

Wah Hong Industrial Corporation And Subsidiaries

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

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders

Wah Hong Industrial Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Wah Hong Industrial Corporation (the “Company”) and its subsidiaries (collectively, the “Group”) as of September 30, 2024 and 2023, and the consolidated statements of comprehensive income for the three months ended September 30, 2024 and 2023, and nine months ended September 30, 2024 and 2023, and the consolidated statements of changes in equity and cash flows for the nine months then ended September 30, 2024 and 2023, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission (FSC) 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 Standards on Review Engagements of the Republic of China 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 caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2024 and 2023, its consolidated

financial performance for the three months ended September 30, 2024 and 2023, 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 No. 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' report are Chiu-Yen, Wu and Tzu-Yuan, Chang.

Deloitte & Touche

Taipei, Taiwan

Republic of China

November 6, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

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

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023

		(In Thousands of New Taiwan Dollars)					
Code	Assets	September 30, 2024		December 31, 2023		September 30, 2023	
		Amount	%	Amount	%	Amount	%
	CURRENT ASSETS						
1100	Cash and cash equivalents (Notes 6)	\$ 1,221,264	15	\$ 1,182,925	15	\$ 1,196,687	14
1110	Financial assets at fair value through profit or loss – current (Notes 7)	419,237	5	432,536	5	434,870	5
1150	Notes receivable, net (Notes 9 and 24)	323,233	4	360,135	4	268,774	3
1170	Accounts receivable, net (Notes 9, 24 and 31)	2,430,806	30	2,526,933	32	2,872,998	35
1200	Other receivables, net (Notes 9 and 31)	20,521	-	18,207	-	19,737	-
1220	Current tax assets	2,601	-	3,660	-	5,516	-
130X	Inventories (Notes 10)	852,232	11	691,426	9	831,872	10
1476	Other financial assets (Notes 13 and 32)	187,665	2	151,694	2	79,611	1
1479	Other current assets	62,386	1	56,152	1	60,899	1
11XX	Total current assets	<u>5,519,945</u>	<u>68</u>	<u>5,423,668</u>	<u>68</u>	<u>5,770,964</u>	<u>69</u>
	NON-CURRENT ASSETS						
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 8)	880,665	11	691,920	9	665,112	8
1550	Investments accounted for using equity method (Notes 12)	-	-	5,298	-	5,429	-
1600	Property, plant and equipment (Notes 15, 32 and 33)	1,418,324	17	1,474,132	19	1,534,050	18
1755	Right-of-use assets (Notes 16)	163,876	2	206,218	3	225,978	3
1780	Other intangible assets	49,293	1	39,527	-	40,500	1
1840	Deferred tax assets	45,257	1	66,237	1	56,693	1
1920	Refundable deposits	26,646	-	25,623	-	25,192	-
1990	Other non-current assets	744	-	2,362	-	951	-
15XX	Total non-current assets	<u>2,584,805</u>	<u>32</u>	<u>2,511,317</u>	<u>32</u>	<u>2,553,905</u>	<u>31</u>
1XXX	TOTAL	<u>\$ 8,104,750</u>	<u>100</u>	<u>\$ 7,934,985</u>	<u>100</u>	<u>\$ 8,324,869</u>	<u>100</u>
	LIABILITIES AND EQUITY						
	CURRENT LIABILITIES						
2100	Short-term borrowings (Notes 17)	\$ 638,857	8	\$ 780,049	10	\$ 723,864	9
2110	Short-term bills payable (Notes 18)	-	-	170,000	2	200,000	2
2120	Financial liabilities at fair value through profit or loss - current (Notes 7)	-	-	-	-	2,654	-
2150	Notes payable (Notes 19)	244,589	3	251,463	3	209,955	3
2170	Accounts payable (Notes 19 and 31)	1,068,812	13	1,088,691	14	1,401,771	17
2219	Other payables (Notes 20 and 31)	518,874	6	508,377	6	548,740	7
2230	Current tax liabilities	53,421	1	16,193	-	28,779	-
2280	Lease liabilities - current (Notes 16)	35,681	1	41,559	1	42,514	-
2399	Other current liabilities (Notes 24)	22,530	-	15,490	-	19,196	-
21XX	Total current liabilities	<u>2,582,764</u>	<u>32</u>	<u>2,871,822</u>	<u>36</u>	<u>3,177,473</u>	<u>38</u>
	NON-CURRENT LIABILITIES						
2540	Long-term borrowings (Notes 21 and 32)	473,528	6	458,802	6	482,094	6
2570	Deferred tax liabilities	138,304	2	157,253	2	168,841	2
2580	Lease liabilities - non-current (Notes 16)	83,892	1	107,298	2	118,900	2
2640	Net defined benefit liabilities - non-current	22,856	-	27,073	-	28,903	-
2645	Guarantee deposits received	1,840	-	1,887	-	2,386	-
25XX	Total non-current liabilities	<u>720,420</u>	<u>9</u>	<u>752,313</u>	<u>10</u>	<u>801,124</u>	<u>10</u>
2XXX	Total liabilities	<u>3,303,184</u>	<u>41</u>	<u>3,624,135</u>	<u>46</u>	<u>3,978,597</u>	<u>48</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 23)						
3100	Share Capital	1,000,044	12	1,000,044	13	1,000,044	12
3200	Capital Surplus	2,024,506	25	2,048,734	26	2,048,734	25
	Retained earnings						
3310	Legal reserve	517,979	7	497,824	6	497,824	6
3320	Special reserve	343,151	4	368,706	5	368,706	4
3350	Unappropriated earnings	835,944	10	666,247	8	631,010	8
3300	Total retained earnings	1,697,074	21	1,532,777	19	1,497,540	18
3400	Other equity	(31,079)	-	(343,152)	(4)	(273,218)	(3)
3500	Treasury stock (Notes 23 and 28)	-	-	(40,228)	(1)	(40,228)	(1)
31XX	Total equity attributable to owners of the Company	4,690,545	58	4,198,175	53	4,232,872	51
36XX	NON-CONTROLLING INTERESTS (Notes 23)	111,021	1	112,675	1	113,400	1
3XXX	Total equity	<u>4,801,566</u>	<u>59</u>	<u>4,310,850</u>	<u>54</u>	<u>4,346,272</u>	<u>52</u>
	TOTAL	<u>\$ 8,104,750</u>	<u>100</u>	<u>\$ 7,934,985</u>	<u>100</u>	<u>\$ 8,324,869</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		For the Three Months Ended September 30				For the Nine Months Ended September 30			
		2024	%	2023	%	2024	%	2023	%
4100	OPERATING REVENUE (Notes 24 and 31)	\$2,009,394	100	\$2,095,606	100	\$5,514,454	100	\$5,665,101	100
5110	OPERATING COSTS (Notes 10, 25 and 31)	<u>1,715,710</u>	<u>85</u>	<u>1,772,163</u>	<u>84</u>	<u>4,694,383</u>	<u>85</u>	<u>4,877,087</u>	<u>86</u>
5900	GROSS PROFIT	<u>293,684</u>	<u>15</u>	<u>323,443</u>	<u>16</u>	<u>820,071</u>	<u>15</u>	<u>788,014</u>	<u>14</u>
	OPERATING EXPENSES (Notes 9 and 25)								
6100	Selling and marketing expenses	57,352	3	60,225	3	161,957	3	167,929	3
6200	General and administrative expenses	139,118	7	103,385	5	332,807	6	275,441	5
6300	Research and development	59,123	3	62,855	3	165,009	3	168,149	3
6450	Benefits from reversal of expected credit impairment loss	<u>918</u>	<u>-</u>	<u>(1,352)</u>	<u>-</u>	<u>(1,740)</u>	<u>-</u>	<u>(4,850)</u>	<u>-</u>
6000	Total operating expenses	<u>256,511</u>	<u>13</u>	<u>225,113</u>	<u>11</u>	<u>658,033</u>	<u>12</u>	<u>606,669</u>	<u>11</u>
6900	OPERATING INCOME (LOSS)	<u>37,173</u>	<u>2</u>	<u>98,330</u>	<u>5</u>	<u>162,038</u>	<u>3</u>	<u>181,345</u>	<u>3</u>
	NON-OPERATING INCOME AND EXPENSES (Note 25)								
7100	Interest income	5,941	-	6,089	-	15,536	-	17,768	-
7010	Other income	36,779	2	14,212	-	47,988	1	63,113	1
7020	Other gains and losses	191,018	10	(5,279)	-	240,113	4	35,242	1
7050	Finance costs	(15,855)	(1)	(18,961)	(1)	(49,843)	(1)	(51,616)	(1)
7060	Share of profit and loss of affiliated enterprises recognized by equity method	<u>-</u>	<u>-</u>	<u>(2,921)</u>	<u>-</u>	<u>(3,505)</u>	<u>-</u>	<u>(5,018)</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>217,883</u>	<u>11</u>	<u>(6,860)</u>	<u>(1)</u>	<u>250,289</u>	<u>4</u>	<u>59,489</u>	<u>1</u>
7900	PROFIT BEFORE INCOME TAX	255,056	13	91,470	4	412,327	7	240,834	4
7950	INCOME TAX EXPENSE (Notes 4 and 26)	<u>83,304</u>	<u>4</u>	<u>25,772</u>	<u>1</u>	<u>121,586</u>	<u>2</u>	<u>58,860</u>	<u>1</u>
8200	NET PROFIT FOR THE PERIOD	<u>171,752</u>	<u>9</u>	<u>65,698</u>	<u>3</u>	<u>290,741</u>	<u>5</u>	<u>181,974</u>	<u>3</u>
	OTHER COMPREHENSIVE INCOME (Notes 23 and 26)								
8310	Items that will not be reclassified subsequently to profit or loss:								
8316	Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	<u>(85,219)</u>	<u>(4)</u>	<u>64,394</u>	<u>3</u>	<u>188,746</u>	<u>4</u>	<u>43,129</u>	<u>1</u>

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Code		For the Three Months Ended September 30				For the Nine Months Ended September 30			
		2024	%	2023	%	2024	%	2023	%
	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translation of the financial statements of foreign operations	(\$ 7,766)	(1)	\$ 156,836	7	\$ 158,993	3	\$ 67,222	1
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	<u>1,381</u>	<u>-</u>	<u>(30,473)</u>	<u>(1)</u>	<u>(30,831)</u>	<u>(1)</u>	<u>(13,098)</u>	<u>-</u>
8360		<u>(6,385)</u>	<u>(1)</u>	<u>126,363</u>	<u>6</u>	<u>128,162</u>	<u>2</u>	<u>54,124</u>	<u>1</u>
8300	Other comprehensive gain (loss) for the period, net of income tax	<u>(91,604)</u>	<u>(5)</u>	<u>190,757</u>	<u>9</u>	<u>316,908</u>	<u>6</u>	<u>97,253</u>	<u>2</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 80,148</u>	<u>4</u>	<u>\$ 256,455</u>	<u>12</u>	<u>\$ 607,649</u>	<u>11</u>	<u>\$ 279,227</u>	<u>5</u>
	NET PROFIT ATTRIBUTABLE TO:								
8610	Owners of the Company	\$ 170,445		\$ 58,947		\$ 284,314		\$ 166,313	
8620	Non-controlling interests	<u>1,307</u>		<u>6,751</u>		<u>6,427</u>		<u>15,661</u>	
8600		<u>\$ 171,752</u>		<u>\$ 65,698</u>		<u>\$ 290,741</u>		<u>\$ 181,974</u>	
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
8710	Owners of the Company	\$ 79,703		\$ 245,200		\$ 596,387		\$ 261,801	
8720	Non-controlling interests	<u>445</u>		<u>11,255</u>		<u>11,262</u>		<u>17,426</u>	
8700		<u>\$ 80,148</u>		<u>\$ 256,455</u>		<u>\$ 607,649</u>		<u>\$ 279,227</u>	
	EARNINGS PER SHARE (Note 27)								
9710	Basic	<u>\$ 1.73</u>		<u>\$ 0.60</u>		<u>\$ 2.88</u>		<u>\$ 1.69</u>	
9810	Diluted	<u>\$ 1.70</u>		<u>\$ 0.59</u>		<u>\$ 2.83</u>		<u>\$ 1.66</u>	

The accompanying notes are an integral part of the consolidated financial statements.

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

		Equity Attributable to Owners of the Company										
							Other Equity					
		Retained earnings					Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Stock	Subtotal	Non-controlling Interests	Total Equity
Code		Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings						
A1	BALANCE AT JANUARY 1, 2024	\$ 1,000,044	\$ 2,048,734	\$ 497,824	\$ 368,706	\$ 666,247	(\$ 284,391)	(\$ 58,761)	(\$ 40,228)	\$ 4,198,175	\$ 112,675	\$ 4,310,850
	Appropriation of 2023 earnings (Notes 23)											
B1	Legal reserve	-	-	20,155	-	(20,155)	-	-	-	-	-	-
B3	Special reserve	-	-	-	(25,555)	25,555	-	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	(118,224)	-	-	-	(118,224)	-	(118,224)
		-	-	20,155	(25,555)	(112,824)	-	-	-	(118,224)	-	(118,224)
C7	Changes in affiliated enterprises recognized by equity method (Notes 12)	-	-	-	-	(1,793)	-	-	-	(1,793)	-	(1,793)
C15	Cash dividend from capital surplus (Notes 23)	-	(29,556)	-	-	-	-	-	-	(29,556)	-	(29,556)
D1	Net profit for the nine months ended September 30, 2024	-	-	-	-	284,314	-	-	-	284,314	6,427	290,741
D3	Other comprehensive income (loss) for the nine months ended September 30, 2024, net of income tax	-	-	-	-	-	123,327	188,746	-	312,073	4,835	316,908
D5	Total comprehensive income (loss) for the nine months ended September 30, 2024	-	-	-	-	284,314	123,327	188,746	-	596,387	11,262	607,649
N1	Share-based Payment (Notes 28)	-	5,328	-	-	-	-	-	40,228	45,556	-	45,556
O1	Adjustments of non-controlling interests (Notes 23)	-	-	-	-	-	-	-	-	-	(12,916)	(12,916)
Z1	BALANCE AT SEPTEMBER 30, 2024	\$ 1,000,044	\$ 2,024,506	\$ 517,979	\$ 343,151	\$ 835,944	(\$ 161,064)	\$ 129,985	\$ -	\$ 4,690,545	\$ 111,021	\$ 4,801,566
A1	BALANCE AT JANUARY 1, 2023	\$ 1,000,044	\$ 2,048,734	\$ 470,193	\$ 310,734	\$ 698,081	(\$ 240,008)	(\$ 128,698)	(\$ 40,228)	\$ 4,118,852	\$ 114,264	\$ 4,233,116
	Appropriation of 2022 earnings (Notes 23)											
B1	Legal reserve	-	-	27,631	-	(27,631)	-	-	-	-	-	-
B3	Special reserve	-	-	-	57,972	(57,972)	-	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	(147,781)	-	-	-	(147,781)	-	(147,781)
		-	-	27,631	57,972	(233,384)	-	-	-	(147,781)	-	(147,781)
D1	Net profit for the nine months ended September 30, 2023	-	-	-	-	166,313	-	-	-	166,313	15,661	181,974
D3	Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	52,359	43,129	-	95,488	1,765	97,253
D5	Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	166,313	52,359	43,129	-	261,801	17,426	279,227
O1	Adjustments of non-controlling interests (Notes 23)	-	-	-	-	-	-	-	-	-	(18,290)	(18,290)
Z1	BALANCE AT SEPTEMBER 30, 2023	\$ 1,000,044	\$ 2,048,734	\$ 497,824	\$ 368,706	\$ 631,010	(\$ 187,649)	(\$ 85,569)	(\$ 40,228)	\$ 4,232,872	\$ 113,400	\$ 4,346,272

The accompanying notes are an integral part of the consolidated financial statements.

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

(In Thousands of New Taiwan Dollars)
For the Nine Months Ended
September 30

Code		2024	2023
	CASH FLOWS FROM OPERATING		
	ACTIVITIES		
A10000	Profit before income tax	\$ 412,327	\$ 240,834
A20010	Adjustments for:		
A20100	Depreciation expense	181,518	184,667
A20200	Amortization expense	31,794	22,795
A20300	Benefits from reversal of expected credit impairment loss	(1,740)	(4,850)
A20400	Gain on financial instruments at fair value through profit or loss	(58,994)	(5,123)
A20900	Finance costs	49,843	51,616
A21200	Interest income	(15,536)	(17,768)
A21300	Dividend income	(35,710)	(42,602)
A21900	Compensation cost of employee share options	5,328	-
A22300	Share of profit and loss of affiliated enterprises recognized by equity method	3,505	5,018
A22500	Loss (gain) on disposal of property, plant and equipment	359	(1,373)
A23000	Net gain on non-current assets held for sale	(162,701)	-
A23700	Inventories losses	4,655	8,641
A24100	Unrealized loss on foreign exchange	12,412	39,431
A29900	Others	(18)	-
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	37,038	(79,784)
A31150	Accounts receivable	95,801	(355,272)
A31180	Other receivables	(4,576)	(255)
A31200	Inventories	(168,120)	156,775
A31240	Other current assets	(6,234)	(25,368)
A32130	Notes payable	(6,874)	96,288
A32150	Accounts payable	(19,880)	209,410
A32180	Other payables	16,155	4,478
A32230	Other current liabilities	7,042	2,733
A32240	Net defined benefit liabilities	(4,216)	(8,605)
A33000	Cash generated from operations	373,178	481,686
A33100	Interest received	18,156	16,165
A33200	Dividends received	36,939	44,743
A33300	Interest paid	(49,483)	(49,779)
A33500	Income tax paid	(111,202)	(173,062)
AAAA	Net cash generated from operating activities	<u>267,588</u>	<u>319,753</u>

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Code		For the Nine Months Ended September 30	
		2024	2023
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00010	Purchase of financial assets at fair value through other comprehensive income	-	(20,952)
B00100	Purchase of financial assets at fair value through profit or loss	(169,489)	(505,984)
B00200	Disposal of financial assets at fair value through profit or loss	257,750	782,987
B02600	Proceeds from disposal of non-current assets held for sale	207,285	-
B02700	Payments for property, plant and equipment	(88,696)	(148,750)
B02800	Proceeds from disposal of property, plant and equipment	3,254	9,754
B03700	Increase in guarantee deposits paid	(1,242)	(3,557)
B03800	Decrease in guarantee deposits paid	1,237	4,602
B04500	Acquisitions of Intangible assets	(37,879)	(40,968)
B06500	Decrease (increase) in other financial assets	(<u>35,971</u>)	(<u>1,166</u>)
BBBB	Net cash used in investing activities	<u>136,249</u>	<u>75,966</u>
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase (decrease) in short-term borrowings	(144,880)	(793,592)
C00600	Increase (decrease) in short-term bills payable	(170,000)	200,000
C03100	Increase (decrease) in guarantee deposits received	(96)	5
C04020	Repayment of the principal portion of lease liabilities	(34,532)	(55,078)
C04500	Cash dividends paid	(147,781)	(147,781)
C05100	Treasury stock transfer for employees	40,228	-
C05800	Payment of cash dividends to non-controlling interests	(<u>12,916</u>)	(<u>18,290</u>)
CCCC	Net cash used in financing activities	(<u>469,977</u>)	(<u>814,736</u>)
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>104,479</u>	<u>32,689</u>
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	38,339	(386,328)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,182,925</u>	<u>1,583,015</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 1,221,264</u>	<u>\$ 1,196,687</u>

The accompanying notes are an integral part of the consolidated financial statements.

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

I. ORGANIZATION

Wah Hong Industrial Corp. (the “Company”) was incorporated in August 1973, and is mainly engaged in the manufacturing and trading of materials of LCD (Diffusion, Reflection films etc.), materials of Bulk Molding Compounds (BMC) and Molding products etc..

The Company’s shares have been listed and traded on the Taipei Exchange since June 23, 2005.

The consolidated financial statements, which include the Company and its subsidiaries (collectively, the “Group”), are presented in the Company’s functional currency, the New Taiwan dollar.

II. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were approved by the Board of Directors and authorized for issue on November 6, 2024.

III. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(I) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed by the Financial Supervisory Commission (FSC).

The application of the revised IFRSs approved and issued by the Financial Supervisory Commission will not cause major changes in the accounting policies of the Company and entities controlled by the Company (hereinafter referred to as the “Group”).

- (II) The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note)

Note : An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

- (III) The IFRS Accounting Standards that have been issued by IASB but not yet endorsed and issued into effect by the FSC

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

Note : Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

IFRS 18 “Presentation and Disclosures in Financial Statements”

IFRS 18 will supersede IAS 1” Presentation of Financial Statements”. The main changes comprise:

1. Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
2. The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
3. Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as 'other' only if it cannot find a more informative label.
4. Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date when this consolidated financial report is approved by the board of directors, the amendments to other standards and interpretations for the assessment of the merged companies will not have a significant impact on the consolidated financial position and consolidated financial performance.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(I) Compliance statement

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities

Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

(II) Basis of preparation

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

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

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

(III) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

The detailed information of subsidiaries (including the percentage of ownership and main business) is referred to Note 14, Tables 8 and 9.

(IV) Other significant accounting policies

Except for the following, the significant accounting policies that adopted in the consolidated financial statements are the same with the one for the year ended December 31, 2023.

1. Classification of current and non-current assets and liabilities

Current assets include:

- (1) Assets held primarily for the purpose of trading;

- (2) Assets expected to be realized within 12 months after the reporting period; and
- (3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- (1) Liabilities held primarily for the purpose of trading;
- (2) Liabilities due to be settled within 12 months after the reporting period; and
- (3) Liabilities for which the Company does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

2. Non-current assets held for sale

The carrying amounts of non-current assets are classified as held for sale when they are expected to be recovered primarily through sales transactions rather than continued use. Non-current assets that qualify for this classification must be immediately available for sale in their current state, and must be highly likely to be sold. It will qualify for the sale is highly likely when the appropriate level of management is committed to sell the asset and the sale is expected to be completed within one year from the classification date.

Non-current assets are classified as held for sale are measured at the lower of the carrying amount and fair value less costs of sale, and depreciation of such assets is discontinued.

3. Retirement benefits

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

4. Income Tax

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

5. Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately.

V. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as those applied in the preparation of the consolidated financial statements for the year ended December 31, 2023.

VI. CASH AND CASH EQUIVALENTS

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 984	\$ 983	\$ 1,038
Checking accounts	51	51	51
Demand deposits	656,850	841,987	578,259
Cash equivalents			
Time deposits with original maturities of 3 months or less	<u>563,379</u>	<u>339,904</u>	<u>617,339</u>
	<u>\$ 1,221,264</u>	<u>\$ 1,182,925</u>	<u>\$ 1,196,687</u>

(I) The market rate intervals of cash equivalents at the end of the reporting period were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Cash equivalents			
Time deposits with original maturities of 3 months or less (%)	1.25~5.15	1.45~5.26	1.45~4.95

- (II) The Group has good credit quality with many financial institutions, and which can help to disperse credit risk. Also, to estimate credit loss that is unexpected.

VII. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS – CURRENT

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets - current</u>			
Mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	\$ 1,848	\$ 3,338	\$ -
Non-derivative financial assets			
Domestic listed shares	139,003	79,398	70,639
Guaranteed floating income financial products	<u>278,386</u>	<u>349,800</u>	<u>364,231</u>
	<u>\$419,237</u>	<u>\$432,536</u>	<u>\$434,870</u>
<u>Financial liabilities - current</u>			
Financial liabilities hold for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	\$ -	\$ -	\$ 2,654

The purpose of the Group's forward foreign exchange transactions is to avoid the risks created by foreign currency assets and liabilities due to exchange rate fluctuations.

- (I) At the end of the reporting period, outstanding foreign exchange options contracts were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>September 30, 2024</u>			
Sell forward exchange contracts	USD to NTD	2024.10~2024.12	USD3,000/TWD96,255
<u>December 31, 2023</u>			
Sell forward exchange contracts	USD to NTD	2024.01~2024.03	USD4,000/TWD125,409
<u>September 30, 2023</u>			
Sell forward exchange contracts	USD to NTD	2023.10~2023.12	USD4,000/TWD125,677

Details of profit and loss of financial instruments at FVTPL for the reporting periods 2024 and 2023 list on Note 25.

- (II) The Group signed RMB structured term deposit contract with the bank. The deposit includes an embedded derivative that is not closely related to the master contract. As the master contract included in the mixed contract is an asset within the scope of IFRS, it is classified as measured at fair value through profit or loss according to the overall mixed contract evaluation.

VIII. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME– NON-CURRENT

	September 30, 2024	December 31, 2023	September 30, 2023
Equity instruments			
Domestic listed shares	\$ 811,163	\$ 622,418	\$ 587,699
Domestic unlisted shares	54,930	54,930	62,841
Foreign unlisted shares	<u>14,572</u>	<u>14,572</u>	<u>14,572</u>
	<u>\$ 880,665</u>	<u>\$ 691,920</u>	<u>\$ 665,112</u>

IX. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHERS RECEIVABLE

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable			
At amortized cost			
Gross carrying amount	\$ 324,221	\$ 361,259	\$ 269,638
Less: Allowance for impairment loss	<u>988</u>	<u>1,124</u>	<u>864</u>
	<u>\$ 323,233</u>	<u>\$ 360,135</u>	<u>\$ 268,774</u>
Accounts receivable			
At amortized cost			
Gross carrying amount	\$ 2,439,847	\$ 2,535,646	\$ 2,882,411
Less: Allowance for impairment loss	<u>9,041</u>	<u>8,713</u>	<u>9,413</u>
	<u>\$ 2,430,806</u>	<u>\$ 2,526,933</u>	<u>\$ 2,872,998</u>
Other receivables			
At amortized cost			
Gross carrying amount	\$ 20,521	\$ 20,364	\$ 22,918
Less: Allowance for impairment loss	<u>-</u>	<u>2,157</u>	<u>3,181</u>
	<u>\$ 20,521</u>	<u>\$ 18,207</u>	<u>\$ 19,737</u>

The main credit period of sales of goods was 30-180 days. No interest was charged on receivables.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring

procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In the light of this, the management believes the Group's credit risk is significantly reduced.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off receivables when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation. For receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The aging analysis of notes and accounts receivable were as follows:

September 30, 2024

	<u>Not Past Due</u>	<u>1 to 180 Days</u>	<u>181 to 360 Days</u>	<u>More than 360 Days</u>	<u>Total</u>
Lifetime expected credit losses(%)	0.3	10	50	100	
Gross carrying amount	\$2,755,118	\$ 8,191	\$ 10	\$ 749	\$2,764,068
Loss allowance (lifetime ECLs)	(<u>8,237</u>)	(<u>1,038</u>)	(<u>5</u>)	(<u>749</u>)	(<u>10,029</u>)
Amortized cost	<u>\$2,746,881</u>	<u>\$ 7,153</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$2,754,039</u>

December 31, 2023

	<u>Not Past Due</u>	<u>1 to 180 Days</u>	<u>181 to 360 Days</u>	<u>More than 360 Days</u>	<u>Total</u>
Lifetime expected credit losses(%)	0.3	10	-	100	
Gross carrying amount	\$2,889,505	\$ 6,621	\$ -	\$ 779	\$2,896,905
Loss allowance (lifetime ECLs)	(<u>8,393</u>)	(<u>665</u>)	-	(<u>779</u>)	(<u>9,837</u>)
Amortized cost	<u>\$2,881,112</u>	<u>\$ 5,956</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,887,068</u>

September 30, 2023

	Not Past Due	1 to 180 Days	181 to 360 Days	More than 360 Days	Total
Lifetime expected credit losses(%)	0.3	10	-	100	
Gross carrying amount	\$3,150,203	\$ 1,033	\$ -	\$ 813	\$3,152,049
Loss allowance (lifetime ECLs) (9,361)	(103)	-	(813)	(10,277)
Amortized cost	<u>\$3,140,842</u>	<u>\$ 930</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,141,772</u>

The movements of the loss allowance of notes receivable, accounts receivable and others receivable were as follows:

	For the Nine Months Ended September 30					
	2024			2023		
	Notes Receivable	Accounts Receivable	Other Receivables	Notes Receivable	Accounts Receivable	Other Receivables
Balance at January 1	\$ 1,124	\$ 8,713	\$ 2,157	\$ 605	\$10,109	\$ 7,354
Impairment losses recognized (reversal)	(177)	70	(1,633)	246	(855)	(4,241)
Amounts written off	-	-	(570)	-	-	-
Exchange differences	41	258	46	13	159	68
Balance at September 30	<u>\$ 988</u>	<u>\$ 9,041</u>	<u>\$ -</u>	<u>\$ 864</u>	<u>\$ 9,413</u>	<u>\$ 3,181</u>

X. INVENTORIES

	September 30, 2024	December 31, 2023	September 30, 2023
Raw materials	\$ 457,472	\$ 357,944	\$ 430,369
Work in process	27,334	20,570	22,435
Finished goods	<u>367,426</u>	<u>312,912</u>	<u>379,068</u>
	<u>\$ 852,232</u>	<u>\$ 691,426</u>	<u>\$ 831,872</u>

The costs of inventories recognized in cost of goods sold for the three months and nine months ended September 30, 2024 and 2023 were NT\$1,715,710 thousand, NT\$1,772,163 thousand, NT\$4,694,383 thousand and NT\$4,877,087 thousand respectively, which included the following items:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Inventories depreciation recovered benefits	(\$ 2,399)	(\$ 12,048)	(\$ 14,658)	(\$ 18,664)
Inventory losses	7,027	10,789	19,313	27,305
Unallocated manufacturing cost	21,477	25,531	59,907	80,832
Revenue from the sale of scraps	(1,006)	(1,445)	(2,992)	(3,981)
	<u>\$ 25,099</u>	<u>\$ 22,827</u>	<u>\$ 61,570</u>	<u>\$ 85,492</u>

XI. NON-CURRENT ASSETS HELD FOR SALE

Ningbo Changhong Optoelectronics Ltd. had been moved to the new factory, the Board of Directors decided to sell land, old plant and equipment to enrich the working capital in March, 2024 (The book value of non-current assets held for sale was RMB\$44,717 in March, 2024), subsequently, a sales contract was signed with an unrelated party in April, 2024, and the sale price of RMB\$47,447 thousand was determined based on the appraisal report. The transaction had been transferred and registered in September, 2024, and the full price had been received, and recognized a proceeds from disposal of NT\$162,701 thousand (under other gains and losses).

XII. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	September 30, 2024	December 31, 2023	September 30, 2023
Investments in associates	<u>\$ -</u>	<u>\$ 5,298</u>	<u>\$ 5,429</u>

The brief description of investments using the equity method is detailed in Table 8.

Investments in Associates

	September 30, 2024	December 31, 2023	September 30, 2023
Individually insignificant affiliated enterprises			
Wah Sheng Industrial Corp. (“Wah Sheng”)	<u>\$ -</u>	<u>\$ 5,298</u>	<u>\$ 5,429</u>

In October 2022, the Company invested NT\$10,000 thousand in cash to jointly establish Wah Sheng Industrial Corp., with a shareholding ratio of 25%. Wah Sheng refunded the shares by other shareholders with services for price of NT\$10,000 thousand by capital reduction in February 2024, as a result, the Company's shareholding ratio increased from 25% to 33.33%. The Company's retained earnings decreased by NT\$1,793 thousand due to the adjustment of changes in affiliated enterprises recognized by equity method.

The accumulated losses of Wah Sheng Industrial Corp. have exceeded the total amount of capital, and the Company stops recognizing further loss according to the equity method when the investment losses exceed the original investment cost. Excerpts from related financial reports of affiliated enterprises, the current and cumulative unrecognized losses of affiliated enterprises are as follows:

	For the Nine Months Ended September 30	
	2024	2023
Current amount	(<u>\$ 1,088</u>)	<u>\$ -</u>
Cumulative amount	(<u>\$ 1,088</u>)	<u>\$ -</u>

XIII. OTHER FINANCIAL ASSETS – CURRENT

	September 30, 2024	December 31, 2023	September 30, 2023
Restricted time deposits	\$ 22,584	\$ 43,352	\$ -
Time deposits with original maturities of more than 3 months	<u>165,081</u>	<u>108,342</u>	<u>79,611</u>
	<u>\$187,665</u>	<u>\$151,694</u>	<u>\$ 79,611</u>
Annual interest rate (%)	1.55~4.05	1.50~4.40	2.60~4.20

Refer to Note 32 for information of time deposits pledged as collateral.

XIV. SUBSIDIARIES

The detailed information of the subsidiaries at the end of the reporting period was as follows:

Investor	Investee	Main Businesses and Products	Percentage of Ownership (%)		
			September 30, 2024	December 31, 2023	September 30, 2023
The Company	Wah Hong Holding Ltd.	International investment business	100	100	100
	PT. Wah Hong Indonesia (“WH Indonesia”)	Production and trading business of LCD material, BMC (bulk molding compound) material and molded product	99	99	99
Wah Hong Holding Ltd.	Wah Hong Technology Ltd.	International investment business	100	100	100
	Wah Hong International Ltd.	International investment business	100	100	100
	Granite International Ltd.	International trading business	100	100	100
	Wah Hong Development Ltd.	International investment business	100	100	100
	Smart Succeed Ltd.	International trading business	100	100	100
	Allied Royal LLC.	International investment business	67.5	67.5	67.5
	Wah Ma Technology Sdn. Bhd.	Production and trading business of BMC (bulk molding compound) material and molded product	100	100	100
	PT. Wah Hong Indonesia (“WH Indonesia”)	Production and trading business of LCD material, BMC (bulk molding compound) material and molded product	1	1	1

(Continued)

(Continued from previous page)

Investor	Investee	Main Businesses and Products	Percentage of Ownership (%)		
			September 30, 2024	December 31, 2023	September 30, 2023
Wah Hong Technology Ltd.	SIP Chang Hong Optoelectronics Ltd. (“SIP Chang Hong”)	Production and trading business of LCD material, BMC (bulk molding compound) material and molded product	100	100	100
	SIP Chang Jun Trading Limited (“SIP Chang Jun”)	Trading business of BMC materials and finished products, diffusion films, reflectors and other LCD products	100	100	100
	Ningbo Changhong Optoelectronics Ltd. (“Ningbo Changhong”)	Production and trading of panel display compound and LCD optical film etc.	100	100	100
	Qingdao Changhong Optoelectronics Ltd. (“Qingdao Changhong”)	Production and trading of panel display compound and LCD optical film etc.	100	100	100
Wah Hong International Ltd.	Sun Hong Optronics Ltd. (“Sun Hong”)	Production and trading business of LCD material, BMC (bulk molding compound) material and molded product	100	100	100
	Xiamen Guang Hong Optronics Ltd. (“Xiamen Guang Hong”)	Production and trading of panel display compound and LCD optical film etc.	100	100	100
Allied Royal LLC.	SuZhou Alliance Material.Co.Ltd. (“Suzhou Alliance”)	Production and trading business of LCD material molded product	100	100	100
	Best Honor Inc.	International trading business	100	100	100
SIP Chang Hong	Chang Hong (HK) Optronics Limited (“Chang Hong (HK)”)	Trading business of LCD material and BMC material	100	100	100
Ningbo Changhong	Ningbo Changli New Material Limited (“Ningbo Changli”)	Trading business of LCD material and BMC material	100	100	100

XV. PROPERTY, PLANT AND EQUIPMENT

(I) Changes of cost, accumulated depreciation and accumulated impairment were as follows:

For the Nine months ended September 30, 2024

	Land	Buildings	Machinery and Equipment	Other Equipment	Equipment under Installation and Construction in Progress	Total
<u>Cost</u>						
Balance at January 1, 2024	\$ 203,574	\$ 1,812,293	\$ 2,361,210	\$ 536,314	\$ 25,061	\$ 4,938,452
Additions	-	25,197	40,088	33,281	(15,338)	83,228
Disposals	-	(1,947)	(37,069)	(3,386)	-	(42,402)
Reclassified to non-current Assets Held for Sale	-	(90,313)	(5,907)	(10,974)	-	(107,194)
Exchange differences	590	51,905	65,106	13,296	524	131,421
Balance at September 30, 2024	<u>\$ 204,164</u>	<u>\$ 1,797,135</u>	<u>\$ 2,423,428</u>	<u>\$ 568,531</u>	<u>\$ 10,247</u>	<u>\$ 5,003,505</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2024	\$ -	\$ 1,079,874	\$ 1,913,313	\$ 376,765	\$ -	\$ 3,369,952
Depreciation expense	-	64,725	52,124	27,697	-	144,546
Disposals	-	(1,947)	(33,670)	(3,172)	-	(38,789)
Reclassified to non-current Assets Held for Sale	-	(60,955)	(5,112)	(8,734)	-	(74,801)
Exchange differences	-	29,206	51,148	9,308	-	89,662
Balance at September 30, 2024	<u>\$ -</u>	<u>\$ 1,110,903</u>	<u>\$ 1,977,803</u>	<u>\$ 401,864</u>	<u>\$ -</u>	<u>\$ 3,490,570</u>
<u>Accumulated impairment</u>						
Balance at January 1, 2024	\$ -	\$ -	\$ 75,625	\$ 18,743	\$ -	\$ 94,368
Exchange differences	-	-	139	104	-	243
Balance at September 30, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,764</u>	<u>\$ 18,847</u>	<u>\$ -</u>	<u>\$ 94,611</u>
Carrying amount at January 1, 2024	<u>\$ 203,574</u>	<u>\$ 732,419</u>	<u>\$ 372,272</u>	<u>\$ 140,806</u>	<u>\$ 25,061</u>	<u>\$ 1,474,132</u>
Carrying amount at September 30, 2024	<u>\$ 204,164</u>	<u>\$ 686,232</u>	<u>\$ 369,861</u>	<u>\$ 147,820</u>	<u>\$ 10,247</u>	<u>\$ 1,418,324</u>

For the Nine months ended September 30, 2023

	Land	Buildings	Machinery and Equipment	Other Equipment	Equipment under Installation and Construction in Progress	Total
<u>Cost</u>						
Balance at January 1, 2023	\$ 203,742	\$ 1,776,392	\$ 2,400,726	\$ 495,573	\$ 35,596	\$ 4,912,029
Additions	-	16,444	44,077	48,437	41,058	150,016
Disposals	-	(14,833)	(35,194)	(13,314)	-	(63,341)
Exchange differences	(73)	21,507	25,657	5,590	1,196	53,877
Balance At September 30, 2023	<u>\$ 203,669</u>	<u>\$ 1,799,510</u>	<u>\$ 2,435,266</u>	<u>\$ 536,286</u>	<u>\$ 77,850</u>	<u>\$ 5,052,581</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ -	\$ 1,018,456	\$ 1,917,442	\$ 359,631	\$ -	\$ 3,295,529
Depreciation expense	-	64,691	56,587	25,503	-	146,781
Disposals	-	(13,421)	(27,621)	(12,505)	-	(53,547)
Exchange differences	-	12,148	19,287	3,753	-	35,188
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 1,081,874</u>	<u>\$ 1,965,695</u>	<u>\$ 376,382</u>	<u>\$ -</u>	<u>\$ 3,423,951</u>

	Land	Buildings	Machinery and Equipment	Other Equipment	Equipment under Installation and Construction in Progress	Total
Accumulated impairment						
Balance at January 1, 2023	\$ -	\$ -	\$ 77,094	\$ 18,786	\$ -	\$ 95,880
Disposals	-	-	(1,413)	-	-	(1,413)
Exchange differences	-	-	64	49	-	113
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,745</u>	<u>\$ 18,835</u>	<u>\$ -</u>	<u>\$ 94,580</u>
Carrying amount at September 30, 2023	<u>\$ 203,669</u>	<u>\$ 717,636</u>	<u>\$ 393,826</u>	<u>\$ 141,069</u>	<u>\$ 77,850</u>	<u>\$ 1,534,050</u>

Reconciliation of the additions to property, plant and equipment and the cash paid stated in the statements of cash flows is as follows:

	For the Nine Months Ended September 30	
	2024	2023
Investing activities affected cash and cash equivalents		
Additions to property, plant and equipment	\$ 83,228	\$150,016
Decrease (increase) in payables for equipment (under other payables)	<u>5,468</u>	(<u>1,266</u>)
Cash paid for acquis the property, plant and equipment	<u>\$ 88,696</u>	<u>\$148,750</u>

(II) Estimated useful life:

Property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

Buildings	
Reinforced concrete buildings	30 - 60 years
Sheet metal buildings	10 - 20 years
Decoration and Design	2 - 10 years
Electrical and mechanical work	2 - 8 years
Machinery and equipment	2 - 10 years
Other equipment	2 - 15 years

(III) Refer to Note 32 for the carrying amount of property, plant and equipment pledged as collateral for borrowings.

XVI. LEASING ARRANGEMENTS

(I) Right-of-use assets

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amounts			
Land	\$ 33,857	\$ 45,198	\$ 47,270
Buildings	127,687	158,031	175,500
Other equipment	<u>2,332</u>	<u>2,989</u>	<u>3,208</u>
	<u>\$ 163,876</u>	<u>\$ 206,218</u>	<u>\$ 225,978</u>
	For the Three Months Ended September 30		For the Nine Months Ended September 30
	2024	2023	2024 2023
Additions to right-of-use assets			\$ 2,836 \$ 123,078
Depreciation of right-of-use assets			
Land	\$ 299	\$ 403	\$ 1,004 \$ 1,210
Buildings	12,131	12,692	35,312 36,020
Other equipment	<u>219</u>	<u>219</u>	<u>656</u> <u>656</u>
	<u>\$ 12,649</u>	<u>\$ 13,314</u>	<u>\$ 36,972</u> <u>\$ 37,886</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets in September 30, 2024, and 2023.

In addition, the Group terminated in advance and modified some leasing contracts from January 1 to September 30, 2024, resulting in a decrease in right-of-use assets of NT\$3,776 thousand and recognized leasing modification benefits of NT\$18 thousand. Due to the reclassification to non-current assets held for sale, the right-of-use assets decreased by NT\$12,324 thousand.

(II) Leasing liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amounts			
Current portion	<u>\$ 35,681</u>	<u>\$ 41,559</u>	<u>\$ 42,514</u>
Non-current portion	<u>\$ 83,892</u>	<u>\$ 107,298</u>	<u>\$ 118,900</u>

Range of discount rate (%) for leasing liabilities was as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Buildings	1.83~2.42	1.83~2.26	1.83~2.26
Other equipment	2.25	2.25	2.25

(III) Material leasing activities and terms

The Group leases land use rights, buildings and computer hardware equipment for business use, and the lease period varies from 1 to 50 years, and ends until May 2056.

(IV) Other leasing information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Expenses relating to short-term leases	<u>\$ 7,248</u>	<u>\$ 7,022</u>	<u>\$ 22,774</u>	<u>\$ 19,607</u>
Expenses relating to low-value asset leases	<u>\$ 1,754</u>	<u>\$ 1,606</u>	<u>\$ 5,317</u>	<u>\$ 4,843</u>
Total cash outflow for leases			<u>\$ 65,683</u>	<u>\$ 81,435</u>

The Group's leases of certain subjects qualify as short-term or low-value asset leases, and the Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

XVII. SHORT-TERM BORROWINGS

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured borrowings			
Procurement loans	\$ 246,022	\$ 225,068	\$ 212,125
Revolving loans	<u>392,835</u>	<u>554,981</u>	<u>511,739</u>
	<u>\$ 638,857</u>	<u>\$ 780,049</u>	<u>\$ 723,864</u>
Annual interest rate (%)	1.80~6.29	1.75~6.86	1.70~6.60

XVIII. SHORT-TERM BILLS PAYABLE

The commercial paper payables are guaranteed and issued by China Bills Finance Corporation, MEGA Bills Finance Co. and Mizuho Bank, Ltd. The annual interest rate for December 31, 2023 and September 30, 2023 is 1.79% - 1.81% and 1.80% - 1.81%.

XIX. NOTES PAYABLE AND ACCOUNTS PAYABLE

Notes payable and accounts payable are mainly related to operating activities.

The average credit period on purchases of goods from 30 - 150 days. The Group has formulated a financial risk management policy, in order to ensure all payables are paid within the pre-agreed credit period; therefore, no interest is required.

XX. OTHER PAYABLES

	September 30, 2024	December 31, 2023	September 30, 2023
Payable for salaries or bonuses	\$ 161,071	\$ 166,233	\$ 168,154
Payable for employees' compensation and remuneration to directors	84,570	88,078	80,639
Payable for annual leave bonuses	30,939	29,845	29,945
Payable for packing fees	21,125	25,809	27,978
Payable for freight fee	14,988	16,324	18,396
Payable for die-cut fees	14,876	18,900	21,604
Payable for equipment	8,223	13,691	17,750
Others	<u>183,082</u>	<u>149,497</u>	<u>184,274</u>
	<u>\$ 518,874</u>	<u>\$ 508,377</u>	<u>\$ 548,740</u>

XXI. LONG-TERM BORROWINGS

	September 30, 2024	December 31, 2023	September 30, 2023
Secured borrowings (Note 32)			
Syndicated bank loans			
E.SUN BANK (USD syndicated bank loan) - credit limit A, annual interest rate for September 30, 2024, December 31, 2023, and September 30, 2023 is 6.7336%, 7.0402% and 6.7653%, respectively	\$ 474,750	\$ 460,575	\$ 484,050
Less: Syndicated loan fee	<u>1,222</u>	<u>1,773</u>	<u>1,956</u>
	<u>\$ 473,528</u>	<u>\$ 458,802</u>	<u>\$ 482,094</u>

The Company has signed a syndicated loan agreement with banks led by E.SUN BANK in May 2022. The total amount of syndicated bank loans is US\$50 million, including credit limit A (US\$50 million), credit limit B (NT\$840 million).

The credit referred to in the preceding item is a medium-term revolving loan (the credit period starts from June 2022, the first use date and ends in 5 years, and after three years from the date of first use, the credit line will be decreased in five installments every six months, with the first installment decreasing by 5%, the second to fourth installments

decreasing by 10% and the fifth installment decreasing by 65%), which can be used in installments and revolved within the loan line. Every time the credit line decreases, the part of the credit balance that exceeds the decreased credit line shall be paid off in one lump sum.

The syndicated loan contract stipulates that the Company's consolidated annual financial ratios should comply with specific financial ratio standard.

The financial ratios of the Company's 2023 and 2022 consolidated annual financial reports did not violate the provisions of the syndicated loan contract.

XXII. RETIREMENT BENEFIT PLANS

(I) Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

(II) Defined benefit plans

The retirement expenses of defined benefit plan for the three months and nine months ended September 30, 2024 and 2023 were calculated using the actuarially determined pension cost discount rate of December 31 2023 and 2022. The amounts for the three months and the nine months ended September 30, 2024 and 2023 was NT\$97 thousand, NT\$153 thousand, NT\$291 thousand and NT\$460 thousand, respectively.

XXIII. EQUITY

(I) Share capital

	September 30, 2024	December 31, 2023	September 30, 2023
Number of authorized shares (in thousands)	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Amount of authorized shares	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Number of issued and fully paid shares (in thousands)	<u>100,004</u>	<u>100,004</u>	<u>100,004</u>
Amount of issued shares	<u>\$ 1,000,044</u>	<u>\$ 1,000,044</u>	<u>\$ 1,000,044</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

(II) Capital surplus

	September 30, 2024	December 31, 2023	September 30, 2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)			
Arising from issuance of share capital	\$ 1,874,658	\$ 1,898,886	\$ 1,898,886
Arising from conversion of bonds	511	511	511
Consolidation excess	142,560	142,560	142,560
Difference between consideration paid and the carrying amount	<u>6,777</u>	<u>6,777</u>	<u>6,777</u>
	<u>\$ 2,024,506</u>	<u>\$ 2,048,734</u>	<u>\$ 2,048,734</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

(III) Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, except when the accumulated amount of such legal reserve equals to the Company's total issued capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, if the Company issues new stocks for distribution of earnings, it shall be submitted to the Shareholders' Meeting for resolution. However, if the company issues cash for distribution of earnings, it shall be resolved by the Board of Directors.

Board of Directors must attend by over two-thirds of the directors and half of those attending directors must approve for the case if the Company cash distribution of dividends, bonus and capital surplus or surplus reserve, it should report to the Shareholders' Meeting. However, if the Company issues new

stocks for distribution of dividends, bonus and capital surplus or surplus reserve, it should let the shareholders pass the resolution.

The dividend policy of the Company is based on the current and future development plans, investment environment, capital requirements and competition in the domestic and foreign markets, as well as the benefits of shareholders, etc. The dividends to shareholders can be paid in cash or/and issued shares, but cash dividends shall be not less than 10% of the total dividends.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2023 and 2022 had been approved by the shareholders' meeting in May, 2024 and May, 2023, respectively; the amounts were as follows:

	Appropriation of earnings		Dividends per share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$ 20,155	\$ 27,631		
Provision (Reversal) of special surplus reserve	(25,555)	57,972		
Cash dividends	<u>118,224</u>	<u>147,781</u>	<u>\$ 1.2</u>	<u>\$ 1.5</u>
	<u>\$112,824</u>	<u>\$233,384</u>		

In addition, in March 2024, the Board of Directors also proposed a cash distribution from capital surplus of NT\$29,556 thousand.

The appropriations of earnings for 2023 and 2022 had been approved by the Board of Directors in March, 2024 and 2023, respectively.

(IV) Special reserve

When the company adopted IFRSs for the first time, the unrealized revaluation gains and accumulative translation adjustments transferred to retained earnings amounted to NT\$13,747 thousand and NT\$231,169 thousand respectively, but the increase in retained earnings due to the adoption of IFRSs for the first time was not enough to be recognized, so only the retained earnings increase of

NT\$181,615 thousand due to the conversion to IFRSs was set aside as a special surplus reserve.

(V) Other equity

1. Exchange differences on translation of the financial statements of foreign operations

	For the Nine Months Ended September 30	
	2024	2023
Balance at January 1	(\$284,391)	(\$240,008)
Exchange differences on translating the financial statements of foreign operations	154,158	65,457
Tax arising on translation of foreign operations	(30,831)	(13,098)
Balance at September 30	<u>(\$161,064)</u>	<u>(\$187,649)</u>

2. Unrealized gain (loss) on financial assets at fair value through other comprehensive income

	For the Nine Months Ended September 30	
	2024	2023
Balance at January 1	(\$ 58,761)	(\$128,698)
Recognized for the year		
Unrealized gain (loss) - equity instruments	<u>188,746</u>	<u>43,129</u>
Balance at September 30	<u>\$129,985</u>	<u>(\$ 85,569)</u>

(VI) Non-controlling interests

	For the Nine Months Ended September 30	
	2024	2023
Balance at January 1	\$112,675	\$114,264
Other comprehensive income (loss) during the period		
Net profit	6,427	15,661
Exchange differences on translation of the financial statements of foreign operations	4,835	1,765
Cash dividends paid by subsidiaries	(12,916)	(18,290)
Balance at September 30	<u>\$111,021</u>	<u>\$113,400</u>

(VII) Treasury stock

For the transfer of shares to employees, the Company repurchased 1,484 thousand shares of its common stock in 2019, at the repurchase cost of NT\$40,239 thousand (a refund of NT\$2,000 handling fee for 2020 has been deducted). The treasury shares were 1,484 thousand shares at December 31 and September 30, 2023.

The Company's board of directors decided to transfer treasury shares to employees in August, 2024. Please refer to Note 28 for instructions.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

XXIV. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Revenue from contracts with customers				
Revenue from sale of goods	\$ 2,009,040	\$ 2,094,655	\$ 5,513,281	\$ 5,662,781
Service revenue	<u>354</u>	<u>951</u>	<u>1,173</u>	<u>2,320</u>
	<u>\$ 2,009,394</u>	<u>\$ 2,095,606</u>	<u>\$ 5,514,454</u>	<u>\$ 5,665,101</u>

(I) Contract balances

	September 30, 2024	December 31, 2023	September 30, 2023	January 1, 2023
Notes receivable and accounts receivable (including related parties) (Note 9)	<u>\$2,754,039</u>	<u>\$2,887,068</u>	<u>\$3,141,772</u>	<u>\$2,706,279</u>
Contract liabilities (classified under other current liabilities)				
Sale of goods	<u>\$ 15,187</u>	<u>\$ 8,275</u>	<u>\$ 12,530</u>	<u>\$ 10,594</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the date the Group fulfills its performance obligation and the date the customer's payment is received.

(II) Disaggregation of revenue by products

For the Nine Months Ended September 30, 2024

Types	Reportable Segments				Total
	Taiwan	South China	Eastern China	Others	
Revenue from sale of goods	\$ 1,754,421	\$ 1,019,089	\$ 2,546,925	\$ 192,846	\$ 5,513,281
Service revenue	<u>260</u>	<u>55</u>	<u>825</u>	<u>33</u>	<u>1,173</u>
	<u>\$ 1,754,681</u>	<u>\$ 1,019,144</u>	<u>\$ 2,547,750</u>	<u>\$ 192,879</u>	<u>\$ 5,514,454</u>

For the Nine Months Ended September 30, 2023

Types	Reportable Segments				Total
	Taiwan	South China	Eastern China	Others	
Revenue from sale of goods	\$ 1,562,276	\$ 1,186,640	\$ 2,773,157	\$ 140,708	\$ 5,662,781
Service revenue	<u>342</u>	<u>63</u>	<u>1,886</u>	<u>29</u>	<u>2,320</u>
	<u>\$ 1,562,618</u>	<u>\$ 1,186,703</u>	<u>\$ 2,775,043</u>	<u>\$ 140,737</u>	<u>\$ 5,665,101</u>

XXV. PROFIT BEFORE INCOME TAX

(I) Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Bank deposits	<u>\$ 5,941</u>	<u>\$ 6,089</u>	<u>\$15,536</u>	<u>\$17,768</u>

(II) Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Dividend income	\$ 31,250	\$ -	\$ 35,710	\$ 42,602
Rental income	2,224	2,131	6,528	6,435
Others	<u>3,305</u>	<u>12,081</u>	<u>5,750</u>	<u>14,076</u>
	<u>\$36,779</u>	<u>\$14,212</u>	<u>\$47,988</u>	<u>\$63,113</u>

(III) Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Gains (loss) of financial instruments measured at fair value through profit or loss	\$ 40,767	(\$ 10,276)	\$ 58,994	\$ 5,123
Net gain (loss) from foreign currency exchange	(12,242)	5,340	19,477	29,132
Net gain on non-current assets held for sale (Note 11)	162,701	-	162,701	-

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		For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2024	2023	2024	2023
	Gains (loss) on disposal of property, plant and equipment	\$ 4	(\$ 280)	(\$ 359)	\$ 1,373
	Others	(212)	(63)	(700)	(386)
		<u>\$191,018</u>	<u>(\$ 5,279)</u>	<u>\$240,113</u>	<u>\$ 35,242</u>
(IV)	Finance costs				
		For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2024	2023	2024	2023
	Interest on bank loans	\$ 14,386	\$ 17,189	\$ 44,649	\$ 47,583
	Interest on lease liabilities	718	877	3,060	1,907
	Other interest expenses	<u>751</u>	<u>895</u>	<u>2,134</u>	<u>2,126</u>
		<u>\$ 15,855</u>	<u>\$ 18,961</u>	<u>\$ 49,843</u>	<u>\$ 51,616</u>
(V)	Depreciation and amortization				
		For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2024	2023	2024	2023
	Property, plant and equipment	\$ 47,916	\$ 47,852	\$ 144,546	\$ 146,781
	Right-of-use assets	12,649	13,314	36,972	37,886
	Intangible assets	<u>10,313</u>	<u>8,933</u>	<u>31,794</u>	<u>22,795</u>
		<u>\$ 70,878</u>	<u>\$ 70,099</u>	<u>\$ 213,312</u>	<u>\$ 207,462</u>
	An analysis of depreciation by function				
	Operating costs	\$ 49,617	\$ 49,029	\$ 148,074	\$ 153,649
	Operating expenses	<u>10,948</u>	<u>12,137</u>	<u>33,444</u>	<u>31,018</u>
		<u>\$ 60,565</u>	<u>\$ 61,166</u>	<u>\$ 181,518</u>	<u>\$ 184,667</u>
	An analysis of amortization by function				
	Operating costs	\$ 1,295	\$ 1,918	\$ 4,248	\$ 5,308
	Operating expenses	<u>9,018</u>	<u>7,015</u>	<u>27,546</u>	<u>17,487</u>
		<u>\$ 10,313</u>	<u>\$ 8,933</u>	<u>\$ 31,794</u>	<u>\$ 22,795</u>
(VI)	Employee benefits expense				
		For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2024	2023	2024	2023
	Short-term employee benefits	<u>\$ 278,970</u>	<u>\$ 265,428</u>	<u>\$ 772,505</u>	<u>\$ 750,156</u>

(Continued)

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	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Retirement benefits				
Defined contribution plans	\$ 12,627	\$ 12,422	\$ 38,604	\$ 36,961
Defined benefit plans (Note 22)	<u>97</u>	<u>153</u>	<u>291</u>	<u>460</u>
	<u>12,724</u>	<u>12,575</u>	<u>38,895</u>	<u>37,421</u>
	<u>\$ 291,694</u>	<u>\$ 278,003</u>	<u>\$ 811,400</u>	<u>\$ 787,577</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 153,773	\$ 157,112	\$ 449,302	\$ 457,707
Operating expenses	<u>137,921</u>	<u>120,891</u>	<u>362,098</u>	<u>329,870</u>
	<u>\$ 291,694</u>	<u>\$ 278,003</u>	<u>\$ 811,400</u>	<u>\$ 787,577</u>

(VII) Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at rates of no less than 10% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors.

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

	For the Nine Months Ended September 30			
	2024	2023		
Accrual rate				
Employees' compensation (%)	15	15		
Remuneration of directors (%)	2.5	2.5		
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Amount				
Employees' compensation	\$ 32,679	\$ 12,609	\$ 56,338	\$ 35,123
Remuneration of directors	\$ 5,447	\$ 2,102	\$ 9,390	\$ 5,854

If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022 which have been approved by the Company's board of directors on March, 2024 and 2023, were paid in cash as follows:

	<u>2023</u>	<u>2022</u>
Employees' compensation	\$ 41,500	\$ 57,036
Remuneration of directors	6,917	9,506

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

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

XXVI. INCOME TAX

(I) The major components of income tax expense (gain)

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current tax				
In respect of the current year	\$ 102,946	\$ 56,861	\$ 126,366	90,728
Addition from unappropriated earnings	-	-	1,500	2,146
Land value increment tax	26,714	-	26,714	-
Adjustments for prior years	(<u>1,134</u>)	578	(<u>4,067</u>)	(<u>10,738</u>)
	<u>128,526</u>	<u>57,439</u>	<u>150,513</u>	<u>82,136</u>
Deferred tax				
In respect of the current year	(\$ 45,222)	(\$ 31,667)	(\$ 28,927)	(\$ 27,413)
Adjustments for prior years	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,137</u>
	(<u>45,222</u>)	(<u>31,667</u>)	(<u>28,927</u>)	(<u>23,276</u>)
	<u>\$ 83,304</u>	<u>\$ 25,772</u>	<u>\$ 121,586</u>	<u>\$ 58,860</u>

(II) Income tax recognized in other comprehensive

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Deferred tax benefit (expense)				
In respect of the current year				
Exchange differences on translation of the financial statements of foreign operations	<u>\$ 1,381</u>	(<u>30,473</u>)	(<u>30,831</u>)	(<u>13,098</u>)

(III) Income tax assessments

The company's income tax declaration for profit-making business up to the year of 2022 have been approved by the tax collection authorities.

XXVII. EARNINGS PER SHARE (EPS)

Earnings and weighted average number of shares outstanding used in the computation of EPS were as follows:

(I) Net profit for the year attributable to the owners of the company

	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2024	2023	2024	2023
Earnings used in the computation to basic/diluted EPS	\$ 170,445	\$ 58,947	\$ 284,314	\$ 166,313

(II) Number of shares (in thousands)

	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2024	2023	2024	2023
Weighted average number of shares outstanding used in computation of basic EPS	98,683	98,520	98,683	98,520
Effect of potentially dilutive shares				
Employees' compensation	1,552	947	1,882	1,482
Weighted average number of shares outstanding used in computation of diluted EPS	100,235	99,467	100,565	100,002

The Group offers to settle the employees' compensation in cash or shares; thus, the Group assumes the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted EPS, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

XXVIII. SHARE-BASED PAYMENT ARRANGEMENTS

In order to motivate employees and enhance their centripetal force, the Company's board of directors decided to transfer 1,484 thousand shares of treasury shares repurchased in 2019 to employees in August, 2024, with a transfer price of NT\$ 27.13.

The fair value of employee share options granted on grant date is measured using the Black-Scholes option-pricing model. The evaluation assumptions are as follows:

Share price at the grant date	\$ 30.70
Exercise price	\$ 27.13
Expected volatility (%)	24.64
Expected lives (years)	0.04
Risk free interest rate (%)	1.28
Fair value of the share options granted	\$ 3.59

The fair value of share-based payment transaction granted on grant date based on the closing price at the grant date less the exercise price and recognized the compensation cost and capital surplus - treasury share transaction of NT\$5,328 thousand.

XXIX. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Group (comprising issued capital, reserves, retained earnings and other equity).

The key management personnel of the Group periodically review the cost of capital and the risk associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

The Group is not subject to any externally imposed capital requirements, except those discussed in Note 21.

XXX. FINANCIAL INSTRUMENTS

(I) Fair values of financial instruments not measured at fair value

The carrying amount of financial assets and financial liabilities that are not measured at fair value as approximate amount of their fair value.

(II) Fair value of financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

September 30, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivatives	\$ -	\$ 1,848	\$ -	\$ 1,848
Domestic listed shares	139,003	-	-	139,003
Guaranteed floating income financial products	-	-	278,386	278,386
	<u>\$ 139,003</u>	<u>\$ 1,848</u>	<u>\$ 278,386</u>	<u>\$ 419,237</u>

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 811,163	\$ -	\$ -	\$ 811,163
Domestic unlisted shares	-	-	54,930	54,930
Foreign unlisted shares	-	-	14,572	14,572
	<u>\$ 811,163</u>	<u>\$ -</u>	<u>\$ 69,502</u>	<u>\$ 880,665</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivatives	\$ -	\$ 3,338	\$ -	\$ 3,338
Domestic listed shares	79,398	-	-	79,398
Guaranteed floating income financial products	-	-	349,800	349,800
	<u>\$ 79,398</u>	<u>\$ 3,338</u>	<u>\$ 349,800</u>	<u>\$ 432,536</u>

<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 622,418	\$ -	\$ -	\$ 622,418
Domestic unlisted shares	-	-	54,930	54,930
Foreign unlisted shares	-	-	14,572	14,572
	<u>\$ 622,418</u>	<u>\$ -</u>	<u>\$ 69,502</u>	<u>\$ 691,920</u>

September 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic listed shares	\$ 70,639	\$ -	\$ -	\$ 70,639
Guaranteed floating income financial products	-	-	364,231	364,231
	<u>\$ 70,639</u>	<u>\$ -</u>	<u>\$ 364,231</u>	<u>\$ 434,870</u>

<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 587,699	\$ -	\$ -	\$ 587,699
Domestic unlisted shares	-	-	62,841	62,841
Foreign unlisted shares	-	-	14,572	14,572
	<u>\$ 587,699</u>	<u>\$ -</u>	<u>\$ 77,413</u>	<u>\$ 665,112</u>

<u>Financial liabilities at FVTPL</u>				
Derivatives	\$ -	\$ 2,654	\$ -	\$ 2,654

There were no transfers between Level 1 and Level 2 for the nine months ended September 30, 2024 and 2023.

2. Reconciliation of Level 3 fair value measurements of financial assets and liabilities

	Financial assets at FVTPL		Financial assets at FVTOCI	
	For the Nine Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2024	2023	2024	2023
Financial assets				
Balance at January 1	\$ 349,800	\$ 607,512	\$ 69,502	\$ 80,418
Increase in current three month	169,489	505,984	-	12,224
Decrease in current three month	(265,057)	(768,257)	-	-
Recognized in profit or loss	8,186	12,768	-	(15,229)
Exchange differences	15,968	6,224	-	-
Balance at September 30	<u>\$ 278,386</u>	<u>\$ 364,231</u>	<u>\$ 69,502</u>	<u>\$ 77,413</u>

3. Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. The estimates and assumptions used by the Group in the evaluation method are consistent with the information used by market participants as estimates and assumptions when pricing financial products.

4. Valuation techniques and inputs applied for Level 3 fair value measurement

The financial assets held by the Group measured at fair value are estimated using the market method with reference to the stock price-to-book value ratio of similar companies in the same industry in the open market or the latest net asset value.

The estimated fair value of guaranteed with floating income financial products is based on the analysis of cash flow.

(III) Categories of financial instruments

	September 30, 2024	December 31, 2023	September 30, 2023
Financial Assets			
Measured at amortized cost (Note 1)	\$ 4,210,135	\$ 4,265,517	\$ 4,462,999
Measured at FVTPL			
Mandatorily classified as at FVTPL	419,237	432,536	434,870

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets at FVTOCI			
Investments in equity instruments	\$ 880,665	\$ 691,920	\$ 665,112
<u>Financial Liabilities</u>			
Measured at amortized cost (Note 2)	2,946,500	3,259,269	3,568,810
Measured at FVTPL			
Derivatives	-	-	2,654

Note 1: Including cash and cash equivalents, notes receivable and accounts receivable, others receivable, other financial assets and refundable deposits measured at amortized cost, which comprise.

Note 2: Including short-term borrowings, short-term bills payable, notes payable and accounts payable, other payables, long-term borrowings and guarantee deposits received measured at amortized cost, which comprise.

(IV) Financial risk Management objectives and policies

The Group's major financial instruments included equity and investments, notes receivable and accounts receivable, other financial assets, short-term bills payable, accounts payable, lease liability and long-term and short-term loans, etc. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign exchange rates and interest rates), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments (including derivative financial instruments) for speculative purposes.

1. Market risk

The Group's activities exposed is primarily to the financial risks of changes in foreign currency exchange rates (detail refers below (1)) and interest rates (detail refers below (2)).

(1) Foreign currency risk

The Group had foreign currency trades, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts.

For the carrying amount of monetary assets and monetary liabilities denominated in non-functional currency of the Group on the balance sheet date (including monetary items denominated in non-functional currency that have been reversed in the consolidated financial report), please refer to Note 34.

Sensitivity analysis

The Group was mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (functional currency) against the relevant foreign currencies. A sensitivity rate of 1% is used internally when reporting to management from the Group on exchange rate risks. It represents management's assessment on reasonably possible scope of foreign exchange rates. The following table details the Group's sensitivity analysis included only the outstanding foreign currency (USD) denominated monetary items at the balance sheet date. The sensitivity analysis included foreign currency deposit (USD), receivables and payables, and long-term and short-term borrowings. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	Currency USD Impact	
	For the Niine Months Ended September 30	
	2024	2023
Profit or loss	\$ 7,030	\$ 6,860

(2) Interest rate risk

The Group was exposed to interest rate risk because the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Fair value interest rate risk			
Financial assets	\$ 750,970	\$ 491,598	\$ 696,950
Financial liabilities	173,081	610,291	506,950
Cash flow interest rate risk			
Financial assets	656,924	841,987	578,259
Financial liabilities	1,058,877	947,417	1,060,422

Sensitivity analysis

The sensitivity analysis below shows the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the assets and liabilities outstanding at the end of the reporting period was outstanding for the whole year.

The rate of change used internally in reporting interest rates to the management from the Group is the 1% basis points increase or decrease in interest rates, which also represents the management's evaluation of the reasonable range of possible changes in interest rates.

If interest rates had been 1% increases/decreases and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2024 and 2023 would have been decreases/increases by NT\$3,015 thousand and NT\$3,616 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits and borrowings.

(3) Other price risk

The Group were exposed to equity price risk through their investments in listed shares.

Sensitivity analysis

The following sensitivity analysis is based on the equity price risk on the balance sheet date.

If the equity price increases/decreases by 1%, the Group's net profit before tax for the nine months ended September 30, 2024 and 2023 will increase/decrease by NT\$1,390 thousand and NT\$706 thousand respectively due to the change in the fair value of financial assets measured at fair value through profit and loss.

If the equity price increases/decreases by 1%, the Group's pre-tax other comprehensive profit and loss for the nine months ended September 30, 2024 and 2023 will increase/decrease by NT\$8,807 thousand and NT\$6,651 thousand respectively due to the increase/decrease in the fair value of financial assets measured at fair value through other comprehensive profit and loss.

2. Credit risk

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

- (1) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and
- (2) The amount of contingent liabilities in relation to financial guarantees provided by the Group.

The Group adopted a policy of only dealing with creditworthy counterparties and uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and credit exposure is controlled by setting credit limits of counterparties annually.

The Group only transacts with financial institutions and companies with good credit ratings. Therefore, no significant credit risk is anticipated.

3. Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants. The Group relies on bank borrowings as a significant source of liquidity.

(1) Liquidity risk tables for non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed-upon repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, liabilities with a repayment on demand clause were included in the earliest time band regardless of the probability of the counterparties choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed-upon repayment dates. To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate at the end of the year.

	Less than 6 Months	6 Months to 1 Year	1-3 Years	More than 3 Years
<u>September 30, 2024</u>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$1,817,511	\$ 15,531	\$ 1,073	\$ -
Leasing liabilities	17,354	20,500	56,812	31,156

	Less than 6 Months	6 Months to 1 Year	1-3 Years	More than 3 Years
<u>September 30, 2024</u>				
Variable interest rate liabilities	\$ 606,602	\$ 16,161	\$ 56,388	\$ 473,527
Fixed interest rate liabilities	54,287	-	-	-
Financial guarantee contracts	<u>100,494</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$2,596,248</u>	<u>\$ 52,192</u>	<u>\$ 114,273</u>	<u>\$ 504,683</u>

Lease liabilities further analysis are as follows:

	Less than 1 Year	1-3 Years	3-5 Years	5-10 Years
<u>Leasing liabilities</u>	<u>\$37,854</u>	<u>\$56,812</u>	<u>\$18,977</u>	<u>\$12,179</u>

	Less than 6 Months	6 Months to 1 Year	1-3 Years	More than 3 Years
<u>December 31, 2023</u>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$1,743,088	\$ 106,310	\$ 1,020	\$ -
Leasing liabilities	27,551	17,135	63,401	48,379
Variable interest rate liabilities	509,506	16,483	65,661	474,835
Fixed interest rate liabilities	462,300	-	-	-
Financial guarantee contracts	<u>47,974</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$2,790,419</u>	<u>\$ 139,928</u>	<u>\$ 130,082</u>	<u>\$ 523,214</u>

Lease liabilities further analysis are as follows:

	Less than 1 Year	1-3 Years	3-5 Years	5-10 Years
<u>Leasing liabilities</u>	<u>\$44,686</u>	<u>\$63,401</u>	<u>\$29,835</u>	<u>\$18,544</u>

	Less than 6 Months	6 Months to 1 Year	1-3 Years	More than 3 Years
<u>September 30, 2023</u>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$2,067,011	\$ 94,354	\$ 1,487	\$ -
Leasing liabilities	17,698	27,897	71,866	52,677
Variable interest rate liabilities	597,859	16,556	66,314	506,654
Fixed interest rate liabilities	346,158	-	-	-
Financial guarantee contracts	<u>54,616</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$3,083,342</u>	<u>\$ 138,807</u>	<u>\$ 139,667</u>	<u>\$ 559,331</u>

Lease liabilities further analysis are as follows:

	Less than 1 Year	1-3 Years	3-5 Years	5-10 Years
Leasing liabilities	<u>\$ 45,595</u>	<u>\$ 71,866</u>	<u>\$ 31,082</u>	<u>\$ 21,595</u>

The amount of the above-mentioned financial guarantee contract refers to the amount that the Company may have to pay to fulfill the guarantee obligation if the holder of the financial guarantee contract claims the full guarantee amount from the guarantor. However, according to the expectation on the balance sheet date, the Company believes that it is unlikely to pay these contract payments.

The amounts included above for variable interest rate non-derivative financial liabilities were subject to change if changes in variable interest rates differ from those estimates of interest rates at the end of the year.

(2) Liquidity risk tables for derivative financial liabilities

On the liquidity analysis of derivative financial instruments, derivative instruments settled by gross amount is compiled based on the undiscounted total cash inflow and outflow. When the amount payable is not fixed, the disclosed amount is based on the spot exchange rate on the balance sheet date.

	On Demand or Less than 1 Month	1-3 Months
<u>September 30, 2024</u>		
Total settlement		
Foreign exchange forward contracts		
Inflows	\$ 48,654	\$ 47,601
Outflows	(47,285)	(47,122)
	<u>\$ 1,369</u>	<u>\$ 479</u>
<u>December 31, 2023</u>		
Total settlement		
Foreign exchange forward contracts		
Inflows	\$ 47,955	\$ 77,454
Outflows	(45,913)	(76,158)
	<u>\$ 2,042</u>	<u>\$ 1,296</u>

	On Demand or Less than 1 Month	1-3 Months
<u>September 30, 2023</u>		
Total settlement		
Foreign exchange forward contracts		
Inflows	\$ 46,501	\$ 79,176
Outflows	(<u>48,289</u>)	(<u>80,042</u>)
	(<u>\$ 1,788</u>)	(<u>\$ 866</u>)

4. Transfers of financial assets

The Group transferred a portion of its banker's acceptance bills in China to some of its suppliers in order to settle the accounts payable to these suppliers. As the Group has transferred substantially all risks and rewards relating to these bills' receivable, it derecognized the full carrying amount of the bills receivable and the associated accounts payable. However, if the derecognized bills receivable is not paid at maturity, the suppliers have the right to request the Group to pay the unsettled balance; therefore, the Group still has continuing involvement in these bills' receivable.

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the face amounts of the transferred but unsettled bills receivable, and as of September 30, 2024, December 31, 2023 and September 30, 2023, the face amount of these unsettled bills receivable was NT\$100,494 thousand, NT\$47,974 thousand and NT\$54,616 thousand, respectively. The unsettled bills receivable will be due in 6 months after the balance sheet date. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair value of its continuing involvement is not significant.

During the nine months ended September 30, 2024 and 2023, the Group did not recognize any gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the period or cumulatively.

XXXI. RELATED PARTY TRANSACTIONS

Transactions between the Group and related parties were disclosed as follows:

(I) Name of related parties and relation

<u>Related Parties</u>	<u>Relation with the Group</u>
Wah Lee Industrial Corp.	Investor with significant influence
Shanghai Yikang Chemical Industry Material Limited Company	Subsidiary of Investor with significant influence
DongGuan HuaGang International Trading Co., Ltd.	Subsidiary of Investor with significant influence
Raycong Industrial (Hong Kong) Limited	Subsidiary of Investor with significant influence
Wah Tech Industrial Co., Ltd.	Subsidiary of Investor with significant influence
Tranceed Logistics Co. Ltd.	Subsidiary of Investor with significant influence
Wah Sheng Industrial Corp.	Associate
Nagase Wahlee Plastics Corp.	Substantive related party
Hightech Polymer Sdn. Bhd.	Substantive related party

(II) Operating transactions

1. Sales of goods

<u>Related Party Category</u>	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Investor with significant influence and their subsidiaries	\$ 25,834	\$ 10,328	\$ 74,502	\$ 41,705
Substantive related party	-	-	-	13
	<u>\$ 25,834</u>	<u>\$ 10,328</u>	<u>\$ 74,502</u>	<u>\$ 41,718</u>

The selling prices and collection terms of sales to related parties were similar to third parties.

2. Purchase of goods

<u>Related Party Category</u>	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Investor with significant influence and their subsidiaries	\$ 13,413	\$ 3,426	\$ 32,604	\$ 11,618
Substantive related party	698	2,605	2,593	3,296
	<u>\$ 14,111</u>	<u>\$ 6,031</u>	<u>\$ 35,197</u>	<u>\$ 14,914</u>

The prices of purchases from related parties were made under arm's length terms and there were no similar transactions with third parties for

comparison Payment terms are not significantly different from those of general manufacturers.

3. Rental income

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Investor with significant influence	\$ 8	\$ 7	\$ 26	\$ 25
Substantive related party	<u>140</u>	<u>39</u>	<u>205</u>	<u>118</u>
	<u>\$ 148</u>	<u>\$ 46</u>	<u>\$ 231</u>	<u>\$ 143</u>

4. Receivables from related parties

(1) Accounts receivable

Related Party Category	September 30, 2024	December 31, 2023	September 30, 2023
Investor with significant influence and their subsidiaries	<u>\$ 24,414</u>	<u>\$ 14,788</u>	<u>\$ 10,273</u>

(2) Other receivables

Related Party Category	September 30, 2024	December 31, 2023	September 30, 2023
Investor with significant influence	\$ 4	\$ 3	\$ -
Substantive related party	-	35	36
Associate	<u>10,000</u>	<u>2,359</u>	<u>673</u>
	<u>\$ 10,004</u>	<u>\$ 2,397</u>	<u>\$ 709</u>

The outstanding accounts receivable from related parties are unsecured and not recognized for impairment losses.

5. Payables to related parties

(1) Accounts payable

Related Party Category	September 30, 2024	December 31, 2023	September 30, 2023
Investor with significant influence and their subsidiaries	\$ 14,989	\$ 4,339	\$ 4,244
Substantive related party	<u>1,358</u>	<u>739</u>	<u>1,197</u>
	<u>\$ 16,347</u>	<u>\$ 5,078</u>	<u>\$ 5,441</u>

(2) Other payables

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Related Party Category</u>			
Investor with significant influence and their subsidiaries	<u>\$ 355</u>	<u>\$ -</u>	<u>\$ -</u>

The outstanding payables to related parties are unsecured.

(III) Rent Expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
<u>Related Party Category</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Investor with significant influence and their subsidiaries	<u>\$ 361</u>	<u>\$ 361</u>	<u>\$ 1,084</u>	<u>\$ 1,084</u>

(IV) Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 15,848	\$ 7,418	\$ 35,976	\$ 25,713
Retirement benefits	<u>138</u>	<u>130</u>	<u>409</u>	<u>375</u>
	<u>\$ 15,986</u>	<u>\$ 7,548</u>	<u>\$ 36,385</u>	<u>\$ 26,088</u>

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

XXXII. ASSETS PLEDGED AS COLLATERAL

The Group provided the following assets (show as net book value) as collaterals for part of borrowings, performance guarantee, endorsements/guarantees for others and customs.

	September 30, 2024	December 31, 2023	September 30, 2023
Other financial assets			
Deposit account	<u>\$ 22,584</u>	<u>\$ 43,352</u>	<u>\$ -</u>
Property, plant and equipment			
Land	171,108	171,108	171,108
Buildings	<u>196,792</u>	<u>208,519</u>	<u>210,982</u>
	<u>367,900</u>	<u>379,627</u>	<u>382,090</u>
	<u>\$ 390,484</u>	<u>\$ 422,979</u>	<u>\$ 382,090</u>

XXXIII. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Group as of balance sheet date were as follows:

- (I) The Group's unused letters of credit for purchase of merchandise balance as follows:

Unit: Foreign Currencies / NTD (In Thousands)			
	September 30, 2024	December 31, 2023	September 30, 2023
USD	\$ 3,102	\$ 2,959	\$ 2,398

- (II) The Group's unrecognized contractual commitment are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Acquisition of equipment	<u>\$ 9,573</u>	<u>\$ 10,155</u>	<u>\$ 30,851</u>

- (III) As of December 31, 2023 and September 30, 2023, the performance bond issued by the bank to the Group importing goods are both NT\$1,300 thousand respectively.

XXXIV. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

The following information was summarized according to the foreign currencies other than the functional currency of the Group. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant financial assets and liabilities denominated in foreign currencies were as follows:

Unit: Foreign Currencies/ NTD/ Forex rate (In Thousands)				
	Foreign Currencies	Exchange Rate		Carrying Amount
September 30, 2024				
Foreign currency assets				
Monetary items				
USD	\$ 35,561	31.65	(USD:NTD)	\$ 1,125,519
USD	48,800	7.0074	(USD:RMB)	1,544,529
Foreign currency liabilities				
Monetary items				
USD	32,170	31.65	(USD:NTD)	1,018,194
USD	29,981	7.0074	(USD:RMB)	948,901

	Foreign Currencies		Exchange Rate		Carrying Amount
<u>December 31, 2023</u>					
Foreign currency assets					
Monetary items					
USD	\$	44,671	30.705	(USD:NTD)	\$1,371,622
USD		55,754	7.0827	(USD:RMB)	1,711,939
Foreign currency liabilities					
Monetary items					
USD		35,966	30.705	(USD:NTD)	1,104,327
USD		38,637	7.0827	(USD:RMB)	1,186,360
<u>September 30, 2023</u>					
Foreign currency assets					
Monetary items					
USD		44,596	32.27	(USD:NTD)	1,439,121
USD		57,529	7.1798	(USD:RMB)	1,856,451
Foreign currency liabilities					
Monetary items					
USD		37,874	32.27	(USD:NTD)	1,222,198
USD		42,993	7.1798	(USD:RMB)	1,387,399

For the three months and nine months ended September 30, 2024 and 2023, realized and unrealized net foreign exchange gains and losses were loss of NT\$12,242 thousand, gain of NT\$5,340 thousand, gain of NT\$19,477 thousand and gain of NT\$29,132 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group's entities.

XXXV. ADDITIONAL DISCLOSURES

- (I) Information about significant transactions and (II) investees:
1. Lending funds to others: Table 1
 2. Endorsements/guarantees provided: Table 2
 3. Marketable securities held: Table 3
 4. Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
 5. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
 6. Disposal of individual real estate property at prices of at least NT\$300 million or 20% of the paid-in capital: Table 4

7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 6
9. Trading in derivative instruments: Note 7
10. Intercompany relationships and significant intercompany transactions: Table 7
11. Information on investees: Table 8

(III) Information on investments in mainland China

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 9
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:
 - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period:

	Purchase of Goods		Accounts payable	
	Amount	%	Amount	%
Sun Hong	\$ 15,607	1	\$ 8,810	2
SIP Chang Hong	129	-	148	-
Ningbo Changhong	60	-	59	-
Xiamen Guang Hong	25	-	24	-
	<u>\$ 15,821</u>	<u>1</u>	<u>\$ 9,041</u>	<u>2</u>

- (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period:

	Sales of goods		Accounts receivable	
	Amount	%	Amount	%
SIP Chang Hong	\$ 655,327	23	\$ 384,551	30
Suzhou Alliance	155,501	6	75,795	6
Xiamen Guang Hong	59,303	2	25,352	2

Ningbo				
Changhong	57,904	2	23,762	2
Sun Hong	50,584	2	17,151	1
Qingdao				
Changhong	3,578	-	-	-
Ningbo Changli	1,988	-	736	-
	<u>\$ 984,185</u>	<u>35</u>	<u>\$ 527,347</u>	<u>41</u>

- (3) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2
- (4) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1
- (5) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None
- (IV) Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 10

XXXVI. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance is distinguished by operating area and categories of merchandise and service. The Group's reportable segments were as follows:

- (I) Wah Hong Industrial Corporation (Taiwan)
- (II) Wah Hong International Ltd., Sun Hong and Xiamen Guang Hong (South China)
- (III) Wah Hong Technology Ltd., SIP Chang Hong, SIP Chang Jun, Ningbo Changhong, Qingdao Changhong, Chang Hong (HK), Ningbo Changli, Smart Succeed Ltd., Granite International Ltd., Allied Royal LLC., Suzhou Alliance and Best Honor Inc. (Eastern China)

The abovementioned reportable segments are mainly engaged in the manufacturing and trading of materials of LCD (Diffusion, Reflection films and optical films etc.), new model panel display, materials of Bulk Molding Compounds (BMC) and Molding products, products of carbon graphite, etc.

Other operating segments were as follows:

- (I) Wah Hong Holding Ltd. and Wah Hong Development Ltd. - International investment business
- (II) Wah Ma Technology Sdn. Bhd. - Manufacturing and trading of BMC materials (Bulk Molding Compounds) and Molding products
- (III) PT. Wah Hong Indonesia - Manufacturing and trading of LCD materials, BMC materials (Bulk Molding Compounds) and Molding products

Segment Revenue, Operating Results and Assets and Liabilities

The following is an analysis of the Group's revenue and results from operations and assets and liabilities by reportable segment:

	Taiwan	South China	Eastern China	Others	Adjustment and Elimination	Total
<u>For the Nine Months Ended September 30, 2024</u>						
Revenue from external customers	\$ 1,754,681	\$ 1,019,144	\$ 2,547,750	\$ 192,879	\$ -	\$ 5,514,454
Inter-segment revenue	<u>1,065,592</u>	<u>44,290</u>	<u>473,471</u>	<u>(6)</u>	<u>(1,583,347)</u>	<u>-</u>
Segment revenue	<u>\$ 2,820,273</u>	<u>\$ 1,063,434</u>	<u>\$ 3,021,221</u>	<u>\$ 192,873</u>	<u>(\$ 1,583,347)</u>	<u>\$ 5,514,454</u>
Segment income (loss)	<u>\$ 30,533</u>	<u>\$ 36,760</u>	<u>\$ 92,080</u>	<u>(\$ 11,356)</u>	<u>\$ 14,021</u>	\$ 162,038
Interest income						15,536
Other income						47,988
Other gains and losses						240,113
Finance costs						(49,843)
Share of profit and loss of affiliated enterprises recognized by equity method						(3,505)
Profit before income tax						412,327
Income tax expenses						(121,586)
Net profit						<u>\$ 290,741</u>
<u>September 30, 2024</u>						
Identifiable assets	<u>\$ 2,501,646</u>	<u>\$ 1,584,349</u>	<u>\$ 3,660,275</u>	<u>\$ 315,204</u>	<u>(\$ 837,389)</u>	\$ 7,224,085
Financial assets at FVTOCI						880,665
Investments accounted for using equity method						<u>-</u>
Total assets						<u>\$ 8,104,750</u>
<u>For the Nine Months Ended September 30, 2023</u>						
Revenue from external customers	\$ 1,562,618	\$ 1,186,703	\$ 2,775,043	\$ 140,737	\$ -	\$ 5,665,101
Inter-segment revenue	<u>1,134,043</u>	<u>42,653</u>	<u>556,547</u>	<u>4,778</u>	<u>(1,738,021)</u>	<u>-</u>
Segment revenue	<u>\$ 2,696,661</u>	<u>\$ 1,229,356</u>	<u>\$ 3,331,590</u>	<u>\$ 145,515</u>	<u>(\$ 1,738,021)</u>	<u>\$ 5,665,101</u>
Segment income (loss)	<u>\$ 15,513</u>	<u>\$ 15,505</u>	<u>\$ 142,657</u>	<u>(\$ 17,792)</u>	<u>\$ 25,462</u>	\$ 181,345
Interest income						17,768
Other income						63,113
Other gains and losses						35,242
Finance costs						(51,616)
Share of profit and loss of affiliated enterprises recognized by equity method						(5,018)
Profit before income tax						240,834
Income tax expenses						(58,860)
Net profit						<u>\$ 181,974</u>
<u>September 30, 2023</u>						
Identifiable assets	<u>\$ 2,787,398</u>	<u>\$ 1,756,687</u>	<u>\$ 4,017,780</u>	<u>\$ 293,730</u>	<u>(\$ 1,201,267)</u>	\$ 7,654,328
Financial assets at FVTOCI						665,112
Investments accounted for using equity method						<u>5,429</u>
Total assets						<u>\$ 8,324,869</u>

Departmental interests refer to the profits earned by each department, excluding the share of profits and losses of affiliated companies using the equity method, other income, other gains and losses, financial costs, and income tax expenses. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

For the purpose of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable segment other than interests in associates accounted for using the equity method and at fair value through other comprehensive income.

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
LENDING FUNDS TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

Table 1 (In Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Year	Ending Balance	Amount Actually Drawn (Note 4)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-Term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 2)	Remark
													Item	Value			
1	Ningbo Changhong Optoelectronics Ltd.	Ningbo Changli New Material Limited	Other receivables - related parties	Yes	\$ 6,765	\$ -	\$ -	3.50	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 145,759	\$ 388,690	Note 4

Note 1: Loan and limit of funds for individual objects: For Ningbo Changhong, if the single guarantee object is a subsidiary that the Company directly or indirectly holds 100% of the voting shares, the limit shall not exceed 30% of the Company’s net value.

Note 2: Loan and total limit: For Ningbo Changhong, it shall not exceed 80% of the company’s net value.

Note 3: USD is converted by spot exchange US\$1 = NT\$31.65; RMB is converted by USD spot exchange with US\$1 = RMB7.0074.

Note 4: It was eliminated on consolidation.

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
ENDORSEMENTS/ GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

Table 2

(In Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Benefit of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Year	Outstanding Endorsement/ Guarantee at the End of the Period	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Remark
		Name	Relationship											
0	The Company	Sun Hong Optronics Ltd.	Subsidiary of the Company	\$ 1,407,163	\$ 558,195	\$ 474,750	\$ 220,527	\$ -	10.12	\$ 3,283,381	Y	N	Y	
0	The Company	Wah Ma Technology Sdn.Bhd.	Subsidiary of the Company	1,407,163	12,849	6,678	1,113	-	0.14	3,283,381	Y	N	N	
0	The Company	Xiamen Guang Hong Optronics Ltd.	Subsidiary of the Company	1,407,163	164,175	63,300	-	-	1.35	3,283,381	Y	N	Y	
0	The Company	Wah Hong Holding Limited	Subsidiary of the Company	1,407,163	194,400	94,950	-	-	2.02	3,283,381	Y	N	N	
0	The Company	SuZhou Alliance Material.Co.Ltd.	Subsidiary of the Company	938,109	32,835	31,650	-	-	0.67	3,283,381	Y	N	Y	
0	The Company	SIP Chang Jun Trading Limited	Subsidiary of the Company	1,407,163	119,069	-	-	-	-	3,283,381	Y	N	Y	
0	The Company	PT. Wah Hong Indonesia	Subsidiary of the Company	1,407,163	69,476	34,815	-	-	0.74	3,283,381	Y	N	N	
0	The Company	Ningbo Changhong Optoelectronics Ltd.	Subsidiary of the Company	1,407,163	69,033	67,751	22,584	-	1.44	3,283,381	Y	N	Y	

Note 1: The limit on endorsement/ guarantee given on behalf of each party shall not exceed 20% of the equity of the Company. If the Company directly or indirectly holds 100% of the equity of the endorsee or guarantee, the limit on endorsement/guarantee given on behalf of each party shall not exceed 30% of the equity of the Company.

Note 2: The maximum total amount of endorsement/guarantee shall not exceed 70% of the equity of the Company.

Note 3: USD is converted by spot exchange US\$1= NT\$31.65; RMB is converted by USD spot exchange US\$1 = RMB7.0074; MYR is converted by spot exchange MYR\$1 = NT\$7.4205; IDR is converted by spot exchange IDR\$1 = NT\$0.00208.

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
SEPTEMBER 30, 2024

Table 3

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	SEPTEMBER 30, 2024				Remark
				Number of Note Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Stock							
	Imat Corporation	-	Financial assets at FVTOCI - non-current	1,900,000	\$ -	8.26	\$ -	
	Forming Co., Ltd.	-	Financial assets at FVTOCI - non-current	1,000,000	-	11.68	-	
	Wah Lee Japan Corporation	Subsidiary of Investor with significant influence	Financial assets at FVTOCI - non-current	300	832	16.67	832	
	Jun Hong Optronics Corporation	-	Financial assets at FVTOCI - non-current	19,800,000	54,930	14.48	54,930	
	Wah Lee Industrial Corp.	Investor with significant influence	Financial assets at FVTOCI - non-current	6,312,559	811,163	2.43	811,163	
					<u>\$866,925</u>		<u>\$866,925</u>	
	Chang Wah Electromaterials Inc.	Associate of investor with significant influence	Financial assets at FVTPL - current	2,275,000	<u>\$139,003</u>	0.32	<u>\$139,003</u>	
Wah Hong Holding Ltd.	Stock							
	SiLican Inc	-	Financial assets at FVTOCI - non-current	250,000	<u>\$ 13,740</u>	7.20	<u>\$ 13,740</u>	

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
DISPOSAL OF INDIVIDUAL REAL ESTATE PROPERTY AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

Table 4

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Disposing Company Name	Name of property	Occurrence date	Acquisition date	Carrying amount	Amount	Price collection situation	Gaines (loss) on disposal	Counterparty	Relationship	Purpose of disposal	Reference basis for price determination	Other agreed matters
Ningbo Changhong Optoelectronics Ltd.	Land and buildings	March 13, 2024 (Note)	September 30, 2008	\$ 44,717	RMB\$ 47,447 thousand	Received	\$ 162,701	Ningbo Songli Stationery & Gifts Manufacture CO.,Ltd	None	Enrich the working capital	Appraisal report	-

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

Table 5

(In Thousands of New Taiwan Dollars)

Buyer	Counterparty	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Remark
			Purchase/ Sale	Amount	% of Total	Payment Terms			Ending Balance	% of Total	
							Unit Price	Payment Terms			
The Company	SIP Chang Hong Optoelectronics Ltd.	Subsidiaries	Sales of goods	(\$ 655,327)	(23)	150 days after monthly closing	No comparable transactions with third party	Normal trade terms	\$ 384,551	30	Note
The Company	SuZhou Alliance Material.Co.Ltd.	Subsidiaries	Sales of goods	(155,501)	(6)	150 days after monthly closing	No comparable transactions with third party	Normal trade terms	75,795	6	Note
Qingdao Changhong Optoelectronics Ltd.	Smart Succeed Ltd.	The same parent company	Sales of goods	(306,515)	(53)	150 days after monthly closing	No comparable transactions with third party	Normal trade terms	127,547	50	Note

Note: It was eliminated on consolidation.

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SEPTEMBER 30, 2024

Table 6

(In Thousands of New Taiwan Dollars)

Company Name	Counterparty	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Wah Hong Industrial Corp.	SIP Chang Hong Optoelectronics Ltd.	Subsidiaries	\$384,551	1.99	\$ -	-	\$ 67,642	\$ -
Qingdao Changhong Optoelectronics Ltd.	Smart Succeed Ltd.	The same parent company	127,547	2.70	-	-	4,707	-

Note: It was eliminated on consolidation.

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

Table 7

(In Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets%
0	The Company	SIP Chang Hong Optoelectronics Ltd.	Parent company to subsidiary	Sales	\$ 655,327	No comparable transactions with third party	11.88
0	The Company	SIP Chang Hong Optoelectronics Ltd.	Parent company to subsidiary	Accounts receivable	384,551	150 days after monthly closing	4.74
0	The Company	Sun Hong Optronics Ltd.	Parent company to subsidiary	Sales	50,584	No comparable transactions with third party	0.92
0	The Company	Sun Hong Optronics Ltd.	Parent company to subsidiary	Accounts receivable	17,151	150 days after monthly closing	0.21
0	The Company	Ningbo Changhong Optoelectronics Ltd.	Parent company to subsidiary	Sales	57,904	No comparable transactions with third party	1.05
0	The Company	Ningbo Changhong Optoelectronics Ltd.	Parent company to subsidiary	Accounts receivable	23,762	150 days after monthly closing	0.29
0	The Company	Xiamen Guang Hong Optronics Ltd.	Parent company to subsidiary	Sales	59,303	No comparable transactions with third party	1.08
0	The Company	Xiamen Guang Hong Optronics Ltd.	Parent company to subsidiary	Accounts receivable	25,352	150 days after monthly closing	0.31
0	The Company	Qingdao Changhong Optoelectronics Ltd.	Parent company to subsidiary	Sales	3,578	No comparable transactions with third party	0.06
0	The Company	SIP Chang Jun Trading Limited	Parent company to subsidiary	Other receivables	4,474	Subject to the contract	0.06
0	The Company	PT. Wah Hong Indonesia	Parent company to subsidiary	Sales	80,848	No comparable transactions with third party	1.47
0	The Company	PT. Wah Hong Indonesia	Parent company to subsidiary	Accounts receivable	50,375	150 days after monthly closing	0.62
0	The Company	SuZhou Alliance Material.Co.Ltd.	Parent company to subsidiary	Sales	155,501	No comparable transactions with third party	2.82
0	The Company	SuZhou Alliance Material.Co.Ltd.	Parent company to subsidiary	Accounts receivable	75,795	150 days after monthly closing	0.94
0	The Company	Ningbo Changli New Material Limited	Parent company to subsidiary	Sales	1,988	No comparable transactions with third party	0.04
1	SIP Chang Hong Optoelectronics Ltd.	The Company	Subsidiary to parent company	Other receivables	5,103	Subject to the contract	0.06
1	SIP Chang Hong Optoelectronics Ltd.	Sun Hong Optronics Ltd.	Between subsidiaries	Sales	9,163	No comparable transactions with third party	0.17
1	SIP Chang Hong Optoelectronics Ltd.	Sun Hong Optronics Ltd.	Between subsidiaries	Accounts receivable	7,025	150 days after monthly closing	0.09
1	SIP Chang Hong Optoelectronics Ltd.	Smart Succeed Ltd.	Between subsidiaries	Sales	57,791	No comparable transactions with third party	1.05
1	SIP Chang Hong Optoelectronics Ltd.	Smart Succeed Ltd.	Between subsidiaries	Accounts receivable	18,408	150 days after monthly closing	0.23
2	Sun Hong Optronics Ltd.	The Company	Subsidiary to parent company	Sales	15,607	No comparable transactions with third party	0.28
2	Sun Hong Optronics Ltd.	The Company	Subsidiary to parent company	Accounts receivable	8,810	150 days after monthly closing	0.11
2	Sun Hong Optronics Ltd.	SIP Chang Hong Optoelectronics Ltd.	Between subsidiaries	Sales	28,015	No comparable transactions with third party	0.51
2	Sun Hong Optronics Ltd.	SIP Chang Hong Optoelectronics Ltd.	Between subsidiaries	Accounts receivable	18,011	150 days after monthly closing	0.22
3	Qingdao Changhong Optoelectronics Ltd.	Sun Hong Optronics Ltd.	Between subsidiaries	Sales	2,950	No comparable transactions with third party	0.05
3	Qingdao Changhong Optoelectronics Ltd.	Sun Hong Optronics Ltd.	Between subsidiaries	Accounts receivable	1,114	150 days after monthly closing	0.01
3	Qingdao Changhong Optoelectronics Ltd.	Smart Succeed Ltd.	Between subsidiaries	Sales	306,515	No comparable transactions with third party	5.56
3	Qingdao Changhong Optoelectronics Ltd.	Smart Succeed Ltd.	Between subsidiaries	Accounts receivable	127,547	150 days after monthly closing	1.57

(Continued)

(Continued from previous page)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets%
4	Xiamen Guang Hong Optronics Ltd.	Sun Hong Optronics Ltd.	Between subsidiaries	Sales	1,040	No comparable transactions with third party	0.02
4	Xiamen Guang Hong Optronics Ltd.	Sun Hong Optronics Ltd.	Between subsidiaries	Accounts receivable	1,220	150 days after monthly closing	0.02
4	Xiamen Guang Hong Optronics Ltd.	Ningbo Changhong Optoelectronics Ltd.	Between subsidiaries	Accounts receivable	2,278	150 days after monthly closing	0.03
5	Ningbo Changhong Optoelectronics Ltd.	Granite International Ltd.	Between subsidiaries	Sales	93,673	No comparable transactions with third party	1.70
5	Ningbo Changhong Optoelectronics Ltd.	Granite International Ltd.	Between subsidiaries	Accounts receivable	51,336	150 days after monthly closing	0.63
6	Ningbo Changli New Material Limited	Granite International Ltd.	Between subsidiaries	Sales	2,330	No comparable transactions with third party	0.04
6	Ningbo Changli New Material Limited	Granite International Ltd.	Between subsidiaries	Accounts receivable	2,146	150 days after monthly closing	0.03

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTEEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

Table 8

(In Thousands of New Taiwan Dollars)

Investor	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 2)	Remark
				September 30, 2024	December 31, 2023	Shares	%	Carrying Amount			
The Company	Wah Hong Holding Ltd.	Mauritius	International investment business	\$ 969,225	\$ 969,225	30,624,940	100.00	\$ 3,333,505	\$ 205,915	\$ 205,915	Note 4&5
The Company	Toprising Precision Tech. Co., Ltd.	New Taipei City	Production and trading business of components	7,200	7,200	720,000	27.48	-	(2,530)	-	Note 1
The Company	PT Wah Hong Indonesia	Indonesia	Production and trading business of LCD material, BMC (bulk molding compound) material and molded product	243,085	243,085	7,920,000	99.00	53,710	(12,929)	(12,800)	Note 4
The Company	Wah Sheng Industrial Corp.	Taiwan	Production and trading business of components	10,000	10,000	1,000,000	33.33	-	(13,757)	(3,505)	Note 1
Wah Hong Holding Ltd.	Wah Hong Technology Ltd.	Mauritius	International investment business	433,005	433,005	13,968,025	100.00	1,934,456	164,356	164,356	Note 4&5
Wah Hong Holding Ltd.	Wah Hong International Ltd.	Mauritius	International investment business	658,444	658,444	20,648,000	100.00	980,917	25,960	25,960	Note 4
Wah Hong Holding Ltd.	Wah Hong Development Ltd.	Mauritius	International investment business	15,095	15,095	500,000	100.00	-	-	-	Note 4
Wah Hong Holding Ltd.	Wah Ma Technology Sdn. Bhd.	Malaysia	Production and trading business of BMC (bulk molding compound) material and molded product	96,869	96,869	6,500,000	100.00	168,547	1,938	1,938	Note 4
Wah Hong Holding Ltd.	Granite International Ltd.	Samoa	International trading business	30,018	30,018	960,000	100.00	1,134	(33)	(33)	Note 4
Wah Hong Holding Ltd.	Smart Succeed Ltd.	Samoa	International trading business	-	-	-	100.00	(1,305)	105	105	Note 4
Wah Hong Holding Ltd.	PT Wah Hong Indonesia	Indonesia	Production and trading business of LCD material, BMC (bulk molding compound) material and molded product	2,455	2,455	80,000	1.00	553	(12,929)	(129)	Note 4
Wah Hong Holding Ltd.	Allied Royal LLC.	Anguilla	International investment business	49,200	49,200	2,715,000	67.50	230,583	19,774	13,347	Note 4
Allied Royal LLC.	Best Honor Inc.	Anguilla	Production and trading business of LCD material, BMC (bulk molding compound) material and molded product	-	-	-	100.00	-	-	-	Note 4
SIP Chang Hong Optoelectronics Ltd.	Chang Hong (HK) Optronics Limited	Hong Kong	Sale of BMC materials and finished products, diffusion films, reflectors and other LCD materials	3,217	3,217	-	100.00	1,262	(69)	(69)	Note 4

Note 1: Associate accounted for using the equity method.

Note 2: The share of profit (loss) recognized for the nine months ended September 30, 2024 included adjustment of unrealized sales between intra-group companies according to the buyer's tax rate.

Note 3: Please refer to Table 9 for information on investments in mainland China.

Note 4: It was eliminated on consolidation.

Note 5: Wah Hong Holding Ltd. and Wah Hong Technology Ltd. decided to decrease capital by US\$10,020 thousand which have been approved by the Board of Directors in August 2024. The base date of capital reduction was October 1, 2024.

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

Table 9

(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2024	Accumulated Repatriation of Investment Income as of September 30, 2024	Remark
					Outward	Inward							
SIP Chang Hong Optoelectronics Ltd. (“SIP Chang Hong”)	Production and trading business of BMC materials and finished products, diffusion films, reflectors and other LCD materials	\$ 640,913	Reinvestment in Mainland China through companies registered in a third region.	\$ 257,482	\$ -	\$ -	\$ 257,482	\$ 23,632	100.00	\$ 23,632	\$ 1,047,898	\$ 751,344	Note 5
Ningbo Changhong Optoelectronics Ltd. (“Ningbo Changhong”)	Production and trading of panel display compound and LCD optical film etc.	190,533	Reinvestment in Mainland China through companies registered in a third region.	95,820	-	-	95,820	95,502	100.00	95,502	485,863	288,636	Note 5
Qingdao Changhong Optoelectronics Ltd. (“Qingdao Changhong”)	Production and trading of panel display compound and LCD optical film etc.	63,300	Reinvestment in Mainland China through companies registered in a third region.	44,990	-	-	44,990	24,783	100.00	24,783	334,292	49,716	
SIP Chang Jun Trading Limited (“SIP Chang Jun”)	Sale of BMC materials and finished products, diffusion films, reflectors and other LCD products	4,517	Reinvestment in Mainland China through companies registered in a third region.	-	-	-	-	20,438	100.00	20,438	66,342	-	Note 1
SuZhou Alliance Material.Co.Ltd. (“Suzhou Alliance”)	Production and trading business of LCD materials	128,183	Reinvestment in Mainland China through companies registered in a third region.	-	-	-	-	19,774	67.50	13,347	230,579	144,247	Note 2
Sun Hong Optronics Ltd. (“Sun Hong”)	Production and trading business of BMC materials and finished products, diffusion films, reflectors and other LCD materials	433,605	Reinvestment in Mainland China through companies registered in a third region.	238,092	-	-	238,092	33,797	100.00	33,797	765,125	594,817	
Xiamen Guang Hong Optronics Ltd. (“Xiamen Guang Hong”)	Production and processing of optical film products for LCD displays, assembly and design for LCD modules	269,025	Reinvestment in Mainland China through companies registered in a third region.	227,204	-	-	227,204	(7,838)	100.00	(7,838)	215,761	-	

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2024	Accumulated Repatriation of Investment Income as of September 30, 2024	Remark
					Outward	Inward							
Guangzhou Youguang Optoelectronics Co., Ltd. (“Guangzhou Youguang”)	Production of light box, LED Opto-electronic compound and lighting products	\$ 127,994	Reinvestment in Mainland China through companies registered in a third region.	\$ 15,095	-	-	15,095	-	12.82	-	-	-	
Ningbo Changli New Material Limited (“Ningbo Changli”)	Trading business of LCD material and BMC material	6,775	Reinvestment in mainland companies through existing companies in the third party regions	-	-	-	-	357	100.00	357	19,954	-	

Investor	Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2024	Investment Amount Authorized by Investment Commission, MOEA (Note 3)	Investment Amount Authorized by Investment Commission, MOEA (Note 4)
Wah Hong Industrial Corp.	\$ 878,683	\$ 1,681,996	\$ 2,814,326

Note 1: Investments through Wah Hong Holding Ltd. and then invest through Wah Hong Technology Ltd.

Note 2: Investments through Wah Hong Holding Ltd. and then through Allied Royl LLC.

Note 3: The difference between the investment amount of NT\$1,681,996 thousand approved by the Investment Committee of the Ministry of Economic Affairs and the accumulated investment amount of NT\$878,683 thousand remitted from Taiwan is NT\$803,313 thousand, which is due to the capital increase of NT\$553,139 thousand from the sub-subsidiary surplus in mainland China and the reinvestment of NT\$250,174 thousand from Wah Hong Holding Ltd.

Note 4: The upper limit on investment in mainland China is determined by sixty percent (60%) of the Company’s net worth.

Note 5: SIP Chang Hong and Ningbo Changhong decided to decrease capital by US\$6,000 thousand and US\$4,020 thousand which have been approved by the Board of Directors in August 2024. As of September 30, 2024, the relevant changes in registration has not been completed.

Table 10

Note: The table discloses stockholding information of stockholders whose ownership percentages are more than 5%. The Taiwan Depository & Clearing Corporation calculates the total number of common stocks and special stocks (including treasury stocks) that have completed the dematerialized registration and delivery on the last business day of the quarter. The stocks reported in the financial statements and the actual number of stocks that have completed the dematerialized registration and delivery may be different due to the basis of calculation.