

TaiHan Precision Technology Co., Limited
and Subsidiaries
Consolidated Financial Statements for the
Nine Months Ended September 30, 2024 and
2023 and Independent Auditors' Review Report
(Stock code: 1336)

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Important Disclaimer:

This English-version handbook is a summary translation of the Chinese version and is not an official document of the shareholders meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

TaiHan Precision Technology Co., Limited and Subsidiaries

Consolidated Financial Statements for the Nine Months Ended September 30, 2024 and 2023 and Independent Auditors' Review Report

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INDEPENDENT AUDITORS'REVIEW REPORT

(2024) No. Financial Auditing-24002233

To: The Board of Directors and Shareholders
TaiHan Precision Technology Co., Limited

Introduction

We have reviewed the accompanying consolidated balance sheets of TaiHan Precision Technology Co., Limited and its subsidiaries (the "Group") as of September 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2024 and 2023, and statements of changes in equity and of cash flows for the nine months ended September 30, 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of September 30, 2024 and 2023, its consolidated financial performance for the three months and nine months ended September 30, 2024 and 2023, 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.

PWC Taiwan

YE,CUI-MIAO

CPA:

LIN,CHIA-HUNG

Financial Supervisory Commission
Certified Registration No.: Financial-Supervisory-
Securities-VI- 0960058737
Financial Supervisory Commission
Certified Registration No.: Financial-Supervisory-
Securities-Auditing- 1080323093

November 7, 2024

TaiHan Precision Technology Co., Limited and Subsidiaries
CONSOLIDATED STATEMENTS OF BALANCE SHEET
September 30, 2024 and 2023

ASSETS		Note	September 30, 2024		Unit: In Thousands of New Taiwan Dollars December 31, 2023		September 30, 2023	
			Amount	%	Amount	%	Amount	%
CURRENT ASSETS								
1100	Cash and cash equivalents	6(1)	\$ 267,474	9	\$ 594,077	23	\$ 563,715	21
1136	Financial asset at fair value	6(3) & 8						
	through P/L - Current		155,504	5	1,902	-	1,983	-
1170	Accounts receivable, net	6(4)	446,783	16	366,315	14	479,676	18
1180	Accounts receivable – related	6(4) & 7(2)						
	parties, net		91,457	3	54,239	2	11,135	-
1200	Other receivables	7(2)	4,033	-	2,842	-	2,556	-
1220	Current tax assets		713	-	195	-	657	-
130X	Inventory	6(5)	156,564	6	144,137	5	138,477	5
1410	Prepayments		53,568	2	30,919	1	65,824	3
1470	Other current assets		828	-	967	-	1,310	-
11XX	Total current assets		1,176,924	41	1,195,593	45	1,265,333	47
Non-current assets								
1517	Financial asset at fair value	6(2)						
	through P/L - Non-current		3,649	-	4,492	-	3,284	-
1600	Property, plant and equipment	6(6) & 8	1,167,979	41	900,150	34	947,774	35
1755	Right-of-use assets	6(7) & 8	279,533	10	177,211	7	176,144	7
1760	Investment property, net	6(9) & 8	30,286	1	29,798	1	31,433	1
1780	Investment property, net		11,937	-	10,206	-	10,651	-
1840	Deferred income tax assets		72,260	3	103,407	4	85,163	3
1915	Prepayment for equipment		113,994	4	37,652	2	4,248	-
1920	Refundable deposits		12,802	-	13,976	1	11,859	1
1990	Other non-current assets - other	6(10)	-	-	162,260	6	165,328	6
15XX	Total non-current assets		1,692,440	59	1,439,152	55	1,435,884	53
1XXX	TOTAL Assets		\$ 2,869,364	100	\$ 2,634,745	100	\$ 2,701,217	100

(Continued on next page)

TaiHan Precision Technology Co., Limited and Subsidiaries
CONSOLIDATED STATEMENTS OF BALANCE SHEET
September 30, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

LIABILITIES AND EQUITY			September 30, 2024		December 31, 2023		September 30, 2023	
			Amount	%	Amount	%	Amount	%
CURRENT LIABILITIES								
2100	Short-term borrowings	6(11)	\$ 189,427	7	\$ 119,800	5	\$ 141,878	5
2130	Contractual liability - Current	6(19)	1,456	-	202	-	9,768	1
2170	Accounts payable		250,943	9	222,889	8	206,579	8
2200	Other payables	6(12) & 7(2)	154,933	5	96,008	4	88,921	3
2230	Current tax liabilities		32,607	1	40,176	2	30,658	1
2250	Provisions - current		9,318	-	12,634	-	18,786	1
2280	Lease liabilities - Current	7(2)	19,304	1	28,772	1	24,922	1
2320	Long-term liabilities due within one year or one operating cycle	6(13)	-	-	-	-	9,486	-
2399	Other current liabilities - Other		2,488	-	4,298	-	2,542	-
21XX	Total current liabilities		660,476	23	524,779	20	533,540	20
NON-CURRENT LIABILITIES								
2540	Long-term borrowings	6(13)	-	-	-	-	-	-
2570	Deferred income tax liabilities		201,216	7	186,719	7	189,335	7
2580	Lease liabilities - Non-current	7(2)	92,798	3	145,369	6	150,565	5
2640	Net defined benefit liability - Non-current		435	-	1,656	-	314	-
2645	Guarantee deposit received		2,171	-	5,069	-	2,158	-
2670	Other non-current liabilities - Other		-	-	1,657	-	-	-
25XX	Total non-current liabilities		296,620	10	340,470	13	342,372	12
2XXX	Total liabilities		957,096	33	865,249	33	875,912	32
Equity attributable to owners of the parent company								
	Capital stock	6(16)						
3110	Common stock		782,864	27	788,184	30	788,184	29
	Capital surplus	6(17)						
3200	Capital surplus		670,151	23	682,341	26	682,341	25
	Retained earnings	6(18)						
3310	Appropriated as legal capital reserve		71,627	3	61,026	2	61,026	2
3320	Appropriated as special capital reserve		135,699	5	91,596	3	91,596	4
3350	Unappropriated earnings		324,794	11	292,991	11	267,255	10
Other Entities								
3400	Other Entities		(72,867)	(2)	(146,642)	(5)	(65,097)	(2)
3XXX	Total equity		1,912,268	67	1,769,496	67	1,825,305	68
	Significant Contingent Liabilities and Unrecognized Contractual Commitments	9						
	Serious subsequent events	11						
3X2X	TOTAL LIABILITIES AND EQUITY		\$ 2,869,364	100	\$ 2,634,745	100	\$ 2,701,217	100

The accompanying notes to the consolidated financial statements are an integral part of these individual financial statements and should be read in conjunction with them.

Chairman: Tsai, Chen-Lung

Manager: Tsai, Chen-Lung

Accounting Manager: Chen, Chin-Chung

TaiHan Precision Technology Co., Limited and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the nine months ended September 30, 2023 and 2023

Unit: In Thousands of New Taiwan Dollars
(Except earnings per share in New Taiwan dollars)

Item	Note	For the three months ended		For the three months ended		For the nine months ended		For the nine months ended	
		September 30, 2024		September 30, 2023		September 30, 2024		September 30, 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues	6(19) &7(2)	\$ 676,936	100	\$ 618,160	100	\$ 1,862,369	100	\$ 1,762,990
5000	Operating costs	6(5) &7(2)	(563,313)	(83)	(509,391)	(82)	(1,528,231)	(82)	(1,465,105)
5950	Operating margin, net		113,623	17	108,769	18	334,138	18	297,885
	Operating expenses	6(24) &7(2)							
6100	Sales and marketing expenses		(10,336)	(2)	(7,919)	(2)	(27,016)	(2)	(25,951)
6200	General and administrative expenses		(42,589)	(6)	(56,407)	(9)	(153,137)	(8)	(147,559)
6300	Research and development expenses		-	-	-	-	-	-	-
6450	Expected credit impairment gains (losses)	12(2)	516	-	(1)	-	(33)	-	41
6000	Total operating expenses		(52,409)	(8)	(64,327)	(11)	(180,186)	(10)	(173,469)
6900	Operating profit		61,214	9	44,442	7	153,952	8	124,416
	NON-OPERATING REVENUE AND EXPENSES								
7100	Interest income	6(20)	2,542	-	337	-	7,087	-	1,695
7010	Other income	6(21) & 7(2)	5,586	1	4,802	1	13,733	1	10,315
7020	Other gains and losses	6(22)	(2,474)	-	25,698	4	22,264	1	32,852
7050	Finance costs	6(23) &7(2)	(3,620)	-	(5,856)	(1)	(11,377)	-	(18,312)
7000	Total non-operating revenue and expense		2,034	1	24,981	4	31,707	2	26,550
7900	INCOME BEFORE INCOME TAX		63,248	10	69,423	11	185,659	10	150,966
7950	Income tax expenses	6(26)	(19,932)	(3)	(30,947)	(5)	(67,048)	(3)	(70,687)
8200	Net income		\$ 43,316	7	\$ 38,476	6	\$ 118,611	7	\$ 80,279
	OTHER COMPREHENSIVE INCOME (LOSS)								
8316	Unrealized valuation gains and losses on investments in equity instruments at fair value through other comprehensive income		(\$ 527)	-	(\$ 38)	-	(\$ 843)	-	\$ 176
8310	Total amount of items that will not be reclassified to profit or loss		(527)	-	(38)	-	(843)	-	176
	Items that may be reclassified subsequently to profit (or loss)								
8361	Exchange differences arising on translation of financial statements of foreign operations		(6,923)	(1)	27,314	5	79,594	4	50,461
8399	Income tax benefit related to items that will be reclassified subsequently	6(26)	1,385	-	(5,465)	(1)	(15,919)	(1)	(10,094)
8360	Total amount of items that are reclassified to profit or loss		(5,538)	(1)	21,849	4	63,675	3	40,367
8300	Other comprehensive income, net		(\$ 6,065)	(1)	\$ 21,811	4	\$ 62,832	3	\$ 40,543
8500	Total comprehensive income		\$ 37,251	6	\$ 60,287	10	\$ 181,443	10	\$ 120,822
	Net profit attributable to:								
8610	Parent Company Owner		\$ 43,316	7	\$ 38,476	6	\$ 118,611	7	\$ 80,279
	Total comprehensive income(loss) attributable to:								
8710	Parent Company Owner		\$ 37,251	6	\$ 60,287	10	\$ 181,443	10	\$ 120,822
	Basic earnings per share								
9750	Net income	6(27)	\$ 0.56	\$ 0.50	\$ 1.53	\$ 1.04			
	Diluted earnings per share								
9850	Net income	6(27)	\$ 0.55	\$ 0.50	\$ 1.51	\$ 1.03			

The accompanying notes to the consolidated financial statements are an integral part of these individual financial statements and should be read in conjunction with them.

Chairman : Tsai, Chen-Lung	Manager : Tsai, Chen-Lung	Accounting Manager : Chen, Chin-Chung
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TaiHan Precision Technology Co., Limited and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the nine months ended September 30, 2023 and 2023

Unit: In Thousands of New Taiwan Dollars

		Equity attributable to owners of the parent company								
		Retained Earnings				Other Equity				
		Capital Stock - Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences on translation of financial statements of foreign operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employees' Compensation	Total Equity
Note										
<u>For the nine months ended September 30, 2023</u>										
		\$ 788,184	\$ 695,473	\$ 45,222	\$ 135,531	\$ 191,161	(\$ 91,780)	\$ 184	(\$ 40,440)	\$ 1,723,535
		-	-	-	-	80,279	-	-	-	80,279
		-	-	-	-	-	40,367	176	-	40,543
		-	-	-	-	80,279	40,367	176	-	120,822
Appropriations of earnings in 2022	6(18)									
Legal reserve		-	-	15,804	-	(15,804)	-	-	-	-
Special reserve		-	-	-	(43,935)	43,935	-	-	-	-
Cash dividends		-	-	-	-	(32,316)	-	-	-	(32,316)
Compensation costs of restricted stock awards	6(15)	-	(13,132)	-	-	-	-	-	26,396	13,264
BALANCE, SEPTEMBER 30, 2023		\$ 788,184	\$ 682,341	\$ 61,026	\$ 91,596	\$ 267,255	(\$ 51,413)	\$ 360	(\$ 14,044)	\$ 1,825,305
<u>2024</u>										
		\$ 788,184	\$ 682,341	\$ 61,026	\$ 91,596	\$ 292,991	(\$ 137,851)	\$ 2,152	(\$ 10,943)	\$ 1,769,496
		-	-	-	-	118,611	-	-	-	118,611
		-	-	-	-	-	63,675	(843)	-	62,832
		-	-	-	-	118,611	63,675	(843)	-	181,443
Appropriations of earnings in 2023	6(18)									
Legal reserve		-	-	10,601	-	(10,601)	-	-	-	-
Special reserve		-	-	-	44,103	(44,103)	-	-	-	-
Cash dividends		-	-	-	-	(32,104)	-	-	-	(32,104)
Compensation costs of restricted stock awards	6(15)	(5,320)	(12,190)	-	-	-	-	-	10,943	(6,567)
BALANCE, SEPTEMBER 30, 2024		\$ 782,864	\$ 670,151	\$ 71,627	\$ 135,699	\$ 324,794	(\$ 74,176)	\$ 1,309	\$ -	\$ 1,912,268

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements and should be read in conjunction with them.

Chairman: Tsai, Chen-Lung

Manager: Tsai, Chen-Lung

Accounting Manager: Chen, Chin-Chung

TaiHan Precision Technology Co., Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

January 1 ~ September 30, 2024 and 2023

		Unit: In Thousands of New Taiwan Dollars	
		For the nine months ended September 30, 2024	For the nine months ended September 30, 2024
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		\$ 185,659	\$ 150,966
Adjustment Items			
Profit and loss items			
Depreciation expense on property, plant and equipment	6(24)	77,831	76,070
Depreciation expense on investment property	6(24)	458	442
Depreciation expense on right-of-use assets	6(24)	17,459	18,405
Intangible assets amortization expense	6(24)	4,629	4,359
Expected credit impairment loss (gain)	12(2)	33 (	41)
Finance costs	6(23)	11,377	18,312
Interest income	6(20)	(7,087 ) (	1,695)
Compensation costs of restricted stock awards	6(15)	(6,567)	13,264
Loss (gain) on disposal of property, plant and equipment	6(22)	(415 ) (	27)
Dividend income	6(21)	- (	109)
Changes in operating assets and liabilities			
Changes in operating assets, net			
Notes receivables, net		-	254
Accounts receivables		(80,501)	53,862
Accounts receivables – related parties		(37,218)	11,135
Other receivables		(1,191 ) (	1,940)
Inventories		(12,427)	59,074
Prepayments		(22,649)	188
Other current assets		139	155
Changes in Liabilities Related to Operating			
Contractual liabilities - current		1,254	6,798
Notes payables		-	(11)
Accounts payables		28,054 (	72,547)
Other payables		26,519 (	25,240)
Provision - current		(3,316)	17,627
Other current liabilities - others		(1,810)	916
Other non-current liabilities - others		(1,657)	-
Net defined benefit liabilities		(1,221 ) (	990)
Cash generated from operations		177,353	329,227
Interest received		7,087	1,695
Interest paid		(10,900 ) (	19,218)
Income tax paid		(45,410) (49,303)
Net cash inflows from operating activities		128,130	262,401

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TaiHan Precision Technology Co., Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

January 1 ~ September 30, 2024 and 2023

		Unit: In Thousands of New Taiwan Dollars	
	Note	For the nine months ended September 30, 2024	For the nine months ended September 30, 2024
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Financial assets at amortized cost - current		(\$ 153,602)	\$ -
Acquisition of property, plant and equipment	6(28)	(113,815)	(73,306)
Disposal of property, plant and equipment		463	27
Prepayments for equipment (increase)		(251,846)	(4,862)
Acquisition of intangible assets		(2,795)	(2,676)
Dividends received		-	109
Decrease in guaranteed deposits paid		1,977	188
Guaranteed deposits paid (increase)		(803)	(1,393)
Decrease (increase) in other non-current assets - others		-	(145,957)
Net cash outflows from financing activities		(520,421)	(227,870)
<u>Cash flows from financing activities</u>			
Increase in short-term borrowings	6(29)	1,036,631	1,058,144
Repayment of short-term borrowings	6(29)	(974,352)	(1,080,677)
Repayment of long-term borrowings	6(29)	-	(132,082)
Increase in guaranteed deposits received	6(29)	(2,898)	1,236 (
Repayment of principal of lease liabilities	6(29)	(14,921)	(14,853 (
Cash dividends paid	6(29)	(32,104)	(32,316 (
Net cash inflows (outflows) from financing activities		12,356	(200,548
Exchange effects		53,332	49,914
DECREASE IN CASH AND CASH EQUIVALENTS		(326,603)	(116,103 (
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		594,077	679,818
CASH AND CASH EQUIVALENTS, END OF PERIOD		\$ 267,474	\$ 563,715

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements and should be read in conjunction with them.

Chairman: Tsai, Chen-Lung

Manager: Tsai, Chen-Lung

Accounting Manager: Chen, Chin-Chung

TaiHan Precision Technology Co., Limited and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

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

1. History of the Company

- (1) TaiHan Precision Technology Co., Limited (hereinafter referred to as the "Company") was established on August 28, 1987. The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are mainly engaged in the design, manufacturing, and trading of various precision molds, tooling, and plastic molding products.
- (2) The Company's shares have been listed and transacted on TPEx since November 2007.
- (3) The Speed Tech Corporation Group owns the Company's equity and is the single largest shareholder of the Company and has substantial control over the Company's personnel, finances, and operations and will become the parent company in August 2021. In addition, Luxshare Precision Industry Co., Ltd. (registered and established in People's Republic of China) is the ultimate parent company.

2. Date and procedure for approval of financial statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on November 7, 2024.

3. Application of newly issued and revised standards and interpretations

- (1) The impacts of adopting new or revised IFRS accounting standards endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the "FSC")

The following table summarizes the newly issued, amended, and revised IFRS accounting standards and interpretations of IFRS accounting standards endorsed by the FSC for 2024:

<u>New Issues / Amendments / Revised Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 16 "Lease Liability in Sale and Leaseback"	January 1, 2024
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024

(2) The impacts of not adopting new or revised IFRS accounting standards endorsed and issued into effect by the FSC

The following table summarizes the newly issued, amended, and revised IFRS accounting standards and interpretations of IFRS accounting standards endorsed by the FSC for 2025:

<u>New Issues / Amendments / Revised Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

The Group has evaluated that the above standards and interpretations do not have a significant effect on the Group's consolidated financial position and consolidated financial performance.

(3) The IFRS accounting standards issued by IASB but not yet endorsed and issued into effect by the FSC

The following table summarizes the new, amended, and revised standards and interpretations of IFRS accounting standards issued by the IASB that have not yet been incorporated into IFRS accounting standards endorsed by the FSC:

<u>New Releases / Amendments / Revised Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 7 and IFRS 9 “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 by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17 “Comparative Information of the Initial Application of IFRS 17 and IFRS 9”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability”	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except as explained below, the Group has evaluated that the above standards and interpretations do not have a significant effect on the Group's consolidated financial position and consolidated financial performance.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 “Presentation and Disclosure in Financial Statements” will replace IAS 1, and update the structure of statements of comprehensive income, increase the disclosure of management-defined performance measures, and enhance guidance on the principles of aggregation and disaggregation in the primary financial statements or in the notes.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are described below. Unless otherwise stated, these policies have been applied consistently throughout the reporting period.

(1) Statement of Compliance

The consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC.

(2) Basis of Preparation

1. The consolidated financial statements have been prepared on the historical cost basis, except for the following significant items:
 - 1) Financial assets at fair value through other comprehensive income or loss that are measured at fair value.
 - 2) The defined benefit liabilities are recognized as the net amount of pension plan assets less the present value of the defined benefit obligations.
2. The preparation of financial statements in conformity with International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRSs) requires the use of certain critical accounting estimates. The process of applying the Company's accounting policies also requires management to exercise its judgment. Items involving a higher degree of judgment or complexity, or items involving significant assumptions and estimates in the consolidated financial statements are described in Note 5.

(3) Basis of Consolidation

1. Principles Governing the Preparation of Consolidated Financial Statements

- 1) The Group includes all subsidiaries in the entities for which consolidated financial statements are prepared. A subsidiary is an entity (including a structured entity) that is controlled by the Group and over which the Group has control when the Group is exposed to variable remuneration from participation in the entity or has rights to such variable remuneration and has the ability, through its power over the entity, to affect such remuneration. Subsidiaries are included in the consolidated financial statements from the date the Group obtains control and are deconsolidated from the date control is lost.
- 2) Inter-company transactions, balances and unrealized gains and losses within the Group have been eliminated. The accounting policies of subsidiaries have been adjusted as necessary to conform to the policies adopted by the Group.
- 3) The components of profit or loss and other comprehensive income or loss are attributed to owners of the parent and non-controlling interests; total comprehensive income or loss is also attributed to owners of the parent and non-controlling interests, even if this results in a loss balance for non-controlling interests.
- 4) Changes in ownership of subsidiaries that do not result in a loss of control (transactions with non-controlling interests) are treated as equity transactions, i.e., as transactions with owners. The difference between the amount of the adjustment of the non-controlling interest and the fair value of the consideration paid or received is recognized directly in equity.

5) When the Group loses control of a subsidiary, the remaining investment in the former subsidiary is remeasured at fair value and recognized as the fair value of the originally recognized financial asset or the cost of the originally recognized investment in a related party or joint venture, and the difference between the fair value and the carrying amount is recognized in profit or loss for the period. For all amounts previously recognized in other comprehensive income or loss related to that subsidiary, the accounting treatment is the same as if the Group had directly disposed of the related assets or liabilities, i.e., if a gain or loss previously recognized in other comprehensive income or loss would be reclassified to profit or loss upon disposal of the related assets or liabilities, the gain or loss is reclassified from equity to profit or loss when control over the subsidiary is lost.

2. The subsidiaries in the consolidated financial statements

			<u>Percentage of Ownership</u>			
<u>Name of Investor Company</u>	<u>Name of Subsidiaries</u>	<u>Business Scope</u>	<u>September 30, December 31,</u>		<u>September 30,</u>	
			<u>2024</u>	<u>2023</u>	<u>2023</u>	<u>Note</u>
The Company	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	Professional Investment Business	100%	100%	100%	-
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHAN HOLDING (SAMOA) CO., LTD.	Professional Investment Business	100%	100%	100%	-
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	YONGHAN HOLDING (SAMOA) CO., LTD.	Professional Investment Business	100%	100%	100%	-
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHAN HOLDING PHILIPPINES CO., LTD.	Professional Investment Business	100%	100%	100%	-
TAIHAN HOLDING (SAMOA) CO., LTD.	TaiHan Mold Products (Dongguan) Co., Ltd.	Production and sales of various precision molds and plastic products, etc.	100%	100%	100%	Note 1
YONGHAN HOLDING (SAMOA) CO., LTD.	YONGHAN PRECISION TECHNOLOGY CO., LTD.	Production and sales of various precision molds and plastic products, etc.	100%	100%	100%	Note 2
TAIHAN HOLDING PHILIPPINES CO., LTD.	TAIHANLAND (PHILIPPINES) INC.	Holding the land and plant of the production base	100%	100%	100%	Note 3
TAIHAN HOLDING PHILIPPINES CO., LTD.	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	Production and sales of various precision molds and plastic products, etc.	100%	100%	100%	Note 4

All of the above subsidiaries included in the consolidated financial statements as of September 30, 2024 and 2023 have been audited by our accountants. Except for TAIHANLAND (PHILIPPINES) INC. is not a significant subsidiary since 2024, the other subsidiaries are significant subsidiaries. The subsidiaries included in the consolidated financial statements as of December 31, 2023 have been audited by our accountants.

Note 1: TaiHan Mold Products (Dongguan) Company Limited (hereinafter referred to as

Dongguan TaiHan Company) was registered and established on January 4, 2001 with the approval of Dongguan City Administration for Industry and Commerce of the People's Republic of China and completed the business license without business term on September 17, 2020, with the main scope of business being the production and sale of various precision molds and plastic products, among others.

Note 2: YONGHAN PRECISION TECHNOLOGY CO., LTD. (hereinafter referred to as YONGHAN Vietnam) was approved by the Industrial Zone Administration of Hai Duong Province, Republic of Vietnam, and was registered on August 28, 2006 for a period of 46 years (from the date of obtaining the investment certificate to August 28, 2052). and plastic products.

Note 3: TAIHANLAND (PHILIPPINES) INC. (hereinafter referred to as Philippine Land Company) was registered on January 9, 2013 and its main business scope is to hold land for production bases. The Philippines restricts the shareholding ratio of foreign investors and the number of natural person shareholders for companies holding production base land. Therefore, TAIHAN HOLDING PHILIPPINES CO., LTD. holds only 39.99% of the shares of the Philippine land company in name, and the other 60.01% shares are entrusted to CHEN, CHIN-CHUNG, TSAI, CHEN-LUNG and local residents JOE MARK F. BELUANG, ALDRIN ELI T. CHUA, and MARICEL M. LANDICHO, who have signed a shareholding agreement to protect the Group's equity.

Note 4: TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC. (hereinafter referred to as Philippine Manufacturing Company) was incorporated on January 9, 2013, and its main business scope is the production and sale of various precision molds and plastic products. Since the Philippines restricts the number of natural person shareholders in the establishment of a company, TAIHAN HOLDING PHILIPPINES CO., LTD. only holds 99.99% of the shares of Philippine Manufacturing Company in name. The other 0.01% is entrusted to, CHEN, CHIN-CHUNG, TSAI, CHEN-LUNG and local residents, FILAM L. GUTIERREZ, ALDRIN ELI T. CHUA, and MARY ANN R. MENDOZA, and a shareholding agreement has been signed with the entrusted parties to protect the Group's equity.

3. Subsidiaries not included in the consolidated financial statements.

None.

4. Adjustment and treatment of different accounting periods of subsidiaries

None.

5. Significant restrictions

None.

6. Subsidiaries with non-controlling interests that are significant to the Group.

None.

(4) Foreign currency exchange

Items included in the financial statements of each entity within the Group are measured using the currency of the primary economic environment in which the entity operates (i.e., the functional currency). The functional currency of the Company is "New Taiwan Dollar." And the functional currencies of subsidiaries are "New Taiwan Dollar," "CNY," "VND," and "USD." The consolidated financial statements are presented in the "New Taiwan Dollar," which is the Group's functional currency, as the presentation currency.

1. Foreign currency transactions and balances

1) Foreign currency transactions are translated into the functional currency using the spot rate at the date of the transaction or measurement date, and translation differences arising from such transactions are recognized in profit or loss for the current period.

- 2) The balances of monetary assets and liabilities denominated in foreign currencies are adjusted at the exchange rates prevailing on the balance sheet date, and the resulting translation differences are recognized in profit or loss for the current period.
- 3) Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through profit or loss are adjusted at the exchange rates prevailing on the balance sheet date, and the resulting exchange differences are recognized in profit or loss for the current period; those measured at fair value through other comprehensive income are adjusted at the exchange rates prevailing on the balance sheet date, and the resulting exchange differences are recognized in other comprehensive income. For those which are not measured at fair value, they are measured at the historical exchange rates at the date of initial transactions.
- 4) All exchange gains and losses are reported in "Other gains and losses" in the consolidated statement of income

2. Translation of foreign operations

The results of operations and financial position of all corporate entities with a functional currency different from the presentation currency are translated into the presentation currency as follows:

- 1) Assets and liabilities expressed in each balance sheet are translated at the closing rate on that balance sheet date.
- 2) The income and expenses expressed in each consolidated statement of income are translated at the average exchange rate for the period; and
- 3) All translation differences are recognized in other comprehensive income.

(5) Classification of Current and Non-current Assets and Liabilities

1. Assets are classified as current assets if they meet one of the following categories:
 - (1) The asset is expected to be realized in the normal operating cycle, or is intended to be sold or consumed.
 - (2) Those that are held primarily for trading purposes.
 - (3) Expected to be realized within 12 months after the balance sheet date.
 - (4) Cash or cash equivalents, except for those that are restricted from being exchanged or used to settle liabilities for at least twelve months after the balance sheet date.

The Group classifies all assets that do not meet the above categories as non-current.
2. Liabilities are classified as current liabilities if one of the following conditions is met.
 - (1) The liability is expected to be settled in the normal operating cycle.
 - (2) Held primarily for trading purposes.
 - (3) They are expected to be settled within 12 months after the balance sheet date.
 - (4) The maturity date cannot be unconditionally extended to at least twelve months after the balance sheet date. The terms of the liabilities, which may be settled by issuing equity instruments at the option of the counterparties, do not affect the classification.

The Group classifies all liabilities that do not meet the above conditions as non-current.

(6) Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to a fixed amount of cash with minimal risk of changes in value. Time deposits that meet the above definition and are held to meet short-term cash commitments for operating purposes

(7) Financial assets measured at fair value through other comprehensive income or loss

1. The fair value changes of investments in equity instruments not held for trading are reported in other comprehensive income at the time of initial recognition as an irrevocable choice.
2. The Group applies trade date accounting to financial assets measured at fair value through other comprehensive income or loss that qualify for trading practice.
3. The Group measures these instruments at their fair value plus transaction costs on initial recognition and subsequently at fair value. Changes in the fair value of equity instruments are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is not subsequently reclassified to profit or loss and is reclassified to retained earnings. Dividend income is recognized in profit or loss when the right to receive dividends is established, it is probable that the economic benefits associated with the dividends will flow and the amount of the dividends can be measured reliably.

(8) Financial assets measured at amortized cost

1. A financial asset is one that also meets the following conditions:
 - (1) The financial asset is held under an operating model whose objective is to collect the contractual cash flows.
 - (2) The contractual terms of the financial asset generate cash flows at a specific date, solely for the purpose of paying interest on the principal and outstanding principal amount.
2. The Group applies trade date accounting to financial assets measured at amortized cost that qualify for trading practice.
3. Financial assets at amortized cost shall be measured at fair value plus transaction costs at initial recognition. The Group recognizes interest income subsequently by effective interest rate method by amortization over the outstanding period, and impairment losses. At derecognition, the gains or losses are recognized in profit or loss.

(9) Accounts and notes receivable

1. Accounts and instruments with unconditional right to receive the consideration for the transfer of goods or services in accordance with the contract.
2. Short-term accounts and notes receivable that are not interest-bearing are measured at the original invoice amount because the effect of discounting is not significant.

(10) Impairment of financial assets

For financial assets measured at amortized cost at each balance sheet date, after taking into account all reasonable and probable information (including forward-looking information), the Group measures the allowance for losses at the 12-month expected credit loss amount for financial assets that do not have a significant increase in credit risk since initial recognition; for financial assets with a significant increase in credit risk since initial recognition, the allowance for losses is measured at the expected credit loss amount over the period of time. For accounts

receivable or contract assets that do not contain significant financial components, the allowance for loss is measured at the expected credit loss over the period.

(11) Derecognition of financial assets

Financial assets are derecognized when the Group's contractual rights to receive cash flows from the financial assets lapse.

(12) Lessor's Lease Transactions - Operating Leases

Lease proceeds from operating leases, net of any incentives given to the lessee, are recognized in profit or loss on a straight-line basis over the lease term.

(13) Inventories

Inventories are measured at the lower of cost or net realizable value, with cost determined by the weighted-average method. The cost of finished goods and work in process includes raw materials, direct labor, other direct costs, and production-related manufacturing costs, but excludes borrowing costs. The lower of cost or net realizable value is determined on a line-by-line basis. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs to be incurred to completion and related variable selling expenses.

(14) Property, Plant and Equipment

1. Property, plant, and equipment are recorded at acquisition cost.
2. Subsequent costs are included in the carrying amount of an asset or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced portion should be excluded. All other maintenance costs are recognized in profit or loss as incurred.
3. Property, plant, and equipment are subsequently measured at cost and depreciated on a straight-line basis over their estimated useful lives. If the components of property, plant, and equipment are significant, they are depreciated separately.
4. The Group reviews the residual value, useful life, and depreciation method of each asset at the end of each financial year. If the expected value of the residual value and useful life differs from previous estimates, or if there is a significant change in the expected pattern of consumption of future economic benefits embodied in the asset, the change is accounted for in accordance with IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of the change. The useful lives of each asset are as follows:

Buildings

Factory main building	25~51 years
Mechanical and Electrical Power Equipment	5~20 years
Architectural modifications	1.5~50 years
Machinery and Equipment	1~10 years
Transportation Equipment	5~6 years
Office Equipment	3~10 years
Other Equipment	3~15 years

(15) Lessee's lease transactions - right-of-use assets/lease liabilities

1. Leased assets are recognized as right-of-use assets and lease liabilities on the date they become available for use by the Group. When a lease contract is a short-term lease or a lease of a low-value underlying asset, the lease payments are recognized as an expense on a straight-line basis over the lease term.
2. Lease liabilities are recognized at the present value of the lease payments outstanding at the inception date of the lease, discounted at the Group's incremental borrowing rate, which is a fixed benefit, less any lease incentives receivable.

Interest expense is subsequently accrued over the lease period using the interest method, which is measured at amortized cost. The lease liability is reassessed, and the right-of-use asset is remeasured when there is a change in the lease term or lease payments that is not a contractual modification.

3. Right-of-use assets are recognized at cost at the inception date of the lease, and the cost is the original measurement of the lease liability.

Depreciation expense is provided when the right-of-use asset is subsequently measured at cost, at the earlier of the end of its useful life or the end of the lease term. When a lease liability is reassessed, the right-of-use asset is adjusted for any remeasurement of the lease liability.

(16) Investment property

Investment property is recognized at acquisition cost and subsequently measured using the cost model. Except for land, depreciation is provided on a straight-line basis over the estimated useful lives of 50 years.

(17) Intangible assets

The cost of computer software is recognized at acquisition cost and amortized on a straight-line basis over the estimated useful lives of 1 ~ 5 years.

(18) Impairment of non-financial assets

An impairment loss is recognized when the recoverable amount of an asset is less than its carrying amount. The recoverable amount is the higher of an asset's fair value less costs to dispose of its value in use. An impairment loss is reversed when no impairment loss exists or decreases in prior years, provided that the carrying amount of the asset reversed does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset, net of depreciation or amortization.

(19) Loans

This refers to long- and short-term borrowings from banks. The Group measures the amount at its fair value less transaction costs on initial recognition and subsequently recognizes interest expense in profit or loss over the liquidity period using the effective interest method for any difference between the redemption price and the redemption value, net of transaction costs.

(20) Accounts and notes payable

1. Debt incurred for the purchase of raw materials, goods or services on credit and bills payable for operating and non-operating purposes.
2. Short-term accounts payable and notes payable with unpaid interest are measured at the original invoice amount because the effect of discounting is not significant.

(21) Derecognition of financial liabilities

The Group derecognizes financial liabilities when the obligations specified in the contracts are fulfilled, cancelled, or expired.

(22) Provisions

A provision (warranty liability) is a present legal or constructive obligation or arising from past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and shall be recognized when the amount of the obligation can be measured with sufficient reliability. The amount recognized as a provision shall be the best estimate present value of the expenditure required to settle the obligation at the balance sheet date.

(23) Employee Benefits

1. Short-term employee benefits

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

2. Pension

1) Defined contribution plan

For defined contribution plans, the amount to be contributed to the pension fund is recognized as pension cost on an accrual basis in the current period. Prepaid contributions are recognized as assets to the extent that they are refundable in cash or reduce future benefits.

2) Defined benefit plans

A. The net obligation under the defined benefit plans is calculated by discounting the amount of future benefits earned by employees for current or past service by the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets. The net defined benefit obligation is calculated annually by the actuary using the projected unit benefit method, using market yields at the balance sheet date on government bonds (at the balance sheet date) that correspond to the currency and period of the defined benefit plan.

- B. Remeasurements arising from defined benefit plans are recognized in other comprehensive income in the period in which they occur and are expressed in retained earnings.
 - C. The related expenses for prior service costs are recognized immediately in profit or loss.
 - D. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.
3. Employee Compensation and Directors' Remuneration
- Employee compensation and remuneration to directors and supervisors are recognized as expenses and liabilities when there is a legal or constructive obligation, and the amount can be reasonably estimated. If the actual allotment amount subsequently resolved differs from the estimated amount, the difference is treated as a change in accounting estimate. In addition, the number of shares used for employee compensation is calculated based on the closing price on the day before the date of the board of directors' resolution.

(24) Employee Share-based Payment

- 1. Equity-settled share-based payment agreements are measured at the fair value of the equity instruments given on the date of grant for employee services received and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of equity instruments should reflect the effect of market vesting conditions and non-vesting conditions. The recognized compensation cost is adjusted as the number of awards that are expected to meet the service conditions and non-market vesting conditions is adjusted until the final amount recognized is based on the number of awards vested at the vesting date.
- 2. Restricted Stock Awards
 - 1) Compensation cost is recognized at the grant date based on the fair value of the equity instruments granted over the vesting period.
 - 2) The right to participate in dividend distribution is not restricted, and the employee is not required to return the dividends received if he/she leaves the company during the vesting period.
 - 3) Employees are not required to pay a price to acquire new shares of restricted stock awards. If an employee leaves the Company during the vesting period, based on the issue procedures, the Company shall not pay for the withdrawn shares, and the withdrawn share shall be cancelled. The withdrawn shares are recognized as deductions to share capital and capital surplus.

(25) Income tax

- 1. Income tax expense consists of current and deferred income taxes. Income taxes are recognized in profit or loss, except when they relate to items included in other comprehensive income or directly in equity, which are included in other comprehensive income or directly in equity, respectively.

2. The Group calculates current income taxes based on tax rates that are legislated or substantively legislated at the balance sheet date of the countries in which the Group operates and generates taxable income. Management periodically evaluates the status of income tax returns with respect to applicable income tax regulations and, when applicable, estimates the income tax liabilities based on the expected tax payments to be made to the tax authorities. Income tax is imposed on undistributed earnings in accordance with the Income Tax Act. In the year following the year in which the earnings are generated, income tax expense is recognized on the actual distribution of earnings after the shareholders' meeting approves the earnings distribution.
3. Deferred income tax is recognized, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheets. Temporary differences arising from investments in subsidiaries are not recognized if the Group can control the timing of the reversal of the temporary differences, and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized, and the unrecognized and recognized deferred income tax assets are reassessed at each balance sheet date.
5. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities, and there is an intention to settle or realize the assets and liabilities simultaneously on a net basis; deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities, and the deferred income tax assets and liabilities are incurred by the same taxable entity or by different taxable entities that intend to settle or realize the assets and liabilities simultaneously on a net basis.
6. The interim period income tax expense is assessed based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period. And relevant information is disclosed in accordance with the aforementioned policies.

(26) Share Capital

1. Common stock is classified as equity. Incremental costs directly attributable to the issuance of new shares or stock options are recorded as a deduction from equity, net of income taxes.
2. When the Company repurchases outstanding shares, the consideration paid includes any directly attributable incremental costs recognized as a deduction from stockholders' equity, net of income taxes.

(27) Dividend distribution

Cash dividends from earnings distribution in 2021 and 2020 are recognized as a liability in the financial statements when the Company's stockholders resolve to distribute them. Cash dividends from earnings distribution after 2022 are recognized as a liability in the financial statements upon a special resolution of the board of directors in accordance with the Company's Articles of Incorporation. In addition, stock dividends are recognized as stock dividends to be distributed when the Company's stockholders resolve to distribute them and are transferred to common stock on the basis date of issuance of new shares.

(28) Revenue Recognition

1. The Group sells various precision molds and plastic. Sales revenue is recognized when control of the products is transferred to the customer, that is, when the products are delivered to the customer, the customer has discretion over the access and price of the products sold, and the Group has no outstanding performance obligations that may affect the customer's acceptance of the products. Delivery of merchandise occurs when the product is delivered to the designated location, the risk of obsolescence and loss has been transferred to the customer, and the customer accepts the product in accordance with the sales contract, or when there is objective evidence that all acceptance criteria have been met.
2. Revenue from sales of merchandise is recognized on a net basis, based on contract prices less sales returns and discounts. The Group does not adjust the transaction price to reflect the time value of money because the time lag between the transfer of the promised goods or services to the customer and the customer's payment does not exceed one year.
3. Accounts receivables are recognized when the merchandise is delivered to the customer because the Group has unconditional rights to the contract price from that point onward and only requires the passage of time to receive the consideration from the customer.

(29) Operating Segment

The Group's operating segment information is reported in a manner consistent with the internal management reports provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources to the operating departments and evaluating their performance.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ASSUMPTIONS, AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these consolidated financial statements, the Group's management has used its judgment in determining the accounting policies to be used and has made accounting estimates and assumptions that are based on reasonable expectations of future events under the circumstances prevailing at the balance sheet date. Significant accounting estimates and assumptions that may differ from actual results are continually evaluated and adjusted, considering historical experience and other factors. These estimates and assumptions are subject to the risk that the carrying amounts of assets and liabilities will be adjusted in the next financial year. The following is a description of the uncertainties in significant accounting judgments, estimates and assumptions:

(1) Significant judgments in the adoption of accounting policies

The accounting policies adopted by the Group have been assessed to be free from significant uncertainty.

(2) Significant Accounting Estimates and Assumptions

1. Valuation of Inventory

Because inventories are stated at the lower of cost or net realizable value, the Group must use judgment and estimates to determine the net realizable value of inventories at the balance sheet date. Due to the rapid changes in technology, the Group evaluates the amount of inventories at the balance sheet date that are normally worn out, obsolete, or have no

marketable value and reduces the cost of inventories to net realizable value. This inventory valuation is based on the estimation of product demand in specific future periods and is subject to significant changes.

Please refer to Note 6(5) for the carrying amount of inventories as of September 30, 2024.

2. Estimated impairment losses on accounts receivable

The Group manages the collection and dunning operations from customers and assumes the related credit risk. The management regularly evaluates the credit quality and collection status of customers and adjusts the credit policy for customers in a timely manner. Impairments of accounts receivables are evaluated in accordance with the regulations in IFRS 9 “Financial Instruments,” and expected credit losses are evaluated by the simplified method. The management builds up expected loss rate based on the factors that may affect customers’ ability to make payment, including overdue periods of customers at the balance sheet date and in history, financial condition of customers, and economic conditions, etc., and taking into consideration of forward-looking information.

Please refer to Note 6(4) for the carrying amount of accounts receivables as of September 30, 2024.

6. DESCRIPTIONS OF SIGNIFICANT ACCOUNTING ITEMS

(1) Cash and Cash Equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 884	\$ 801	\$ 891
Checking Deposits and Demand Deposits	203,214	537,983	562,824
Time bank deposits	63,376	55,293	-
	<u>\$ 267,474</u>	<u>\$ 594,077</u>	<u>\$ 563,715</u>

1. The Group has good credit quality with financial institutions, and the Group has dealings with various financial institutions to diversify the credit risk, and the possibility of default is expected to be low.

2. The Group has not pledged cash and cash equivalents as collateral.

(2) Financial assets at fair value through other comprehensive income

	September 30, 2024	December 31, 2023	September 30, 2023
Non-current Items:			
Equity instruments			
Stocks of unlisted companies	\$ 2,340	\$ 2,340	\$ 2,924
(Note) Valuation Adjustment	1,309	2,152	360
	<u>\$ 3,649</u>	<u>\$ 4,492</u>	<u>\$ 3,284</u>

Note: The investee implemented capital reduction and returned the payment for shares at the amounts of \$584 in December 2023 for adjustments of operating strategies.

1. The Group chose to classify strategic investments in stocks as financial assets at fair value through other comprehensive income.
2. Please refer to the consolidated statements of comprehensive income for the amounts recognized in comprehensive income (loss) arising from financial assets at fair value through other comprehensive income.
3. The Group has not pledged financial assets at fair value through other comprehensive income as collateral.
4. Please refer to Note 12(3) for the related fair value information.

(3) Financial assets measured at amortized cost

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Current Items:			
Time deposits with maturity of more than three months to less than one year	\$ 153,948	\$ 1,902	\$ 1,983
Time deposits pledged as collaterals	1,556	-	-
	<u>\$ 155,504</u>	<u>\$ 1,902</u>	<u>\$ 1,983</u>

Please refer to Note 8 for the financial assets measured at amortized cost pledge as collaterals.

(4) Accounts receivable

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Accounts receivables	\$ 446,957	\$ 366,453	\$ 479,822
Accounts receivables – related parties	91,457	54,239	11,135
	538,414	420,692	490,957
Less: loss allowances	(174)	(139)	(146)
Accounts receivables	<u>\$ 538,240</u>	<u>\$ 420,553</u>	<u>\$ 490,811</u>

1. The aging analysis of the Group's notes and accounts receivable and related credit risk information are described in Note 12(2).
2. The balances of accounts receivable and notes receivable as of September 30, 2024, December 31, 2023, and September 30, 2023 were all generated from customer contracts, and the balance of notes and accounts receivables from customer contracts as of January 1, 2023 was \$556,206.
3. Group does not hold any collateral for the accounts receivables as of September 30, 2024, December 31, 2023, and September 30, 2023.

(5) Inventories

<u>September 30, 2024</u>		
<u>Cost</u>	<u>Allowance for</u>	<u>Carrying amount</u>

		<u>valuation loss</u>	
Raw Materials	\$ 70,502	(\$ 2,756)	\$ 67,746
Work in process	60,226	(7,033)	53,193
Finished products	<u>45,453</u>	<u>(9,828)</u>	<u>35,625</u>
	<u>\$ 176,181</u>	<u>(\$ 19,617)</u>	<u>\$ 156,564</u>

December 31, 2023

	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Carrying amount</u>
Raw Materials	\$ 54,198	(\$ 3,254)	\$ 50,944
Work in process	20,320	(1,202)	19,118
Finished products	<u>79,282</u>	<u>(5,206)</u>	<u>74,075</u>
	<u>\$ 153,800</u>	<u>(\$ 9,662)</u>	<u>\$ 144,137</u>

September 30, 2023

	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Carrying amount</u>
Raw Materials	\$ 40,360	(\$ 3,753)	\$ 36,607
Work in process	49,545	(2,579)	46,966
Finished products	<u>57,741</u>	<u>(2,837)</u>	<u>54,904</u>
	<u>\$ 147,646</u>	<u>(\$ 9,169)</u>	<u>\$ 138,477</u>

1. None of the above inventories were pledged as collateral.
2. The cost of inventories recognized as expense in the current period was as follows:

	<u>For the three months ended September 30, 2024</u>	<u>For the three months ended September 30, 2023</u>
Cost of inventories sold	\$ 555,539	\$ 512,229
Loss on decline in value of inventories (gain on reversal)	<u>7,774</u>	<u>(2,838)</u>
	<u>\$ 563,313</u>	<u>\$ 509,391</u>

	<u>For the nine months ended September 30, 2024</u>	<u>For the nine months ended September 30, 2023</u>
Cost of inventories sold	\$ 1,518,276	\$ 1,470,744
Loss on decline in value of inventories (gain on reversal)	<u>(9,955)</u>	<u>(5,639)</u>
	<u>\$ 1,528,231</u>	<u>\$ 1,465,105</u>

The Group had a decrease in allowances for inventory valuation loss, which results in reversal benefit due to the destocking for the inventories that were previously recognized as a loss on

decline in value.

(Blank below)

(6) Property, plant and equipment
2024

	<u>Land</u>	<u>Buildings</u>	<u>Machinery equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Unfinished construction and equipment pending acceptance</u>	<u>Total</u>
January 1								
Cost	\$ 67,128	\$ 832,917	\$ 1,229,956	\$ 26,994	\$ 23,221	\$ 20,329	\$ 28,414	\$ 2,228,959
Accumulated depreciation	-	(278,841)	(999,751)	(19,323)	(21,123)	(9,771)	-	(1,328,809)
	<u>\$ 67,128</u>	<u>\$ 554,076</u>	<u>\$ 230,205</u>	<u>\$ 7,671</u>	<u>\$ 2,098</u>	<u>\$ 10,558</u>	<u>\$ 28,414</u>	<u>\$ 900,150</u>
January 1	\$ 67,128	\$ 554,076	\$ 230,205	\$ 7,671	\$ 2,098	\$ 10,558	\$ 28,414	\$ 900,150
Additions	-	10,408	29,926	1,307	831	531	102,741	145,744
Deposals	-	-	(32)	-	(16)	-	-	(48)
Reclassification	-	23,037	652	-	238	-	151,577	175,504
Depreciation expense	-	(23,313)	(49,966)	(1,866)	(897)	(1,789)	-	(77,831)
Net exchange difference	2,120	16,628	5,112	258	265	2,199	(2,122)	24,460
September 30	<u>\$ 69,248</u>	<u>\$ 580,836</u>	<u>\$ 215,897</u>	<u>\$ 7,370</u>	<u>\$ 2,519</u>	<u>\$ 11,499</u>	<u>\$ 280,610</u>	<u>\$ 1,167,979</u>
September 30								
Cost	\$ 69,248	\$ 882,990	\$ 1,265,614	\$ 28,559	\$ 24,539	\$ 23,059	\$ 280,610	\$ 2,574,619
Accumulated depreciation	-	(302,154)	(1,049,717)	(21,189)	(22,020)	(11,560)	-	(1,406,640)
	<u>\$ 69,248</u>	<u>\$ 580,836</u>	<u>\$ 215,897</u>	<u>\$ 7,370</u>	<u>\$ 2,519</u>	<u>\$ 11,499</u>	<u>\$ 280,610</u>	<u>\$ 1,167,979</u>

2023

	<u>Land</u>	<u>Buildings</u>	<u>Machinery equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Unfinished construction and equipment pending acceptance</u>	<u>Total</u>
January 1								
Cost	\$ 67,091	\$ 733,214	\$ 1,077,553	\$ 20,847	\$ 11,949	\$ 11,515	\$ 44,807	\$ 1,966,976
Accumulated depreciation and impairments	-	(178,213)	(834,395)	(17,813)	(9,994)	(8,000)	-	(1,048,415)
	<u>\$ 67,091</u>	<u>\$ 555,001</u>	<u>\$ 243,158</u>	<u>\$ 3,034</u>	<u>\$ 1,955</u>	<u>\$ 3,515</u>	<u>\$ 44,807</u>	<u>\$ 918,561</u>
January 1	\$ 67,091	\$ 555,001	\$ 243,158	\$ 3,034	\$ 1,955	\$ 3,515	\$ 44,807	\$ 918,561
Additions	-	21,213	34,631	7,162	2,276	3,413	-	68,695
Reclassification	-	21,131	29,623	-	-	3,460	(21,566)	32,648
Depreciation expense	-	(18,738)	(53,606)	(1,889)	(641)	(1,196)	-	(76,070)
Net exchange difference	<u>3,374</u>	<u>4,943</u>	<u>(2,931)</u>	<u>264</u>	<u>33</u>	<u>(633)</u>	<u>(1,110)</u>	<u>3,940</u>
September 30	<u>\$ 70,465</u>	<u>\$ 583,550</u>	<u>\$ 250,875</u>	<u>\$ 8,571</u>	<u>\$ 3,623</u>	<u>\$ 8,559</u>	<u>\$ 22,131</u>	<u>\$ 947,774</u>
September 30								
Cost	\$ 70,465	\$ 792,681	\$ 1,150,222	\$ 28,119	\$ 14,458	\$ 19,073	\$ 22,131	\$ 2,097,149
Accumulated depreciation and impairments	-	(209,131)	(899,347)	(19,548)	(10,835)	(10,514)	-	(1,149,375)
	<u>\$ 70,465</u>	<u>\$ 583,550</u>	<u>\$ 250,875</u>	<u>\$ 8,571</u>	<u>\$ 3,623</u>	<u>\$ 8,559</u>	<u>\$ 22,131</u>	<u>\$ 947,774</u>

1. For the nine months ended September 30, 2024 and 2023, the Group has not capitalized any interest, and all of them are for self-use.
2. Please refer to Note 8 for information on property, plant and equipment pledge as collaterals.

(7) Lease transaction - lessee

1. The underlying assets of the Group's leases include land use rights, buildings and structures, and transportation equipment. The lease agreements for buildings and transportation equipment are for periods ranging from 2 to 8 years, and the lease of land in Vietnam is for a 45 to 47 years prepaid land use right. The lease contracts are individually negotiated and contain various terms and conditions. The leased assets cannot be subleased, loaned, assigned, or otherwise used by others, or the lease rights transferred to others without the lessor's consent.
2. The carrying value of the right-of-use assets and the depreciation expense recognized were as follows:

	<u>Land Use Rights</u>	<u>Buildings and Structures</u>	<u>Transportation Equipment</u>	<u>Total</u>
January 1, 2024	\$ 11,607	\$ 162,563	\$ 3,041	\$ 177,211
Additions	-	-	2,775	2,775
Reclassifications	169,528	-	-	169,528
Lease modifications	-	(48,748)	-	(48,748)
Depreciation expense	(1,198)	(15,200)	(1,061)	(17,459)
Effect of exchange rate changes	1,839	(5,613)	-	(3,774)
September 30, 2024	<u>\$ 181,776</u>	<u>\$ 93,002</u>	<u>\$ 4,755</u>	<u>\$ 279,533</u>

	<u>Land Use Rights</u>	<u>Buildings and Structures</u>	<u>Transportation Equipment</u>	<u>Total</u>
January 1, 2023	\$ 12,429	\$ 178,069	\$ -	\$ 190,498
Additions	-	487	3,317	3,804
Depreciation expense	(316)	(18,089)	-	(18,405)
Effect of exchange rate changes	96	151	-	247
September 30, 2023	<u>\$ 12,209</u>	<u>\$ 160,618</u>	<u>\$ 3,317</u>	<u>\$ 176,144</u>

3. Information on the profit and loss items related to lease contracts is as follows:

	<u>For the three months ended September 30, 2024</u>	<u>For the three months ended September 30, 2023</u>
<u>Items affecting profit or loss for the period</u>		
Interest expense on lease liabilities	\$ 1,492	\$ 1,938
Lease payments for assets of low value	<u>235</u>	<u>85</u>
	<u>\$ 1,727</u>	<u>\$ 2,023</u>
	<u>For the nine months ended</u>	<u>For the nine months ended</u>

	<u>September 30, 2024</u>	<u>September 30, 2023</u>
<u>Items affecting profit or loss for the period</u>		
Interest expense on lease liabilities	\$ 4,850	\$ 5,978
Lease payments for assets of low value	<u>438</u>	<u>190</u>
	<u>\$ 5,288</u>	<u>\$ 6,168</u>

4. In addition to the cash outflow for lease related expenses mentioned in Note 6(7)(3) above, please refer to Note 6(29) for the Group's total cash outflow for principal repayment of lease liabilities for the nine months ended September 30, 2024 and 2023.
5. Please refer to Note 8 for information on right-of-use assets pledged as collaterals.

(8) Lease transaction - lessor

1. The underlying assets of the lease are the warehouses, and the lease term is 3 years. Lease contracts are negotiated individually and contain various terms and conditions. In order to guarantee the condition of assets, without the consent of lessor, the underlying assets of the leases shall not be sub-leased, lent, sold, or used by other parties in other ways, and the leasehold shall not be transferred to other parties.
2. Please refer to Note 6(21) for the rental income recognized based on operating lease contracts for the three months and nine months ended September 30, 2024 and 2023. There is no variable lease payment.
3. The maturity analysis of lease payments under operating lease is as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
2023	\$ -	\$ -	\$ 1,664
2024	1,638	1,141	1,059
2025	6,550	-	-
2026	6,550	-	-
2027	<u>1,092</u>	<u>-</u>	<u>-</u>
	<u>\$ 15,830</u>	<u>\$ 1,141</u>	<u>\$ 2,723</u>

(Blank below)

(9) Investment properties

	<u>2024</u>		<u>Buildings and structures</u>	<u>Total</u>
January 1				
Cost	\$ 3,185	\$	29,278	\$ 32,463
Accumulated depreciation	<u>-</u>	(	<u>2,665</u>)	(<u>2,665</u>)

	<u>\$</u>	<u>3,185</u>	<u>\$</u>	<u>26,613</u>	<u>\$</u>	<u>29,798</u>
January 1	\$	3,185	\$	26,613	\$	29,798
Depreciation expenses		-	(	458)	(	458)
Net exchange difference		100		846		946
September 30	<u>\$</u>	<u>3,285</u>	<u>\$</u>	<u>27,001</u>	<u>\$</u>	<u>30,286</u>
September 30						
Cost	\$	3,285	\$	30,124	\$	33,409
Accumulated depreciation		-	(	3,123)	(	3,123)
	<u>\$</u>	<u>3,285</u>	<u>\$</u>	<u>27,001</u>	<u>\$</u>	<u>30,286</u>

	<u>2023</u>			
	<u>Land</u>		<u>Buildings and structures</u>	<u>Total</u>
January 1				
Cost	\$	3,183	\$	28,919
Accumulated depreciation		-	(	1,735)
	<u>\$</u>	<u>3,183</u>	<u>\$</u>	<u>27,184</u>
January 1	\$	3,183	\$	27,184
Depreciation expenses		-	(	442)
Net exchange difference		161		1,347
September 30	<u>\$</u>	<u>3,344</u>	<u>\$</u>	<u>28,089</u>
September 30				
Cost	\$	3,344	\$	30,373
Accumulated depreciation		-	(	2,284)
	<u>\$</u>	<u>3,344</u>	<u>\$</u>	<u>28,089</u>

1. Rental income from investment properties and direct operating expenses:

	<u>For the three</u> <u>months ended</u> <u>September 30,</u> <u>2024</u>	<u>For the three</u> <u>months ended</u> <u>September 30,</u> <u>2023</u>
Rental income from investment properties	<u>\$</u> 2,868	<u>\$</u> 1,687
Direct operating expenses incurred on investment properties that generate rental income in the current period	<u>\$</u> 154	<u>\$</u> 151
	<u>For the nine</u> <u>months ended</u> <u>September 30,</u> <u>2024</u>	<u>For the nine</u> <u>months ended</u> <u>September 30,</u> <u>2023</u>
Rental income from investment properties	<u>\$</u> 9,717	<u>\$</u> 4,938
Direct operating expenses incurred on investment properties that generate rental income in the current period	<u>\$</u> 458	<u>\$</u> 442

2. The fair values of investment properties held by the Group as of September 30, 2024, December 31, 2023 and September 30, 2023 were \$34,147, \$33,089, and \$33,223 respectively. The fair values as of December 31, 2023 were entrusted independent appraisers to evaluate. The fair values as of September 30, 2024 and 2023 are evaluated by referring the independent appraisers' reports in the recent years by the management of the Group.
3. Please refer to Note 8 for the information on investment properties pledge as collaterals.

(10) Other non-current assets

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Prepayments for land use rights	\$ -	\$ 158,569	\$ 165,328
Prepayments for intangible assets	-	3,691	-
	<u>\$ -</u>	<u>\$ 162,260</u>	<u>\$ 165,328</u>

Other non-current assets – prepayments for land use right have been reclassified to right-of-use assets as the certificate of land use right in Vietnam has been acquired on July 8, 2024. Please refer to explanations in Note 6(7).

(11) Short-term borrowings

<u>Nature of loan</u>	<u>September 30, 2024</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank Loans			
Credit Loan	<u>\$ 189,427</u>	2.05%-5.40%	None
<u>Nature of loan</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank Loans			
Credit Loan	<u>\$ 119,800</u>	6.40%	None
<u>Nature of loan</u>	<u>September 30, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank Loans			
Credit Loan	<u>\$ 141,878</u>	6.15%-6.22%	None

Please refer to Note 6(23) for the interest expenses recognized in profit or loss.

(12) Other payables

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Salaries and bonuses payable	\$ 47,506	\$ 33,865	\$ 39,292
Compensation payable to employees and directors and supervisors	13,002	14,536	18,262
Payables for equipment	33,221	1,292	1,122
Service expenses payable	6,957	6,570	6,951
Other	54,247	39,745	23,294
	<u>\$ 154,933</u>	<u>\$ 96,008</u>	<u>\$ 88,921</u>

(13) Long-term borrowings

September 30, 2024: None.

December 31, 2023: None.

<u>Nature of loan</u>	<u>Loan Period and Repayment Method</u>	<u>Interest Rate Range</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Long-term bank loans Mega Bank	Interest is payable quarterly from July 30, 2020 to July 30, 2027, with principal repayment in installments beginning in the 13th month	6.86%	Please refer to Note 8 for details.	\$ 9,486
Less: Long-term borrowings due within one year or one business cycle				(9,486)
				<u>\$ -</u>

Please refer to Note 6(23) for the interest expenses recognized in profit or loss.

(14) Pension

1. Defined benefit plan

- 1) The Company's pension plan under the Labor Standards Law is a defined benefit pension plan administered by the government. Employees' pension payments are based on the average salary for the six months prior to the date of approved retirement. The Company contributes 2% of the employees' monthly salaries to the pension fund, which is deposited in the name of the Labor Pension Fund Supervisory Committee in a special account at the Bank of Taiwan. If the balance of the special account is not sufficient to pay the employees who are expected to meet the retirement requirements in the following year before the end of the year, the difference will be withdrawn in one lump sum by the end of March of the following year. The management of the account is entrusted to the Bureau of Labor Fund Application, Ministry of Labor, and the Consolidated Company has no right to influence the investment management strategy.
- 2) For the three months and nine months ended September 30, 2024 and 2023, the pension costs recognized based on the aforementioned pension plan are both \$0.
- 3) The amount that Group expects to contribute to the pension plan in 2025 is \$1,543.

2. Defined contribution plan

- 1) Effective July 1, 2005, the Company has established a defined contribution retirement plan under the Labor Pension Act, which is applicable to employees of the Company's nationality. The Company makes monthly contributions of 6% of salary to the employees' personal

accounts at the Labor Insurance Bureau for the employees who choose to be covered by the Labor Pension Act. The employees' pensions are paid in the form of monthly pensions or lump-sum pensions, depending on the amount of the employees' individual pension accounts and accumulated earnings.

- 2) The remaining overseas companies of the Group make monthly contributions to the pension fund at a certain percentage of the total salaries of the employees in accordance with the relevant regulations, and the Company has no further obligations other than making monthly contributions.
- 3) For the three months and nine months ended September 30, 2024 and 2023, the Group recognized pension costs of \$3,676, \$2,913, \$9,807, and \$9,085, respectively, based on the above pension plan.

(15) Share-based payments

1. The share-based payment agreements of the Group:

The issuance of restricted stock awards has been resolved by the special meeting of shareholders on October 26, 2022. The total number of shares issued is 2,000 thousand of shares, with par value of NT\$10. The total amount issued is \$20,000. The subscription price of employees is NT\$0 per share, and the actual date of issuance is authorized to be determined by the chairman. The restricted stock awards have been effective registration by the competent authorities on November 7, 2022, and have been resolved by the board of directors to issue (grant) 1,720 thousand of shares on November 14, 2022. The restricted stock awards are granted to the full-time employees of the Company.

<u>Type of agreement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Period</u>	<u>Vesting condition</u>
Restricted stock award	November 14, 2022	1,720 thousands of shares	3 years	Satisfaction of performance conditions (Note)

Note: After satisfaction of personal performance conditions and company's performance conditions, the highest vesting ratios for each year based on service conditions are as follows:

- 1) Serving for 1 year after the grant, 30% of the granted quantity ;
- 2) Serving for 2 years after the grant, 30% of the granted quantity ;
- 3) Serving for 3 years after the grant, 40% of the granted quantity.

2. The detailed information of the aforementioned share-based payment agreement

	2024		2023	
	Quantity	Weighted-average	Quantity	Weighted-average
	(thousands of shares)	exercise price (NTD)	(thousands of shares)	exercise price (NTD)
Outstanding restricted stock awards as of January 1	1,204		1,720	
Restricted stock awards cancelled in the current period	(532)	-	-	-
Restricted stock awards as of September 30	<u>672</u>		<u>1,720</u>	

3. The maturity date and the exercise price of outstanding stock options at the balance sheet date

			<u>September 30, 2024</u>	
			Number of shares	Exercise price
<u>Type of agreement</u>	<u>Grant date</u>	<u>Maturity date</u>	<u>(in thousands)</u>	<u>(NT\$)</u>
Restricted stock award	November 14, 2022	November 13, 2025	672	-

			<u>December 31, 2023</u>	
			Number of shares	Exercise price
<u>Type of agreement</u>	<u>Grant date</u>	<u>Maturity date</u>	<u>(in thousands)</u>	<u>(NT\$)</u>
Restricted stock award	November 14, 2022	November 13, 2025	1,204	-

			<u>September 30, 2023</u>	
			Number of shares	Exercise price
<u>Type of agreement</u>	<u>Grant date</u>	<u>Maturity date</u>	<u>(in thousands)</u>	<u>(NT\$)</u>
Restricted stock award	November 14, 2022	November 13, 2025	1,720	-

4. The information on the fair value of the share-based payments granted is as follows:

Type of agreement	Grant date	Stock price (NT\$)	Exercise price (NT\$)	Expected volatility	Expected duration	Expected dividends	Risk-free rate	Fair value per share (NT\$)
Restricted stock award	November 14, 2022	25.45	-	N/A	N/A	N/A	N/A	25.45

5. Relevant effect arising from share-based payment transactions

Salary expenses

The restricted stock award will be granted to employees the 30% portion after serving for 2 years after granted. As it is expected that performance conditions will not be satisfied in the second and the third year, the salary expenses recognized after the adjustments are as follows:

	<u>For the three months ended September 30, 2024</u>	<u>For the three months ended September 30, 2023</u>
Restricted stock award	<u>(\$ 9,266)</u>	<u>\$ 4,742</u>
	<u>For the nine months ended September 30, 2024</u>	<u>For the nine months ended September 30, 2023</u>
Restricted stock award	<u>(\$ 6,567)</u>	<u>\$ 13,264</u>

(16) Share Capital

- As of September 30, 2024, the Company has an authorized capital of \$1,500,000, divided into 150,000 thousand shares and a paid-in capital of \$782,864 with a par value of \$10 per share. The Company has received payment for all issued shares.

A reconciliation of the number of outstanding shares of the Company's common stock at the beginning and end of the period (in thousands) is as follows:

	<u>2024</u>	<u>2023</u>
<u>Share Capital</u>		
January 1	78,818	78,818
Cancellation of restricted stock award	<u>(532)</u>	<u>-</u>
September 30	<u>78,286</u>	<u>78,818</u>

- In order to attract and retain professionals required by the Company, the issuance of restricted stock awards has been resolved by the special meeting of shareholders on October 26, 2022, and the grant has been resolved by the board of directors on November 14, 2022. The total number of shares issued is 1,720 thousand of shares, with par value of NT\$10. The base date of the issuance of new shares is November 25, 2022. The vesting conditions are the satisfaction of both personal serving periods of granted employees and performance evaluation standards. If vesting conditions are not satisfied, the shares of the employees will be bought back entirely by the issuance price and cancelled. Concerning the second portion of the restricted awards (serving for 2 years after granted, 30% of the shares is granted) of 516 thousand of shares, as the performance condition of the Company is not fulfilled, the portion was withdrawn and cancelled in the first quarter in 2024.
- The Company has bought back 16 thousand of the granted restricted stock awards in the second season of 2024, which have been cancelled by the resolution of the board of directors on August 7, 2024. August 15, 2024 is the base date of the capital reduction. The capital reduction due to cancellation of restricted stock awards has been completed.

(17) Capital surplus

In accordance with the Company Law, capital surplus from the issuance of shares in excess of par value and capital surplus from gifts may be used to offset losses, and new shares or cash may be issued in proportion to the shareholders' original shares when the Company has no accumulated losses. In accordance with the Securities and Exchange Act, the total amount of the above capital surplus shall not exceed 10% of the paid-in capital each year. The Company may not use capital surplus to replenish capital unless there is a shortfall in capital surplus to cover capital deficit. The changes in capital surplus are as follows:

	<u>2024</u>				
	<u>Issue Premium</u>	<u>Treasury Stock Transactions</u>	<u>RSA</u>	<u>Other</u>	<u>Total</u>
January 1	\$ 623,055	\$ 53,673	\$ 5,470	\$ 143	\$ 682,341
Compensation costs of reversal of restricted stock award	-	-	(12,190)	-	(12,190)
September 30	<u>\$ 623,055</u>	<u>\$ 53,673</u>	<u>(\$ 6,720)</u>	<u>\$ 143</u>	<u>\$ 670,151</u>
	<u>2023</u>				
	<u>Issue Premium</u>	<u>Treasury Stock Transactions</u>	<u>RSA</u>	<u>Other</u>	<u>Total</u>
January 1	\$ 615,083	\$ 53,673	\$ 26,574	\$ 143	\$ 695,473
Compensation costs of restricted stock award	-	-	(13,132)	-	(13,132)
September 30	<u>\$ 615,083</u>	<u>\$ 53,673</u>	<u>\$ 13,442</u>	<u>\$ 143</u>	<u>\$ 682,341</u>

(18) Retained earnings

1. Earnings distribution regulated in the Articles of Incorporation

Based on the Company's Articles of Incorporation, the Company shall first offset accumulated losses, set aside a legal capital reserve at 10% of the profits left over, provided that no allocation of legal reserve is required if the accumulated legal reserve is equivalent to the total capital amount of the Company; and then set aside or reverse a special reserve in accordance with laws or regulations by the competent authorities. If there is still remaining balance, together with the accumulated unappropriated earnings in previous years and the adjustments to the unappropriated earnings in the current year, the Board of Directors shall propose a resolution, which shall be made by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors. Besides, according to Article 240, paragraph 5 of the Company Act, distributable dividends and bonuses in whole or in part may be paid in cash, and according to Article 241 of the Company Act, distributing the legal reserve and the capital reserve, in whole or in part in cash, must be reported during the shareholders' meeting.

2. The legal reserve shall not be used except for making good the deficit of the Company and being distributed by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash, for the portion in excess of 25% of the paid-in capital.
3. When distributing earnings, the Company is required by law to set aside a special reserve for the debit balance of other equity items as of the balance sheet date, and if the debit balance of other equity items is subsequently reversed, the reversed amount may be included

in available-for-distribution earnings.

4. Earnings distribution of the Company

The Company has held regular shareholders meeting on June 12, 2024 and June 13, 2023 to propose and approve the earnings distribution proposal for 2023 and 2022 as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Amount</u>	Dividend per share (\$)	<u>Amount</u>	Dividend per share (\$)
Provision of legal reserve	\$ 10,601		\$ 15,804	
Provision (reversal) of special reserve	44,103		(43,935)	
Cash dividends	<u>32,104</u>	0.41	<u>32,316</u>	0.41
	<u>\$ 86,808</u>		<u>\$ 4,185</u>	

(19) Operating revenue

1. Breakdown of contract customer revenue

The Group's revenues are derived from commodities that are transferred at a point in time and are subdivided into the following major business groups:

	<u>For the three months ended September 30, 2024</u>	<u>For the three months ended September 30, 2023</u>
Revenue from molds	\$ 20,815	\$ 119,027
Revenue from plastic molding	<u>656,121</u>	<u>499,133</u>
	<u>\$ 676,936</u>	<u>\$ 618,160</u>
	<u>For the nine months ended September 30, 2024</u>	<u>For the nine months ended September 30, 2023</u>
Revenue from molds	\$ 134,206	\$ 224,222
Revenue from plastic molding	<u>1,728,163</u>	<u>1,538,768</u>
	<u>\$ 1,862,369</u>	<u>\$ 1,762,990</u>

2. Contract Liabilities

- 1) The Company recognized contract liabilities related to revenue from customer contracts as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Contractual liabilities – sales of goods	<u>\$ 1,456</u>	<u>\$ 202</u>
	<u>September 30, 2023</u>	<u>January 1, 2023</u>
Contractual liabilities – sales of goods	<u>\$ 9,768</u>	<u>\$ 2,970</u>

- 2) The amounts of revenue recognized in the current period for the opening contract liabilities for the three months and nine months ended September 30, 2024 and 2023

were \$0, \$81, \$202, and \$2, 458, respectively.

(20) Interest income

	<u>For the three months ended September 30, 2024</u>	<u>For the three months ended September 30, 2023</u>
Bank Deposit Interest	\$ 910	\$ 337
Interest income on financial assets measured at amortized cost	1,632	-
	<u>\$ 2,542</u>	<u>\$ 337</u>
	<u>For the nine months ended September 30, 2024</u>	<u>For the nine months ended September 30, 2023</u>
Bank Deposit Interest	\$ 2,674	\$ 1,695
Interest income on financial assets measured at amortized cost	4,413	-
	<u>\$ 7,087</u>	<u>\$ 1,695</u>

(21) Other income

	<u>For the three months ended September 30, 2024</u>	<u>For the three months ended September 30, 2023</u>
Rental income	\$ 2,868	\$ 3,205
Others	2,718	1,597
	<u>\$ 5,586</u>	<u>\$ 4,802</u>
	<u>For the nine months ended September 30, 2024</u>	<u>For the nine months ended September 30, 2023</u>
Rental income	\$ 9,717	\$ 6,915
Dividends income	-	109
Others	4,016	3,291
	<u>\$ 13,733</u>	<u>\$ 10,315</u>

(22) Other gains and (losses)

	<u>For the three months ended September 30, 2024</u>	<u>For the three months ended September 30, 2023</u>
Gain (loss) on disposal of property, plant and equipment	(\$ 30)	\$ -
Net foreign currency exchange gains (losses)	(1,558)	25,993
Others	(886)	(295)
	<u>(\$ 2,474)</u>	<u>\$ 25,698</u>
	<u>For the nine months ended September 30,</u>	<u>For the nine months ended September 30,</u>

	<u>2024</u>	<u>2023</u>
Gain (loss) on disposal of property, plant and equipment	\$ 415	\$ 27
Net foreign currency exchange gains (losses)	20,894	33,482
Others	955	(657)
	<u>\$ 22,264</u>	<u>\$ 32,852</u>

(23) Financial costs

	<u>For the three months ended September 30, 2024</u>	<u>For the three months ended September 30, 2023</u>
Interest charges on bank loans	\$ 2,128	\$ 3,918
Interest expense on lease liabilities	1,492	1,938
	<u>\$ 3,620</u>	<u>\$ 5,856</u>
	<u>For the nine months ended September 30, 2024</u>	<u>For the nine months ended September 30, 2023</u>
Interest charges on bank loans	\$ 6,527	\$ 12,334
Interest expense on lease liabilities	4,850	5,978
	<u>\$ 11,377</u>	<u>\$ 18,312</u>

(24) Additional information on the nature of expenses

	<u>For the three months ended September 30, 2024</u>	<u>For the three months ended September 30, 2023</u>
Employee benefit expenses	\$ 128,958	\$ 119,381
Depreciation expense on property, plant and equipment	\$ 25,025	\$ 26,612
Depreciation of right-of-use assets	\$ 5,200	\$ 6,131
Depreciation expense on investment property	\$ 154	\$ 151
Amortization of intangible assets	\$ 1,594	\$ 1,449
	<u>For the nine months ended September 30, 2024</u>	<u>For the nine months ended September 30, 2023</u>
Employee benefit expenses	\$ 372,798	\$ 339,358
Depreciation expense on property, plant and equipment	\$ 77,831	\$ 76,070
Depreciation of right-of-use assets	\$ 17,459	\$ 18,405
Depreciation expense on investment property	\$ 458	\$ 442
Amortization of intangible assets	\$ 4,629	\$ 4,359

(25) Employee benefit expenses

	<u>For the three months ended September 30,</u>	<u>For the three months ended September 30,</u>
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	<u>2024</u>	<u>2023</u>
Salary expenses	\$ 102,790	\$ 97,070
Labor and health insurance expenses	12,556	10,875
Pension expenses	3,676	2,913
Directors' remuneration	1,897	1,942
Other employee benefit expenses	8,039	6,581
	<u>\$ 128,958</u>	<u>\$ 119,381</u>
	<u>For the nine months ended September 30, 2024</u>	<u>For the nine months ended September 30, 2023</u>
Salary expenses	\$ 300,419	\$ 273,925
Labor and health insurance expenses	35,656	32,280
Pension expenses	9,807	9,085
Directors' remuneration	5,373	4,399
Other employee benefit expenses	21,543	19,669
	<u>\$ 372,798</u>	<u>\$ 339,358</u>

1. In accordance with the Company's Articles of Incorporation, the Company shall appropriate not less than 1% and not more than 3% of the pre-tax income before employees' and directors' and supervisors' remuneration, respectively, of the Company for the current year, after retaining the amount to cover losses
2. For the three months and nine months ended September 30, 2024 and 2023, the accrued remunerations to employees amounted to \$1,536, \$3,601, \$6,847, and \$7,136, respectively, and the accrued remunerations to directors amounted to \$726, \$2,160, \$3,912, and \$4,281, respectively.
For the nine months ended September 30, 2024, the remunerations to employees and to directors are accrued based on the earnings performance at the ratio of 4.2%, and 2.4%, respectively.
The remunerations to employees to directors for 2023, resolved by the Board of Directors, amounted to \$7,136 and \$4,282, respectively, which were consistent with the amounts recognized in the financial statements for 2023. As of September 30, 2024, \$4,893, and \$4,282 have been paid in cash.
3. Information on the remuneration of employees and directors approved by the Board of Directors and resolved by the shareholders' meeting is available on the Market Observation Post System.

(26) Income Tax

1. Income tax expense
 - 1) Income tax expense components:

	<u>For the three months ended September 30, 2024</u>	<u>For the three months ended September 30, 2023</u>
Current income tax:		
Income taxes arising from current income	\$ 10,607	\$ 7,666
(Overestimation) Underestimation of prior years' income tax	<u>-</u>	<u>1,075</u>
Total current income tax	<u>10,607</u>	<u>8,741</u>
Deferred income tax:		
Origination and reversal of temporary differences	<u>9,325</u>	<u>22,206</u>
Income tax expense	<u>\$ 19,932</u>	<u>\$ 30,947</u>
	<u>For the nine months ended September 30, 2024</u>	<u>For the nine months ended September 30, 2023</u>
Current income tax:		
Income taxes arising from current income	\$ 36,004	\$ 27,650
Additional tax on unappropriated earnings	960	7,693
(Overestimation) Underestimation of prior years' income tax	<u>359</u>	<u>586</u>
Total current income tax	<u>37,323</u>	<u>35,929</u>
Deferred income tax:		
Origination and reversal of temporary differences	<u>29,725</u>	<u>34,758</u>
Income tax expense	<u>\$ 67,048</u>	<u>\$ 70,687</u>

2) Amount of income tax expense (benefit) related to other comprehensive income:

	<u>For the three months ended September 30, 2024</u>	<u>For the three months ended September 30, 2023</u>
Differences on translation of foreign operations	<u>\$ 1,385</u>	<u>\$ 5,465</u>
	<u>For the nine months ended September 30, 2024</u>	<u>For the nine months ended September 30, 2023</u>
Differences on translation of foreign operations	<u>\$ 15,919</u>	<u>\$ 10,094</u>

- 3) The Group has no income tax related to direct debit or credit interests for the nine months ended September 30, 2024 and 2023.
2. Except for companies established in SAMOA and Seychelles, which are exempt from income tax, the income tax return of the Company has been approved by the tax authorities of the R.O.C. until 2022, and all other companies have completed their income tax returns in accordance with local government regulations.

(27) Earnings per share

<u>For the three months ended September 30, 2024</u>			
	<u>Amount</u>	<u>Weighted average</u>	
	<u>after tax</u>	<u>Outstanding Number</u>	<u>EPS</u>
		<u>of shares</u>	<u>(NT\$)</u>
		<u>(in thousands)</u>	
<u>Basic EPS</u>			
Net income attributable to ordinary shareholders of the parent company	\$ 43,316	77,614	0.56
<u>Diluted EPS</u>			
Net income attributable to ordinary shareholders of the parent company for the period	\$ 43,316	77,614	
Effect of dilutive potential ordinary shares			
-Employee compensation	-	196	
-RSA	-	383	
Net income attributable to ordinary shareholders of the parent company for the period with the effect of dilutive potential ordinary shares	\$ 43,316	78,193	0.55
<u>For the three months ended September 30, 2023</u>			
	<u>Amount</u>	<u>Weighted average</u>	
	<u>after tax</u>	<u>Outstanding Number</u>	<u>EPS</u>
		<u>of shares</u>	<u>(NT\$)</u>
		<u>(in thousands)</u>	
<u>Basic EPS</u>			
Net income attributable to ordinary shareholders of the parent company	\$ 38,476	77,098	0.50
<u>Diluted EPS</u>			
Net income attributable to ordinary shareholders of the parent company for the period	\$ 38,476	77,098	
Effect of dilutive potential ordinary shares			
-Employee compensation	-	165	
-RSA	-	335	
Net income attributable to ordinary shareholders of the parent company for the period with the effect of dilutive potential ordinary shares	\$ 38,476	77,598	0.50

<u>For the nine months ended September 30, 2024</u>			
	<u>Amount</u>	<u>Weighted average</u>	
	<u>after tax</u>	<u>Outstanding Number</u>	<u>EPS</u>
		<u>of shares</u>	<u>(NT\$)</u>
		<u>(in thousands)</u>	
<u>Basic EPS</u>			
Net income attributable to ordinary shareholders of the parent company	<u>\$ 118,611</u>	<u>77,614</u>	<u>1.53</u>
<u>Diluted EPS</u>			
Net income attributable to ordinary shareholders of the parent company for the period	\$ 118,611	77,614	
Effect of dilutive potential ordinary shares			
-Employee compensation	-	342	
-RSA	-	560	
Net income attributable to ordinary shareholders of the parent company for the period with the effect of dilutive potential ordinary shares	<u>\$ 118,611</u>	<u>78,516</u>	<u>1.51</u>

<u>For the nine months ended September 30, 2023</u>			
	<u>Amount</u>	<u>Weighted average</u>	
	<u>after tax</u>	<u>Outstanding Number</u>	<u>EPS</u>
		<u>of shares</u>	<u>(NT\$)</u>
		<u>(in thousands)</u>	
<u>Basic EPS</u>			
Net income attributable to ordinary shareholders of the parent company	<u>\$ 80,279</u>	<u>77,098</u>	<u>1.04</u>
<u>Diluted EPS</u>			
Net income attributable to ordinary shareholders of the parent company for the period	\$ 80,279	77,098	
Effect of dilutive potential ordinary shares			
-Employee compensation	-	430	
-RSA	-	472	
Net income attributable to ordinary shareholders of the parent company for the period with the effect of dilutive potential ordinary shares	<u>\$ 80,279</u>	<u>78,000</u>	<u>1.03</u>

(28) Supplemental cash flow information

Investing activities that are only partially paid in cash:

	<u>For the nine months</u>	<u>For the nine months</u>
	<u>ended September 30,</u>	<u>ended September 30,</u>
	<u>2024</u>	<u>2023</u>
Acquisition of property, plant, and equipment	\$ 145,744	\$ 68,695
Add: Amount due to equipment at the beginning of the period	1,292	5,733

Less: Payable for equipment at the end of the period	(33,221)	(1,122)
Cash paid during the period	<u>\$ 113,815</u>	<u>\$ 73,306</u>

(29) Changes in liabilities arising from financing activities

	<u>Cash dividends payables</u>	<u>Short-term borrowings</u>	<u>Long-term borrowings (including current portion)</u>	<u>Guaranteed deposits received</u>	<u>Lease liabilities (current/non-current)</u>
January 1, 2024	\$ -	\$ 119,800	\$ -	\$ 5,069	\$ 174,141
Increase in short-term borrowings	-	1,036,631	-	-	-
Repayment of short-term borrowings	-	(974,352)	-	-	-
Decrease in guaranteed deposits received	-	-	-	(2,898)	-
Increase in lease liabilities	-	-	-	-	2,775
Decrease in lease liabilities	-	-	-	-	(48,748)
Repayment of lease principal	-	-	-	-	(14,921)
Cash dividends declared	32,104	-	-	-	-
Cash dividends paid	(32,104)	-	-	-	-
Effect of exchange rate	-	7,348	-	-	(1,145)
September 30, 2024	<u>\$ -</u>	<u>\$ 189,427</u>	<u>\$ -</u>	<u>\$ 2,171</u>	<u>\$ 112,102</u>
	<u>Cash dividends payables</u>	<u>Short-term borrowings</u>	<u>Long-term borrowings (including current portion)</u>	<u>Guaranteed deposits received</u>	<u>Lease liabilities (current/non-current)</u>
January 1, 2023	\$ -	\$ 159,806	\$ 138,967	\$ 1,012	\$ 186,256
Increase in short-term borrowings	-	1,058,144	-	-	-
Repayment of short-term borrowings	-	(1,080,677)	-	-	-
Repayment of long-term borrowings	-	-	(132,082)	-	-
Increase in guaranteed deposits received	-	-	-	1,236	-
Increase in lease liabilities	-	-	-	-	3,804
Repayment of lease principal	-	-	-	-	(14,853)
Cash dividends declared	32,316	-	-	-	-
Cash dividends paid	(32,316)	-	-	-	-
Effect of exchange rate	-	4,605	2,601	(90)	280
September 30, 2023	<u>\$ -</u>	<u>\$ 141,878</u>	<u>\$ 9,486</u>	<u>\$ 2,158</u>	<u>\$ 175,487</u>

7. RELATED PARTY TRANSACTIONS

(1) Name and relationship of related parties

<u>Name of Related Party</u>	<u>Relationship with our Group</u>
Luxshare Precision Industry Co., Ltd. and its subsidiaries (Luxshare Group)	Group with substantive control over the Group
Speed Tech Corporation (SPEED TECH)	Parent company of the Group
Dongguan Leader Precision Industry Co.,Ltd.(Dongguan Leader)	Fellow subsidiary
Speed Tech ICT Sdn Bhd (SPEED MALAYSIA)	Fellow subsidiary
Speedtech Intelligence Co., Ltd. (Speedtech Intelligence)	Fellow subsidiary
Guangzhou Luxvisions Innovation Technology Limited (Guangzhou Luxvisions)	Fellow subsidiary
Teleray Smart Technologies (Dongguan) Co. LTD(Teleray Smart Technologies)	Other related party
All directors, general managers and key management personnel, etc.	Key management and governance units of the Group

(2) Significant transactions with related parties

1. Sales transactions

1) Operating revenue

The Group sold goods to related parties as follows:

	<u>For the three months ended September 30, 2024</u>	<u>For the three months ended September 30, 2023</u>
Luxshare Group	\$ 47,707	\$ 3,704
SPEED TECH	3,550	6,325
Fellow subsidiaries	<u>13,872</u>	<u>270</u>
	<u>\$ 65,129</u>	<u>\$ 10,299</u>
	<u>For the nine months ended September 30, 2024</u>	<u>For the nine months ended September 30, 2023</u>
Luxshare Group	\$ 126,238	\$ 15,231
SPEED TECH	4,380	6,894
Fellow subsidiaries	<u>24,016</u>	<u>768</u>
	<u>\$ 154,634</u>	<u>\$ 22,893</u>

2) Accounts receivables

Accounts receivables arising from the aforementioned related party transactions are as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Luxshare Group	\$ 67,007	\$ 47,151	\$ 6,420
SPEED TECH	3,601	5,335	4,313
Fellow subsidiaries	<u>20,849</u>	<u>1,753</u>	<u>402</u>
	<u>\$ 91,457</u>	<u>\$ 54,239</u>	<u>\$ 11,135</u>

The prices of the Group's sales to related parties are determined in accordance with the Group's transfer pricing policy, and the items sold are different from those of non-related parties. In addition, the collection period from related parties is 90 to 120 days per month, which differs from that of non-related parties depending on the items sold and the delivery method.

2. Office lease transactions

1) Operating expenses

The depreciation and utility costs incurred by the Group in renting office space to related parties are as follows:

	<u>For the three months ended September 30, 2024</u>	<u>For the three months ended September 30, 2023</u>
SPEED TECH	<u>\$ 258</u>	<u>\$ 267</u>

	<u>For the nine months ended</u> <u>September 30, 2024</u>	<u>For the nine months ended</u> <u>September 30, 2023</u>
SPEED TECH	<u>\$ 738</u>	<u>\$ 742</u>

The rent for the above-mentioned office leasing transactions is set by agreement between the parties and is payable on a monthly basis.

2) Other payables

Other payables of the Group arising from the above related party transactions are as follows:

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
SPEED TECH	<u>\$ 97</u>	<u>\$ 95</u>	<u>\$ 104</u>

3) Lease liabilities

The Group leases office space for a term of 5 years at a rent agreed between the parties and the rent is paid on a monthly basis. The details of the Group's lease liabilities arising from the above related party transactions are as follows:

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
SPEED TECH	<u>\$ 1, 372</u>	<u>\$ 1,953</u>	<u>\$ 2,145</u>

4) Finance costs

Interest expense recognized for the Group's lease liabilities:

	<u>For the three months ended</u> <u>September 30, 2024</u>	<u>For the three months ended</u> <u>September 30, 2023</u>
SPEED TECH	<u>\$ 3</u>	<u>\$ 5</u>

	<u>For the nine months ended</u> <u>September 30, 2024</u>	<u>For the nine months ended</u> <u>September 30, 2023</u>
SPEED TECH	<u>\$ 11</u>	<u>\$ 16</u>

Interests for the nine months ended September 30, 2024 and 2023 are calculated at 0.86% per annum.

3. Transactions of Renting Plants

1) Other revenue

Details of rent income arising from renting plants to related parties are as follows:

	<u>For the three months ended September 30, 2024</u>	<u>For the three months ended September 30, 2023</u>
Fellow subsidiaries	\$ 85	\$ -
Other related parties	1,648	-
	<u>\$ 1,733</u>	<u>\$ -</u>
	<u>For the nine months ended September 30, 2024</u>	<u>For the nine months ended September 30, 2023</u>
Fellow subsidiaries	\$ 332	\$ 609
Other related parties	1,820	-
	<u>\$ 2,152</u>	<u>\$ 609</u>

Rents of the aforementioned renting plants are negotiated by both parties, and rents are collected monthly.

2) Other receivables

Details of other receivables arising from the aforementioned transactions are as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Fellow subsidiaries	\$ -	\$ 108	\$ 265

4. Other Transactions

1) Operating expenses

The details of operating expenses arising from miscellaneous purchases paid by the Group to related parties and parking expenses are as follows:

	<u>For the three months ended September 30, 2024</u>	<u>For the three months ended September 30, 2023</u>
SPEED TECH	<u>\$ 10</u>	<u>\$ 15</u>
	<u>For the nine months ended September 30, 2024</u>	<u>For the nine months ended September 30, 2023</u>
SPEED TECH	<u>\$ 39</u>	<u>\$ 36</u>

2) Other payables

As of September 30, 2024, December 31, 2023, and September 30, 2023, other payables arising from the aforementioned related party transactions amounted to \$0, \$0, and \$5, respectively.

3) Advance payment transactions/other receivables

Details of other receivables arising from other miscellaneous transactions and advance payment for related parties are as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Luxshare Group	\$ -	\$ -	\$ 81
Fellow subsidiaries	<u>1,820</u>	<u>1,514</u>	<u>1,950</u>
	<u>\$ 1,820</u>	<u>\$ 1,514</u>	<u>\$ 2,031</u>

(3) Key Management Compensation Information

	<u>For the three months ended September 30, 2024</u>	<u>For the three months ended September 30, 2023</u>
Short-term employee benefits	\$ 2,620	\$ 6,783
Share-based payments	<u>(1,035)</u>	<u>1,682</u>
	<u>\$ 1,585</u>	<u>\$ 8,465</u>
	<u>For the nine months ended September 30, 2024</u>	<u>For the nine months ended September 30, 2023</u>
Short-term employee benefits	\$ 11,336	\$ 12,746
Share-based payments	<u>-</u>	<u>5,046</u>
	<u>\$ 11,336</u>	<u>\$ 17,792</u>

8. PLEDGED ASSETS

Details of the assets pledged as collaterals are as follows:

<u>Asset items</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>	<u>Guarantee purposes</u>
Property, plant, and equipment-Land	\$ 69,248	\$ 67,128	\$ 70,465	Bank loans and endorsement and guarantee provided for subsidiaries
Property, plant and equipment-Building	193,743	191,589	202,219	"
Property, plant and equipment-Machinery equipment	11,153	14,696	16,956	"
Investment properties-Land	3,285	3,185	3,344	"
Right-of-use assets-Land	11,560	11,607	12,209	"
Financial assets at amortized cost-pledged time deposits	<u>1,556</u>	<u>-</u>	<u>-</u>	Guarantee for electricity
	<u>\$ 290,545</u>	<u>\$ 288,205</u>	<u>\$ 305,193</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

(1) Significant contingent liabilities

None.

(2) Significant unrecognized contractual commitments

1. Capital expenditures contracted for but not yet incurred

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Property, plant and equipment	\$ 138,657	\$ 12,115	\$ 14,690
Right-of-use assets - land	-	8,294	8,706
	<u>\$ 138,657</u>	<u>\$ 20,409</u>	<u>\$ 23,396</u>

2. As of September 30, 2024, December 31, 2023, and September 30, 2023 the Group's promissory notes for bank credit facilities amounted to \$880,512, \$857,202, and \$893,880, respectively.

3. The Group's endorsements and guarantees provided for other parties are as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Guarantee amount	<u>\$ 776,356</u>	<u>\$ 1,084,345</u>	<u>\$ 1,234,984</u>
Actual usage amount	<u>\$ 139,427</u>	<u>\$ 119,800</u>	<u>\$ 151,364</u>

10. SIGNIFICANT DISASTER LOSSES

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Capital Management

The Group's objectives in managing capital are to protect the Company's ability to continue as a going concern, to maintain stable liquidity of corporate companies, to reduce the cost of capital by adjusting the optimal capital structure, and to provide remuneration to shareholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Group monitors its capital by using a gearing ratio, which is calculated as total liabilities divided by total assets.

The Group's strategy for 2024 remains the same as for 2023. Please refer to the consolidated balance sheets for the debt ratios.

(2) Financial Instruments

1. Types of Financial Instruments

Please refer to Note 6 and the consolidated balance sheets for the information on the financial assets (cash and cash equivalent, financial assets at amortized cost-current, accounts receivables(including related parties), other receivables, financial assets at fair value through other comprehensive income-non-current and refundable deposits), financial liabilities(short-term borrowings, accounts payables, other payables, long-term borrowings (including the portion due within 1 year), and lease liabilities (current/non-current), and guaranteed deposits received).

2. Risk Management Policy

- 1) The Group's daily operations are subject to a number of financial risks, including market risk (including exchange rate risk, price risk and interest rate risk), credit risk, and liquidity risk.
- 2) Risk management is performed by the Group's Finance Department in accordance with policies approved by the management. The Group's Finance Department is responsible for identifying, assessing, and hedging financial risks by working closely with the various operating units within the Company. Management has written principles for overall risk management and also provides written policies for specific areas and issues, such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of surplus liquidity.

3. Nature and extent of significant financial risks

1) Market Risk

A. Exchange rate risk

- (A) The Group's operations involve certain non-functional currencies (the functional currencies of the Group and subsidiaries are NTD, CNY, USD, and VND) and are therefore subject to exchange rate fluctuations. Information on assets and liabilities denominated in foreign currencies with significant exchange rate fluctuation effects is as follows:

	<u>September 30, 2024</u>		
	<u>Foreign</u>		
	<u>currency</u>		<u>Carrying</u>
	<u>(in thousands)</u>	<u>Exchange rate</u>	<u>amount (NTD)</u>
(Foreign currency: Functional currency)			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD: NTD	9,898	31.6880	\$ 313,648
USD: CNY	2,123	7.0105	67,274

PHP: USD	37,316	0.0179	21,166
USD: VND	9,605	24,430	304,363
(Foreign currency: Functional currency)	<u>Foreign currency</u> (in thousands)	<u>Exchange rate</u>	<u>Carrying amount (NTD)</u>
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD: NTD	8,782	31.6880	\$ 278,284
USD: CNY	3,206	7.0105	101,592
PHP: USD	47,806	0.0179	27,116
USD: VND	5,061	24,430	160,373

<u>December 31, 2023</u>			
(Foreign currency: Functional currency)	<u>Foreign currency</u> (in thousands)	<u>Exchange rate</u>	<u>Carrying amount (NTD)</u>
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD: NTD	9,431	30.718	\$ 289,701
USD: CNY	1,835	7.108	56,368
PHP: USD	37,885	0.0180	20,916
USD: VND	18,585	24,235	570,894
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD: NTD	7,481	30.718	229,801
USD: CNY	3,047	7.108	93,598
PHP: USD	30,320	0.0180	215,499
USD: VND	4,548	24,235	139,705

<u>September 30, 2023</u>			
(Foreign currency: Functional currency)	<u>Foreign currency</u> (in thousands)	<u>Exchange rate</u>	<u>Carrying amount (NTD)</u>
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD: NTD	11,603	32.245	\$ 374,139
USD: CNY	2,884	7.301	92,559
PHP: USD	29,848	0.0176	16,977
USD: VND	17,442	24,384	562,417
<u>Financial Liabilities</u>			

<u>Monetary items</u>			
USD: NTD	7,660	32.245	246,997
USD: CNY	3,444	7.301	111,052
PHP: USD	31,783	0.0176	18,078
USD: VND	4,099	24,384	132,172

(B) Please refer to Note 6(22) for the aggregate amount of all exchange (losses) gains (including realized and unrealized) recognized for the three months and nine months ended September 30, 2024 and 2023 on the Group's monetary items that are materially affected by exchange rate fluctuations.

(C) The Group's exposure to foreign currency market risk due to significant exchange rate fluctuations is analyzed as follows:

For the nine months ended September 30, 2024

Sensitivity analysis

	<u>Variation</u>	<u>Effect on profit (loss)</u>	<u>Effect on other comprehensive income (loss)</u>
(Foreign currency: Functional currency)			

Financial Assets

Monetary items

USD: NTD	1%	\$ 3,136	\$ -
USD: CNY	1%	673	-
PHP: USD	1%	212	-
USD: VND	1%	3,044	-

Financial Liabilities

Monetary items

USD: NTD	1%	(2,783)	-
USD: CNY	1%	(1,016)	-
PHP: USD	1%	(271)	-
USD: VND	1%	(1,604)	-

For the nine months ended September 30, 2023

Sensitivity analysis

	<u>Variation</u>	<u>Effect on profit (loss)</u>	<u>Effect on other comprehensive income (loss)</u>
(Foreign currency: Functional currency)			

Financial Assets

Monetary items

USD: NTD	1%	\$ 3,741	\$ -
USD: CNY	1%	926	-
PHP: USD	1%	170	-
USD: VND	1%	5,624	-

Financial Liabilities

Monetary items

USD: NTD	1%	(	2,470)	-
USD: CNY	1%	(	1,111)	-
PHP: USD	1%	(	181)	-
USD: VND	1%	(	1,322)	-

B. Price risk

(A) The equity instruments to which the Group is exposed to price risk are financial assets held at fair value through profit or loss and financial assets at fair value through other comprehensive income. In order to manage the price risk of equity instruments, the Group diversifies its investment portfolio in accordance with the limits set by the Group.

(B) The Group invests primarily in equity instruments issued by domestic companies, and the prices of these instruments are affected by the uncertainty of the future value of the underlying investments. If the price of these instruments had increased or decreased by 1%, with all other factors held constant, the gain or loss on the equity instruments classified to be measured at fair value through other comprehensive income would increase or decrease by \$36 and \$33 for the nine months ended September 30, 2024 and 2023, respectively.

C. Cash flow and fair value interest rate risk

(A) The Group's interest rate risk arises primarily from long- and short-term loan issued at floating rates, which expose the Group to cash flow interest rate risk, partially offset by cash and cash equivalents held at floating rates. For the nine months ended September 30, 2024 and 2023, the Group's loans at floating rates are denominated in U.S. dollars.

(B) If loan interest rates had increased or decreased by 1%, with all other factors held constant, profit before tax for the nine months ended September 30, 2024 and 2023 would decrease or increase by \$1,421 and \$1,135, respectively, primarily due to changes in interest expenses as a result of loans with floating rates.

2) Credit Risk

A. The Group's credit risk is the risk of financial loss arising from the failure of customers or counterparties to financial instruments to meet their contractual obligations, mainly due to the failure of counterparties to settle notes and accounts receivable on collection terms.

B. The Group has established credit risk management from a corporate perspective. According to the internal credit policy, each operating entity and each new customer of the Group are required to manage and analyze the credit risk before setting the terms and conditions of payment and delivery. Internal risk control is

performed by considering the financial position, past experience, and other factors to assess the credit quality of customers. Individual risk limits are established by management based on internal or external ratings, and the use of credit limits is monitored regularly.

- C. The Group relies on historical collection experience to determine whether there is a significant increase in the credit risk of a financial instrument after initial recognition. A financial asset is considered to have a significant increase in credit risk after initial recognition when the contractual payment terms are more than 61 days past due.
- D. Based on the Group's historical collection experience, a default is deemed to have occurred when contractual payments are overdue for more than 181 days respectively in accordance with the contractual payment terms.
- E. The Group uses a simplified approach to estimate expected credit losses based on a provision matrix. Since the Group's credit loss history shows that there is no significant difference in loss patterns among different customer groups, the provision matrix does not further differentiate between customer groups and only sets the expected credit loss rate based on the number of days past due
- F. After recourse procedures, the Group write offs the amount of financial assets that cannot be reasonably expected to be recovered, but the Group will continue to pursue recourse legal procedures to preserve the rights of debts.
- G. The loss rate established based on historical and current information for a specific period to estimate the loss allowances for notes and accounts receivables by incorporating forward-looking considerations, and the provision matrix are as follows:

September 30, 2024	Not overdue	Overdue for 1-60 days	Overdue for 61-90 days	Overdue for 91-180 days	Overdue for over 181 days	Total
Expected loss rate	0.03%	0.06%	0.09%	0.03%-24.94%	100%	
Total amount of notes and accounts receivables	\$ 505,397	\$ 23,627	\$ 7,987	\$ 434	\$ 969	\$ 538,414
Loss allowances	\$ 168	\$ 5	\$ 1	\$ -	\$ -	\$ 174
December 31, 2023	Not overdue	Overdue for 1-60 days	Overdue for 61-90 days	Overdue for 91-180 days	Overdue for over 181 days	Total
Expected loss rate	0.03%	0.06%	0.09%	0.03-20.41%	100%	
Total amount of notes and accounts receivables	\$ 387,768	\$ 28,838	\$ 3,687	\$ 400	\$ -	\$ 420,693
Loss allowances	\$ 116	\$ 8	\$ 1	\$ 14	\$ -	\$ 139

September 30, 2023	Not overdue	Overdue for 1-60 days	Overdue for 61-90 days	Overdue for 91-180 days	Overdue for over 181 days	Total
Expected loss rate	0.03%	0.03%	0.03-0.04%	0.03-24.94%	100%	
Total amount of notes and accounts receivables	\$ 462,424	\$ 28,533	\$ -	\$ -	\$ -	\$ 490,957
Loss allowances	\$ 138	\$ 8	\$ -	\$ -	\$ -	\$ 146

The above is an aging analysis based on the number of days past due.

H. The table of changes in loss allowances by simplified approach is as follows:

	<u>2024</u>		<u>2023</u>	
January 1	\$	139	\$	185
Expected credit loss (gain)		33	(	41)
Exchange rate effect		<u>2</u>		<u>2</u>
September 30	<u>\$</u>	<u>174</u>	<u>\$</u>	<u>146</u>

3) Liquidity Risk

A. Cash flow forecasts are compiled by the Group's finance department. The Group's Finance Department monitors forecasts of the Company's liquidity requirements to ensure that it has sufficient funds to meet its operational needs and maintains sufficient unspent borrowing commitments at all times, considering the Company's debt financing plans, compliance with debt terms and compliance with internal balance sheet financial ratio targets.

B. Surplus cash held by each operating entity that exceeds the management requirements is transferred back to the Group Treasury. The finance department of the Group invest the surplus fund in time deposits, marketable securities, or other instrument in monetary market. The instruments selected shall be with appropriate maturity or sufficient liquidity, to respond to the aforementioned forecasts and provided sufficient fund position. As of September 30, 2024, December 31, 2023, and September 30, 2023, the above investments (excluding cash and cash equivalents) held by the Group amounted to \$159,153, \$6,394, and \$5,267 respectively, to generate immediate cash flows to manage liquidity risk.

C. The Group's unutilized borrowing facilities as of September 30, 2024, December 31, 2023, and September 30, 2023 are \$873,425, \$1,011,918, and \$911,144, respectively.

D. The Group's derivative financial liabilities and non-derivative financial liabilities are due within one year based on the remaining period from the balance sheet date to the contractual maturity date, except for those listed in the table below, and the contractual cash flow amounts disclosed are undiscounted amounts as follows:

<u>September 30, 2024</u>	<u>Within 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
<u>Non-derivative financial liabilities:</u>			
Lease liabilities (current/non-current)	\$ 24,172	\$ 103,152	\$ 127,324
<u>December 31, 2023</u>	<u>Within 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
<u>Non-derivative financial liabilities:</u>			
Lease liabilities (current/non-current)	\$ 33,265	\$ 164,604	\$ 197,869
<u>September 30, 2023</u>	<u>Within 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
<u>Non-derivative financial liabilities:</u>			
Lease liabilities (current/non-current)	\$ 28,814	\$ 175,506	\$ 204,320
Long-term borrowings (including current portion)	11,400	-	11,400

(3) Fair Value

1. The levels of valuation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that are available to the enterprise at the measurement date. An active market is one in which transactions in assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Direct or indirect observable inputs of assets or liabilities, excluding those included in the quoted prices in Level 1

Level 3: Unobservable inputs of assets or liabilities

2. Please refer to Note 6(9) for the fair value of investment properties measured at cost.

3. Financial instruments that are not measured at fair value

The carrying amounts of the Group's financial instruments not measured at fair value, including cash and cash equivalents, financial assets carried at amortized cost - current, accounts receivables, net, other receivables, refundable deposits, short-term borrowings, accounts payables, other payables, lease liabilities - current, long-term borrowings (including current portion), lease liabilities (current/non-current), and guaranteed deposits received, are the reasonable approximation of fair value.

4. The Group classifies financial and non-financial instruments measured at fair value on the basis of the nature, characteristics and risks of the assets and liabilities and the fair value hierarchy, and the related information is as follows:

- 1) Information on assets classified by nature is as follows:

<u>September 30, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fair value on a recurring basis				
Financial assets at fair value through other comprehensive income				
-Equity securities	\$ -	\$ -	\$ 3,649	\$ 3,649
<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fair value on a recurring basis				
Financial assets at fair value through other comprehensive income				
-Equity securities	\$ -	\$ -	\$ 4,492	\$ 4,492

<u>September 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fair value on a recurring basis				
Financial assets at fair value through other comprehensive income				
-Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,284</u>	<u>\$ 3,284</u>

- 2) The methods and assumptions used by the Group to measure fair value are described below:

Level 3 Fair Value Measurement Valuation Techniques and Inputs

Types of Financial

Instruments

Investment in domestic unlisted stocks

Evaluation techniques and inputs

Asset-based method: Based on the balance sheet of the appraised company, the value of the appraised company is determined by the value of appraised company's assets and liabilities evaluated.

5. There are no transfers between Level 1 and Level 2 for the nine months ended September 30, 2024 and 2023.
6. The following table shows the changed in Level 3:

	<u>2024</u>	<u>2023</u>
	<u>Non-derivative equity instruments</u>	<u>Non-derivative equity instruments</u>
January 1	\$ 4,492	\$ 3,108
Recognized in other comprehensive income (loss)	(843)	176
September 30	<u>\$ 3,649</u>	<u>\$ 3,284</u>

7. The Group's valuation process for fair value classification in Level 3 involves the finance department conducting independent fair value verification of financial instruments, using independent sources of information to approximate market conditions, confirming that the sources of information are independent, reliable, consistent with other sources and representative of executable prices, regularly calibrating the valuation models, performing back testing, updating input values and information required for the valuation models, and any other necessary fair value adjustments to ensure that the valuation results are reasonable.
8. The quantitative information of significant unobservable inputs used in the valuation model of level 3 fair value measurement and the sensitivity analysis to the changes in significant unobservable inputs are as follows:

<u>September 30, 2024 Fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Interval (weighted average)</u>	<u>Relationship between the inputs and fair value</u>
Non-derivative equity instruments:				

Stock of unlisted companies	\$	3,649	Net asset value method	N/A	-	N/A
			<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Interval (weighted average)</u>	<u>Relationship between the inputs and fair value</u>
<u>December 31, 2023</u> Fair value						
Non-derivative equity instruments:						
Stock of unlisted companies	\$	4,492	Net asset value method	N/A	-	N/A
			<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Interval (weighted average)</u>	<u>Relationship between the inputs and fair value</u>
<u>September 30, 2023</u> Fair value						
Non-derivative equity instruments:						
Stock of unlisted companies	\$	3,284	Net asset value method	N/A	-	N/A

9. The Group carefully evaluates the valuation models and valuation parameters selected by the Group, but different valuation models or valuation parameters may lead to different valuation results. For financial assets classified as Level 3, a 0.1% increase or decrease in net assets would have no material impact on the Group's other comprehensive income (loss).

13. OTHER DISCLOSURES

(1) Significant Transaction Information

1. Loaning funds to others: Please refer to Exhibit 1.
2. Endorsement and guarantee for others: Please refer to Exhibit 2 (attached).
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliated companies and joint ventures): Please refer to Exhibit 3 (attached).
4. Cumulative purchases or sales of marketable securities amounting to at least NT\$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate at prices of at least NT\$300 million or 20% of the paid-in capital: Please refer to Exhibit 4 (attached).
6. Disposal of real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None.
7. Purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital: Please refer to Exhibit 5 (attached).
8. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: None.
9. Derivative transactions: None.
10. Business relationships and significant transactions between the Parent Company and its subsidiaries: Please refer to Exhibit 6 (attached).

(2) Transfers of investment business information

Name of investee company, location, and other related information (excluding Mainland China investee company): Please refer to Exhibit 7.

(3) Mainland Investment Information

1. Basic information: Please refer to Exhibit 8 (attached).

2. Significant transactions directly or indirectly between the third-party business and the investee company in Mainland China: Please refer to Note 13(1)10.

(4) Information on major shareholders

Please refer to the Exhibit 9.

14. SEGMENT INFORMATION

(1) General Information

The Group's management has identified reportable segments based on the reporting information used to make decisions, to allocate resources and to measure the performance of the segment, with emphasis on the type of product or service delivered or provided. The Group's reportable segments are as follows:

Molds

Plastic molding

(2) Measurement of Segment Information

The accounting policies of the Group's operating segments are the same as those described in the summary of significant accounting policies in Note 4 to the consolidated financial statements. The Group's operating decision makers evaluate the performance of each operating segment based on net operating profit or loss.

(3) Segment Information

Information on reportable departments provided to the chief operating decision maker is as follows:

<u>For the nine months ended</u>			<u>Reconciliation and</u>	
<u>September 30, 2024</u>	<u>Mold</u>	<u>Plastic molding</u>	<u>Write off</u>	<u>Total</u>
External Revenue	\$ 134,206	\$ 1,728,163	\$ -	\$ 1,862,369
Internal segment revenue	105,106	481,420	(586,526)	-
Segment revenue	<u>\$ 239,312</u>	<u>\$ 2,209,583</u>	<u>(\$ 586,526)</u>	<u>\$ 1,862,369</u>
Segment profit (loss)	<u>(\$ 27,853)</u>	<u>\$ 181,805</u>	<u>-</u>	<u>\$ 153,952</u>
Segment profit (loss) includes:				
Depreciation and amortization	<u>(\$ 7,233)</u>	<u>(\$ 93,144)</u>	<u>\$ -</u>	<u>(\$ 100,377)</u>

<u>For the nine months ended</u>			<u>Reconciliation and</u>	
<u>September 30, 2023</u>	<u>Mold</u>	<u>Plastic molding</u>	<u>Write off</u>	<u>Total</u>

External Revenue	\$ 224,222	\$ 1,538,768	\$ -	\$ 1,762,990
Internal segment revenue	<u>125,101</u>	<u>418,946</u>	<u>(544,047)</u>	<u>-</u>
Segment revenue	<u>\$ 349,323</u>	<u>\$ 1,957,714</u>	<u>(\$ 544,047)</u>	<u>\$ 1,762,990</u>
Segment profit (loss)	<u>\$ 11,283</u>	<u>\$ 113,133</u>	<u>\$ -</u>	<u>\$ 124,416</u>
Segment profit (loss) includes:				
Depreciation and amortization	<u>(\$ 15,297)</u>	<u>(\$ 83,979)</u>	<u>\$ -</u>	<u>(\$ 99,276)</u>

(4) Reconciliation of segment profit and loss

Inter-segment sales are accounted for on a fair-trade basis. External revenue reported to the chief operating decision maker is measured in a manner consistent with revenue in the consolidated statements of income.

A reconciliation of segment income to income before income taxes and the continuing operation department is as follows:

	<u>For the nine months ended</u> <u>September 30, 2024</u>	<u>For the nine months ended</u> <u>September 30, 2023</u>
Segment profit (loss)	\$ 153,952	\$ 124,416
Interest income	7,087	1,695
Other income	13,733	10,315
Other gains and (losses)	22,264	32,852
Financial costs	<u>(11,377)</u>	<u>(18,312)</u>
Profit (loss) before tax from continuing operations	<u>\$ 185,659</u>	<u>\$ 150,966</u>

TaiHan Precision Technology Co., Limited and subsidiaries

Loaning funds to others

For the nine months ended September 30, 2024

Exhibit 1

Unit: NT\$1,000,000
(Unless otherwise specified)

No.	Loan funds company	Lender	Past items	Is a related party	Current Maximum Amount	End of year balance	Actual expenditure Amount	Interest Rate Range	Nature of Funding Loan	Business Transaction amount	There are reasons why short-term financing funds are necessary	Allowance Amount of loss	Collateral Name	Value	The limit for individual target funds lending	Funding Loan and Total Limit
0	The Company	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	Other receivables related parties	Yes	\$ 65,629	\$ 63,376	\$ -	-	Those who have the need for short-term financing funds	\$ -	Operational Turnaround	\$ -	\$ -	\$ -	\$ 764,907	\$ 764,907
0	The Company	YONGHAN PRECISION TECHNOLOGY CO., LTD.	Other receivables related parties	Yes	295,614	285,192	-	-	Those who have the need for short-term financing funds	-	Operational Turnaround	-	-	-	764,907	764,907
1	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHAN MOLD PRODUCTS (DONGGUAN)	Other receivables related parties	Yes	180,653	174,284	79,220	-	Those who have the need for short-term financing funds	-	Operational Turnaround	-	-	-	817,458	817,458
1	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	Other receivables related parties	Yes	32,846	31,688	-	-	Those who have the need for short-term financing funds	-	Operational Turnaround	-	-	-	817,458	817,458
1	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHANLAND (PHILIPPINES) INC.	Other receivables related parties	Yes	131,384	126,752	63,376	-	Those who have the need for short-term financing funds	-	Operational Turnaround	-	-	-	817,458	817,458

Note 1: The total amount of the Company's capital loans shall not exceed 50% of the net value of the Company's most recent accountants' report.

Note 2: If the Company engages in the lending of funds for short-term financing purposes, the total amount of funds lent shall not exceed 40% of the Company's latest accountants' net worth. The amount of individual loans shall not exceed 10% of the net value of the Company's most recent accountants' net worth. The amount of individual loans shall not exceed 10% of the net value of the Company's latest audited financial statements and shall not exceed 40% of the Company's net worth if the loans are made to the Company's subsidiaries (including indirectly reinvested subsidiaries).

Note 3: If TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD. engages in the lending of funds for short-term financing purposes, the total amount of funds lent and the amount of individual funds lent shall not exceed 40% and 20% of the net value of the most recent audited financial statements of TAIHAN PRECISION TECHNOLOGY (SAMOA) CO. If the borrower is the subsidiary which the Company holds directly or indirectly 100% of the voting shares, the total amount of funds lent and the amount of individual funds lent shall not exceed 40% and 40% of the net value of the most recent audited financial statements of TAIHAN PRECISION TECHNOLOGY (SAMOA) CO. The audited net worth of TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD. for the nine months ended September 30, 2024 amounted to \$2,043,644.

Note 4: The above transactions are related party transactions that have been eliminated in the consolidated financial statements.

TaiHan Precision Technology Co., Limited and subsidiaries
Endorsement for others
For the nine months ended September 30, 2024

Unit: NT\$1,000,000
(Unless otherwise specified)

Exhibit 2

No.	Endorser	Endorsed by the guarantee		Relationship	Endorsement guarantee limit for a single enterprise	Amount of endorsement guarantee by property guarantee		Ratio of accumulated endorsement guarantee to net worth of the most recent financial statements		Endorsement Guarantee Maximum Limit		Parent company endorsement of subsidiary	Subsidiary endorsement of parent company	Endorsement guarantee for mainland China
		Company Name	Company Name			Current Maximum Endorsement Guarantee Balance	The End-of-Term Endorsement Guaranteed Balance	Actual expenditure amount		(Note 3)				
(Note 1)		Company Name	Company Name	(Note 2)	(Note 3)									
0	The Company	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.		(2)	\$ 956,134	\$ 197,076	\$ 190,128	\$ -	\$ -	10%	\$ 1,912,268	Y	N	N
0	The Company	YONGHAN PRECISION TECHNOLOGY CO., LTD.		(2)	956,134	180,653	174,284	-	-	9%	1,912,268	Y	N	N
0	The Company	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.		(2)	956,134	536,690	380,256	139,427	-	20%	1,912,268	Y	N	N
0	The Company	TaiHan Mold Products (Dongguan) Co., Ltd.		(2)	956,134	65,629	31,688	-	-	2%	1,912,268	Y	N	Y
1	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	TAIHANLAND (PHILIPPINES) INC.		(4)	498,074	75,768	-	-	-	0%	498,074	N	N	N
2	TAIHANLAND (PHILIPPINES) INC.	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.		(4)	383,541	75,768	-	-	-	0%	383,541	N	N	N

Note 1: The description of the number column is as follows.

(1) The issuer is entered as 0.

(2) The investee companies are numbered in order by company, starting from the Arabic numeral 1.

Note 2: There are 7 types of relationships between the guarantor and the target of the endorsement, and the types can be indicated as follows

(1) Companies with business dealings.

(2) Companies in which the company directly or indirectly holds more than 50% of the voting shares.

(3) Companies in which more than 50% of the voting shares are directly or indirectly held by the company.

(4) Companies in which the Company directly or indirectly holds more than 90% of the voting shares.

(5) A company that is mutually insured under a contract between peers or co-founders for the purpose of contracting for work.

(6) A company whose joint investment is guaranteed by all contributing shareholders in proportion to their shareholdings.

(7) Intercompany guarantees for the performance of contracts for the sale of pre-sale properties in accordance with the Consumer Protection Act.

Note 3: The total amount of endorsements and guarantees provided by the Company shall not exceed 100% of the net worth of the Company's financial statements attested by CPA in the most recent period. The accumulated amount of endorsements and guarantees provided for a single entity shall not exceed 25% of the net worth of the Company's financial statements attested by CPA in the most recent period. If the endorsee or guarantee is the Company's subsidiary (including sub-subsidiary), the amount of endorsements and guarantees provided by the Company shall not exceed 50% of the net worth of the Company's financial statements attested by CPA in the most recent period.

Note 4: The total amount of endorsements and guarantees provided by TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC. shall not exceed 100% of the net worth of TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.'s financial statements attested by CPA in the most recent period. The accumulated amount of endorsements and guarantees provided for a single entity shall not exceed 25% of the net worth of TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.'s financial statements attested by CPA in the most recent period. If the endorsee or guarantee and endorser or guarantor are subsidiaries which the Company holds directly or indirectly 100% of the voting shares, the amount of endorsements and guarantees shall not exceed 100% of the net worth of the guarantor's financial statements attested by CPA in the most recent period. The net worth of TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC. for the nine months ended September 30, 2024 amounted to \$498,074.

Note 5: The total amount of endorsements and guarantees provided by TAIHANLAND (PHILIPPINES) INC. shall not exceed 100% of the net worth of TAIHANLAND (PHILIPPINES) INC.'s financial statements attested by CPA in the most recent period. The accumulated amount of endorsements and guarantees provided for a single entity shall not exceed 25% of the net worth of TAIHANLAND (PHILIPPINES) INC.'s financial statements attested by CPA in the most recent period. If the endorsee or guarantee and endorser or guarantor are subsidiaries which the Company holds directly or indirectly 100% of the voting shares, the amount of endorsements and guarantees shall not exceed 100% of the net worth of the guarantor's financial statements attested by CPA in the most recent period. The net worth of TAIHANLAND (PHILIPPINES) INC. for nine months ended September 30, 2024 amounted to \$383,541.

Note 6: The exchange rates used for the translation of endorsement are based on the resolution by the board of directors.

TaiHan Precision Technology Co., Limited and subsidiaries
Marketable securities held at the end of the period
September 30, 2024

Exhibit 3

Unit: NT\$1,000
(Unless otherwise specified)

<u>Company held</u>	<u>Types and names of securities</u>	<u>Relationship with the issuer of marketable securities</u>	<u>Billing Subjects</u>	<u>Number of shares</u>	<u>Carrying amount</u>	<u>End of period Percentage of ownership</u>	<u>Fair Value</u>	<u>Remark</u>
Our Company	Ordinary shares of non-listed counterparties - Asia Pacific Emerging Industry Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - non-current	234	\$ 3,649	0.56% \$	3,649	-

Note: The percentage of ownership is calculated based on the total number of shares issued by the investee.

TaiHan Precision Technology Co., Limited and subsidiaries
Acquisition of real estate at prices of at least NT\$300 million or 20% of the paid-in capital

For the nine months ended September 30, 2024

Exhibit 4

Unit: NT\$1,000
(Unless otherwise specified)

If the counterparty is the related party, the details of former transfer													
<u>Acquiring Company</u>	<u>Name of the property</u>	<u>Date of occurrence</u>	<u>Transaction amount</u>	<u>Payment condition</u>	<u>Counterparty</u>	<u>Relationship</u>	<u>Owner</u>	<u>Relationship with the issuer</u>	<u>Date of transfer</u>	<u>Amount</u>	<u>Reference for price determination</u>	<u>Puupose and usage</u>	<u>Other agreements</u>
YONGHAN PRECISION TECHNOLOGY CO., LTD.	Plant expansion construction in Phuc Dien industrial zone, Tinh Hai Duong	113.7.8	\$ 353,043	\$ 277,996	SHENG YU CONSTRUCTION	-	-	-	-	\$ -	Resolution by board of directors	As plant for future operation	None

TaiHan Precision Technology Co., Limited and subsidiaries
Purchase or sale of goods with related parties amounting to at least NT\$100 million or 20 percent of the paid-in capital
For the nine months ended September 30, 2024

Unit: NT\$1,000
(Unless otherwise specified)

Exhibit 5

<u>Transaction Details</u>										<u>Notes receivable (paid) and accounts payable</u>		Remark
<u>Company of purchase (sales)</u>	<u>Counterparty Name</u>	<u>Relationship</u>	<u>Purchase (Sales)</u>	<u>Amount</u>	<u>Percentage of total imports (sales)</u>	<u>Credit Period</u>	<u>Unit price</u>	<u>Credit Period</u>	<u>Balance</u>	<u>Percentage of total notes and accounts receivable (payable)</u>	<u>(Note)</u>	
The Company	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	Sub-subsidiary	Purchase	\$ 438,805	77%	120 days	According to Our Company's transfer pricing policy system	No significant differences	(\$ 101,928)	(68%)		
TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	The Company	The Company	(Sales)	(438,805)	(58%)	120 days	According to Our Company's transfer pricing policy system	No significant differences	101,928	53%		

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

TaiHan Precision Technology Co., Limited and subsidiaries
Business relationships and significant transactions between the Parent Company and its subsidiaries and their respective subsidiaries and amounts
For the nine months ended September 30, 2024

Exhibit 6

Unit: NT\$1,000
(Unless otherwise specified)

						Transaction history	
No. (Note 1)	Name of the trader	Trading partners	Relationship with the counterparty (Note 2)	Account	Amount	Terms of Trade	As a percentage of consolidated total revenue or Total assets (Note 3)
0	The Company	TaiHan Mold Products (Dongguan) Co., Ltd.	1	Ooperating costs	\$ 95,627	According to the Company's transfer pricing policy system According to the Company's transfer pricing policy system Credit on 120 days	5.13%
0	The Company	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	1	Ooperating costs	438,805		23.56%
0	The Company	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	1	Accounts payables	101,928		3.56%
0	The Company	TaiHan Mold Products (Dongguan) Co., Ltd.	1	Accounts payables	35,090	Credit on 120 days	1.22%
3	TaiHan Mold Products (Dongguan) Co., Ltd.	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	3	Operating costs	49,628	According to the Company's transfer pricing policy system	2.66%
3	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TaiHan Mold Products (Dongguan) Co., Ltd	3	Other receivables	79,220	Please refer to Exhibit 1.	2.76%
3	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHANLAND (PHILIPPINES) INC.	3	Other receivables	63,376	Please refer to Exhibit 1.	2.21%
3	TAIHANLAND (PHILIPPINES) INC.	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	3	Rental income	26,492	-	1.42%
3	TAIHANLAND (PHILIPPINES) INC.	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	3	Other receivables	2,918	-	0.10%

Note 1: Information on business transactions between the parent company and subsidiaries should be indicated in the numbered column respectively, and the numbers should be completed as follows.

(1). Enter 0 for the parent company.

(2). The subsidiaries are numbered by company, starting with the Arabic numeral 1.

Note 2: There are three types of relationships with the counterparties as follows. For example, if the parent company has disclosed the transaction with the subsidiary, the subsidiary does not need to disclose the transaction repeatedly.

For subsidiary-to-subsidiary transactions, if one subsidiary has already disclosed the transaction, the other subsidiary does not need to disclose it repeatedly).

(1). Parent to subsidiary.

(2). Subsidiary to parent company.

(3). Subsidiaries to subsidiaries.

Note 3: The ratio of transaction amount to consolidated total revenue or total assets is calculated as the ending balance to consolidated total assets in the case of assets and liabilities, or as the cumulative amount to consolidated total revenue in the case of profit or loss.

Note 4: The ratio of inter-parent-subsidiary business relationships and significant transactions is only disclosed if the ratio reaches 1% or more of the consolidated total revenue or total assets.

Note 5: Please refer to Exhibit 1 and 2 for fund financing and endorsement and guarantees between the parent company and subsidiaries and among subsidiaries.

TaiHan Precision Technology Co., Limited and subsidiaries
Name of investee company, location and other related information (excluding Mainland China investee company)
For the nine months ended September 30, 2024

Exhibit 6

Unit: NT\$1,000
(Unless otherwise specified)

Name of Investment Company	Name of investee company	Location	Main Business Items	End of the period	Original investment amount		Held at end of period		(Loss) income of investees for the period	Investment income (loss) recognized in the period	Remark
					End of last year	Number of shares	%	Carrying amount			
The Company	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	Samoa	Professional Investment Business	\$ 1,203,162	\$ 1,203,162	35,789,761	100%	\$ 2,043,644	\$ 188,557	\$ 176,341	
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHAN HOLDING (SAMOA) CO., LTD.	Samoa	Professional Investment Business	501,558	501,558	14,299,664	100%	48,595 (	15,726)	-	Note
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	YONGHAN HOLDING (SAMOA) CO., LTD.	Samoa	Professional Investment Business	321,162	321,162	10,023,632	100%	1,095,209	103,075	-	Note
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHAN HOLDING PHILIPPINES CO., LTD.	Seychelles	Professional Investment Business	693,657	680,849	22,989,000	100%	893,095	106,192	-	Note
YONGHAN HOLDING (SAMOA) CO., LTD.	YONGHAN PRECISION TECHNOLOGY CO., LTD.	Vietnam	Production and sales of various precision molds and plastic plastic products, etc.	320,391	320,391	-	100%	1,095,192	103,074	-	Note
TAIHAN HOLDING PHILIPPINES CO., LTD.	TAIHANLAND (PHILIPPINES) INC.	Philippines	Holding the production base of Land and plant	308,755	308,755	-	100%	383,541	17,838	-	Note
TAIHAN HOLDING PHILIPPINES CO., LTD.	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	Philippines	Production and sales of various precision molds and plastic plastic products, etc.	319,567	319,567	-	100%	498,074	94,401	-	Note

Note: As the gains or losses on investees of the subsidiaries directly invested by the Company have been recognized by each investor company, the information is not disclosed.

TaiHan Precision Technology Co., Limited and subsidiaries
Mainland China Investment Information - Basic Information
For the nine months ended September 30, 2024

Exhibit 7

Unit: NT\$1,000
(Unless otherwise specified)

			Investment Method	Accumulated investment amount remitted from Taiwan at the beginning of the period	Amount of investments remitted or recovered during the period	Accumulated investment amount remitted from Taiwan at the end of the period	(Loss) income of investees for the period	Shareholding of our Company's direct or indirect investments	Investment (loss) recognized during the period	Carrying amount of investments at the end of the period	As at the end of the period	Investment income remitted	Remark
<u>Name of Mainland China investee company</u>	<u>Main Business Items</u>	<u>Paid-in capital</u>	<u>(Note 1)</u>		<u>Remittance</u>	<u>Retrieval</u>							
TaiHan Mold Products (Dongguan) Co., Ltd.	Production and sales of various precision molds and plastic products, etc.	\$ 531,740	(2)	\$ 531,740	\$ -	\$ -	\$ 531,740	(\$ 15,726)	100%(\$ 15,726)	\$ 48,595	\$ -		Investment in Mainland China through TAIHAN HOLDING (SAMOA) CO., Ltd.

Note 1: Investment methods are divided into the following three categories, and the labeling of each category is sufficient.

- (1). Direct investment in mainland China
- (2). Reinvesting in Mainland China through a third-party company (please specify the third-party investment company)
- (3). Other methods

Note 2: The investment income or loss recognized in the current period is based on the financial statements audited by the Company's accountants.

Note 3: The calculation of the investment limit in Mainland China is based on each investment entity. According to the regulations of the Investment Commission of the Ministry of Economic Affairs, the maximum percentage of investment in Mainland China is limited to 60% of the net value of the company.

<u>Company Name</u>	<u>Accumulated remittances from Taiwan to China at the end of the period</u>	<u>MOEAIC Approved Investment Amount</u>	<u>Investment quota in mainland China according to MOEAIC regulations (Note 3)</u>
The Company	\$ 531,740	\$ 531,740	\$ 1,147,361

TaiHan Precision Technology Co., Limited and subsidiaries
Major Shareholders Information
September 30, 2024

Exhibit 9

<u>Name of Major Shareholders</u>	<u>Shares</u>	
	<u>Number of shares held</u>	<u>Shareholding ratio</u>
SPEED TECH CORPORATION	22,599,000	28.86%

Note 1: The information on major shareholders in this table is based on the last business day of the quarter in which the shareholders held 5% or more of the Company's ordinary shares and preferred shares that have been delivered without physical registration (including treasury shares). The number of shares recorded in the consolidated financial statements and the actual number of shares delivered without physical registration may differ depending on the basis of calculation.

Note 2: The above information is revealed by the trustee's opening of a trust account with individual subaccounts of the principal if the shareholder has delivered the shares to the trust. As for the shareholder's shareholding of more than 10% of the shares held by the Company in accordance with the Securities and Exchange Act, the shareholding includes the shareholder's own shares plus the shares delivered to the trust and the shareholder has the right to decide on the use of the trust property, etc. Please refer to the Market Observation Post System (MOPS) for the information on insider shareholding.