	23,767	—	-		

Note 1: Information on business transaction information between the parent company and its subsidiaries should be specified separately in the No. column. The method for filling in the numbers is as follows:

- (1) Fill in 0 for parent company.
- (2) Subsidiaries are numbered in order starting from Arabic numeral 1 by company.

Note 2: There are three types of relationships with counterparties, simply indicate the type:

- (1) Parent company to subsidiary

(2) Subsidiary to parent company

(3) Subsidiary to subsidiary

Note 3: For calculating the ratio of transaction amount to total consolidated revenue or total assets, if it is under the asset and liability accounts, it is the ratio of the ending balance to the total consolidated assets. If it is under the profit or loss account, it is the ratio of the cumulative amount for the interim period to the total consolidated revenue.

Note 4: The prices of purchases and sales between the parent company and its subsidiaries are determined according to the contract, with a payment term of 90 days, and are subject to adjustments based on the capital utilization of affiliated companies. For the rest of the transactions, as there are no relevant or similar transactions to follow, the two parties shall determine through negotiation.

Note 5: This table discloses one-way information on the transactions only, and the above-mentioned transactions are wholly eliminated when preparing consolidated financial statements.

**Gudeng Precision Industrial Co., Ltd. and Subsidiaries**

Names, locations and relevant information of investee companies

From January 1 to September 30, 2024

Unit: In Thousands of New Taiwan Dollars and Foreign Currency, Except Shares

Name of Investor Company	Name of investee company	Location	Main business activities	Original investment amount		Held at the end of the period			Net income (loss) of the investee	Investment profit (loss) recognized in the current period	Note
				End of the current period	Year-end of the last year	Number of Shares	Ratio (%)	Carrying Amount			
Gudeng Precision Industrial Co., Ltd.	Rich Point Global Corp.	Equity Trust Chambers, P. O. Box 3269, Apia, Samoa	Engaged in reinvestment of various business	\$ 388,571	\$ 388,571	-	100	\$ 643,711	\$ 115,040	\$ 115,040	Note 2
	Gudeng Venture Co., Ltd.	8F.-5, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City	Venture capital and management consulting business	1,077,000	877,000	58,700,000	100	1,372,169	102,455	102,455	Notes 1 and 2
	We Solutions Technology Co., Ltd.	No. 9, Dongyuan Rd., Zhongli Dist., Taoyuan City	Various semiconductor component manufacturing and trading business	179,798	248,825	18,000,000	55.28	225,326	45,689	30,238	Note 2
	Gudeng Equipment Co., Ltd.	No. 106, Sec. 2, Fuxing 3rd Rd., Zhubei City, Hsinchu County	Manufacture, trading, repair, and maintenance of various precision instruments	316,673	86,566	13,639,268	45.44	678,041	173,911	74,482	Notes 1 and 2
	Gudeng Inc. (USA)	1798 Technology DR, #298 San Jose, CA, 95110	Engaged in the business of various electronic components	USD 2,652	USD 2,652	2,652,000	51	103,778	9,219	4,702	Note 2
	Gudeng Aerospace Technologies Corporation	10F, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City	Retail, wholesale, and manufacturing of aircraft and their components	320,000	320,000	16,000,000	100	292,845	( 27,177 )	( 27,177 )	Note 2
	TSS Holdings Limited	4F, No. 172, Sec. 2, Minsheng E. Road, Zhongshan District, Taipei City	Investment and management consulting business	20,000	20,000	2,132,483	12.5	24,516	5,046	631	-
	Gudeng Co., Ltd.	2-5-19 Hakataeki Higashi, Hakata-ku, Fukuoka-shi, Fukuoka, 812-0013, Japan	Engaged in the business of various electronic components	JPY 930,900	-	47,040	100	202,600	( 4,107 )	( 4,107 )	Note 2
	Global Magic Electronic Co., Ltd.	12th Floor, No. 2, Jianba Road, Zhonghe District, New Taipei City	Engaged in the business of various electronic components	150,000	-	1,250,000	29.98	135,969	( 62,757 )	( 17,480 )	-
Rich Point Global Corp.	Sun Park Development Limited	Suite 2302-6 23/F Great Eagle CTR 23 Harbour RD Wanchai H.K.	Engaged in reinvestment of various business	RMB 63,920	RMB 63,920	-	100	RMB 115,312	RMB 25,555	RMB 25,555	Note 2
	Gudeng Investment Co., Ltd.	TMF Chambers, P. O. Box 3269, Apia, Samoa	Engaged in reinvestment of various business	RMB 22,549	RMB 22,549	-	100	RMB 27,692	RMB 182	RMB 182	Note 2
Gudeng Venture Co., Ltd.	Jia Shuo Construction, Inc.	8F.-5, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City	Industrial plant, residential and building development and leasing, real estate sales and leasing	221,100	165,100	22,110,000	100	210,285	( 3,353 )	( 3,353 )	Note 2
	Jin Hui Technology Co., Ltd.	No. 43, Jingjian 4th Rd., Guanyin Dist., Taoyuan City	Surface treatment and thermal treatment, wholesale of chemical materials, manufacture of other chemical materials and other metals, wholesale of pollution prevention equipment, wholesale of recycled materials	36,050	35,000	3,570,000	34.76	51,309	1,864	624	-
	i Analyzer Incorporation	7F-8, No. 200, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City	Manufacture, trading, repair, and maintenance of various precision instruments	78,806	78,806	24,298,415	30.64	58,716	( 8,548 )	( 3,038 )	-

(Continued on next page)

(Continued from previous page)

Name of investor company	Name of investee company	Location	Main business activities	Original investment amount		Held at the end of the period			Net income (loss) of the investee	Investment profit (loss) recognized in the current period	Note
				End of the current period	Year-end of the last year	Number of Shares	Ratio (%)	Carrying Amount			
	Hengyang Green Energy Co., Ltd.	2F, No. 50, Yongkehuan Rd., Wangxing Vil., Yongkang Dist., Tainan City	Piping works and electrical installations	157,500	153,000	15,750,000	45	146,394	( 6,602 )	( 2,971 )	Note 2
	YAHOO System Technology Co., Ltd.	No. 7-27, Liujia Ln., Yonghe Rd., Daya Dist., Taichung City	Equipment engineering and mechanical equipment manufacturing	45,389	26,601	1,586,073	20.05	57,194	31,241	6,358	-
Gudeng Equipment Co., Ltd.	Showa Precision Co., Ltd.	8F-6, No. 100, Sec. 1, Jiafeng 11th Rd., Zhubei City, Hsinchu County	Design and transformation of semiconductor and panel PVD vacuum technology related platform	\$ 70,000	\$ 70,000	3,773,236	100	\$ 64,844	( \$ 4,420 )	( \$ 5,052 )	Note 2
	Gudeng Inc. (USA)	1798 Technology DR, #298 San Jose, CA, 95110	Engaged in the business of various electronic components	USD 208	USD 208	208,000	4	8,139	9,219	368	Note 2
We Solutions Technology Co., Ltd.	Fu Rui Sheng Industrial Co., Ltd.	16F-3, No. 598, Sec. 1, Dunhua Rd., Houzhuang Vil., Beitun Dist., Taichung City	Investment and management consulting business	123,178	96,551	4,404,531	75.19	133,105	7,702	3,534	Note 2
	Suting Precision Industry Co., Ltd.	1F, No. 8, Ln. 64, Sec. 2, Gansu Rd., Dahe Vil., Xitun Dist., Taichung City	Manufacturing and wholesale of mold and manufacturing of machinery and equipment	88,986	76,365	9,274,666	85.54	69,071	10,822	( 4,688 )	Note 2
	Bor Sheng Industrial Co., Ltd.	No. 2, Ln. 146, Fuyi Rd., Yixin Vil., Taiping Dist., Taichung City.	Manufacturing and wholesale of mold and manufacturing of machinery and equipment	450	450	9,000	0.5	466	8,415	42	Note 2
Gudeng Aerospace Technologies Corporation	JYR Aviation Components Co., Ltd.	No. 3, Shengde Rd., Gangshan Dist., Kaohsiung City	Retail, wholesale, and manufacturing of aircraft and their components	260,685	-	21,567,979	51	234,039	( 52,247 )	( 26,646 )	Note 2
	Gudeng Aerospace Inc.	919 North Market Street, Suite 950, New Castle, Wilmington, DE 19801, US.	Retail, wholesale, and manufacturing of aircraft and their components	USD 500	USD -	5	100	14,920	( 903 )	( 903 )	Note 2
Fu Rui Sheng Industrial Co., Ltd.	Bor Sheng Industrial Co., Ltd.	No. 2, Ln. 146, Fuyi Rd., Yixin Vil., Taiping Dist., Taichung City.	Manufacturing and wholesale of mold and manufacturing of machinery and equipment	16,740	16,740	1,674,000	93	82,960	8,415	7,826	Note 2

Note 1: Net income (loss) of the investee and investment profit (loss) recognized in the current period are the amounts audited by the certified public accountants.

Note 2: Wholly eliminated when preparing consolidated financial statements.

Note 3: Please refer to Table IX for the information about investments in mainland China.

**Gudeng Precision Industrial Co., Ltd. and Subsidiaries**

Information on investments in mainland China

From January 1 to September 30, 2024

Unit: In thousands of NT\$ and foreign currency, unless otherwise specified

Name of investee company in mainland China	Main business activities	Paid-in capital	Method of investment (Note 1)	Accumulated amount of investment remitted out of Taiwan at the beginning of the period	Remitted or repatriated amount of investment for the period		Accumulated amount of investment remitted out of Taiwan at the end of the period	Net Income (Loss) of the Investee	Ratio of Shareholding (%) of the direct or indirect investment of the Company	Investment Profit (Loss) Recognized in Current Period (Note 2)	Carrying amount of the investment at the end of the period	Investment income repatriated up to the current period	Note
					Remitted	Repatriated							
Shanghai Gudeng Trading Co., Ltd.	Wholesale, import and export, commission agency and related ancillary services of plastic products, power products and hardware & electric materials	USD 7,950	(2) Investor company: Sun Park Development Limited	\$ 257,618 (USD 7,950)	\$ -	\$ -	\$ 257,618 (USD 7,950)	\$ 113,634 (RMB 25,576)	100	\$ 113,634 (RMB 25,576) (2)C	\$ 492,745 (RMB 108,942)	\$ -	
Kawaguchi Plastic Industry (Kunshan) Co., Ltd.	Manufacturing of plastic and electronic products	RMB 13,656	(1) Investor company: Shanghai Gudeng Trading Co., Ltd.	-	-	-	-	69,866 (RMB 15,725)	100	67,005 (RMB 15,081) (2)C	571,716 (RMB 126,402)	-	
Dachuan Plastic Industrial (Kunshan) Co., Ltd.	Manufacturing of plastic and electronic products	RMB 15,500	(1) Investor company: Kawaguchi Plastic Industry (Kunshan) Co., Ltd.	-	-	-	-	69,178 (RMB 15,570)	100	69,178 (RMB 15,570) (2)C	323,186 (RMB 71,454)	-	

Accumulated amount of investment remitted out of Taiwan to mainland China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Upper limit on investment in mainland China regulated by the Investment Commission of the Ministry of Economic Affairs
NTD 251,618 (USD 7,950)	NTD 514,847 (USD 7,950) (RMB 58,198)	NTD 5,778,906 (USD 182,588)

Note 1: The methods of investment are classified as below five types:

- (1) Direct investment in mainland China.
- (2) Reinvestment in mainland China through companies registered in a third region (please specify the investment company in a third region).
- (3) Other methods.

Note 2: In the column of investment profit (loss) recognized for the period:

- (1) If the company is in preparation status without investment profit (loss), it shall be remarked.
- (2) Recognized basis of investment profit (loss) includes below three types and shall be remarked.
  - A. Financial statements reviewed and certified by international accounting firms in cooperation with accounting firms of Republic of China.
  - B. The financial statements had been reviewed and certified by the parent company's certified public accountant in Taiwan.
  - C. Other - Based on the financial statements unreviewed by the certified public accountants.

Note 3: Amounts related to this table are listed in New Taiwan Dollars, and any foreign currencies are converted into New Taiwan Dollars with spot exchange rate on the financial report date. (USD spot exchange rate of 31.65; RMB spot exchange rate of 4.523; RMB profit and loss exchange rate of 4.443; JPY spot exchange rate of 0.2223 on 2024.9.30).

**Gudeng Precision Industrial Co., Ltd. and Subsidiaries**

Significant transactions with investee companies in mainland China incurred directly or indirectly through a third region, and their prices, payment terms, unrealized gain or loss, and other relevant information

From January 1 to September 30, 2024

Unit: In Thousands of New Taiwan Dollars, Unless Specified Otherwise

Name of investee company in mainland China	Type of transaction	Purchases, sales, and service fees		Price	Transaction terms		Notes/trade receivable (payable)		Unrealized gain (loss)	Note
		Amount	Percentage		Payment terms	Compared with normal transactions	Amount	Percentage		
Shanghai Gudeng Trading Co., Ltd.	Sales	\$ 156,218	3	Same as normal clients	Same as normal clients	Same as normal clients	\$ 61,376	4	\$ -	
"	Service fees	105,735	8	Same as normal clients	Same as normal clients	Same as normal clients	( 14,620 )	( 2 )	-	
Dachuan Plastic Industrial (Kunshan) Co., Ltd.	Sales	113,411	2	Same as normal clients	Same as normal clients	Same as normal clients	66,222	4	-	
"	Purchase	146,435	5	Same as normal clients	Same as normal clients	Same as normal clients	( 31,522 )	( 4 )	-	

Table XI

**Gudeng Precision Industrial Co., Ltd.**

Information on major shareholders

September 30, 2024

Unit: Share

Name of Major Shareholders	Shareholding	
	Number of shares held	Percentage of ownership
Ming-Lang Zhuang	8,307,219	8.70%
Ming-Chien Chiu	6,708,527	7.03%

Note 1: Information on major shareholders in this table is information on 5% and above of the total of the ordinary shares and preference shares held by shareholders without physical registration (including treasury shares) and calculated on the last business day of each quarter by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's consolidated statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.