

## **U.D. Electronic Corp. and Subsidiaries**

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

## INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders  
U.D. Electronic Corp.

### Introduction

We have reviewed the accompanying consolidated balance sheets of U.D. Electronic Corp. and its subsidiaries (collectively, the "Group") as of September 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (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 of the Republic of China. Our responsibility is to express a conclusion on the 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 of its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Cheng-Chuan Yu and Chiang-Shiun Chen.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

November 7, 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 accepted and 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.*

# U.D. ELECTRONIC CORP. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	September 30, 2024		December 31, 2023		September 30, 2023	
ASSETS	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 1,418,204	26	\$ 1,414,233	27	\$ 1,586,420	26
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 7 and 21)	3,940	-	338	-	822	-
Financial assets at amortized cost - current (Notes 9, 10 and 32)	6,745	-	6,735	-	52,797	1
Notes receivable (Notes 11 and 24)	14,721	-	13,060	-	19,535	-
Trade receivables (Notes 11 and 24)	1,617,719	30	1,550,196	30	2,132,954	34
Other receivables (Note 11)	46,737	1	33,113	1	59,357	1
Current tax assets	651	-	265	-	144	-
Inventories (Note 12)	620,030	11	659,437	13	835,763	13
Other current assets (Note 19)	110,074	2	76,206	1	103,449	2
Total current assets	3,838,821	70	3,753,583	72	4,791,241	77
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Note 8)	89,111	2	85,793	2	35,328	-
Investments accounted for using the equity method (Notes 4 and 14)	5,420	-	-	-	-	-
Property, plant and equipment (Notes 15 and 32)	1,192,614	22	1,022,372	20	1,103,934	18
Right-of-use assets (Notes 16 and 32)	158,162	3	159,802	3	168,990	3
Other intangible assets (Note 18)	21,637	-	27,123	1	28,670	-
Goodwill (Note 17)	12,457	-	12,202	-	12,426	-
Deferred tax assets	53,540	1	77,228	1	50,578	1
Other non-current assets (Note 19)	79,054	2	40,122	1	45,186	1
Total non-current assets	1,611,995	30	1,424,642	28	1,445,112	23
<b>TOTAL</b>	<b>\$ 5,450,816</b>	<b>100</b>	<b>\$ 5,178,225</b>	<b>100</b>	<b>\$ 6,236,353</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Note 19)	\$ 80,000	1	\$ 609,000	12	\$ 1,395,000	22
Financial liabilities at fair value through profit or loss (FVTPL) - current (Note 7)	605	-	810	-	1,840	-
Contract liabilities - current (Note 24)	36,247	1	16,768	-	5,842	-
Trade payables	452,129	8	388,423	8	537,406	9
Other payables (Notes 22 and 29)	575,607	11	486,050	9	536,906	9
Current tax liabilities	55,464	1	40,507	1	27,121	-
Lease liabilities - current (Note 16)	2,637	-	3,356	-	4,624	-
Current portion of long-term borrowings and bonds payable (Notes 20, 21 and 32)	406	-	67,600	1	69,650	1
Other current liabilities	38,728	1	41,443	1	48,566	1
Total current liabilities	1,241,823	23	1,653,957	32	2,626,955	42
<b>NON-CURRENT LIABILITIES</b>						
Bonds payable (Note 21)	428,280	8	-	-	-	-
Long-term borrowings (Notes 20 and 32)	4,110	-	109,200	2	130,000	2
Deferred tax liabilities	9,494	-	6,292	-	16,095	1
Lease liabilities - non-current (Note 16)	-	-	2,626	-	2,709	-
Guarantee deposits received	1,477	-	1,900	-	1,947	-
Total non-current liabilities	443,361	8	120,018	2	150,751	3
Total liabilities	1,685,184	31	1,773,975	34	2,777,706	45
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)</b>						
Share capital						
Ordinary shares	787,250	15	784,837	15	774,130	13
Capital collected in advance	15,597	-	2,413	-	10,707	-
Total share capital	802,847	15	787,250	15	784,837	13
Capital surplus	1,073,843	20	974,399	19	965,688	15
Retained earnings						
Legal reserve	422,304	8	383,833	7	383,833	6
Special reserve	203,915	4	169,656	3	169,656	3
Unappropriated earnings	1,346,103	24	1,267,651	25	1,233,261	20
Total retained earnings	1,972,322	36	1,821,140	35	1,786,750	29
Other equity	(105,266)	(2)	(203,915)	(4)	(104,043)	(2)
Total equity attributable to owners of the Company	3,743,746	69	3,378,874	65	3,433,232	55
<b>NON-CONTROLLING INTERESTS (Note 23)</b>	21,886	-	25,376	1	25,415	-
Total equity	3,765,632	69	3,404,250	66	3,458,647	55
<b>TOTAL</b>	<b>\$ 5,450,816</b>	<b>100</b>	<b>\$ 5,178,225</b>	<b>100</b>	<b>\$ 6,236,353</b>	<b>100</b>

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

# U.D. ELECTRONIC CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
Sales (Note 24)	\$ 1,432,754	100	\$ 1,770,429	100	\$ 3,726,483	100	\$ 4,789,413	100
OPERATING COSTS								
Cost of goods sold (Notes 12 and 25)	<u>(1,000,280)</u>	<u>(70)</u>	<u>(1,346,438)</u>	<u>(76)</u>	<u>(2,774,325)</u>	<u>(74)</u>	<u>(3,733,450)</u>	<u>(78)</u>
GROSS PROFIT	<u>432,474</u>	<u>30</u>	<u>423,991</u>	<u>24</u>	<u>952,158</u>	<u>26</u>	<u>1,055,963</u>	<u>22</u>
OPERATING EXPENSES (Note 25)								
Selling and marketing expenses	(58,103)	(4)	(94,210)	(5)	(156,664)	(4)	(231,752)	(5)
General and administrative expenses	(96,953)	(7)	(104,975)	(6)	(288,042)	(8)	(300,450)	(6)
Research and development expenses	(60,637)	(4)	(65,932)	(4)	(183,383)	(5)	(188,703)	(4)
Expected credit (loss) gain (Note 11)	<u>(3,917)</u>	<u>-</u>	<u>250</u>	<u>-</u>	<u>(3,539)</u>	<u>-</u>	<u>(3,886)</u>	<u>-</u>
Total operating expenses	<u>(219,610)</u>	<u>(15)</u>	<u>(264,867)</u>	<u>(15)</u>	<u>(631,628)</u>	<u>(17)</u>	<u>(724,791)</u>	<u>(15)</u>
PROFIT FROM OPERATIONS	<u>212,864</u>	<u>15</u>	<u>159,124</u>	<u>9</u>	<u>320,530</u>	<u>9</u>	<u>331,172</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES (Note 25)								
Interest income	7,096	-	10,020	-	25,058	1	13,923	-
Other income	10,725	1	13,413	1	44,582	1	48,107	1
Other gains and losses	4,111	-	27,080	1	53,114	1	55,293	1
Finance costs (Note 21)	<u>(3,490)</u>	<u>-</u>	<u>(6,982)</u>	<u>-</u>	<u>(10,337)</u>	<u>-</u>	<u>(17,320)</u>	<u>-</u>
Total non-operating income and expenses	<u>18,442</u>	<u>1</u>	<u>43,531</u>	<u>2</u>	<u>112,417</u>	<u>3</u>	<u>100,003</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	231,306	16	202,655	11	432,947	12	431,175	9
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(43,393)</u>	<u>(3)</u>	<u>(40,764)</u>	<u>(2)</u>	<u>(90,296)</u>	<u>(3)</u>	<u>(81,242)</u>	<u>(2)</u>
NET PROFIT FOR THE PERIOD	<u>187,913</u>	<u>13</u>	<u>161,891</u>	<u>9</u>	<u>342,651</u>	<u>9</u>	<u>349,933</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME (Notes 23 and 26)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized (loss) gain on investments in equity instrument at FVTOCI	(10,209)	(1)	3,130	-	3,318	-	(679)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>2,041</u>	<u>-</u>	<u>(626)</u>	<u>-</u>	<u>(665)</u>	<u>-</u>	<u>135</u>	<u>-</u>
	<u>(8,168)</u>	<u>(1)</u>	<u>2,504</u>	<u>-</u>	<u>2,653</u>	<u>-</u>	<u>(544)</u>	<u>-</u>

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# U.D. ELECTRONIC CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations	\$ (38,014)	(3)	\$ 121,086	7	\$ 119,320	3	\$ 83,504	2
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>7,598</u>	<u>1</u>	<u>(24,197)</u>	<u>(1)</u>	<u>(23,833)</u>	<u>-</u>	<u>(16,691)</u>	<u>-</u>
	<u>(30,416)</u>	<u>(2)</u>	<u>96,889</u>	<u>6</u>	<u>95,487</u>	<u>3</u>	<u>66,813</u>	<u>2</u>
Other comprehensive (loss) income for the period, net of income tax	<u>(38,584)</u>	<u>(3)</u>	<u>99,393</u>	<u>6</u>	<u>98,140</u>	<u>3</u>	<u>66,269</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 149,329</u>	<u>10</u>	<u>\$ 261,284</u>	<u>15</u>	<u>\$ 440,791</u>	<u>12</u>	<u>\$ 416,202</u>	<u>9</u>
NET PROFIT								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 186,389	13	\$ 161,923	9	\$ 345,632	9	\$ 350,325	7
Non-controlling interests	<u>1,524</u>	<u>-</u>	<u>(32)</u>	<u>-</u>	<u>(2,981)</u>	<u>-</u>	<u>(392)</u>	<u>-</u>
	<u>\$ 187,913</u>	<u>13</u>	<u>\$ 161,891</u>	<u>9</u>	<u>\$ 342,651</u>	<u>9</u>	<u>\$ 349,933</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 148,100	10	\$ 261,722	15	\$ 444,281	12	\$ 415,938	9
Non-controlling interests	<u>1,229</u>	<u>-</u>	<u>(438)</u>	<u>-</u>	<u>(3,490)</u>	<u>-</u>	<u>264</u>	<u>-</u>
	<u>\$ 149,329</u>	<u>10</u>	<u>\$ 261,284</u>	<u>15</u>	<u>\$ 440,791</u>	<u>12</u>	<u>\$ 416,202</u>	<u>9</u>
EARNINGS PER SHARE								
(Note 27)								
Basic	<u>\$ 2.34</u>		<u>\$ 2.07</u>		<u>\$ 4.37</u>		<u>\$ 4.51</u>	
Diluted	<u>\$ 2.10</u>		<u>\$ 2.04</u>		<u>\$ 3.94</u>		<u>\$ 4.41</u>	

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

(Concluded)

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company							Other Equity	Total	Non-controlling Interests	Total Equity
	Share Capital		Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
	Ordinary Shares	Capital Collected in Advance		Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2023	\$ 772,301	\$ -	\$ 927,689	\$ 352,965	\$ 235,642	\$ 1,025,447	\$ (178,952)	\$ 9,296	\$ 3,144,388	\$ 25,151	\$ 3,169,539
Appropriation of 2022 earnings (Note 23)											
Legal reserve	-	-	-	30,868	-	(30,868)	-	-	-	-	-
Special reserve	-	-	-	-	(65,986)	65,986	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(177,629)	-	-	(177,629)	-	(177,629)
Convertible bonds converted to ordinary shares (Notes 21 and 23)	1,829	10,707	26,604	-	-	-	-	-	39,140	-	39,140
Compensation cost of employee share options (Note 28)	-	-	11,395	-	-	-	-	-	11,395	-	11,395
Net profit (loss) for the nine months ended September 30, 2023	-	-	-	-	-	350,325	-	-	350,325	(392)	349,933
Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax (Note 23)	-	-	-	-	-	-	66,157	(544)	65,613	656	66,269
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	350,325	66,157	(544)	415,938	264	416,202
BALANCE AT SEPTEMBER 30, 2023	<u>\$ 774,130</u>	<u>\$ 10,707</u>	<u>\$ 965,688</u>	<u>\$ 383,833</u>	<u>\$ 169,656</u>	<u>\$ 1,233,261</u>	<u>\$ (112,795)</u>	<u>\$ 8,752</u>	<u>\$ 3,433,232</u>	<u>\$ 25,415</u>	<u>\$ 3,458,647</u>
BALANCE AT JANUARY 1, 2024	\$ 784,837	\$ 2,413	\$ 974,399	\$ 383,833	\$ 169,656	\$ 1,267,651	\$ (213,040)	\$ 9,125	\$ 3,378,874	\$ 25,376	\$ 3,404,250
Appropriation of 2023 earnings (Note 23)											
Legal reserve	-	-	-	38,471	-	(38,471)	-	-	-	-	-
Special reserve	-	-	-	-	34,259	(34,259)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(194,450)	-	-	(194,450)	-	(194,450)
Other changes in capital surplus:											
Equity component of convertible bonds issued by the Company (Note 21)	-	-	30,776	-	-	-	-	-	30,776	-	30,776
Convertible bonds converted to ordinary shares (Notes 21 and 23)	2,413	5,154	38,043	-	-	-	-	-	45,610	-	45,610
Compensation cost of employee share options (Note 28)	-	-	7,567	-	-	-	-	-	7,567	-	7,567
Issuance of ordinary shares under employee share options (Note 23)	-	8,030	23,058	-	-	-	-	-	31,088	-	31,088
Net profit (loss) for the nine months ended September 30, 2024	-	-	-	-	-	345,632	-	-	345,632	(2,981)	342,651
Other comprehensive income (loss) for the nine months ended September 30, 2024, net of income tax (Note 23)	-	-	-	-	-	-	95,996	2,653	98,649	(509)	98,140
Total comprehensive income (loss) for the nine months ended September 30, 2024	-	-	-	-	-	345,632	95,996	2,653	444,281	(3,490)	440,791
BALANCE AT SEPTEMBER 30, 2024	<u>\$ 787,250</u>	<u>\$ 15,597</u>	<u>\$ 1,073,843</u>	<u>\$ 422,304</u>	<u>\$ 203,915</u>	<u>\$ 1,346,103</u>	<u>\$ (117,044)</u>	<u>\$ 11,778</u>	<u>\$ 3,743,746</u>	<u>\$ 21,886</u>	<u>\$ 3,765,632</u>

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

# U.D. ELECTRONIC CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 432,947	\$ 431,175
Adjustments for:		
Expected credit loss recognized on trade receivables	3,539	3,886
Depreciation expenses	224,741	291,393
Amortization expenses	5,869	7,766
Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss	(34,606)	14,768
Finance costs	10,337	17,320
Interest income	(25,058)	(13,923)
Dividend income	(5,997)	-
Compensation cost of employee share options	7,567	11,395
Gain on disposal of property, plant and equipment	(1,712)	(1,185)
Write-down of inventories	21,123	24,823
Net loss (gain) on foreign currency exchange	10,002	(70,896)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	33,505	18,993
Notes receivable	(1,158)	5,796
Trade receivables	(88,739)	(342,653)
Other receivables	(12,710)	(23,012)
Inventories	38,277	456,601
Other current assets	(31,189)	25,640
Financial liabilities held for trade	(2,040)	(31,790)
Contract liabilities	19,390	(9,892)
Trade payables	48,359	12,201
Other payables	57,770	28,601
Other current liabilities	(3,464)	6,376
Cash generated from operations	706,753	863,383
Interest received	25,454	12,088
Interest paid	(4,686)	(17,636)
Income tax paid	(72,692)	(112,259)
Net cash generated from operating activities	654,829	745,576
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Return of funds from financial assets at fair value through other comprehensive income	-	18,800
Purchase of financial assets at amortized cost	(10)	(36,993)
Acquisition of associate	(5,377)	-
Payments for property, plant and equipment	(350,658)	(122,588)
Proceeds from disposal of property, plant and equipment	17,193	3,949
Increase in refundable deposits	-	(836)

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# U.D. ELECTRONIC CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2024	2023
Decrease in refundable deposits	\$ 321	\$ -
Payments for intangible assets	(229)	(2,195)
Acquisition of right-of-use assets	-	(35,884)
Decrease in other non-current assets	1,802	3,192
Increase in prepayments for equipment	(60,813)	(21,308)
Other dividends received	<u>5,997</u>	<u>-</u>
Net cash used in investing activities	<u>(391,774)</u>	<u>(193,863)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	24,511	935,000
Repayments of short-term borrowings	(553,511)	(157,831)
Proceeds from issuance of convertible bonds	502,500	-
Proceeds from long-term borrowings	4,506	-
Repayments of long-term borrowings	(176,800)	(41,600)
Proceeds from guarantee deposits received	-	340
Refund of guarantee deposits received	(349)	-
Repayments of the principal portion of lease liabilities	(3,480)	(5,679)
Dividends paid to the owners of the company	(194,450)	(177,629)
Proceeds from the exercise of employee share options	31,088	-
Payments for issuance costs of convertible bonds	<u>(5,545)</u>	<u>(179)</u>
Net cash (used in) generated from financing activities	<u>(371,530)</u>	<u>552,422</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>112,446</u>	<u>101,537</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	3,971	1,205,672
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>1,414,233</u>	<u>380,748</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 1,418,204</u>	<u>\$ 1,586,420</u>

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

(Concluded)

# U.D. ELECTRONIC CORP. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

U.D. Electronic Corp. (the “Company”) was incorporated in the Republic of China (R.O.C.) on March 18, 2005 with a share capital \$10,000 thousand, and the accumulated share capital was \$787,250 thousand as of September 30, 2024. The Company is a trading enterprise and mainly engages in selling electronic connectors for telecommunications, data communications and computers.

The Company’s shares have been listed on the Taipei Exchange since October 2012. The shares are widely distributed; therefore, there is no ultimate parent company or ownership interest. The consolidated financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on November 7, 2024.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
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.

### Amendments to IAS 21 “Lack of Exchangeability”

The amendments stipulate that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. In this situation, the Group shall disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, its financial performance, financial position and cash flows.

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

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note)</b>
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 Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

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

#### 1) IFRS 18 “Presentation and Disclosure in Financial Statements”

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

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- 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.
- 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.

- 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.

## 2) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

The amendments mainly amend the requirements for the classification of financial assets, including if a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if:

- In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
- In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

The amendments also stipulate that, when settling a financial liability in cash using an electronic payment system, an entity can choose to derecognize the financial liability before the settlement date if, and only if, the entity has initiated a payment instruction that resulted in:

- The entity having no practical ability to withdraw, stop or cancel the payment instruction;
- The entity having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system being insignificant.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing other impacts of the above amended standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

### a. Statement of compliance

These interim 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 consolidated financial statements.

b. Basic of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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 an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. 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). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 13, Tables 8 and 9 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2023.

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

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- 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:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Group 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) Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

The entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

## 3) Income tax expense

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

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The material accounting judgments and key sources of estimation uncertainty for these interim consolidated financial statements are the same as those applied for the consolidated financial statements for the year ended December 31, 2023.

## 6. CASH AND CASH EQUIVALENTS

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 3,164	\$ 2,566	\$ 2,594
Demand deposits	334,151	530,142	444,506
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	<u>1,080,889</u>	<u>881,525</u>	<u>1,139,320</u>
	<u>\$ 1,418,204</u>	<u>\$ 1,414,233</u>	<u>\$ 1,586,420</u>

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Options of convertible bonds	\$ 2,214	\$ -	\$ -
Foreign exchange forward contracts	<u>1,726</u>	<u>338</u>	<u>822</u>
	<u>\$ 3,940</u>	<u>\$ 338</u>	<u>\$ 822</u>

### Financial liabilities at FVTPL - current

Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ 605</u>	<u>\$ 810</u>	<u>\$ 1,840</u>

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>September 30, 2024</u>			
Sell	USD/NTD	2024.10.16-2024.11.4	USD2,000/NTD63,740
Sell	RMB/NTD	2024.10.16-2025.2.6	RMB12,300/NTD54,949
Sell	USD/RMB	2024.10.23	USD4,000/RMB28,316
<u>December 31, 2023</u>			
Sell	RMB/NTD	2024.1.8-2024.3.6	RMB9,400/NTD40,996
Sell	RMB/NTD	2024.4.3-2024.5.7	RMB5,600/NTD24,183
Sell	NTD/USD	2024.1.10	NTD37,469/USD1,200

(Continued)

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>September 30, 2023</u>			
Sell	USD/RMB	2023.10.12	USD700/RMB5,106
Sell	RMB/NTD	2023.10.6-2024.1.8	RMB10,800/NTD46,702
Sell	NTD/USD	2023.10.11	NTD38,267/USD1,200
(Concluded)			

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### Investments in Equity Instruments at FVTOCI

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Non-current</u>			
Domestic investment			
Unlisted shares			
Emerging Creation Capital Inc.	\$ 21,635	\$ 31,740	\$ 33,528
Dy-Precision Industrial Co., Ltd.	2,495	1,716	1,800
Yongda Investment Co., Ltd.	<u>64,981</u>	<u>52,337</u>	<u>-</u>
	<u>\$ 89,111</u>	<u>\$ 85,793</u>	<u>\$ 35,328</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

In May 2023, the Group received the return of funds amounting \$18,800 thousand from Emerging Creation Capital Inc. for its capital reduction.

In November 2023, the Group invested \$50,000 thousand for the common shares of Yongda Investment Co., Ltd., measured at FVTOCI on account of a medium to long-term strategic investment.

The Group received and recognized the dividends \$5,997 thousand for the nine months ended September 30, 2024.



## 9. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Time deposits with original maturity of more than 3 months	\$ -	\$ -	\$ 44,945
Restricted assets - demand deposit (a) and (b)	-	-	1,117
Restricted assets - time deposits with original maturity of more than 3 months (a) and (b)	<u>6,745</u>	<u>6,735</u>	<u>6,735</u>
	<u>\$ 6,745</u>	<u>\$ 6,735</u>	<u>\$ 52,797</u>

- a. The collateral for import tariffs and convertible bonds. Refer to Note 32.
- b. Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

## 10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments classified as at amortized cost were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Gross carrying amount	\$ 6,745	\$ 6,735	\$ 52,797
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,745</u>	<u>\$ 6,735</u>	<u>\$ 52,797</u>

The Group invests only in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Group's exposure and the external credit ratings are continuously monitored. The Group reviews changes in bond yields and other publicly available information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

In determining the expected credit losses for debt instrument investments, the Group considers the historical default situation of debtors, the current financial condition of debtors, and the future prospects of the industries. As of September 30, 2024, December 31, 2023 and September 30, 2023 the expected credit loss for debt instrument investments held by the Group was 0%.

## 11. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount - operating	\$ 14,721	\$ 13,060	\$ 19,535
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 14,721</u>	<u>\$ 13,060</u>	<u>\$ 19,535</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 1,509,863	\$ 1,452,244	\$ 1,998,073
Less: Allowance for impairment loss	<u>(10,581)</u>	<u>(7,167)</u>	<u>(7,638)</u>
	1,499,282	1,445,077	1,990,435
At FVTOCI	<u>118,437</u>	<u>105,119</u>	<u>142,519</u>
	<u>\$ 1,617,719</u>	<u>\$ 1,550,196</u>	<u>\$ 2,132,954</u>
<u>Other receivables</u>			
Tax refund receivable	\$ 33,946	\$ 22,211	\$ 49,771
Others	<u>12,791</u>	<u>10,902</u>	<u>9,586</u>
	<u>\$ 46,737</u>	<u>\$ 33,113</u>	<u>\$ 59,357</u>

### a. Notes receivable and trade receivables

#### 1) At amortized cost

The average credit period of sales of goods was 60 to 180 days.

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 this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade 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 well as the GDP forecasts and industry outlook.

The Group writes off a trade receivable 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 trade 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 following table details the loss allowance of notes receivable based on the Group's provision matrix.

September 30, 2024

	<b>Not Past Due</b>
Expected credit loss rate	0.00%
Gross carrying amount	\$ 14,721
Loss allowance (Lifetime ECLs)	<u>-</u>
Amortized cost	<u>\$ 14,721</u>

December 31, 2023

	<b>Not Past Due</b>
Expected credit loss rate	0.00%
Gross carrying amount	\$ 13,060
Loss allowance (Lifetime ECLs)	<u>-</u>
Amortized cost	<u>\$ 13,060</u>

September 30, 2023

	<b>Not Past Due</b>
Expected credit loss rate	0.00%
Gross carrying amount	\$ 19,535
Loss allowance (Lifetime ECLs)	<u>-</u>
Amortized cost	<u>\$ 19,535</u>

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

September 30, 2024

	<b>Not Past Due</b>	<b>Past Due Within 60 Days</b>	<b>61 to 120 Days Past Due</b>	<b>121 to 180 Days Past Due</b>	<b>Past Due Over 181 Days</b>	<b>Total</b>
Expected credit loss rate	0.0078%	0.2744%	1.5835%	16.5680%	100%	
Gross carrying amount	\$ 1,425,840	\$ 68,873	\$ 4,231	\$ 845	\$ 10,074	\$ 1,509,863
Loss allowance (Lifetime ECLs)	<u>(111)</u>	<u>(189)</u>	<u>(67)</u>	<u>(140)</u>	<u>(10,074)</u>	<u>(10,581)</u>
Amortized cost	<u>\$ 1,425,729</u>	<u>\$ 68,684</u>	<u>\$ 4,164</u>	<u>\$ 705</u>	<u>\$ -</u>	<u>\$ 1,499,282</u>

## December 31, 2023

	Not Past Due	Past Due Within 60 Days	61 to 120 Days Past Due	121 to 180 Days Past Due	Past Due Over 181 Days	Total
Expected credit loss rate	0.0091%	0.1688%	0.0234%	10.1194%	100%	
Gross carrying amount	\$ 1,313,864	\$ 117,279	\$ 12,825	\$ 1,591	\$ 6,685	\$ 1,452,244
Loss allowance (Lifetime ECLs)	(120)	(198)	(3)	(161)	(6,685)	(7,167)
Amortized cost	<u>\$ 1,313,744</u>	<u>\$ 117,081</u>	<u>\$ 12,822</u>	<u>\$ 1,430</u>	<u>\$ -</u>	<u>\$ 1,445,077</u>

## September 30, 2023

	Not Past Due	Past Due Within 60 Days	61 to 120 Days Past Due	121 to 180 Days Past Due	Past Due Over 181 Days	Total
Expected credit loss rate	0.0034%	0.1048%	3.6923%	10.9319%	100%	
Gross carrying amount	\$ 1,850,735	\$ 137,348	\$ 1,625	\$ 1,116	\$ 7,249	\$ 1,998,073
Loss allowance (Lifetime ECLs)	(63)	(144)	(60)	(122)	(7,249)	(7,638)
Amortized cost	<u>\$ 1,850,672</u>	<u>\$ 137,204</u>	<u>\$ 1,565</u>	<u>\$ 994</u>	<u>\$ -</u>	<u>\$ 1,990,435</u>

The movements of the loss allowance of trade receivables were as follows:

	<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 7,167	\$ 4,276
Add: Net remeasurement of loss allowance	3,539	3,886
Less: Amounts written off	(108)	(557)
Foreign exchange gains and losses	<u>(17)</u>	<u>33</u>
Balance at September 30	<u>\$ 10,581</u>	<u>\$ 7,638</u>

## 2) At FVTOCI

For trade receivables from a specific customer, the Group will decide whether to sell these trade receivables to banks without recourse based on its level of working capital. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets.

The following table details the loss allowance of trade receivables at FVTOCI based on the Group's provision matrix.

September 30, 2024

	Not Past Due	Past Due Within 60 Days	61 to 120 Days Past Due	Past Due Over 121 Days	Total
Expected credit loss rate	-	-	-	-	
Gross carrying amount	\$ 118,437	\$ -	\$ -	\$ -	\$ 118,437
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 118,437</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,437</u>

December 31, 2023

	Not Past Due	Past Due Within 60 Days	61 to 120 Days Past Due	Past Due Over 121 Days	Total
Expected credit loss rate	-	-	-	-	
Gross carrying amount	\$ 98,484	\$ 6,635	\$ -	\$ -	\$ 105,119
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 98,484</u>	<u>\$ 6,635</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,119</u>

September 30, 2023

	Not Past Due	Past Due Within 60 Days	61 to 120 Days Past Due	Past Due Over 121 Days	Total
Expected credit loss rate	-	-	-	-	
Gross carrying amount	\$ 142,519	\$ -	\$ -	\$ -	\$ 142,519
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 142,519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,519</u>

## b. Other receivables

Other receivables mainly contain tax refunds receivable and others. The policy that the Group adopted is to carry out a transaction only with company with good credit. The Group continuously tracks the overdue record of the past and analyzes its financial situation to evaluate if there is a significant increase in the credit risk and measure the expected credit loss. As of September 30, 2024, December 31, 2023 and September 30, 2023, the expected credit risk was considered 0% by the assessment of the Group.

## 12. INVENTORIES

	September 30, 2024	December 31, 2023	September 30, 2023
Finished goods	\$ 299,903	\$ 297,802	\$ 407,280
Work in progress	122,646	189,067	246,515
Raw materials and supplies	<u>197,481</u>	<u>172,568</u>	<u>181,968</u>
	<u>\$ 620,030</u>	<u>\$ 659,437</u>	<u>\$ 835,763</u>

The nature of the cost of goods sold is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Cost of inventories sold	\$ 979,157	\$ 1,331,937	\$ 2,753,202	\$ 3,708,627
Inventory write-downs	<u>21,123</u>	<u>14,501</u>	<u>21,123</u>	<u>24,823</u>
	<u>\$ 1,000,280</u>	<u>\$ 1,346,438</u>	<u>\$ 2,774,325</u>	<u>\$ 3,733,450</u>

## 13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements are as follows:

Investor	Investee	Investee's Company Type/Main Business	Proportion of Ownership (%)			Remark
			September 30, 2024	December 31, 2023	September 30, 2023	
U.D. Electronic Corp.	Global Connection (Samoa) Holding Inc.	Holding company	100	100	100	Foreign exchange risk is the major operational risk
U.D. Electronic Corp.	CDE Corp.	Manufacturing and selling of electronic materials	100	100	100	Market risk is the major operational risk
U.D. Electronic Corp.	DYP Corp.	Selling of electronic components	51	51	51	Market risk is the major operational risk
U.D. Electronic Corp.	U.D. Electronic Vietnam Company Limited	Manufacturing and selling of electronic components	100	100	100	Foreign exchange and market risks are major operational risks
Global Connection (Samoa) Holding Inc.	Sunderland Inc.	Holding company	100	100	100	Foreign exchange risk is the major operational risk
Global Connection (Samoa) Holding Inc.	San Francisco Inc.	Holding company	100	100	100	Foreign exchange risk is the major operational risk
Global Connection (Samoa) Holding Inc.	All First International Co., Ltd.	International trading	100	100	100	Foreign exchange and market risks are major operational risks
DYP Corp.	Ta Yang UDE Limited	Holding company	100	100	100	Foreign exchange risk is the major operational risk
Sunderland Inc.	Dongguan Jian Guan P.E. Co., Ltd.	Manufacturing and selling of electronic components	100	100	100	Political, foreign exchange, and market risks are major operational risks
Sunderland Inc.	Dongguan U.D.E. Electronics Corp.	Researching and selling of electronic components	100	100	100	Political, foreign exchange, and market risks are major operational risks
San Francisco Inc.	Zhong Jiang U.D.E. Electronics Corp.	Manufacturing and selling of electronic components	100	100	100	Political, foreign exchange, and market risks are major operational risks
Zhong Jiang U.D.E. Electronics Corp.	Zhong Jiang U.D.E. Networking Electronics Corp.	Selling of electronic components	100	100	100	Political, foreign exchange, and market risks are major operational risks
Ta Yang UDE Limited	Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Manufacturing and selling of electronic components	100	100	100	Political, foreign exchange, and market risks are major operational risks
Ta Yang UDE Limited	Morning Paragon Limited	International trading	100	100	100	Foreign exchange and market risks are major operational risks
Dongguan Jian Guan P.E. Co., Ltd.	Dongguan Ai Te Chieh Intellectual Technology Co., Ltd.	Machinery and automatic equipment development	60	60	60	Political, foreign exchange, and market risks are major operational risks
Dongguan Jian Guan P.E. Co., Ltd.	Dongguan Han Lian Technology Co., Ltd.	Manufacturing and selling of electronic connectors and electronic products	85	85	85	Political, foreign exchange, and market risks are major operational risks

## 14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

### Investments in Associate

	September 30, 2024	December 31, 2023	September 30, 2023
Individually insignificant associate			
Shenzhen Deshenglong Electronics Co., Ltd.	\$ 5,420	\$ -	\$ -

At the end of the reporting period, the proportion of ownership and voting rights in associate held by the Group were as follows:

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights		
			September 30, 2024	December 31, 2023	September 30, 2023
Shenzhen Deshenglong Electronics Co., Ltd.	Manufacturing of computer hardware, software and peripheral devices	Shenzhen, Guangdong Province, China	40	-	-

The Group and others jointly invested in the establishment of Deshenglong Electronics Co., Ltd., completed the relevant establishment registration in July 2024, and obtained 40% of the equity according to the proportion of capital contribution.

## 15. PROPERTY, PLANT AND EQUIPMENT - USED BY THE GROUP

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Mold Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
<b>Cost</b>										
Balance at January 1, 2024	\$ 159,538	\$ 276,654	\$ 1,795,415	\$ 22,279	\$ 15,626	\$ 494,506	\$ 109,638	\$ 426,590	\$ 2,104	\$ 3,302,350
Additions	-	-	26,231	-	774	26,264	1,886	8,203	297,033	360,391
Disposals	-	(139)	(251,599)	(2,469)	(360)	(60,941)	-	(32,614)	-	(348,122)
Transfer from prepayments	-	-	3,121	-	123	17,232	-	2,261	-	22,737
Effects of foreign currency exchange differences	-	6,611	53,935	926	590	20,638	4,326	17,803	(2,715)	102,114
Balance at September 30, 2024	\$ 159,538	\$ 283,126	\$ 1,627,103	\$ 20,736	\$ 16,753	\$ 497,699	\$ 115,850	\$ 422,243	\$ 296,422	\$ 3,439,470
<b>Accumulated depreciation</b>										
Balance at January 1, 2024	\$ -	\$ 127,223	\$ 1,241,451	\$ 20,871	\$ 14,321	\$ 417,576	\$ 101,356	\$ 357,180	\$ -	\$ 2,279,978
Disposals	-	(139)	(237,586)	(2,469)	(360)	(59,833)	-	(32,254)	-	(332,641)
Depreciation	-	13,663	108,445	521	514	45,435	3,468	47,259	-	219,305
Effects of foreign currency exchange differences	-	3,430	38,739	868	567	17,444	4,183	14,983	-	80,214
Balance at September 30, 2024	\$ -	\$ 144,177	\$ 1,151,049	\$ 19,791	\$ 15,042	\$ 420,622	\$ 109,007	\$ 387,168	\$ -	\$ 2,246,856
Carrying amount at December 31, 2023 and January 1, 2024	\$ 159,538	\$ 149,431	\$ 553,964	\$ 1,408	\$ 1,305	\$ 76,930	\$ 8,282	\$ 69,410	\$ 2,104	\$ 1,022,372
Carrying amount at September 30, 2024	\$ 159,538	\$ 138,949	\$ 476,054	\$ 945	\$ 1,711	\$ 77,077	\$ 6,843	\$ 35,075	\$ 296,422	\$ 1,192,614
<b>Cost</b>										
Balance at January 1, 2023	\$ 159,538	\$ 289,162	\$ 1,827,826	\$ 22,956	\$ 17,434	\$ 447,384	\$ 102,915	\$ 455,066	\$ -	\$ 3,322,281
Additions	-	-	26,645	1,054	272	29,098	8,406	35,890	2,175	103,540
Disposals	-	(7,140)	(19,894)	(1,399)	(1,451)	(12,050)	-	(61,129)	-	(103,063)
Transfer from prepayments	-	-	3,373	-	-	27,693	-	7,167	-	38,233
Effects of foreign currency exchange differences	-	3,159	25,714	437	284	9,456	2,039	8,449	18	49,556
Balance at September 30, 2023	\$ 159,538	\$ 285,181	\$ 1,863,664	\$ 23,048	\$ 16,539	\$ 501,581	\$ 113,360	\$ 445,443	\$ 2,193	\$ 3,410,547
<b>Accumulated depreciation</b>										
Balance at January 1, 2023	\$ -	\$ 117,899	\$ 1,114,145	\$ 21,802	\$ 15,616	\$ 367,332	\$ 98,355	\$ 350,154	\$ -	\$ 2,085,303
Disposals	-	(7,140)	(17,379)	(1,388)	(1,451)	(12,022)	-	(60,919)	-	(100,299)
Depreciation	-	15,654	143,915	603	615	53,468	3,070	67,324	-	284,649
Effects of foreign currency exchange differences	-	1,589	18,017	406	272	7,852	1,949	6,875	-	36,960
Balance at September 30, 2023	\$ -	\$ 128,002	\$ 1,258,698	\$ 21,423	\$ 15,052	\$ 416,630	\$ 103,374	\$ 363,434	\$ -	\$ 2,306,613
Carrying amount at September 30, 2023	\$ 159,538	\$ 157,179	\$ 604,966	\$ 1,625	\$ 1,487	\$ 84,951	\$ 9,986	\$ 82,009	\$ 2,193	\$ 1,103,934

No impairment loss or reversal of impairment loss was recognized for the nine months ended September 30, 2024 and 2023.

The above items of property, plant and equipment are depreciated on a straight-line basis over their useful lives estimated as follows:

Buildings	
Main buildings	8-50 years
Others	5-10 years
Machinery and equipment	2-10 years
Transportation equipment	4-6 years
Office equipment	2-5 years
Mold equipment	2-5 years
Leasehold improvements	2-5 years
Other equipment	2-8 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 32.

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Carrying amounts</u>			
Land	\$ 154,995	\$ 154,110	\$ 161,323
Buildings	<u>3,167</u>	<u>5,692</u>	<u>7,667</u>
	<u>\$ 158,162</u>	<u>\$ 159,802</u>	<u>\$ 168,990</u>
	<b>For the Three Months Ended September 30</b>	<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>
			<b>2023</b>
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
			<u>\$ 116,000</u>
Depreciation charge for right-of-use assets			
Land	\$ 949	\$ 931	\$ 2,790
Buildings	<u>619</u>	<u>1,718</u>	<u>2,646</u>
	<u>\$ 1,568</u>	<u>\$ 2,649</u>	<u>\$ 5,436</u>
			<u>\$ 6,744</u>

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



b. Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Carrying amounts</u>			
Current	\$ 2,637	\$ 3,356	\$ 4,624
Non-current	\$ -	\$ 2,626	\$ 2,709

Discount rate for lease liabilities was as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Buildings	1.38%-9.00%	1.38%-9.00%	1.38%-9.00%

c. Material lease-in activities and terms

The Group leases certain land and buildings for the use as plants and offices with lease terms of 3 to 48 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Land right-of-use assets pledged as collateral for bank borrowings are set out in Note 32.

e. Other lease information

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2024	2023	2024	2023
Expenses relating to short-term leases	\$ 4,323	\$ 5,709	\$ 15,551	\$ 17,046
Expenses relating to low-value asset leases	\$ 311	\$ 341	\$ 897	\$ 1,020
Total cash outflow for leases	\$ (6,059)	\$ (8,676)	\$ (20,184)	\$ (24,149)

## 17. GOODWILL

	<u>For the Nine Months Ended September 30</u>	
	2024	2023
<u>Cost</u>		
Balance at January 1	\$ 12,202	\$ 12,306
Effects of foreign currency exchange differences	255	120
Balance at September 30	\$ 12,457	\$ 12,426

In February 2013, November 2018 and March 2019, the Group acquired a 50% interest in CDE Corp, a 60% interest in Dongguan Ai Te Chieh Intellectual Technology Co., Ltd., and a 70% interest in Dongguan Han Lian Technology Co., Ltd., respectively. The value of goodwill was recognized when the cost of acquisition is higher than the net fair value of the identifiable assets and liabilities recognized at the date of acquisition. As of September 30, 2024, December 31, 2023 and September 30, 2023, based on estimated fair value through the calculation of discounted cash flows of CDE Corp., Dongguan Ai Te Chieh Intellectual Technology Co., Ltd. and Dongguan Han Lian Technology Co., Ltd., no impairment loss was recognized.

## 18. OTHER INTANGIBLE ASSETS

	Computer Software	Trademarks	Patents	Total
<u>Cost</u>				
Balance at January 1, 2024	\$ 44,377	\$ 29,286	\$ 7,000	\$ 80,663
Additions	229	-	-	229
Disposals	(507)	-	-	(507)
Effects of foreign currency exchange differences	<u>1,688</u>	<u>-</u>	<u>-</u>	<u>1,688</u>
Balance at September 30, 2024	<u>\$ 45,787</u>	<u>\$ 29,286</u>	<u>\$ 7,000</u>	<u>\$ 82,073</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2024	\$ 38,336	\$ 12,521	\$ 2,683	\$ 53,540
Amortization expenses	3,435	1,909	525	5,869
Disposals	(507)	-	-	(507)
Effects of foreign currency exchange differences	<u>1,534</u>	<u>-</u>	<u>-</u>	<u>1,534</u>
Balance at September 30, 2024	<u>\$ 42,798</u>	<u>\$ 14,430</u>	<u>\$ 3,208</u>	<u>\$ 60,436</u>
Carrying amount at December 31, 2023 and January 1, 2024	<u>\$ 6,041</u>	<u>\$ 16,765</u>	<u>\$ 4,317</u>	<u>\$ 27,123</u>
Carrying amount at September 30, 2024	<u>\$ 2,989</u>	<u>\$ 14,856</u>	<u>\$ 3,792</u>	<u>\$ 21,637</u>
<u>Cost</u>				
Balance at January 1, 2023	\$ 45,908	\$ 29,286	\$ 7,000	\$ 82,194
Additions	2,195	-	-	2,195
Disposals	(637)	-	-	(637)
Effects of foreign currency exchange differences	<u>790</u>	<u>-</u>	<u>-</u>	<u>790</u>
Balance at September 30, 2023	<u>\$ 48,256</u>	<u>\$ 29,286</u>	<u>\$ 7,000</u>	<u>\$ 84,542</u>

(Continued)

	<b>Computer Software</b>	<b>Trademarks</b>	<b>Patents</b>	<b>Total</b>
<u>Accumulated amortization</u>				
Balance at January 1, 2023	\$ 36,094	\$ 9,975	\$ 1,983	\$ 48,052
Amortization expenses	5,330	1,911	525	7,766
Disposals	(637)	-	-	(637)
Effects of foreign currency exchange differences	<u>691</u>	<u>-</u>	<u>-</u>	<u>691</u>
Balance at September 30, 2023	<u>\$ 41,478</u>	<u>\$ 11,886</u>	<u>\$ 2,508</u>	<u>\$ 55,872</u>
Carrying amount at September 30, 2023	<u>\$ 6,778</u>	<u>\$ 17,400</u>	<u>\$ 4,492</u>	<u>\$ 28,670</u> (Concluded)

No impairment loss or reversal of impairment loss was recognized for the nine months ended September 30, 2024 and 2023.

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	2-5 years
Trademarks	12 years
Patents	10 years

## 19. OTHER ASSETS

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
<u>Current</u>			
Prepaid sales tax	\$ 60,982	\$ 41,072	\$ 61,006
Prepayments	39,931	27,766	33,563
Overpaid sales tax	5,845	5,038	5,458
Others	<u>3,316</u>	<u>2,330</u>	<u>3,422</u>
	<u>\$ 110,074</u>	<u>\$ 76,206</u>	<u>\$ 103,449</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 73,682	\$ 32,888	\$ 36,523
Prepayments - non-current	-	1,734	2,881
Refundable deposits	<u>5,372</u>	<u>5,500</u>	<u>5,782</u>
	<u>\$ 79,054</u>	<u>\$ 40,122</u>	<u>\$ 45,186</u>

## 20. BORROWINGS

### a. Short-term borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Unsecured borrowings</u>			
Line of credit borrowings	\$ 80,000	\$ 609,000	\$ 1,395,000

The range of interest rates for bank loans was 1.875%-2.00%, 1.74%-2.10% and 1.70%-2.00%, per annum as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

### b. Long-term borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Secured borrowings</u>			
Bank loans	\$ 4,516	\$ 176,800	\$ 192,400
Less: Current portions	(406)	(67,600)	(62,400)
Long-term borrowings	\$ 4,110	\$ 109,200	\$ 130,000

	Repayment Method	September 30, 2024	December 31, 2023	September 30, 2023
<u>Secured borrowings</u>				
Taipei Fubon Commercial Bank	The loan amounted to \$312,000 thousand is repaid on a monthly basis from September 30, 2021 to September 30, 2026. The interest is paid every month (paid off in advance).	\$ -	\$ 176,800	\$ 192,400
		-	176,800	192,400
<u>Unsecured borrowings</u>				
Bank of China Limited	The loan amounted to RMB1,000 thousand is repaid 3% on three monthly basis from July 16, 2024 to July 15, 2027. Repayment begins in the sixth month. The remaining principal will be repaid in the final installment. The interest is paid three month.	4,516	-	-
		4,516	-	-
Less: Current portions		(406)	(67,600)	(62,400)
		\$ 4,110	\$ 109,200	\$ 130,000

The range of interest rates for long-term bank loans was 3.41%, 1.8962%-2.1076% and 1.8954%-2.1068%, per annum as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

Under the loan agreements with Taipei Fubon Commercial Bank, the Group should maintain certain financial ratios during the loan term, which are based on the annual and semi-annual consolidated financial statements. The financial ratios are as follows:

Since the loan to be activated, the financial statements should be reviewed semi-annually in April and October including:

- 1) Current ratio (Current asset ÷ Current liabilities) shall be above 100%.
- 2) Liability ratio [(Total liabilities ÷ (Net value - Intangible assets))] shall not be higher than 150%.
- 3) Times interest earned [(Net profit before tax + Depreciation + Amortization + Interest expense)/Interest expense] shall be maintained at 3 times (inclusive) or more.
- 4) Tangible net value (Net value - Intangible assets) shall be maintained at NT\$2 billion (inclusive) or more.

Should either above mentioned ratios not met for the first time, the interest rate would be increased by 0.25%; and credit facilities would be reconsidered should the covenants breached again. As of the date of financial statements, no breach of the covenants.

## 21. BONDS PAYABLE

	September 30, 2024	December 31, 2023	September 30, 2023
Fourth unsecured domestic convertible bonds	\$ 428,280	\$ -	\$ -
Third secured domestic convertible bonds	-	-	7,250
Less: Current portion	<u>-</u>	<u>-</u>	<u>(7,250)</u>
	<u>\$ 428,280</u>	<u>\$ -</u>	<u>\$ -</u>

### Unsecured Domestic Convertible Bonds - IV

On March 5, 2024, the Group issued the fourth three-year unsecured, zero-coupon domestic convertible bonds with a \$100 thousand par value, in an aggregate principal amount of \$500,000 thousand.

The following items are the primary clauses in the prospectus:

a. Term

From March 5, 2024 to March 5, 2027.

b. Redemption

From 3 months after the issue date to 40 days before maturity date, if the closing price in 30 consecutive trading days is greater than 130% of the conversion price, then the Group may redeem the whole bonds in cash at the principal amount.

From 3 months after the issue date to 40 days before maturity date, if more than 90% of the bonds' principal amount has already been converted, redeemed or repurchased and cancelled, then the Group may redeem the whole bonds in cash at the principal amount.

c. Conversion

Conversion period

Bondholders may request the Group to convert the bonds into the Group's ordinary shares between June 6, 2024 and March 5, 2027, barring the year in which the registration of share transfer is suspended.

### Conversion price and adjustments

The price used by the Group in determining the number of ordinary shares to be issued upon conversion is NT\$65.7 per share. Since the Company applied for ex-dividend on August 7, 2024, the conversion price of bonds was adjusted to NT\$63.70 per share.

#### d. Bondholders' put right

On March 5, 2026 (2 years after the issue date), each bondholder will have the right, at such holder's option, to require the Group to redeem in whole or in part the principal amount of such holder's bonds in cash by filling an application with the original brokerage before 30 days prior to the base date. For the relevant changes please refer to Note 30.

#### e. Bond components

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 2.2045% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,545 thousand)	\$ 496,955
Equity component	(30,776)
Financial assets at FVTPL	743
Deferred tax assets	<u>1,109</u>
Liability component at the date of issuance	468,031
Convertible bonds converted into ordinary shares	(45,687)
Interest charged at an effective interest rate of 2.2045%	<u>5,936</u>
Liability component at September 30, 2024	<u>\$ 428,280</u>

During August to September 2024, the convertible bonds were converted for the par value of \$48,200 thousand, of which the Group reclassified to capital collected in advance for capital stock for amount of \$7,567 thousand. With conversion occurrence, originally recorded capital surplus-options decreased \$2,967 thousand, bonds payable reduced \$2,513 thousand, financial assets at FVPL reduced \$77 thousand, and capital surplus increased \$41,010 thousand derived from the difference between the consideration received and the par value of bonds payable.

### **Secured Domestic Convertible Bonds - III**

On December 11, 2020, the Group issued the third three-year secured, zero-coupon domestic convertible bonds with a \$100 thousand par value, in an aggregate principal amount of \$306,000 thousand.

The following items are the primary clauses in the prospectus:

#### a. Term

From December 11, 2020 to December 11, 2023.

#### b. Redemption

From 3 months after the issue date to 40 days before maturity date, if the closing price in 30 consecutive trading days is greater than 130% of the conversion price, then the Group may redeem the whole bonds in cash at the principal amount.

From 3 months after the issue date to 40 days before maturity date, if more than 90% of the bonds' principal amount has already been converted, redeemed or repurchased and cancelled, then the Group may redeem the whole bonds in cash at the principal amount.

c. Conversion

Conversion period

Bondholders may request the Group to convert the bonds into the Group's ordinary shares between March 12, 2021 and December 11, 2023, barring the year in which the registration of share transfer is suspended.

Conversion price and adjustments

The price used by the Group in determining the number of ordinary shares to be issued upon conversion is NT\$35 per share. Since the Company applied for ex-dividend on August 3, 2021, the conversion price of bonds was adjusted to \$33.53 per share. The conversion price has been adjusted to NT\$31.72 per share since July 24, 2022 due to the distribution of cash dividends. The conversion price has been adjusted to NT\$30.25 per share since August 7, 2023 due to cash dividends distributed.

d. Security provided for the bonds (see Note 32).

e. Bondholders' put right

On December 11, 2022 (2 years after the issue date), each bondholder will have the right, at such holder's option, to require the Group to redeem in whole or in part the principal amount of such holder's bonds in cash by filling an application with the original brokerage before 40 days prior to the base date. For the relevant changes, refer to Note 30.

f. Bond components

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 1.7808% per annum on initial recognition.

Liability component at January 1, 2023	\$ 45,872
Interest charged at an effective interest rate of 1.7808% - for the nine months ended September 30, 2023	525
Convertible bonds converted into ordinary shares	<u>(39,147)</u>
Liability component at September 30, 2023	<u>\$ 7,250</u>

During January to September 2023, the convertible bonds were converted for the par value of \$39,400 thousand, of which the Group reclassified to ordinary shares and capital collected in advance for capital stock for amount of \$1,829 thousand and \$10,707 thousand, respectively. With conversion occurrence, originally recorded capital surplus-options decreased \$1,603 thousand, bonds payable reduced \$253 thousand, financial assets at FVPL reduced \$7 thousand, and capital surplus increased \$28,207 thousand derived from the difference between the consideration received and the par value of bonds payable.

## 22. OTHER LIABILITIES

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Other payables			
Salaries and bonuses	\$ 164,954	\$ 171,788	\$ 180,757
Processing fees	194,575	125,512	130,872
Payables for labor and health insurance, social security and pension	36,464	36,547	41,102
Payables for purchases of equipment (Note 29)	36,397	26,664	19,947
Others	<u>143,217</u>	<u>125,539</u>	<u>164,228</u>
	<u>\$ 575,607</u>	<u>\$ 486,050</u>	<u>\$ 536,906</u>

## 23. EQUITY

### a. Share capital

#### Ordinary shares

	September 30, 2024	December 31, 2023	September 30, 2023
Number of shares authorized (in thousands)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Share capital authorized	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>78,725</u>	<u>78,483</u>	<u>77,413</u>
Share capital issued	<u>\$ 787,250</u>	<u>\$ 784,837</u>	<u>\$ 774,130</u>

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

The authorized shares include 5,000 thousand shares allocated for the exercise of employee share options.

From January 2024 to September 2024, 803 units of share options were exercised by employees with the Company receiving a total of \$8,030 thousand. Registration was not completed on September 30, 2024, the amount recognized as capital collected in advance was \$8,030 thousand.

From August 2024 to September 2024, convertible bonds were converted to ordinary shares for the amount of \$7,567 thousand under advance receipts for capital stock since as of the date of financial statements, registration was not completed. On November 7, 2024, the board of the directors resolved to set capital increase base date as November 8, 2024.

During November 2023, convertible bonds were converted to ordinary shares for the amount of \$2,413 thousand. On January 25, 2024, the board of the directors resolved the capital increase base date on January 26, 2024. Registration was completed on March 6, 2024.

From July 2023 to August 2023, convertible bonds were converted to ordinary shares for the amount of \$10,707 thousand. On November 2, 2023, the board of the directors resolved to set capital increase base date on November 3, 2023. Registration was completed on November 27, 2023.



From January 2023 to June 2023, convertible bonds were converted to ordinary shares for the amount of \$1,829 thousand. On August 3, 2023, the board of the directors resolved to set capital increase base date as August 4, 2023. Registration was completed on September 13, 2023.

b. 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 (1)			
Premium on issuance of ordinary shares (2)	\$ 604,143	\$ 568,037	\$ 568,037
Premium on conversion of bonds	405,690	364,680	359,513
Redemption or repayment of convertible bonds	14,480	14,480	5,742
<u>May be used to offset a deficit only</u>			
Changes in percentage of ownership interests in subsidiaries (3)	1,906	1,906	1,906
<u>May not be used for any purpose</u>			
Arising from employee share options	19,815	25,296	21,455
Share warrants (4)	<u>27,809</u>	<u>-</u>	<u>9,035</u>
	<u>\$ 1,073,843</u>	<u>\$ 974,399</u>	<u>\$ 965,688</u>

- 1) 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).
- 2) The Company had some employees exercise their stock options from January to September of 2024, resulting in an increase in the capital surplus - stock issuance premium by \$36,106 thousand. Additionally, the amount reclassified from the capital surplus - employee stock options to the capital surplus - stock issuance premium was \$13,048 thousand.
- 3) Such capital surplus arises from the effects of changes in ownership interests in a subsidiary resulting from equity transactions other than an actual disposal or acquisition or from changes in capital surplus of subsidiaries accounted for by using the equity method.
- 4) Please refer to Note 21 for significant changes of capital surplus due to the conversion of the fourth unsecured domestic convertible bonds on March 2024.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing 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, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders by issuing new shares. In addition, the distributable dividends and bonuses in whole or in

part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors, please refer to Note 25(g).

The Company's board of directors shall, considering the current investment environment, capital needs for future expansions, long term financial plans, and shareholders' needs for cash basis dividends, distribute no less than 10% of unappropriated earnings to shareholders as dividends and bonuses, by way of cash dividends or share dividends, while cash dividends should not be lower than 10% of total bonuses to shareholders.

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.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2023 and 2022 were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Legal reserve	\$ 38,471	\$ 30,868
Special reserve	\$ 34,259	\$ (65,986)
Cash dividends	\$ 194,450	\$ 177,629
Cash dividends per share (NT\$)	\$ 2.47	\$ 2.27

The 2023 and 2022 appropriations for cash dividends had been resolved by the Company's board of directors on March 7, 2024 and March 2, 2023, respectively; the other proposed appropriations had been resolved by the shareholders in their meetings on June 18, 2024 and June 26, 2023, respectively.

d. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	<b>For the Nine Months Ended</b>	
	<b>September 30</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ (213,040)	\$ (178,952)
Recognized for the period		
Exchange differences on translating the financial statements of foreign operations	119,994	82,696
Related income tax	(23,998)	(16,539)
Other comprehensive income recognized for the period	95,996	66,157
Balance at September 30	\$ (117,044)	\$ (112,795)

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 9,125	\$ 9,296
Recognized for the period		
Unrealized gain (loss) - equity instruments	3,318	(679)
Related income tax	<u>(665)</u>	<u>135</u>
Other comprehensive income (loss) recognized for the period	<u>2,653</u>	<u>(544)</u>
Balance at September 30	<u>\$ 11,778</u>	<u>\$ 8,752</u>

e. Non-controlling interests

	<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 25,376	\$ 25,151
Share in loss for the period	<u>(2,981)</u>	<u>(392)</u>
Other comprehensive (loss) income during the period		
Exchange differences on translating the financial statements of foreign entities	(674)	808
Related income tax	<u>165</u>	<u>(152)</u>
	<u>(509)</u>	<u>656</u>
Balance at September 30	<u>\$ 21,886</u>	<u>\$ 25,415</u>

## 24. REVENUE

a. Description of customer contract

Revenue from sales of goods

Main operating revenue of the Group was from manufacturing and sales electronic connectors for telecommunications, data communications and computers, by fixed contract price.

b. Contract balance

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>	<b>January 1, 2023</b>
Notes and trade receivables (Note 11)	<u>\$ 1,632,440</u>	<u>\$ 1,563,256</u>	<u>\$ 2,152,489</u>	<u>\$ 1,763,566</u>
Contract liabilities				
Sale of goods	<u>\$ 36,247</u>	<u>\$ 16,768</u>	<u>\$ 5,842</u>	<u>\$ 15,692</u>

c. Disaggregation of revenue

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
<u>Type of goods</u>				
Integrated signal connector	<u>\$ 1,432,754</u>	<u>\$ 1,770,429</u>	<u>\$ 3,726,483</u>	<u>\$ 4,789,413</u>

**25. NET PROFIT FROM CONTINUING OPERATIONS**

a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Bank deposits	<u>\$ 7,096</u>	<u>\$ 10,020</u>	<u>\$ 25,058</u>	<u>\$ 13,923</u>

b. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Dividend income	\$ -	\$ -	\$ 5,997	\$ -
Government grants	3,283	48	5,228	2,744
Subsidy arising from launched production line	1,161	10,629	3,481	19,262
Compensation income	3,172	55	8,104	5,841
Mold income	2,316	596	5,818	12,359
Others	<u>793</u>	<u>2,085</u>	<u>15,954</u>	<u>7,901</u>
	<u>\$ 10,725</u>	<u>\$ 13,413</u>	<u>\$ 44,582</u>	<u>\$ 48,107</u>

c. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Gain on disposal of property, plant and equipment	\$ 1,158	\$ 62	\$ 1,712	\$ 1,185
Fair value changes of financial assets/liabilities				
Financial assets mandatorily classified as at FVTPL	7,312	8,433	36,441	17,503
Financial liabilities held for trading	363	(5,005)	(1,835)	(32,271)

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Net foreign exchange (losses) gains	\$ (4,709)	\$ 23,590	\$ 17,070	\$ 68,876
Others	<u>(13)</u>	<u>-</u>	<u>(274)</u>	<u>-</u>
	<u>\$ 4,111</u>	<u>\$ 27,080</u>	<u>\$ 53,114</u>	<u>\$ 55,293</u>
				(Concluded)

d. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Interest on bank loans	\$ 819	\$ 6,741	\$ 4,145	\$ 16,391
Interest on convertible bonds (Note 21)	2,599	105	5,936	525
Interest on lease liabilities	<u>72</u>	<u>136</u>	<u>256</u>	<u>404</u>
Net foreign exchange gains	<u>\$ 3,490</u>	<u>\$ 6,982</u>	<u>\$ 10,337</u>	<u>\$ 17,320</u>

e. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
An analysis of deprecation by function				
Operating costs	\$ 53,622	\$ 81,483	\$ 175,697	\$ 238,449
Operating expenses	<u>15,814</u>	<u>17,987</u>	<u>49,044</u>	<u>52,944</u>
	<u>\$ 69,436</u>	<u>\$ 99,470</u>	<u>\$ 224,741</u>	<u>\$ 291,393</u>
An analysis of amortization by function				
Operating costs	\$ 175	\$ 175	\$ 525	\$ 525
Selling and marketing expense	704	787	2,156	2,360
General and administrative expense	670	1,110	1,998	3,595
Research and development expense	<u>395</u>	<u>424</u>	<u>1,190</u>	<u>1,286</u>
	<u>\$ 1,944</u>	<u>\$ 2,496</u>	<u>\$ 5,869</u>	<u>\$ 7,766</u>

f. Employee benefits expense

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Post-employment benefits				
Defined contribution plans	\$ 18,434	\$ 24,257	\$ 68,019	\$ 72,979
Share-based payments				
Equity-settled	1,450	3,839	7,567	11,395
Other employee benefits	<u>290,350</u>	<u>294,212</u>	<u>807,930</u>	<u>868,142</u>
Total employee benefits expense	<u>\$ 310,234</u>	<u>\$ 322,308</u>	<u>\$ 883,516</u>	<u>\$ 952,516</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 183,304	\$ 189,691	\$ 515,587	\$ 575,392
Operating expenses	<u>126,930</u>	<u>132,617</u>	<u>367,929</u>	<u>377,124</u>
	<u>\$ 310,234</u>	<u>\$ 322,308</u>	<u>\$ 883,516</u>	<u>\$ 952,516</u>

g. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at the rates of 3%-15% and not higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration to directors.

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

Accrual rate

	<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
Compensation of employees	5.91%	7.16%
Remuneration of directors	1.83%	2.69%

Amount

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Compensation of employees	<u>\$ 13,748</u>	<u>\$ 14,626</u>	<u>\$ 25,956</u>	<u>\$ 32,018</u>
Remuneration of directors	<u>\$ 4,231</u>	<u>\$ 5,485</u>	<u>\$ 8,039</u>	<u>\$ 12,007</u>

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

The appropriations of compensation of employees and remuneration of directors for 2023 and 2022 having been resolved by the board of directors on March 7, 2024 and March 2, 2023, respectively, are as shown below:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	<u>\$ 30,500</u>	<u>\$ 32,500</u>
Remuneration of directors	<u>\$ 9,500</u>	<u>\$ 9,500</u>

There is no difference between the actual amounts of compensation of employees and remuneration of directors and paid and the amounts recognized in the consolidated financial statements for the years 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.

h. Gains or losses on foreign currency exchange

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Foreign exchange gains	\$ 64,375	\$ 111,168	\$ 132,430	\$ 258,090
Foreign exchange losses	<u>(69,084)</u>	<u>(87,578)</u>	<u>(115,360)</u>	<u>(189,214)</u>
Net foreign exchange (losses) gains	<u>\$ (4,709)</u>	<u>\$ 23,590</u>	<u>\$ 17,070</u>	<u>\$ 68,876</u>

## 26. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Current tax				
In respect of the current period	\$ 43,004	\$ 25,842	\$ 91,996	\$ 67,882
Income tax on unappropriated earnings	-	-	5,877	8,307

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Loss carryforward deduction	\$ (3,035)	\$ -	\$ (7,041)	\$ -
Adjustment for prior year	<u>(507)</u>	<u>3,163</u>	<u>(4,149)</u>	<u>(126)</u>
	39,462	29,005	86,683	76,063
Deferred tax				
In respect of the current period	<u>3,931</u>	<u>11,759</u>	<u>3,613</u>	<u>5,179</u>
Income tax expense recognized in profit or loss	<u>\$ 43,393</u>	<u>\$ 40,764</u>	<u>\$ 90,296</u>	<u>\$ 81,242</u>

(Concluded)

b. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
<u>Deferred tax</u>				
In respect of the current period				
Translation of foreign operations	\$ (7,598)	\$ 24,197	\$ 23,833	\$ 16,691
Fair value changes of financial assets at FVTOCI	<u>(2,041)</u>	<u>626</u>	<u>665</u>	<u>(135)</u>
Total income tax recognized in other comprehensive (loss) income	<u>\$ (9,639)</u>	<u>\$ 24,823</u>	<u>\$ 24,498</u>	<u>\$ 16,556</u>

c. Income tax assessments

The income tax returns through 2022 of the Company and its subsidiaries - CDE Corp. and DYP Corp., have been assessed by the tax authorities.

## 27. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Basic earnings per share				
From continuing operations	<u>\$ 2.34</u>	<u>\$ 2.07</u>	<u>\$ 4.37</u>	<u>\$ 4.51</u>
Diluted earnings per share				
From continuing operations	<u>\$ 2.10</u>	<u>\$ 2.04</u>	<u>\$ 3.94</u>	<u>\$ 4.41</u>



The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share from continuing operations were as follows:

### Net Profit for the Period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Profit for the period attributable to owners of the Company	<u>\$ 186,389</u>	<u>\$ 161,923</u>	<u>\$ 345,632</u>	<u>\$ 350,325</u>
Earnings used in the computation of basic earnings per share	\$ 186,389	\$ 161,923	\$ 345,632	\$ 350,325
Effects of potentially dilutive ordinary shares:				
Interest and valuation loss on convertible bonds after tax	<u>588</u>	<u>82</u>	<u>3,201</u>	<u>422</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 186,977</u>	<u>\$ 162,005</u>	<u>\$ 348,833</u>	<u>\$ 350,747</u>

### Shares

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Weighted average number of ordinary shares in computation of basic earnings per share	79,621	78,308	79,054	77,602
Effect of potentially dilutive ordinary shares:				
Convertible bonds	7,507	401	7,565	1,102
Employee share option	1,592	-	1,578	-
Compensation of employees	<u>286</u>	<u>545</u>	<u>369</u>	<u>749</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>89,006</u>	<u>79,254</u>	<u>88,566</u>	<u>79,453</u>

The Group may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 28. SHARE-BASED PAYMENT ARRANGEMENTS

### Employee Share Option Plan of the Company

Qualified employees of the Company and its subsidiaries were granted 3,655 options on May 5, 2022. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Company. The options granted are valid for 6 years and exercisable at certain percentages after the second anniversary from the grant date. The options were granted at an exercise price equal to the closing price of the Company's ordinary shares listed on the Taipei Exchange at the grant date. For any subsequent changes in the Company's capital surplus, the exercise price is adjusted accordingly.

The Company reduced the exercise price from NT\$38.75 to NT\$37.6 in August 2024. The changing of consideration did not cause any increase of fair value and was effective after the Company's record date of ex-dividend trade on August 5, 2024.

The Company reduced the exercise price from NT\$40.6 to NT\$38.75 in August 2023. The changing of consideration did not cause any increase of fair value and was effective after the Company's record date of ex-dividend trade on August 7, 2023.

Information on employee share options was as follows:

	For the Nine Months Ended September 30			
	2024		2023	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Balance at January 1	3,655	\$ 38.75	3,655	\$ 40.60
Options granted	<u>(803)</u>	38.71	<u>-</u>	-
Balance at September 30	<u>2,852</u>	37.60	<u>3,655</u>	38.75
Options exercisable, end of the period	<u>1,426</u>		<u>-</u>	

Information on outstanding options was as follows:

	For the Nine Months Ended September 30	
	2024	2023
Range of exercise price (\$)	\$ 37.60	\$ 40.60
Weighted-average remaining contractual life (in years)	3.58	4.58

Options granted in May 2022 is priced using the binomial option pricing model, and the inputs to the model are as follows:

	May 2022
Grant-date share price	\$42.9
Exercise price	\$42.9
Expected volatility	37.83%
Expected life (in years)	6
Expected dividend yield	-
Risk-free interest rate	1.0993%

Expected volatility was based on the historical share price volatility over the past 6 year which uses the Company's daily annualized standard deviation of returns as hypotheses.

Compensation costs recognized were \$7,567 thousand and \$11,395 thousand for the nine months ended September 30, 2024 and 2023, respectively.

## 29. CASH INFORMATIONS

### a. Non-cash transaction

For the nine months ended September 30, 2024 and 2023, the Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statement of cash flows:

As of September 30, 2024, December 31, 2023 and September 30, 2023, the amounts unpaid for acquiring property, plant and equipment were \$36,397 thousand, \$26,664 thousand and \$19,947 thousand, respectively, which were included in other payables.

### b. Changes in liabilities from financing activities

#### For the nine months ended September 30, 2024

		<b>Non-cash Changes</b>					
	<b>Balance at January 1, 2024</b>	<b>Cash Flows</b>	<b>Interest Expenses</b>	<b>Addition</b>	<b>Exchange Differences on Translation of the Financial Statements of Foreign Operations</b>	<b>Others (Notes 1, 2)</b>	<b>Balance at September 30, 2024</b>
Short-term borrowings	\$ 609,000	\$ (529,000)	\$ -	\$ -	\$ -	\$ -	\$ 80,000
Lease liabilities	5,982	(3,480)	-	-	135	-	2,637
Bonds payable	-	502,500	5,936	-	-	(80,156)	428,280
Long-term borrowings (including current portion of long-term borrowings)	176,800	(172,294)	-	-	-	-	4,516
Guarantee deposits received	1,900	(349)	-	-	246	-	1,477
Other payables (issuance costs of the convertible bonds)	-	(5,545)	-	5,545	-	-	-
	<u>\$ 793,682</u>	<u>\$ (208,168)</u>	<u>\$ 5,936</u>	<u>\$ 5,545</u>	<u>\$ 381</u>	<u>\$ (80,156)</u>	<u>\$ 516,910</u>

#### For the nine months ended September 30, 2023

		<b>Non-cash Changes</b>					
	<b>Balance at January 1, 2023</b>	<b>Cash Flows</b>	<b>Interest Expenses</b>	<b>Addition</b>	<b>Exchange Differences on Translation of the Financial Statements of Foreign Operations</b>	<b>Others (Note 2)</b>	<b>Balance at September 30, 2023</b>
Short-term borrowings	\$ 617,485	\$ 777,169	\$ -	\$ -	\$ 346	\$ -	\$ 1,395,000
Lease liabilities	5,666	(5,679)	-	7,259	87	-	7,333
Bonds payable (including current portion of bonds payable)	45,872	-	525	-	-	(39,147)	7,250
Long-term borrowings (including current portion of long-term borrowings)	234,000	(41,600)	-	-	-	-	192,400
Guarantee deposits received	1,580	340	-	-	27	-	1,947
Other payables (issuance costs of the convertible bonds)	3,766	(179)	-	-	-	-	3,587
	<u>\$ 908,369</u>	<u>\$ 730,051</u>	<u>\$ 525</u>	<u>\$ 7,259</u>	<u>\$ 460</u>	<u>\$ (39,147)</u>	<u>\$ 1,607,517</u>

Note 1: The liabilities and equities relating to issuance of convertible bonds, please refer to Note 21.

Note 2: The conversion of convertible bonds, please refer to Note 21.

### 30. FINANCIAL INSTRUMENTS

#### a. Fair value of financial instruments not measured at fair value

September 30, 2024

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Convertible bonds	\$ 428,280	\$ 655,246	\$ -	\$ -	\$ 655,246

September 30, 2023

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities measured					
at amortized cost					
Convertible bonds	\$ 7,250	\$ 16,498	\$ -	\$ -	\$ 16,498

#### b. 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				
Convertible bond options	\$ -	\$ -	\$ 2,214	\$ 2,214
Foreign exchange forward contracts	-	1,726	-	1,726
	<u>\$ -</u>	<u>\$ 1,726</u>	<u>\$ 2,214</u>	<u>\$ 3,940</u>

(Continued)

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic unlisted shares	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>89,111</u>	\$ <u>89,111</u>
Investments in debt instruments at FVTOCI				
Factored trade receivables to banks without recourse	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>118,437</u>	\$ <u>118,437</u>
<u>Financial liabilities at FVTPL</u>				
Derivatives				
Foreign exchange forward contracts	\$ <u>          -</u>	\$ <u>      605</u>	\$ <u>          -</u>	\$ <u>      605</u> (Concluded)

December 31, 2023

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTPL</u>				
Derivatives				
Foreign exchange forward contracts	\$ <u>          -</u>	\$ <u>      338</u>	\$ <u>          -</u>	\$ <u>      338</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic unlisted shares	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>85,793</u>	\$ <u>85,793</u>
Investments in debt instruments at FVTOCI				
Factored trade receivables to banks without recourse	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>105,119</u>	\$ <u>105,119</u>
<u>Financial liabilities at FVTPL</u>				
Derivatives				
Foreign exchange forward contracts	\$ <u>          -</u>	\$ <u>      810</u>	\$ <u>          -</u>	\$ <u>      810</u>

September 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivatives				
Foreign exchange forward contracts	\$ <u>-</u>	\$ <u>822</u>	\$ <u>-</u>	\$ <u>822</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic unlisted shares	\$ <u>-</u>	\$ <u>-</u>	\$ <u>35,328</u>	\$ <u>35,328</u>
Investments in debt instruments at FVTOCI				
Factored trade receivables to banks without recourse	\$ <u>-</u>	\$ <u>-</u>	\$ <u>142,519</u>	\$ <u>142,519</u>
<u>Financial liabilities at FVTPL</u>				
Derivatives				
Foreign exchange forward contracts	\$ <u>-</u>	\$ <u>1,840</u>	\$ <u>-</u>	\$ <u>1,840</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the nine months ended September 30, 2024

Financial Assets	Financial Assets at FVTOCI		Total
	Equity Instrument	Debt Instrument	
Balance at January 1, 2024	\$ 85,793	\$ 105,119	\$ 190,912
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	3,318	-	3,318
Increase	<u>-</u>	<u>13,318</u>	<u>13,318</u>
Balance at September 30, 2024	\$ <u>89,111</u>	\$ <u>118,437</u>	\$ <u>207,548</u>

**Derivatives**

Financial assets at FVTPL

Balance at January 1, 2024	\$ -
Addition-Proceeds from issuance of convertible bonds	743
Recognized in profit or loss (included in other gains and losses)	1,548
Conversion	<u>(77)</u>
Balance at September 30, 2024	\$ <u>2,214</u>

For the nine months ended September 30, 2023

Financial Assets	Financial Assets at FVTOCI		Total
	Equity Instrument	Debt Instrument	
Balance at January 1, 2023	\$ 54,807	\$ 150,223	\$ 205,030
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	(679)	-	(679)
Return of funds	(18,800)	-	(18,800)
Decrease	<u>-</u>	<u>(7,704)</u>	<u>(7,704)</u>
Balance at September 30, 2023	<u>\$ 35,328</u>	<u>\$ 142,519</u>	<u>\$ 177,847</u>

#### Derivatives

#### Financial assets at FVTPL

Balance at January 1, 2023	\$ 9
Recognized in profit or loss (included in other gains and losses)	(2)
Conversion	<u>(7)</u>
Balance at September 30, 2023	<u>\$ -</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 reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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

Financial Instruments	Valuation Techniques and Inputs
Convertible bond options	The binomial tree evaluation model of convertible bonds:  Consideration of the duration, the share price and volatility of the convertible bond object, conversion price, risk-free interest rate, discount rate, liquidity risk of the convertible bonds and other factors.

(Continued)

<b>Financial Instruments</b>	<b>Valuation Techniques and Inputs</b>
Unlisted equity securities - ROC	<p>Market approach:</p> <p>In the market approach, the selling price of comparable companies was used to estimate the fair value of the target asset through comparison, analysis and adjustments.</p> <p>Asset approach:</p> <p>In the asset approach, the fair value is estimated by evaluating the total market value of individual assets and individual liabilities covered by the evaluation target and considering risk factors such as liquidity reduction.</p>
Factored trade receivables to banks without recourse	<p>Since the effect of discounting is not significant, the fair value is measured based on the original invoice amount.</p> <p>(Concluded)</p>

c. Categories of financial instruments

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
<u>Financial assets</u>			
Mandatorily classified as at FVTPL	\$ 3,940	\$ 338	\$ 822
Financial asset at amortized cost (1)	2,957,115	2,895,507	3,664,555
Financial assets at FVTOCI			
Equity instruments	89,111	85,793	35,328
Debt instruments			
Factored trade receivables to banks without recourse	118,437	105,119	142,519
<u>Financial liabilities</u>			
FVTPL			
Held for trading	605	810	1,840
Amortized cost (2)	1,340,591	1,453,838	2,449,050

- 1) The balances included cash and cash equivalents, financial assets at amortized cost - current, notes receivable, trade receivables (excluding debt instruments), other receivables (excluding tax refund receivable) and refundable deposits that are measured at amortized cost.
- 2) The balances included short-term loans, trade payables, other payables (excluding salaries, bonuses, labor and health insurance, social security and pension), bonds payable (including current portion of bonds payable), long-term loans (including current portion of long-term loans payable) and guarantee deposits received that are measured at amortized cost.



d. Financial risk management objectives and policies

The Group's major financial instruments include financial assets and liabilities at FVTPL, notes receivable, trade receivables, trade payables, lease liabilities, borrowings and convertible bonds.

Risks on the financial instruments include market risk (such as currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), in interest rates (see (b) below) and other price risk (see (c) below).

a) Foreign currency risk

The Group has foreign currency sales and purchases, which expose the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 34.

Sensitivity analysis

The Group was mainly exposed to the exchange movements in USD and RMB.

The following table details the Group's sensitivity to a 1% increase and decrease in each functional currency against the relevant foreign currencies. The 1% sensitivity rate is used in reporting foreign currency risk internally to key management and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. Sensitivity analysis includes trade receivables and payables to entities outside of the Group, and trade receivables and payables to its foreign operations. A positive number below indicates an increase in pretax profit and other equity associated with a 1% weakening of the each functional currency against the relevant currency. For a 1% strengthening of the each functional currency against the relevant currency, there would be an equal and opposite impact on pretax profit and other equity, and the balances below would be negative.

	<b>U.S. Dollar Impact</b>		<b>RMB Impact</b>	
	<b>For the Nine Months Ended</b>		<b>For the Nine Months Ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Profit or loss*	\$ 8,815	\$ 14,721	\$ (65)	\$ (46)

\* This was mainly attributable to the exposure on outstanding accounts receivable and payable in USD and RMB, which were not hedged at the end of the reporting period.

The Group's sensitivity to the USD decreased during the current period mainly due to the decreased of net financial assets denominated in USD.

The Group's sensitivity to the RMB exchange rates has not changed significantly during this period compared with the same period last year.

b) Interest rate risk

The Group was exposed to interest rate related to its deposits, financial assets at amortized cost - current, bank loans, convertible bonds and lease liabilities at both fixed and floating interest rates.

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	\$ 1,087,634	\$ 888,260	\$ 1,191,000
Financial liabilities	510,917	585,982	1,409,583
Cash flow interest rate risk			
Financial assets	334,151	530,142	445,623
Financial liabilities	4,516	205,800	192,400

Sensitivity analysis

The sensitivity analysis below was based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profits for the nine months ended September 30, 2024 and 2023 would have increased and decreased by \$2,472 thousand and \$1,899 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings and bank deposits.

The Group's sensitivity to interest rates decreased during the current year mainly due to the decrease in cash and cash equivalents.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for medium- to long-term strategic purposes rather than for trading, the Group does not actively trade these investments.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, pre-tax other comprehensive income for the nine months ended September 30, 2024 and 2023 would have increased/decreased by \$891 thousand and \$353 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to equity prices increased due to the purchase of equity securities investments in November 2023.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to the failure of counterparties to discharge an obligation could arise from the carrying amounts of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group continues to monitor its credit exposure and the credit ratings of its counterparties. Credit exposure is controlled by setting a counterparty credit limit, which is approved and periodically reviewed by the risk management committee.

To minimize credit risk, management of the Group has delegated a team to be 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 allowances are made for irrecoverable amounts. Thus, management believes the Group's credit risk was significantly reduced.

The Group transact with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

## 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 negative fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

For the Group, bank loans are an important resource of liquidity. Refer to section (C) below for more information about unused amounts of financing facilities on September 30, 2024, December 31, 2023 and September 30, 2023.

### a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table shows the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has 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 table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed-upon repayment dates.

#### September 30, 2024

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Short-term borrowings	\$ 80,178	\$ -	\$ -	\$ -	\$ -
Long-term borrowings	28	38	515	4,323	-
Lease liabilities	-	-	2,778	-	-

(Continued)

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Trade payables	\$ 158,888	\$ 235,978	\$ 57,263	\$ -	\$ -
Other payables	188,397	163,577	22,215	-	-
Guarantee deposits received	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,477</u>	<u>-</u>
	<u>\$ 427,491</u>	<u>\$ 399,593</u>	<u>\$ 82,771</u>	<u>\$ 5,800</u>	<u>\$ -</u>

(Concluded)

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>
Lease liabilities	<u>\$ 2,778</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Short-term borrowings	\$ 239,547	\$ 370,917	\$ -	\$ -	\$ -
Long-term borrowings	10,668	10,643	47,721	110,099	-
Lease liabilities	393	1,871	1,368	2,737	-
Trade payables	150,771	190,497	47,155	-	-
Other payables	156,088	103,646	17,970	11	-
Guarantee deposits received	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,900</u>	<u>-</u>
	<u>\$ 557,467</u>	<u>\$ 677,574</u>	<u>\$ 114,214</u>	<u>\$ 114,747</u>	<u>\$ -</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>
Lease liabilities	<u>\$ 3,632</u>	<u>\$ 2,737</u>	<u>\$ -</u>

September 30, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Short-term borrowings	\$ 1,132,017	\$ 265,677	\$ -	\$ -	\$ -
Long-term borrowings	11,026	10,992	49,036	127,360	-
Lease liabilities	408	816	3,783	2,853	-
Trade payables	173,875	272,169	91,362	-	-
Other payables	130,176	161,762	23,098	11	-
Bonds payable	-	7,250	-	-	-
Guarantee deposits received	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,947</u>	<u>-</u>
	<u>\$ 1,447,502</u>	<u>\$ 718,666</u>	<u>\$ 167,279</u>	<u>\$ 132,171</u>	<u>\$ -</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>
Lease liabilities	\$ <u>5,007</u>	\$ <u>2,853</u>	\$ <u>-</u>

b) Liquidity risk table for derivative financial liabilities

The table is based on the undiscounted contractual gross cash inflows and outflows on derivative instruments that require gross settlement.

September 30, 2024

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>Over 3 Months to 1 Year</b>	<b>Over 1 Year to 5 Years</b>
<u>Gross settled</u>				
Foreign exchange forward contracts				
Inflows	\$ 10,517	\$ 15,187	\$ 28,641	\$ -
Outflows	<u>(10,791)</u>	<u>(15,385)</u>	<u>(28,774)</u>	<u>-</u>
	\$ <u>(274)</u>	\$ <u>(198)</u>	\$ <u>(133)</u>	\$ <u>-</u>

December 31, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>Over 3 Months to 1 Year</b>	<b>Over 1 Year to 5 Years</b>
<u>Gross settled</u>				
Foreign exchange forward contracts				
Inflows	\$ 20,373	\$ -	\$ 14,442	\$ -
Outflows	<u>(21,034)</u>	<u>-</u>	<u>(14,591)</u>	<u>-</u>
	\$ <u>(661)</u>	\$ <u>-</u>	\$ <u>(149)</u>	\$ <u>-</u>

September 30, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>Over 3 Months to 1 Year</b>	<b>Over 1 Year to 5 Years</b>
<u>Gross settled</u>				
Foreign exchange forward contracts				
Inflows	\$ 8,822	\$ 20,248	\$ 15,791	\$ -
Outflows	<u>(9,243)</u>	<u>(21,023)</u>	<u>(16,435)</u>	<u>-</u>
	\$ <u>(421)</u>	\$ <u>(775)</u>	\$ <u>(644)</u>	\$ <u>-</u>

c) Financing facilities

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank loan facilities (reviewed annually)			
Amount used	\$ 84,516	\$ 609,000	\$ 1,395,000
Amount unused	<u>2,275,900</u>	<u>1,720,620</u>	<u>1,084,620</u>
	<u>\$ 2,360,416</u>	<u>\$ 2,329,620</u>	<u>\$ 2,479,620</u>
Secured bank loan facilities which may be extend by mutual agreement			
Amount used	\$ -	\$ 176,800	\$ 192,400
Amount unused	<u>270,999</u>	<u>269,672</u>	<u>269,672</u>
	<u>\$ 270,999</u>	<u>\$ 446,472</u>	<u>\$ 462,072</u>

e. Transfers of financial assets

Under the Group's factoring agreements, losses from commercial disputes (such as sales returns or allowances) were borne by the Group, while losses from the credit risks were borne by the banks. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group had issued promissory notes consisting of checks for US\$8,000 thousand as collateral to the banks.

### 31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides as disclosed elsewhere in the other notes, details of transactions between the Group and the other related parties are disclosed below.

Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 15,066	\$ 15,176	\$ 35,373	\$ 35,945
Post-employment benefits	<u>118</u>	<u>118</u>	<u>356</u>	<u>356</u>
	<u>\$ 15,184</u>	<u>\$ 15,294</u>	<u>\$ 35,729</u>	<u>\$ 36,301</u>

The remunerations of directors and key executives were determined by the remuneration committee on the basis of individual performance and market trends.

### 32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been provided as collateral for bank borrowings, import duties and issuance of bonds payable:

	September 30, 2024	December 31, 2023	September 30, 2023
Freehold land	\$ 159,538	\$ 159,538	\$ 159,538
Building	134,740	144,972	152,019
Right-of-use assets - land	51,307	50,258	52,455
Financial assets at amortized cost - current			
Bank deposits	-	-	1,117
Time deposits with original maturity of more than 3 months	<u>6,745</u>	<u>6,735</u>	<u>6,735</u>
	<u>\$ 352,330</u>	<u>\$ 361,503</u>	<u>\$ 371,864</u>

### 33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

#### Significant commitments

Unrecognized commitments were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Acquisition of property, plant and equipment			
RMB	<u>\$ 16,319</u>	<u>\$ 1,887</u>	<u>\$ 1,780</u>
VND	<u>\$ 247,289</u>	<u>\$ 2,223</u>	<u>\$ 2,193</u>

### 34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

#### September 30, 2024

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 60,370	31.6500 (USD:NTD)	\$ 1,910,706
USD	35,642	7.0074 (USD:RMB)	1,128,080
RMB	18,864	4.5167 (RMB:NTD)	85,203
RMB	5,641	0.1427 (RMB:USD)	25,478

(Continued)

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
Non-monetary items			
Derivative instruments			
USD	\$ 6,000	Note	\$ 1,726
<u>Financial liabilities</u>			
Monetary items			
USD	58,515	31.6500 (USD:NTD)	1,851,992
USD	3,646	7.0074 (USD:RMB)	115,401
RMB	13,652	0.1427 (RMB:USD)	61,660
Non-monetary items			
Derivative instruments			
RMB	12,300	Note	605 (Concluded)

December 31, 2023

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 52,852	30.705 (USD:NTD)	\$ 1,622,824
USD	23,628	7.0827 (USD:RMB)	725,503
RMB	18,788	4.3352 (RMB:NTD)	81,452
RMB	4,177	0.1412 (RMB:USD)	18,109
Non-monetary items			
Derivative instruments			
RMB	7,800	Note	338
<u>Financial liabilities</u>			
Monetary items			
USD	46,384	30.705 (USD:NTD)	1,424,234
USD	2,923	7.0827 (USD:RMB)	89,750
RMB	5,382	0.1412 (RMB:USD)	23,330
Non-monetary items			
Derivative instruments			
RMB	7,200	Note	810



September 30, 2023

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 72,364	32.2700 (USD:NTD)	\$ 2,335,191
USD	21,671	7.1798 (USD:RMB)	699,333
RMB	13,940	4.4946 (RMB:NTD)	62,655
RMB	5,226	0.1393 (RMB:USD)	23,487
Non-monetary items			
Derivative instruments			
USD	700	Note	365
<u>Financial liabilities</u>			
Monetary items			
USD	44,760	32.2700 (USD:NTD)	1,444,393
USD	2,958	7.1798 (USD:RMB)	95,455
RMB	9,398	0.1393 (RMB:USD)	42,238
Non-monetary items			
Derivative instruments			
RMB	10,800	Note	1,840

Note: The fair value of forward foreign exchange contract calculated by discounted cash flow method.

For the three months ended September 30, 2024 and 2023, and the nine months ended September 30, 2024 and 2023, net foreign exchange (losses) gains, including realized and unrealized, were \$(4,709) thousand, \$23,590 thousand, \$17,070 thousand and \$68,876 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 entities in the Group.

### 35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired and 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 (Table 4)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)

- 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)
- b. Information on investees (Table 8)
  - c. 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 party, and their prices, payment terms, and unrealized gains or losses (Table 9):
      - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
      - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
      - c) The amount of property transactions and the amount of the resultant gains or losses.
      - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
      - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
      - f) 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.
  - d. 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. (None)
  - e. When subsidiaries hold shares of the parent, the names of the subsidiaries and the shareholdings, amounts, and reasons shall be separately presented: (None)

### **36. SEGMENT INFORMATION**

The connector manufacturing segment includes a number of direct sales operations in various cities, each of which is considered separate operating segment by the chief operating decision maker. For financial statements presentation purposes, these individual operating segments have been aggregated into a single operating segment taking into account the following factors:

- a. The nature of the products and production processes are similar;
- b. The pricing strategy of the products are similar;
- c. The methods used to distribute the products to the customers are similar.

TABLE 1

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance (Note 4)	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
0	U.D. Electronic Corp.	U.D.ELECTRONIC VIETNAM COMPANY	Other receivables from related party	Yes	\$ 515,510	\$ 496,905	\$ 433,605	2.91	Demand of short-term financing	\$ -	Operating capital	\$ -	-	-	\$ 1,497,498 (Note 2)	\$ 1,497,498 (Note 2)
1	Dongguan Jian Guan P.E. Co, Ltd.	Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Other receivables from related party	Yes	62,130	60,975	60,975	2.91	Demand of short-term financing	-	Operating capital	-	-	-	63,583 (Note 5)	124,673 (Note 5)
2	Zhong Jiang U.D.E. Electronics Corp.	Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Other receivables from related party	Yes	105,851	103,883	103,883	2.91	Demand of short-term financing	-	Operating capital	-	-	-	465,874 (Note 5)	913,478 (Note 5)
3	Morning Paragon Limited	Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Other receivables from related party	Yes	25,312	24,842	24,842	2.01	Demand of short-term financing	-	Operating capital	-	-	-	26,221 (Note 3)	26,221 (Note 3)
4	ALL FIRST INT'L CO., LTD.	U.D.ELECTRONIC VIETNAM COMPANY	Other receivables from related party	Yes	19,701	18,990	18,990	2.10	Demand of short-term financing	-	Operating capital	-	-	-	279,955 (Note 6)	279,955 (Note 6)

Note 1: Intercompany relationships should be notified in the No. Colum, the coding method is as follow:

a. 0 for parent company.  
b. The rest subsidiaries coding from 1.

Note 2: 

a. The total amount available for lending to a company with business transactions, shall not exceed the higher amount of the lending company’s most recent year’s predictable purchases or sells with such company and shall not exceed 10% of the net worth of the Company.

b. The total or individually amount available for lending is as follow:

1) The total amount available for lending to the subsidiaries whose voting shares are 100% owned directly or indirectly by the lending company, shall not exceed 40% of higher the net worth of the lending company based on their most recently audited or reviewed financial statements. For lending to any individual company, the total amount available for lending shall not exceed 40% of the net worth of the lending company based on its most recently audited or reviewed financial statements.

2) The total amount available for lending to the subsidiaries, whose voting shares are not 100% owned directly or indirectly by the lending company, shall not exceed 20% of higher the net worth of the lending company based on their most recently audited or reviewed financial statements. For lending to any individual company, the total amount available for lending shall not exceed 10% of the net worth of the lending company based on its most recently audited or reviewed financial statements.

c. The lending between foreign company whose voting shares are 100% owned directly or indirectly by the Company or the between the Company and the foreign company whose voting shares are 100% owned directly or indirectly by the Company still restricted to (b.) only the calculation of net worth is still based on the net worth of lending company.

Note 3: The lending regulations of MORNING PARAGON LIMITED is as follows:

a. The total amount available for lending to a company with business transactions, shall not exceed the higher amount of the lending company’s most recent year’s predictable purchases or sells with such company and shall not exceed 10% of the net worth of the Company.

b. The total or individually amount available for lending is as follow:

1) The total amount available for lending to the subsidiaries whose voting shares are 100% owned directly or indirectly by the lending company, shall not exceed 40% of higher the net worth of the lending company based on their most recently audited or reviewed financial statements. For lending to any individual company, the total amount available for lending shall not exceed 40% of the net worth of the lending company based on its most recently audited or reviewed financial statements.

2) The total amount available for lending to the subsidiaries, whose voting shares are not 100% owned directly or indirectly by the lending company, shall not exceed 20% of higher the net worth of the lending company based on their most recently audited or reviewed financial statements. For lending to any individual company, the total amount available for lending shall not exceed 10% of the net worth of the lending company based on its most recently audited or reviewed financial statements.

c. The lending between foreign company whose voting shares are 100% owned directly or indirectly by the Company or the between the Company and the foreign company whose voting shares are 100% owned directly or indirectly by the Company still restricted to (b.) only the calculation of net worth is still based on the net worth of lending company.

Note 4: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation, and translated into NTD with the exchange rate on the reporting date.

(Continued)

Note 5:   The lending regulations of Dongguan Jian Guan P.E. Co, Ltd. and Zhong Jiang U.D.E. Electronics Corp. are as follows:

          a.    The total amount available for lending to a company with business transactions, shall not exceed the higher amount of the lending company’s purchases or sells with such company and shall not exceed 10% of the net worth of the Company.

          b.    If there is a need for short-term financing, the total amount of capital loans and the limits of individual objects are as follow:

              1)   The total amount available for lending to the subsidiaries whose voting shares are owned directly or indirectly by the lending company and inter-subsidiaries, shall not exceed 40% of higher the net worth of the lending company based on their most recently audited or reviewed financial statements. For lending to any individual company, the total amount available for lending shall not exceed 40% of the net worth of the lending company multiple its shareholding ratio based on its most recently audited or reviewed financial statements.

              2)   The total amount available for lending to the companies, whose voting shares are not owned directly or indirectly by the lending company, shall not exceed 20% of higher the net worth of the lending company based on their most recently audited or reviewed financial statements. For lending to any individual company, the total amount available for lending shall not exceed 10% of the net worth of the lending company based on its most recently audited or reviewed financial statements.

Note 6:   The lending regulations of ALL FIRST INT'L CO., LTD. are as follows:

          a.    The total amount available for lending to a company with business transactions, shall not exceed the higher amount of the lending company’s purchases or sells with such company and shall not exceed 10% of the net worth of the Company.

          b.    If there is a need for short-term financing, the total amount of capital loans and the limits of individual objects are as follow:

              1)   The total amount available for lending to the subsidiaries whose voting shares are owned directly or indirectly by the lending company and inter-subsidiaries, shall not exceed 40% of higher the net worth of the lending company based on their most recently audited or reviewed financial statements. For lending to any individual company, the total amount available for lending shall not exceed 40% of the net worth of the lending company multiple its shareholding ratio based on its most recently audited or reviewed financial statements.

              2)   The total amount available for lending to the companies, whose voting shares are not owned directly or indirectly by the lending company, shall not exceed 20% of higher the net worth of the lending company based on their most recently audited or reviewed financial statements. For lending to any individual company, the total amount available for lending shall not exceed 10% of the net worth of the lending company based on its most recently audited or reviewed financial statements.

Note 7:   The interest expenses due to financing ended September 30, 2024 are specified as follows:

Dongguan De Yang Precision Rubber Plastic Co., Ltd.: The sum of interest expenses is \$3,827 thousand.

U.D.ELECTRONIC VIETNAM COMPANY: The sum of interest expenses is \$2,795 thousand.

(Concluded)

TABLE 2

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount (Note 3)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	U.D. Electronic Corp.	All First International Co., Ltd.	b	Net value 100% \$ 3,743,746	\$ 1,214,895	\$ 1,202,700	\$ -	\$ -	32	Net value 100% \$ 3,743,746	Yes	-	-
		DYP Corp.	b	Net value 20% 748,749	174,626	173,738	20,000	-	5	Net value 40% 1,497,498	Yes	-	-
		Morning Paragon Limited	b	Net value 20% 748,749	118,206	113,940	-	-	3	Net value 40% 1,497,498	Yes	-	-
		Zhong Jiang U.D.E. Electronics Corp.	b	Net value 100% 3,743,746	230,111	225,833	-	-	6	Net value 100% 3,743,746	Yes	-	Yes

Note 1: Intercompany relationships should be notified in the No. Colum, the coding method is as follow:

- a. 0 for parent company.
- b. The rest subsidiaries coding from 1.

Note 2: a. The total amount available for lending to a company with business transactions, shall not exceed the higher amount of the lending company’s most recent year’s predictable purchases or sells with such company and shall not exceed 10% of the net worth of the Company.

b. Subsidiaries whose voting shares are 50% above owned directly or indirectly by U.D.E.

- 1) The total amount of the guarantee provided by U.D.E. to its subsidiaries whose voting shares are 100% owned directly or indirectly by U.D.E. shall not exceed 100% of U.D.E.’s net worth based on its most recent financial statements. The total amount of the guarantee provided by U.D.E. to its individual subsidiary shall not exceed 100% of U.D.E.’s net worth based on its most recent financial statements.
- 2) The total amount of the guarantee provided by U.D.E. to its subsidiaries whose voting shares are 50% above but not 100% owned directly or indirectly by U.D.E. shall not exceed 40% of U.D.E.’s net worth based on its most recent financial statements. The total amount of the guarantee provided by U.D.E. to its individual subsidiary shall not exceed 20% of U.D.E.’s net worth based on its most recent financial statements.
- 3) Between the subsidiaries whose voting shares are owned directly or indirectly by U.D.E.
  - a) The total amount of the guarantee provided by subsidiaries to subsidiaries whose voting shares are 100% owned directly or indirectly by each other shall not exceed 100% of U.D.E.’s net worth based on its most recent financial statements. The total amount of the guarantee provided by U.D.E. to its individual subsidiary shall not exceed 100% of U.D.E.’s net worth based on its most recent financial statements.
  - b) The total amount of the guarantee provided by its subsidiaries to another subsidiaries whose voting shares are 90% above but not 100% owned directly or indirectly by each other shall not exceed 10% of U.D.E.’s net worth based on its most recent financial statements. The total amount of the guarantee provided by U.D.E. to its individual subsidiary shall not exceed 10% of U.D.E.’s net worth based on its most recent financial statements.
- c. The total amount of the guarantee provided by U.D.E. to its subsidiaries whose voting shares are 50% above owned directly or indirectly by U.D.E. shall not exceed 40% of U.D.E.’s net worth based on its most recent financial statements. The total amount of the guarantee provided by U.D.E. to its individual subsidiary shall not exceed 20% of U.D.E.’s net worth based on its most recent financial statements.

Note 3: The amount has been eliminated on consolidation, and translated into NTD with the exchange rate on the reporting date.

**TABLE 3**

**U.D. ELECTRONIC CORP. AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD**  
**SEPTEMBER 30, 2024**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2024				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
U.D. Electronic Corp.	Emerging Creation Capital Inc.	-	Financial assets at FVTOCI - non-current	2,120	\$ 21,635	10.13	\$ 21,635	Note
	Dy-Precision Industrial Co., Ltd.	-	"	725	2,495	16.22	2,495	Note
	Yongda Investment Co., Ltd.	-	"	5,000	64,981	17.99	64,981	Note

Note:   Marketable securities mentioned above are not pledged as collateral or for security.

TABLE 4

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
SEPTEMBER 30, 2024  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Types of Property	Transaction Date	Transaction Amount	Payment Term	Counterparty	Nature of Relationships	Prior Transaction of Related Counterparty				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
U.D.ELECTRONIC VIETNAM COMPANY	The first phase of civil engineering construction in the Thai River Industrial Zone	2024.01.27	\$ 490,158	\$282,549 thousand was paid (recorded as property, plant and equipment on September 30, 2024)	Hailong Construction Installation Co., Ltd.	None	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Manufacturing purpose	None
	The first phase of the mechanical and electrical project of Thai River Industrial Zone	2024.06.24	43,581	\$14,484 thousand was paid (recorded as property, plant and equipment on September 30, 2024)	Viet Nam ENG Huake Construction Co., Ltd	None	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Manufacturing purpose	None



TABLE 5

U.D. ELECTRONIC CORP. 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  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
U.D. Electronic Corp.	All First International Co., Ltd.	Affiliated company	Purchases	\$ 2,511,743	95	O/A 105 days	Note 2	Note 2	\$ (1,665,467)	(96)	Note 1
All First International Co., Ltd.	U.D. Electronic Corp.	Parent company	Sales	(2,511,743)	(91)	O/A 105 days	〃	〃	1,665,467	95	〃
	Zhong Jiang U.D.E. Electronics Corp.	Affiliated company	Purchases	2,561,544	93	O/A 105 days	〃	〃	(1,048,099)	(98)	〃
	Zhong Jiang U.D.E. Electronics Corp.	Affiliated company	Sales	(104,392)	(4)	O/A 105 days	〃	〃	60,587	3	〃
	Dongguan Jian Guan P.E. Co., Ltd.	Affiliated company	Purchases	109,696	4	O/A 105 days	〃	〃	(6,060)	(1)	〃
	Zhong Jiang U.D.E. Networking Electronics Corp.	Affiliated company	Sales	(151,426)	(5)	O/A 150 days	〃	〃	25,018	1	〃
Dongguan Jian Guan P.E. Co., Ltd.	All First International Co., Ltd.	Affiliated company	Sales	(109,696)	(40)	O/A 105 days	〃	〃	6,060	8	〃
Zhong Jiang U.D.E. Electronics Corp.	All First International Co., Ltd.	Affiliated company	Sales	(2,561,544)	(96)	O/A 105 days	〃	〃	1,048,099	93	〃
	All First International Co., Ltd.	Affiliated company	Purchases	104,392	6	O/A 105 days	〃	〃	(60,587)	(15)	〃
Zhong Jiang U.D.E. Networking Electronics Corp.	All First International Co., Ltd.	Affiliated company	Purchases	151,426	88	O/A 105 days	〃	〃	(25,018)	(82)	〃
Morning Paragon Limited	DYP Corp.	Affiliated company	Sales	(323,698)	(93)	O/A 105 days	〃	〃	140,280	90	〃
	Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Affiliated company	Purchases	322,407	92	O/A 105 days	〃	〃	(101,359)	(85)	〃
DYP Corp.	Morning Paragon Limited	Affiliated company	Purchases	323,698	92	O/A 105 days	〃	〃	(140,280)	(92)	〃
Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Morning Paragon Limited	Affiliated company	Sales	(322,407)	(84)	O/A 105 days	〃	〃	101,359	76	〃

Note 1: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 2: The prices and payment terms to related parties were not significantly different from those of sales to third parties.

**TABLE 6**

**U.D. ELECTRONIC CORP. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
SEPTEMBER 30, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Actions Taken		
All First International Co., Ltd.	U.D. Electronic Corp.	Parent company	Trade receivables \$ 1,665,467	2.30	\$ -	-	\$ 305,126	\$ -
Zhong Jiang U.D.E. Electronics Corp.	All First International Co., Ltd.	Affiliated company	1,048,099	4.11	-	-	276,922	-
Morning Paragon Limited	DYP Corp.	Affiliated company	140,280	3.15	-	-	48,709	-
Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Morning Paragon Limited	Affiliated company	101,359	4.31	-	-	51,822	-
Zhong Jiang U.D.E. Electronics Corp.	Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Affiliated company	Other receivables 104,353 (including interest receivables)	-	-	-	-	-
U.D. Electronic Corp.	U.D.ELECTRONIC VIETNAM COMPANY	Affiliated company	Other receivables 436,357 (including interest receivables)	-	-	-	-	-

Note 1: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 2: The amount recovered from October 1, 2024 to November 7, 2024.

TABLE 7

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024  
(Amounts in Thousands)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% of Total Sales or Assets (Note 4)
0	U.D. Electronic Corp.	All First International Co., Ltd.	a.	Endorsements/guarantees provided	\$ 1,202,700	-	22
		DYP Corp.	a.	Endorsements/guarantees provided	173,738	-	3
		Morning Paragon Limited	a.	Endorsements/guarantees provided	113,940	-	2
		Zhong Jiang U.D.E. Electronics Corp.	a.	Endorsements/guarantees provided	225,833	-	4
		U.D.ELECTRONIC VIETNAM COMPANY	a.	Other receivables	436,400	Financing (including interest receivables \$2,795)	8
1	All First International Co., Ltd.	U.D. Electronic Corp.	b.	Revenue	2,511,743	Negotiated case by case. O/A 105 days	67
				Trade receivables	1,665,467	Negotiated case by case. O/A 105 days	31
		Zhong Jiang U.D.E. Electronics Corp.	c.	Revenue	104,392	Negotiated case by case. O/A 105 days	3
		Zhong Jiang U.D.E. Networking Electronics Corp.	c.	Revenue	151,426	Negotiated case by case. O/A 105 days	4
2	Dongguan Jian Guan P.E. Co., Ltd.	All First International Co., Ltd.	c.	Revenue	109,696	Negotiated case by case. O/A 105 days	3
3	Zhong Jiang U.D.E. Electronics Corp.	All First International Co., Ltd.	c.	Revenue	2,561,544	Negotiated case by case. O/A 105 days	69
				Trade receivables	1,048,099	Negotiated case by case. O/A 105 days	19
		Dongguan De Yang Precision Rubber Plastic Co., Ltd.	c.	Other receivables	104,353	Financing (including interest receivables \$470)	2
4	Morning Paragon Limited	DYP Corp.	c.	Revenue	323,698	Negotiated case by case. O/A 105 days	9
				Trade receivables	140,280	Negotiated case by case. O/A 105 days	3
5	Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Morning Paragon Limited	c.	Revenue	322,407	Negotiated case by case. O/A 105 days	9
				Trade receivables	101,359	Negotiated case by case. O/A 105 days	2

Intercompany relationships:

U.D. Electronic Corp., DYP Corp. and CDE Corp. mainly engages in electronic material trading and international trading; Dongguan Jian Guan P.E. Co., Ltd., Zhong Jiang U.D.E. Electronics Corp. and Dongguan De Yang Precision Rubber Plastic Co., Ltd. mainly engage in electronic components manufacturing; Zhong Jiang U.D.E. Networking Electronics Corp. mainly engages in electronic components trading, while Global Connection (Samoa) Holding Inc., Sunderland Inc., San Francisco Inc., Morning Paragon Limited and Ta Yang UDE Limited are holding companies; All First International Co., Ltd. is an international trading company; Dongguan Ai Te Chieh Intellectual Technology Co., Ltd. mainly engages in components processing and automatic equipment development; Dongguan U.D.E. Electronics Corp. mainly engages in development and sales of electronic components; and Dongguan Han Lian Technology Co., Ltd. mainly engages in manufacturing and sales of electronic connectors and electronic products.

Note 1: Intercompany relationships should be notified in the No. Colum, the coding method is as follow:

- a. 0 for parent company.
- b. The rest subsidiaries coding from 1.

(Continued)

Note 2: The intercompany relationships are as follow (If the transaction is the same between the parent company and subsidiaries or between subsidiaries, there is no need to redisclose. For example, transactions between parent company and subsidiaries, if the parent company has disclosed, the subsidiaries will not need to disclose; transactions between subsidiaries, if one of them has disclosed, the other will not need to disclose):

- a. Parent company to subsidiaries.
- b. Subsidiaries to parent company.
- c. Subsidiaries to subsidiaries.

Note 3: This table only reveals one-way transaction information. Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 4: The calculation of the percentage of the transaction accounts for total consolidated revenues or total assets. For the assets and liabilities subject, they are calculated by the ending balance divided by the consolidated total assets. For the revenue and expense subjects, they are calculated by the accumulated amount at the end of period divided by the consolidated total revenue.

Note 5: This table disclosed the significant purchase or sales exceeded the amount \$100,000 thousand.

(Concluded)

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note 4)		As of September 30, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
U.D. Electronic Corp.	Global Connection (Samoa) Holding Inc.	Samoa	Holding company	\$ 1,616,967	\$ 1,568,688	51,089	100	\$ 3,326,683	\$ 199,330	\$ 200,620	Notes 1, 2 and 3
				(US\$ 51,089)	(US\$ 51,089)						
	CDE Corp.	Taiwan	Manufacturing and selling of electronic materials	150,000	150,000	15,000	100	89,349	8,565	8,570	Notes 1, 2 and 3
	DYP Corp.	Taiwan	Selling of electronic components	112,200	112,200	11,220	51	19,189	(5,328)	(2,717)	Notes 1, 2 and 3
Global Connection (Samoa) Holding Inc.	U.D. ELECTRONIC VIETNAM COMPANY LIMITED	Vietnam	Manufacturing and selling of electronic materials	152,963	154,622	-	100	125,780	(13,306)	(13,306)	Notes 1 and 2
				(VND 118,944,535)	(VND 118,944,535)						
	Sunderland Inc.	Republic of Mauritius	Holding company	445,126	431,835	14,064	100	340,466	(48,516)	(48,516)	Notes 1 and 2
				(US\$ 14,064)	(US\$ 14,064)						
DYP Corp.	San Francisco Inc.	Republic of Mauritius	Holding company	871,514	845,493	27,536	100	2,283,736	222,663	222,663	Notes 1 and 2
				(US\$ 27,536)	(US\$ 27,536)						
	All First International Co., Ltd.	Samoa	International trading	316,500	307,050	10,000	100	699,844	25,184	25,184	Notes 1 and 2
				(US\$ 10,000)	(US\$ 10,000)						
Ta Yang UDE Limited	Ta Yang UDE Limited	Samoa	Holding company	117,453	113,946	4,438	100	(57,082)	(32,979)	(32,933)	Notes 1, 2 and 3
				(US\$ 3,711)	(US\$ 3,711)						
Ta Yang UDE Limited	Morning Paragon Limited	Samoa	International trading	61,369	59,528	1,939	100	65,552	1,636	1,636	Notes 1 and 2
				(US\$ 1,939)	(US\$ 1,939)						

Note 1: No market price for reference. The book value on the reporting date is used as the fair value instead.

Note 2: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 3: The investment gain or loss was recognized based on the net income after tax less unrealized up-stream or side-stream gain or loss.

Note 4: The amount of foreign currency investment was translated with the exchange rate on the reporting date.

Note 5: Information on investments in mainland China. Refer to Table 9.

TABLE 9

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	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	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the Investee	Investment Gain (Loss) (Notes 2 b.(2), and 7)	Carrying Amount as of September 30, 2024 (Note 7)	Accumulated Repatriation of Investment Income as of September 30, 2024
					Outward	Inward						
Dongguan Jian Guan P.E. Co., Ltd.	Manufacturing and selling of electronic components	\$ 463,399 (HK\$ 116,432)	b. (1)	\$ 405,981 (HK\$ 12,647) and (US\$ 12,000)	\$ -	\$ -	\$ 405,981 (HK\$ 12,647) and (US\$ 12,000)	100	\$ (51,364)	\$ (49,492) (Note 6)	\$ 311,683	\$ -
Zhong Jiang U.D.E. Electronics Corp.	Manufacturing and selling of electronic components	935,975 (US\$ 29,000)	b. (2)	833,835 (US\$ 27,603)	-	-	833,835 (US\$ 27,603)	100	213,917	222,662 (Note 6)	2,283,694	-
Zhong Jiang U.D.E. Networking Electronics Corp.	Selling of electronic components	2,476 (RMB 500)	b. (3)	- (Note 3)	-	-	-	100	9,303	9,303	76,039	-
Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Manufacturing and selling of electronic components	76,252 (US\$ 2,500)	b. (4)	70,734 (US\$ 2,342)	-	-	70,734 (US\$ 2,342)	51	(34,614)	(17,653)	(62,100)	-
Dongguan U.D.E. Electronics Corp.	Researching of electronic	16,125 (US\$ 500)	b. (1)	15,871 (US\$ 502)	-	-	15,871 (US\$ 502)	100	976	976	28,761	-
Dongguan Ai Te Chieh Intellectual Technology Co., Ltd.	Machinery and automatic equipment development	44,753 (RMB 10,000)	b. (5)	- (Note 4)	-	-	-	60	(457)	(274)	6,168 (Note 5)	-
Dongguan Han Lian Technology Co., Ltd.	Manufacturing and selling of electronic connectors and electronic products	37,392 (RMB 8,400)	b. (5)	- (Note 4)	-	-	-	85	(1,250)	(1,062)	20,033 (Note 5)	-

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2024	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$1,326,421	\$1,418,521	\$2,259,379

(Continued)

Note 1: Three methods of investing in mainland China are as follows:

- a. Directly invests in mainland China.
- b. Investments in mainland China through an existing company established in a third region
  - 1) Investments in mainland China through an existing company established in a third region (Global Connection (Samoa) Holding Inc. invested in Sunderland Inc.).
  - 2) Investments in mainland China through an existing company established in a third region (Global Connection (Samoa) Holding Inc. invested in San Francisco Inc.).
  - 3) Investments in mainland China through an existing company established in a third region (Global Connection (Samoa) Holding Inc. invested in San Francisco Inc. and re-invested in Zhong Jiang U.D.E. Electronics Corp.).
  - 4) Investments in mainland China through an existing company established in a third region (Ta Yang U.D.E Limited).
  - 5) Investments in mainland China through an existing company established in a third region (Global Connection (Samoa) Holding Inc. invested in Sunderland Inc. and re-invested in Dongguan Jian Guan P.E. Co, Ltd.).
- c. Other methods.

Note 2: In the column of investment gain (loss)

- a. If the investment is still in preparation and there is no investment gain (loss), it will be specified.
- b. The basis for recognizing investment gain (loss) is as follows:
  - 1) The financial statement reviewed by the attesting CPA of international accounting firm in cooperation with an accounting firm in the ROC.
  - 2) The financial statement reviewed by the attesting CPA of parent company in Taiwan.
  - 3) Other.

Note 3: Zhong Jiang U.D.E. Networking Electronics Corp. is invested directly by Zhong Jiang U.D.E. Electronics Corp. No outward remittance for investment from Taiwan.

Note 4: Dongguan Ai Te Chieh Intellectual Technology Co., Ltd. and Dongguan Han Lian Technology Co., Ltd. are invested directly by Dongguan Jian Guan P.E. Co., Ltd. No outward remittance for investment from Taiwan.

Note 5: Includes the differences between the cost of investment and the net value of the equity.

Note 6: Unrealized gross profit of up-stream and side-stream transactions were considered.

Note 7: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

(Continued)

Significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area:

- 1. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period, and
- 2. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period:

In Thousands of New Taiwan Dollars

Related Party	Type	Purchases (Sales)		Price	Transaction Detail		Notes/Accounts Receivable (Payable)		Unrealized Gain/(Loss)	Note
		Amount	% of Total		Payment Terms	Compare to Normal Transactions	Ending Balance	% of Total		
Dongguan Jian Guan P.E. Co., Ltd.	Purchases	\$ 109,696	4	Negotiated case by case	O/A 105 days	Note 6	\$ (6,060)	(1)	\$ 1,075	Note 1
Zhong Jiang U.D.E. Electronics Corp.	(Sales)	(104,392)	(4)	Negotiated case by case	O/A 105 days	"	60,587	3	-	Note 2
"	Purchases	2,561,544	93	Negotiated case by case	O/A 105 days	"	(1,048,099)	(98)	11,605	Note 3
Zhong Jiang U.D.E. Networking Electronics Corp.	(Sales)	(151,426)	(5)	Negotiated case by case	O/A 105 days	"	25,018	1	-	Note 4
Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Purchases	322,407	92	Negotiated case by case	O/A 105 days	"	(101,359)	(85)	875	Note 5

Note 1: The transaction of All First International Co., Ltd. purchase from Dongguan Jian Guan P.E. Co., Ltd.

Note 2: The transaction of All First International Co., Ltd. sales to Zhong Jiang U.D.E. Electronics Corp.

Note 3: The transaction of All First International Co., Ltd. purchase from Zhong Jiang U.D.E. Electronics Corp.

Note 4: The transaction of All First International Co., Ltd. sales to Zhong Jiang U.D.E. Networking Electronics Corp.

Note 5: The transaction of Morning Paragon Limited. purchase from Dongguan De Yang Precision Rubber Plastic Co., Ltd.

Note 6: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 7: The payment terms of non-related party are negotiated case by case, and payment is received in advance or from O/A 30 days to O/A 90 days.

- 3. The amount of property transactions and the amount of the resultant gains or losses: None.
- 4. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
- 5. 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.
- 6. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

(Concluded)