

**GALLANT PRECISION MACHINING CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
FOR THE NINE-MONTH PERIODS ENDED
SEPTEMBER 30, 2024 AND 2023**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To Gallant Precision Machining Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Gallant Precision Machining Co., Ltd. and its subsidiaries as of September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three- month and nine-month periods ended September 30, 2024 and 2023, respectively, changes in equity and cash flows for the nine-month periods ended September 30, 2024 and 2023, and the notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard (IAS) No.34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission (FSC) of the Republic of China. Our responsibility is to express a conclusion on these interim the financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion, we conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of the 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 conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(3) , the consolidated financial statements included the financial statements of certain nonsignificant subsidiaries, which were not reviewed by independent accountants. These financial statements reflect total assets amounting to \$717,759 thousand and \$663,442 thousand, constituting 6% and 9% of consolidated total assets as of September 30, 2024 and 2023, respectively, total liabilities amounting to \$227,075 thousand and \$239,807 thousand, constituting 5% and 6% of consolidated total liabilities as of September 30, 2024 and 2023, respectively, and total comprehensive (loss) income amounting to \$3,566 thousand, \$5,551 thousand, \$15,817 thousand and (\$13,767) thousand, constituting 0%, (41%) , 0% and (4%) of consolidated total comprehensive income (loss) for the three-month periods ended September 30, 2024 and 2023, and for the nine-month periods ended September 30, 2024 and 2023, respectively. As described in Note 6(6) of the consolidated financial statements, investments accounted for using the equity method are based on the financial statements compiled by those companies during the same period, which have not been reviewed by auditors. As of September 30, 2024, the balance of investments accounted for using the equity method was \$49,877 thousand. For the three-month period ended September 30, 2024, and for the nine-month periods ended September 30, 2024, the share of profit or loss and other comprehensive income recognized using the equity method for associates are amounted to a loss of \$1,268 thousand and a loss of \$2,623 thousand , respectively, both representing 0% of the consolidated comprehensive income.

Qualified Conclusion

Based on our reviews except for the effects of the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent accountants, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Gallant Precision Machining Co., Ltd. and its subsidiaries as of September 30, 2024 and 2023 and of its consolidated financial performance for the three-month periods ended September 30, 2024 and 2023 and for the nine-month periods ended September 30, 2024 and 2023, respectively and its consolidated cash flows for the nine-month periods ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission of the Republic of China.

PricewaterhouseCoopers, Taiwan
November 7, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

September 30, 2024, December 31, 2023 and September 30, 2023 (September 30, 2024 and 2023 are reviewed, not audited)

Assets	Notes	September 30, 2024		December 31, 2023		September 30, 2023		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 914,449	7	\$ 1,394,275	16	\$ 1,026,183	14
1110	Financial asstes at fair value through profit or loss-current		28,710	-	-	-	-	-
1136	Financial assets at amortized cost - current	6(3)	558,091	5	659,928	8	632,644	9
1150	Notes receivable, net	6(4)	21,411	-	37,845	-	43,534	1
1170	Accounts receivable, net	6(4)	1,307,036	11	1,555,374	18	1,431,186	19
1180	Accounts receivable, related parties net	6(4) and 7	12,349	-	6,008	-	7,048	-
1200	Other receivables		10,029	-	5,973	-	11,106	-
1220	Current tax assets		5,482	-	-	-	9,423	-
130X	Inventories	6(5)	1,134,027	9	994,292	11	958,729	13
1410	Prepayments		121,773	1	149,543	2	168,980	2
1470	Other current assets		20,055	-	16,061	-	13,905	-
11XX	Current Assets		<u>4,133,412</u>	<u>33</u>	<u>4,819,299</u>	<u>55</u>	<u>4,302,738</u>	<u>58</u>
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non - current	6(2)	6,732,675	54	2,518,848	29	1,804,414	24
1535	Financial assets at amortized cost - non-current	6(3) and 8	322,018	2	221,879	3	221,878	3
1550	Investments accounted for using the equity method	6(6)	49,877	-	-	-	-	-
1600	Property, plant and equipment	6(7) ,7 and 8	726,819	6	712,274	8	715,405	10
1755	Right-of-use assets	6(8)	223,468	2	242,856	3	227,348	3
1780	Intangible assets		20,411	-	13,010	-	13,828	-
1840	Deferred income tax assets		82,435	1	102,338	1	94,029	1
1900	Other non-current assets		239,354	2	59,566	1	57,406	1
15XX	Non-current assets		<u>8,397,057</u>	<u>67</u>	<u>3,870,771</u>	<u>45</u>	<u>3,134,308</u>	<u>42</u>
1XXX	Total assets		<u>\$ 12,530,469</u>	<u>100</u>	<u>\$ 8,690,070</u>	<u>100</u>	<u>\$ 7,437,046</u>	<u>100</u>

(Continued)

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

September 30, 2024, December 31, 2023 and September 30, 2023 (September 30, 2024 and 2023 are reviewed, not audited)

Liabilities and Equity	Notes	September 30, 2024		December 31, 2023		September 30, 2023		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term loans	6(9)	\$ 1,570,000	13	\$ 2,143,153	25	\$ 1,744,000	24
2130	Contract liabilities-current	6(19)and 7	175,621	1	228,606	3	202,023	3
2150	Notes payable		-	-	-	-	882	-
2170	Accounts payable	6(10)	1,090,598	9	1,133,752	13	948,208	13
2180	Accounts payables to related parties	7	315	-	123	-	-	-
2200	Other payables	6(11)	416,139	3	381,421	4	330,089	4
2230	Current income tax liabilities		16,024	-	51,913	-	11,302	-
2250	Provisions for liabilities - current		79,241	1	65,934	1	51,344	1
2280	Lease liabilities-current		18,223	-	26,206	-	23,469	-
2320	Long-term loans-current portion	6(12)	22,810	-	146,143	2	152,943	2
2399	Other current liabilities		20,979	-	18,871	-	12,189	-
21XX	Current Liabilities		<u>3,409,950</u>	<u>27</u>	<u>4,196,122</u>	<u>48</u>	<u>3,476,449</u>	<u>47</u>
Non-current liabilities								
2540	Long-term loans	6(12)	758,797	6	360,071	4	410,707	6
2570	Deferred income tax liabilities		145,642	1	125,111	2	152,649	2
2580	Lease liabilities-non-current		213,956	2	225,089	3	212,158	3
2600	Other non-current liabilities		32,013	-	28,785	-	28,607	-
25XX	Non-current liabilities		<u>1,150,408</u>	<u>9</u>	<u>739,056</u>	<u>9</u>	<u>804,121</u>	<u>11</u>
2XXX	Total Liabilities		<u>4,560,358</u>	<u>36</u>	<u>4,935,178</u>	<u>57</u>	<u>4,280,570</u>	<u>58</u>
Equity attributable to owners of parent company								
Share capital								
3110	Share capital - common stock	6(15)	1,651,361	13	1,651,361	19	1,651,361	22
Capital surplus								
3200	Capital surplus	6(16)	267,824	2	267,824	3	267,824	4
Retained earnings								
3310	Legal reserve	6(17)	246,739	2	226,325	2	226,325	3
3320	Special reserve		111,147	1	111,147	1	111,147	1
3350	Unappropriated retained earnings		382,384	3	329,883	4	223,332	3
Other equity interest								
3400	Other equity interest	6(18)	4,541,827	36	616,480	7	179,097	2
3500	Treasury shares	6(15)	(30,254)	-	(30,254)	-	(30,254)	-
31XX	Equity attributable to owners of the parent company		<u>7,171,028</u>	<u>57</u>	<u>3,172,766</u>	<u>36</u>	<u>2,628,832</u>	<u>35</u>
36XX	Non-controlling interest	4(3)	<u>799,083</u>	<u>7</u>	<u>582,126</u>	<u>7</u>	<u>527,644</u>	<u>7</u>
3XXX	Total equity		<u>7,970,111</u>	<u>64</u>	<u>3,754,892</u>	<u>43</u>	<u>3,156,476</u>	<u>42</u>
Significant contingent liabilities and unrecognized contract commitments								
Significant events after the balance sheet date								
3X2X	Total liabilities and equity		<u>\$ 12,530,469</u>	<u>100</u>	<u>\$ 8,690,070</u>	<u>100</u>	<u>\$ 7,437,046</u>	<u>100</u>

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

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Expressed in thousands of New Taiwan dollars)

September 30, 2024, December 31, 2023 and September 30, 2023 (September 30, 2024 and 2023 are reviewed, not audited)

Items	Notes	For the three-month periods ended September 30				For the nine-month periods ended September 30			
		2024		2023		2024		2023	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(19)and 7	\$ 1,013,247	100	\$ 665,873	100	\$ 2,934,172	100	\$ 2,062,033	100
5000 Operating costs	6(5) (24) (25)and 7	(719,955)	(71)	(559,296)	(84)	(2,073,464)	(71)	(1,571,322)	(76)
5900 Net operating margin		<u>293,292</u>	<u>29</u>	<u>106,577</u>	<u>16</u>	<u>860,708</u>	<u>29</u>	<u>490,711</u>	<u>24</u>
Operating expenses	6(24) (25)								
6100 Selling expenses		(29,660)	(3)	(23,487)	(3)	(87,044)	(3)	(65,923)	(3)
6200 General and administrative expenses		(96,371)	(10)	(70,358)	(11)	(350,066)	(12)	(240,373)	(12)
6300 Research and development expenses		(74,980)	(7)	(65,383)	(10)	(219,964)	(7)	(209,911)	(10)
6450 Expected credit gain (loss)	12(2)	<u>19,479</u>	<u>2</u>	<u>3,069</u>	<u>1</u>	<u>33,669</u>	<u>1</u>	(<u>12,037</u>)	(<u>1</u>)
6000 Total operating expenses		(<u>181,532</u>)	(<u>18</u>)	(<u>156,159</u>)	(<u>23</u>)	(<u>623,405</u>)	(<u>21</u>)	(<u>528,244</u>)	(<u>26</u>)
6900 Operating profit (loss)		<u>111,760</u>	<u>11</u>	(<u>49,582</u>)	(<u>7</u>)	<u>237,303</u>	<u>8</u>	(<u>37,533</u>)	(<u>2</u>)
Non-operating income and expenses									
7100 Interest income	6(20)	6,965	1	3,822	-	32,630	1	17,361	1
7010 Other income	6(21)	58,945	6	39,649	6	157,229	5	154,134	8
7020 Other gains and losses	6(22)	(5,188)	(1)	37,740	6	61,703	2	41,173	2
7050 Finance costs	6(23)	(12,010)	(1)	(12,673)	(2)	(36,585)	(1)	(32,951)	(2)
7060 Share of profit or loss of associates and joint ventures using equity method	6(6)	(<u>1,268</u>)	-	-	-	(<u>2,623</u>)	-	-	-
7000 Total non-operating income and expenses		<u>47,444</u>	<u>5</u>	<u>68,538</u>	<u>10</u>	<u>212,354</u>	<u>7</u>	<u>179,717</u>	<u>9</u>
7900 Profit before tax		159,204	16	18,956	3	449,657	15	142,184	7
7950 Income tax expense	6(26)	(<u>28,613</u>)	(<u>3</u>)	<u>877</u>	-	(<u>76,918</u>)	(<u>2</u>)	(<u>28,230</u>)	(<u>2</u>)
8200 Profit for the period		<u>\$ 130,591</u>	<u>13</u>	<u>\$ 19,833</u>	<u>3</u>	<u>\$ 372,739</u>	<u>13</u>	<u>\$ 113,954</u>	<u>5</u>
Other comprehensive income for the period (Net)									
Components of other comprehensive income that will not be reclassified to profit or loss	6(18)								
8316 Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	6(2)	\$ 1,512,254	149	(\$ 65,013)	(10)	\$ 4,081,116	139	\$ 241,231	12
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	(<u>7,864</u>)	(<u>1</u>)	<u>1,646</u>	-	(<u>26,908</u>)	(<u>1</u>)	(<u>21,405</u>)	(<u>1</u>)
8310 Items that will not be reclassified subsequently to profit or loss		<u>1,504,390</u>	<u>148</u>	(<u>63,367</u>)	(<u>10</u>)	<u>4,054,208</u>	<u>138</u>	<u>219,826</u>	<u>11</u>

(Continued)

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Expressed in thousands of New Taiwan dollars)

September 30, 2024, December 31, 2023 and September 30, 2023 (September 30, 2024 and 2023 are reviewed, not audited)

Items	Notes	For the three-month periods ended September 30				For the nine-month periods ended September 30			
		2024		2023		2024		2023	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Components of other comprehensive income that will be reclassified to profit or loss	6(18)								
8361 Cumulative translation differences of foreign operations		<u>15,877</u>	<u>2</u>	<u>30,088</u>	<u>5</u>	<u>39,309</u>	<u>1</u>	<u>2,105</u>	<u>-</u>
8360 Summary of Components of other comprehensive income that will be reclassified to profit or loss		<u>15,877</u>	<u>2</u>	<u>30,088</u>	<u>5</u>	<u>39,309</u>	<u>1</u>	<u>2,105</u>	<u>-</u>
8300 Other comprehensive income for the period (Net)		<u>\$ 1,520,267</u>	<u>150</u>	<u>(\$ 33,279)</u>	<u>(5)</u>	<u>\$ 4,093,517</u>	<u>139</u>	<u>\$ 221,931</u>	<u>11</u>
8500 Total comprehensive income for the period		<u>\$ 1,650,858</u>	<u>163</u>	<u>(\$ 13,446)</u>	<u>(2)</u>	<u>\$ 4,466,256</u>	<u>152</u>	<u>\$ 335,885</u>	<u>16</u>
Profit attributable to:									
8610 Equity holders of the parent company		\$ 106,564	11	\$ 16,237	2	\$ 262,570	9	\$ 97,587	4
8620 Non-controlling interest		<u>24,027</u>	<u>2</u>	<u>3,596</u>	<u>1</u>	<u>110,169</u>	<u>4</u>	<u>16,367</u>	<u>1</u>
Profit for the period		<u>\$ 130,591</u>	<u>13</u>	<u>\$ 19,833</u>	<u>3</u>	<u>\$ 372,739</u>	<u>13</u>	<u>\$ 113,954</u>	<u>5</u>
Total comprehensive income attributable to:									
8710 Equity holders of the parent company		\$ 1,591,431	157	(\$ 24,257)	(4)	\$ 4,194,417	143	\$ 280,572	13
8720 Non-controlling interest		<u>59,427</u>	<u>6</u>	<u>10,811</u>	<u>2</u>	<u>271,839</u>	<u>9</u>	<u>55,313</u>	<u>3</u>
Total comprehensive income for the period		<u>\$ 1,650,858</u>	<u>163</u>	<u>(\$ 13,446)</u>	<u>(2)</u>	<u>\$ 4,466,256</u>	<u>152</u>	<u>\$ 335,885</u>	<u>16</u>
Basic earnings per share (In dollars)									
9750 Profit for the period	6(27)	<u>\$</u>	<u>0.65</u>	<u>\$</u>	<u>0.10</u>	<u>\$</u>	<u>1.61</u>	<u>\$</u>	<u>0.60</u>
Diluted earnings per share (In dollars)									
9850 Profit for the period	6(27)	<u>\$</u>	<u>0.64</u>	<u>\$</u>	<u>0.10</u>	<u>\$</u>	<u>1.57</u>	<u>\$</u>	<u>0.59</u>

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

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Equity attributable to owners of the parent										
		Retained Earnings					Other Equity Interest					
Notes	Share capital- common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Treasury stock	Total	Non- controlling interest	Total equity	
<u>For the nine-month period ended September 30, 2023</u>												
	Balance at January 1, 2023	\$ 1,651,361	\$ 267,824	\$ 186,625	\$ 111,147	\$ 459,677	(\$ 42,859)	\$ 38,971	(\$ 30,254)	\$ 2,642,492	\$ 599,277	\$ 3,241,769
	Profit for the period	-	-	-	-	97,587	-	-	-	97,587	16,367	113,954
	Other comprehensive income for the period	-	-	-	-	-	1,661	181,324	-	182,985	38,946	221,931
	Total comprehensive income for the period	-	-	-	-	97,587	1,661	181,324	-	280,572	55,313	335,885
	Distribution of 2022 earnings:											
	Legal reserve	-	-	39,700	-	(39,700)	-	-	-	-	-	-
	Cash dividends	-	-	-	-	(294,232)	-	-	-	(294,232)	-	(294,232)
	Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	(126,946)	(126,946)
	Balance at September 30, 2023	\$ 1,651,361	\$ 267,824	\$ 226,325	\$ 111,147	\$ 223,332	(\$ 41,198)	\$ 220,295	(\$ 30,254)	\$ 2,628,832	\$ 527,644	\$ 3,156,476
<u>For the nine-month period ended September 30, 2024</u>												
	Balance at January 1, 2024	\$ 1,651,361	\$ 267,824	\$ 226,325	\$ 111,147	\$ 329,883	(\$ 47,620)	\$ 664,100	(\$ 30,254)	\$ 3,172,766	\$ 582,126	\$ 3,754,892
	Profit for the period	-	-	-	-	262,570	-	-	-	262,570	110,169	372,739
	Other comprehensive income for the period	-	-	-	-	-	29,229	3,902,618	-	3,931,847	161,670	4,093,517
	Total comprehensive income for the period	-	-	-	-	262,570	29,229	3,902,618	-	4,194,417	271,839	4,466,256
	Distribution of 2023 earnings:											
	Legal reserve	-	-	20,414	-	(20,414)	-	-	-	-	-	-
	Cash dividends	-	-	-	-	(196,155)	-	-	-	(196,155)	-	(196,155)
	Disposal of investment in equity instruments at fair value through other comprehensive income	-	-	-	-	6,500	-	(6,500)	-	-	-	-
	Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	(54,882)	(54,882)
	Balance at September 30, 2024	\$ 1,651,361	\$ 267,824	\$ 246,739	\$ 111,147	\$ 382,384	(\$ 18,391)	\$ 4,560,218	(\$ 30,254)	\$ 7,171,028	\$ 799,083	\$ 7,970,111

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

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars) (UNAUDITED)

	Notes	For the nine-month periods ended September 30	
		2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 449,657	\$ 142,184
Adjustments			
Income and expenses having no effect on cash flow			
Depreciation	6(24)	47,048	45,155
Amortization	6(24)	3,725	3,182
Gains on financial assets at fair value through profit or loss	6(22)	(17,367)	-
Expected credit losses (gains)	12(2)	(33,669)	12,037
Interest expense	6(23)	36,585	32,951
Interest income	6(20)	(32,630)	(17,361)
Dividend income	6(21)	(107,648)	(100,945)
Share of profit or loss of associates and joint ventures using equity method	6(6)	2,623	-
Loss on disposal of property, plant and equipment	6(22)	119	18
Share-based payment	6(14)	5,642	-
Gain on lease modification	6(22)	(90)	(89)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable		17,818	(7,996)
Accounts receivable		291,486	919,470
Accounts receivable - related parties		(4,298)	12,368
Other receivables		(6,094)	(6,688)
Inventories		(137,175)	127,816
Prepayments		28,060	6,056
Other current assets		(3,955)	1,852
Net defined benefit assets		(4,531)	-
Other non-current assets		3,406	(49,225)
Net changes in liabilities relating to operating activities			
Contract liabilities		(54,742)	(139,759)
Notes payable		-	(882)
Accounts payable		(47,113)	(416,705)
Accounts payable - related parties		(1,465)	(124)
Other payables		33,087	(173,357)
Provisions for liabilities		13,066	(40,774)
Unearned receipts		8,750	(10,135)
Other current liabilities		(6,726)	809
Net defined benefit liability		(4)	(4,371)
Cash generated from operations		<u>483,565</u>	<u>335,487</u>
Interest received		34,668	16,374
Dividend received		107,648	100,945
Interest paid		(36,761)	(31,866)
Income tax paid		(106,049)	(87,761)
Net cash provided by (used in) operating activities		<u>483,071</u>	<u>333,179</u>

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars) (UNAUDITED)

	Notes	For the nine-month periods ended September 30	
		2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 250,792)	\$ -
Proceeds from disposal of financial assets at fair value through profit or loss		239,449	-
Acquisition of financial assets at fair value through other comprehensive income	6(2)	(174,197)	(412,032)
Acquisition of financial assets at amortized cost		(1,121,940)	(615,891)
Proceeds from disposal of financial assets at amortized cost		1,148,325	362,182
Acquisition of investments accounted for using the equity method		(13,500)	-
Acquisition of property, plant and equipment	6(28)	(32,429)	(17,219)
Proceeds from disposal of property, plant and equipment		173	685
Acquisition of intangible assets		(12,813)	(4,646)
Refundable deposits paid		(819)	(695)
Refundable deposits refunded		3,326	1,330
Other non-current assets paid		(179,000)	-
Net cash provided by (used in) investing activities		(394,217)	(686,286)
<u>CASH FLOWS FROM FINANCING ACTIVITY</u>			
Proceeds from short-term loans		1,807,847	2,464,000
Repayment of short-term loans		(2,381,000)	(2,033,000)
Proceeds from long-term loans		449,100	74,000
Repayment of long-term loans		(173,707)	(39,707)
Repayment of the principal portion of lease liabilities	6(29)	(20,137)	(17,963)
Proceeds from transaction with non-controlling interest		-	(41,612)
Cash dividend from capital surplus of subsidiary		(18,158)	-
Cash dividend	6(17)	(238,521)	(379,768)
Net cash (used in)provided by financing activities		(574,576)	25,950
Effect of fluctuations in exchange rate		5,896	7,594
Net decrease in cash and cash equivalents		(479,826)	(319,563)
Cash and cash equivalents at beginning of period	6(1)	1,394,275	1,345,746
Cash and cash equivalents at end of period	6(1)	\$ 914,449	\$ 1,026,183

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(UNAUDITED)

1. HISTORY AND ORGANIZATION

Gallant Precision Machining Co., Ltd. (the “Company”). The Company was incorporated on December 22, 1978. The Company and its subsidiaries (collectively referred herein as the “Group”) are engaged in the design, manufacture and sale of molds and machinery, metal parts and mold parts, stamping parts and die-cast parts, and automated manufacturing systems and their unit equipment, as well as the management and investment in the relevant business. The Company’s stock was listed on the Taipei Exchange (formerly named GreTai Securities Market), effective from February, 1998.

The Company merged with Syntran Co., Ltd (the “Syntran Company”) on August 3, 2007 (merger effective date). The Company was a surviving company and Syntran Company was a dissolved company. Syntran Company was incorporated in November 1994, mainly engaged in the research, development, manufacture and sale of DWDM automatic optical testing machines, DWDM module packaging machines, digital safety monitoring systems and nano functional powder and films.

The special shareholders' meeting of the Company resolved to spin-off its semiconductor business on December 15, 2010 and the GreTai Securities Market approved the spin-off and the Company’s stock listed on January 13, 2011. The Company transferred its semiconductor business and related investment to the Company's subsidiary – Gallant Micro. Machining Co., Ltd. on the spin-off effective day March 1, 2011.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on November 7, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non - current Liabilities with Covenants”	January 1, 2024
Amendment to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024

The above standards and interpretations have no significant impact to the Group’s financial condition and operating result based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

The above standards and interpretations have no significant impact to the Group’s financial condition and operating result based on the Group’s assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs endorsed by the FSC effective as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17, “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17, “Insurance Contracts”	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
Annual Improvements to IFRS Accounting Standards-Volume 11	January 1, 2026

Except for what is described below, the above standards and interpretations have no significant impact to the Group financial condition and operating result based on the Group’s assessment:

- A. Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

The revisions are explained as follows:

The update specifies that equity instruments designated at fair value through other comprehensive income (FVOCI) should disclose their fair value for each type, without the need to disclose fair value information for each individual asset. Additionally, it should disclose the fair value gains and losses recognized in other comprehensive income during the reporting period, separately presenting the fair value gains and losses related to investments that were derecognized during the reporting period and those related to investments still held at the end of the reporting period. Furthermore, it should include the cumulative gains and losses transferred to equity for investments derecognized during the reporting period.

B. IFRS 18 “ Presentation and Disclosure in Financial Statements”

IFRS18, "Presentation and Disclosure in Financial Statements," replaces IFRS 1 and updates the structure of the statement of comprehensive income. It also introduces disclosures for measuring management performance and strengthens the principles of aggregation and disaggregation used in the primary financial statements and notes.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2023, except for the compliance statement, basis of preparations, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the “Rules Governing the Preparation of Financial Statements by Securities Issuers” and IAS 34, “Interim Financial Reporting” as endorsed by the FSC.

B. Please refer to the Group’s consolidated financial statements for the year ended December 31, 2023.

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less

present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements are consistent with those of the year ended December 31, 2023.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of subsidiary	Main Business Activities	Percentage of Ownership			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
Gallant Precision Machining Co., Ltd.	Gallant Micro. Machining Co., Ltd.	Manufacturing and selling of semiconductor related equipment and parts	57.19	57.19	57.19	
Gallant Precision Machining Co., Ltd.	Gallant-Rapid Corporation Ltd. (the "GRC")	Investing in Gallant Precision Industries (Suzhou) Co., Ltd.	100	100	100	Note2
Gallant Precision Machining Co., Ltd.	APEX-1 International Co., Ltd.	Marketing and selling of process equipment of LCD and related parts.	100	100	100	Note2
Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd. (the "KMC")	Investing in Gallant Micro. Machining (Suzhou) Co., Ltd.	100	100	100	
Gallant Micro. Machining Co., Ltd.	Gallant Micro Machining (Malaysia) Sdn. Bhd. (the "GMMM")	Engaged in the import and export and trading business of semiconductor machines and related parts	100	100	100	
Gallant Micro. Machining Co., Ltd.	Utron Technologies Corp	Testing of wire and tools and testing equipment of PBC and related systems	53.21	53.21	53.21	Note 2
Gallant-Rapid Corporation Ltd.	Gallant Precision Industries (Suzhou) Co., Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	100	100	100	Note 2
King Mechatronics Co., Ltd.	Gallant Micro. Machining (Suzhou) Co., Ltd.	Manufacturing and selling of precision mold and related parts	100	100	100	
Gallant Precision Industries (Suzhou) Co., Ltd.	Gallant Precision Intelligence Technology Co.,Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	100	100	100	Note1 Note2
Gallant Micro. Machining (Suzhou) Co., Ltd.	Kunshan Qihong Electronic Sales Co., Ltd.	Circuit board testing equipment, wire and cable and semiconductor testing and manufacturing	100	100	100	Note2

Note 1: Gallant Precision Industries (Suzhou) Co., Ltd. acquired the remaining 40% equity from

Fujian Chengzhe Automation Technology Co. Ltd in June 2023.

Note 2: The financial statements of the entity as of September 30, 2024 and 2023 were not reviewed by the independent auditors as the entity did not meet the definition of significant subsidiary.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of September 30, 2024, December 31, 2023 and September 30, 2023, the non-controlling interest amounted to \$799,083, \$582,126, and \$527,644, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest					
		September 30, 2024		December 31, 2023		September 30, 2023	
		Amount	Ownership(%)	Amount	Ownership(%)	Amount	Ownership(%)
Gallant Micro. Machining Co., Ltd.	Taiwan	\$ 756,290	42.81	\$ 537,752	42.81	\$ 482,555	42.81

Summarized financial information of the subsidiaries:

Balance sheets

	Gallant Micro. Machining Co., Ltd. and its subsidiaries		
	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	\$ 2,054,740	\$ 2,398,530	\$ 1,922,054
Non-current assets	1,467,909	958,896	802,332
Current liabilities	(1,406,160)	(1,794,399)	(1,221,221)
Non-current liabilities	(307,013)	(262,472)	(330,835)
Total net assets	\$ 1,809,476	\$ 1,300,555	\$ 1,172,330

Statements of comprehensive income

	Gallant Micro. Machining Co., Ltd. and its subsidiaries	
	For the three-month period ended September 30, 2024	For the three-month period ended September 30, 2023
Revenue	\$ 474,044	\$ 238,214
Profit before income tax	\$ 73,186	\$ 2,611
Income tax expense	(16,340)	2,737
Profit for the period from continuing operations	56,846	5,348
Profit for the period	56,846	5,348
Other comprehensive income, net of tax	82,697	16,854
Total comprehensive income for the period	\$ 139,543	\$ 22,202
Comprehensive income attributable to non-controlling interest	\$ 59,969	\$ 8,536
Dividends paid to non-controlling interest	\$ -	\$ -

	Gallant Micro. Machining Co., Ltd. and its subsidiaries	
	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Revenue	\$ 1,592,428	\$ 721,529
Profit before income tax	\$ 329,508	\$ 51,622
Income tax expense	(70,042)	(4,103)
Profit for the period from continuing operations	259,466	47,519
Profit for the period	259,466	47,519
Other comprehensive income, net of tax	377,659	92,488
Total comprehensive income for the period	\$ 637,125	\$ 140,007
Comprehensive income attributable to non-controlling interest	\$ 273,430	\$ 59,494
Dividends paid to non-controlling interest	\$ 60,524	\$ 72,628

Statements of cash flows

	Gallant Micro. Machining Co., Ltd. and its subsidiaries	
	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Net cash provided by (used in) operating activities	\$ 207,430	\$ 307,725
Net cash provided by (used in) investing activities	(208,185)	(228,144)
Net cash provided by (used in) financing activities	(483,362)	(36,394)
Effect of exchange rates on cash and cash equivalents	6,231	271
Increase (decrease) in cash and cash equivalents	(477,886)	43,458
Cash and cash equivalents, beginning of period	900,320	503,709
Cash and cash equivalents, end of period	\$ 422,434	\$ 547,167

(4) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the

dividend can be measured reliably.

(5) Investments accounted for using equity method-associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(6) Employee benefits

Pensions

Defined benefit plans

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

(7) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

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

There have been no significant change as of September 30, 2024. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2023

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand and revolving funds	\$ 296	\$ 270	\$ 273
Checking accounts	26	26	26
Demand deposits	914,127	948,757	880,669
Time deposits	-	445,222	145,215
Total	<u>\$ 914,449</u>	<u>\$ 1,394,275</u>	<u>\$ 1,026,183</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Cash and cash equivalents pledged to Customs and others as collateral were classified as financial assets at amortised cost-non-current. Please refer to Note 8.

(2) Financial Assets at Fair Value Through Other Comprehensive Income

Items	September 30, 2024	December 31, 2023	September 30, 2023
Non-current items:			
Equity instruments			
Listed stocks	\$ 1,721,390	\$ 1,549,679	\$ 1,327,579
Non-Listed stocks	89,355	121,855	121,855
Valuation adjustment	4,921,930	847,314	354,980
Total	<u>\$ 6,732,675</u>	<u>\$ 2,518,848</u>	<u>\$ 1,804,414</u>

A. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. As at September 30, 2024, December 31, 2023, and September 30, 2023, the fair value of such investments amounted to \$6,732,675, \$2,518,848 and \$1,804,414, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>For the three-month period ended September 30, 2024.</u>	<u>For the three-month period ended September 30, 2023.</u>
<u>Equity instruments at fair value through other comprehensive income:</u>		
Fair value change recognised in other comprehensive income	\$ <u>1,512,254</u>	(\$ <u>65,013</u>)
Cumulative gains(losses) reclassified to retained earnings due to derecognition	\$ <u>-</u>	\$ <u>-</u>
Dividend income recognized in profit or loss held at end of period	\$ <u>44,064</u>	\$ <u>24,644</u>

	<u>For the nine-month period ended September 30, 2024.</u>	<u>For the nine-month period ended September 30, 2023.</u>
<u>Equity instruments at fair value through other comprehensive income:</u>		
Fair value change recognised in other comprehensive income	\$ <u>4,081,116</u>	\$ <u>241,231</u>
Cumulative gains(losses) reclassified to retained earnings due to derecognition	\$ <u>6,500</u>	\$ <u>-</u>
Dividend income recognized in profit or loss held at end of period	\$ <u>107,648</u>	\$ <u>100,945</u>

C. The Group has not pledged any financial assets measured at fair value through other comprehensive income.

D. Details of the Group's investment in financial instruments are provided in Table 3.

(3) Financial assets at amortized cost

<u>Items</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Current items:			
Time deposits	\$ <u>558,091</u>	\$ <u>659,928</u>	\$ <u>632,644</u>
Non-current items:			
Pledged time deposits	22,018	21,879	21,878
Corporate bonds	<u>300,000</u>	<u>200,000</u>	<u>200,000</u>
	<u>322,018</u>	<u>221,879</u>	<u>221,878</u>
Total	\$ <u>880,109</u>	\$ <u>881,807</u>	\$ <u>854,522</u>

A. The Group transacts with financial institutions with high credit quality.

B. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

C. Information relating to credit risk of financial assets measured at amortized cost is provided in Note 12(2). The Group investment in time deposit with financial institutions with high credit

quality, and expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable	\$ 21,411	\$ 37,845	\$ 43,534
Accounts receivable	\$ 1,482,569	\$ 1,761,174	\$ 1,737,939
Accounts receivable - related parties	12,349	6,008	7,048
Less: allowance for bad debts	(175,533)	(205,800)	(306,753)
	<u>\$ 1,319,385</u>	<u>\$ 1,561,382</u>	<u>\$ 1,438,234</u>

A. The aging analysis of notes and accounts receivable is as follows:

	September 30, 2024		December 31, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 1,046,445	\$ 21,411	\$ 1,249,933	\$ 37,845
Up to 90 days	188,440	-	237,208	-
91 to 120 days	37,727	-	25,561	-
Over 120 days	222,306	-	254,480	-
	<u>\$ 1,494,918</u>	<u>\$ 21,411</u>	<u>\$ 1,767,182</u>	<u>\$ 37,845</u>

	September 30, 2023	
	Accounts receivable	Notes receivable
Not past due	\$ 1,189,802	\$ 43,534
Up to 90 days	170,110	-
91 to 120 days	45,358	-
Over 120 days	339,717	-
	<u>\$ 1,744,987</u>	<u>\$ 43,534</u>

The above aging analysis was based on past due date.

B. As at September 30, 2024, December 31, 2023, September 30, 2023, and January 1, 2023, the balances of receivables from contracts with customers amounted to \$1,516,329, \$1,805,027, \$1,788,521 and \$2,712,437, respectively.

C. As at September 30, 2024, December 31, 2023, and September 30, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were \$21,411, \$37,845 and \$43,534, \$1,319,385, \$1,561,382 and \$1,438,234, respectively.

D. The Group does not hold any collateral as security.

E. Information relating to credit risk is provided in Note 12(2).

(5) Inventories

<u>September 30, 2024</u>			
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 321,903	(\$ 63,954)	\$ 257,949
Work in process	920,356	(220,227)	700,129
Finished goods	247,244	(73,689)	173,555
Inventory in transit	2,394	-	2,394
Total	<u>\$ 1,491,897</u>	<u>(\$ 357,870)</u>	<u>\$ 1,134,027</u>
<u>December 31, 2023</u>			
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 301,024	(\$ 43,608)	\$ 257,416
Work in process	871,465	(228,725)	642,740
Finished goods	182,718	(92,663)	90,055
Inventory in transit	4,081	-	4,081
Total	<u>\$ 1,359,288</u>	<u>(\$ 364,996)</u>	<u>\$ 994,292</u>
<u>September 30, 2023</u>			
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 299,954	(\$ 40,775)	\$ 259,179
Work in process	853,059	(227,850)	625,209
Finished goods	155,014	(90,409)	64,605
Inventory in transit	9,736	-	9,736
Total	<u>\$ 1,317,763</u>	<u>(\$ 359,034)</u>	<u>\$ 958,729</u>

The cost of inventories recognized as expense for the period:

	<u>For the three-month period ended September 30, 2024</u>	<u>For the three-month period ended September 30, 2023</u>
Cost of goods sold	\$ 718,651	\$ 528,792
Loss on decline in market value (gain on reversal)	(67,789)	30,504
Others	69,093	-
	<u>\$ 719,955</u>	<u>\$ 559,296</u>
	<u>For the nine-month period ended September 30, 2024</u>	<u>For the nine-month period ended September 30, 2023</u>
Cost of goods sold	\$ 2,012,220	\$ 1,509,351
Loss on decline in market value (gain on reversal)	(7,849)	61,971
Others	69,093	-
	<u>\$ 2,073,464</u>	<u>\$ 1,571,322</u>

From July 1 to September 30, 2024, and from January 1 to September 30, 2024, the Group strengthened inventory management, resulting in a reversal of inventory-related gains.

(6) Investments accounted for using equity method

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Associates:			
OpXion Tech. Incorporation	\$ 49,877	\$ -	\$ -

Associates

A. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below :

	<u>For the three-month period ended September 30, 2024</u>	<u>For the three-month period ended September 30, 2023</u>
Profit or loss for the period from continuing operations	(\$ 1,268)	\$ -
Other comprehensive income (net of tax)	-	-
Total comprehensive income	<u>(\$ 1,268)</u>	<u>\$ -</u>
	<u>For the nine-month period ended September 30, 2024</u>	<u>For the nine-month period ended September 30, 2023</u>
Profit or loss for the period from continuing operations	(\$ 2,623)	\$ -
Other comprehensive income (net of tax)	-	-
Total comprehensive income	<u>(\$ 2,623)</u>	<u>\$ -</u>

B. The aforementioned investment using the equity method in OpXion Tech. Incorporation is evaluated based on the unreviewed financial statements of the associated enterprise during the same period.

C. In the first quarter of 2024, The Group increased its ownership percentage in OpXion Tech. Incorporation to a level that provides significant influence. Therefore, the Group changed its valuation method for OpXion Tech. Incorporation to the equity method.

(7) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Leased assets</u>	<u>Others</u>	<u>Total</u>
At January 1, 2024							
Cost	\$ 134,686	\$ 610,845	\$ 172,528	\$ 36,927	\$ 65,682	\$ 66,315	\$ 1,086,983
Accumulated depreciation and impairment	-	(193,762)	(102,575)	(22,785)	(21,508)	(34,079)	(374,709)
	<u>\$ 134,686</u>	<u>\$ 417,083</u>	<u>\$ 69,953</u>	<u>\$ 14,142</u>	<u>\$ 44,174</u>	<u>\$ 32,236</u>	<u>\$ 712,274</u>
2024							
Opening net book amount as at January 1							
	\$ 134,686	\$ 417,083	\$ 69,953	\$ 14,142	\$ 44,174	\$ 32,236	\$ 712,274
Additions	21,260	5,297	110	4,703	-	1,979	33,349
Disposals	-	-	(85)	(114)	-	(93)	(292)
Reclassifications (Note)	-	(4,381)	3,663	2,593	-	3,820	5,695
Depreciation charge	-	(9,116)	(6,614)	(4,408)	(966)	(5,479)	(26,583)
Net exchange differences	-	163	687	361	-	1,165	2,376
Closing net book amount as at September 30	<u>\$ 155,946</u>	<u>\$ 409,046</u>	<u>\$ 67,714</u>	<u>\$ 17,277</u>	<u>\$ 43,208</u>	<u>\$ 33,628</u>	<u>\$ 726,819</u>
At September 30, 2024							
Cost	\$ 155,946	\$ 612,012	\$ 171,628	\$ 36,350	\$ 65,682	\$ 66,938	\$ 1,108,556
Accumulated depreciation and impairment	-	(202,966)	(103,914)	(19,073)	(22,474)	(33,310)	(381,737)
	<u>\$ 155,946</u>	<u>\$ 409,046</u>	<u>\$ 67,714</u>	<u>\$ 17,277</u>	<u>\$ 43,208</u>	<u>\$ 33,628</u>	<u>\$ 726,819</u>

Note : The current period transfer consists of \$2,593, and \$4,480 transferred from intangible assets and inventory, respectively. And \$1,378 transferred to inventory.

	Land	Buildings	Machinery and equipment	Office equipment	Leased assets	Others	Construction in progress and equipment under installation	Total
At January 1, 2023								
Cost	\$ 134,686	\$ 605,842	\$ 171,042	\$ 35,373	\$ 65,682	\$ 67,387	\$ 1,854	\$ 1,081,866
Accumulated depreciation and impairment	-	(181,228)	(98,975)	(23,852)	(20,220)	(31,125)	-	(355,400)
	<u>\$ 134,686</u>	<u>\$ 424,614</u>	<u>\$ 72,067</u>	<u>\$ 11,521</u>	<u>\$ 45,462</u>	<u>\$ 36,262</u>	<u>\$ 1,854</u>	<u>\$ 726,466</u>
2023								
Opening net book amount as at January 1	\$ 134,686	\$ 424,614	\$ 72,067	\$ 11,521	\$ 45,462	\$ 36,262	\$ 1,854	\$ 726,466
Additions	-	693	6,693	6,320	-	2,300	-	16,006
Disposals	-	-	(331)	(11)	-	(361)	-	(703)
Reclassifications	-	-	-	1,848	-	-	(1,848)	-
Depreciation charge	-	(9,278)	(6,915)	(4,446)	(966)	(4,839)	-	(26,444)
Net exchange differences	-	(21)	35	33	-	39	(6)	80
Closing net book amount as at September 30	<u>\$ 134,686</u>	<u>\$ 416,008</u>	<u>\$ 71,549</u>	<u>\$ 15,265</u>	<u>\$ 44,496</u>	<u>\$ 33,401</u>	<u>\$ -</u>	<u>\$ 715,405</u>
At September 30, 2023								
Cost	\$ 134,686	\$ 606,504	\$ 174,463	\$ 37,191	\$ 65,682	\$ 66,336	\$ -	\$ 1,084,862
Accumulated depreciation and impairment	-	(190,496)	(102,914)	(21,926)	(21,186)	(32,935)	-	(369,457)
	<u>\$ 134,686</u>	<u>\$ 416,008</u>	<u>\$ 71,549</u>	<u>\$ 15,265</u>	<u>\$ 44,496</u>	<u>\$ 33,401</u>	<u>\$ -</u>	<u>\$ 715,405</u>

- A. Amount of borrowing costs capitalized as part of property, plant and equipment were \$0 for the three-month periods ended September 30, 2024 and 2023 and for the nine-month periods ended September 30, 2024 and 2023, respectively.
- B. The significant components of buildings include main plants improvement and structure, which are depreciated over 10 and 50 years.
- C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.
- D. The above property, plant and equipment of the Group were for their own used.

(8) Leasing arrangements — lessee

- A. The Group leases various assets including land, buildings, and multifunction printers. Rental contracts are typically made for periods of 1 to 38 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise Buildings. Low-value assets comprise office equipment (multifunction printers).
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 187,181	\$ 191,044	\$ 192,556
Buildings	36,287	51,812	34,792
	<u>\$ 223,468</u>	<u>\$ 242,856</u>	<u>\$ 227,348</u>

	<u>For the three-month period</u> <u>ended September 30, 2024</u>	<u>For the three-month period</u> <u>ended September 30, 2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 1,517	\$ 1,582
Buildings	5,348	4,963
	<u>\$ 6,865</u>	<u>\$ 6,545</u>

	<u>For the nine-month period</u> <u>ended September 30, 2024</u>	<u>For the nine-month period</u> <u>ended September 30, 2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 4,548	\$ 4,602
Buildings	15,917	14,109
	<u>\$ 20,465</u>	<u>\$ 18,711</u>

- D. For the three-month periods ended September 30, 2024 and 2023, and for the nine-month periods ended September 30, 2024 and 2023, the Group's total cash outflow for leases were \$3,294, \$4,829, \$3,979 and \$4,829, respectively.
- E. The information on income and expense accounts relating to lease contracts is as follows:

	<u>For the three-month period</u> <u>ended September 30, 2024</u>	<u>For the three-month period</u> <u>ended September 30, 2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,086	\$ 1,136
Expense on short-term lease contracts	3,644	3,995
Expense on leases of low-value assets	42	174

Items affecting profit or loss	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Interest expense on lease liabilities	\$ 3,291	\$ 3,471
Expense on short-term lease contracts	10,648	10,267
Expense on leases of low-value assets	108	544

F. For the nine-month period ended September 30, 2024 and 2023, the Group's total cash outflow for leases were \$34,184 and \$32,245, respectively.

G. Extension and termination options

In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(9) Short-term borrowings

Type of borrowings	September 30, 2024	Interest rate range	Collateral
Unsecured Banking Loan	\$ 1,464,000	0.5%~2.39%	None
Mortgage Loan	106,000	0.5%	Note
	\$ 1,570,000		
Type of borrowings	December 31, 2023	Interest rate range	Collateral
Unsecured Banking Loan	\$ 2,133,431	0.5%~2.02%	None
Mortgage Loan	9,722	0.5%	Note
	\$ 2,143,153		
Type of borrowings	September 30, 2023	Interest rate range	Collateral
Unsecured Banking Loan	\$ 1,744,000	1.72%~2.02%	None

Note: Details of short-term borrowings pledged as collateral are provided in Note 8.

(10) Accounts payable

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts payable	\$ 833,610	\$ 960,213	\$ 805,157
Estimated accounts payable	256,988	173,539	143,051
	\$ 1,090,598	\$ 1,133,752	\$ 948,208

(11) Other payables

	September 30, 2024	December 31, 2023	September 30, 2023
Accrued salaries	\$ 260,260	\$ 224,716	\$ 188,848
Accrued employees' bonuses and directors' remuneration	81,913	64,298	43,923
Payables on equipment - Fixed assets	2,591	1,671	1,418
Payables on equipment - Intangible assets	972	85	-
Others	70,403	90,651	95,900
	\$ 416,139	\$ 381,421	\$ 330,089

(12) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30,2024
Mortgage borrowings	Borrowing period is recyclable from August 16, 2024 to June 5, 2026, with monthly interest payment and the principal shall be paid off on the maturity date.	2.01%	Note 1	\$ 120,000
Mortgage borrowings	Borrowing period is recyclable from March 31, 2024 to March 31, 2027, with monthly interest payment and the principal shall be paid off on the maturity date.	2.01%	Note 1	100,000
Mortgage borrowings	Borrowing period is recyclable from June 5, 2024 to June 5, 2026, with monthly interest payment and the principal shall be paid off on the maturity date.	2.02%	Note 1	80,000
Unsecured borrowing	Borrowing period is recyclable from June 5, 2024 to June 5, 2026, with monthly interest payment and the principal shall be paid off on the maturity date.	2.01%	None	60,000
Unsecured borrowing	Borrowing period is from May 20, 2024 to May 1, 2027, with monthly interest payment and the principal is repayable monthly after one year.	1.93%	None	100,000
Unsecured borrowing	Borrowing period is recyclable from June 5, 2024 to June 5, 2026, with monthly interest payment and the principal shall be paid off on the maturity date.	2.01%	None	80,000
Unsecured borrowing	Borrowing period is from September 25, 2024 to September 24, 2027, non-revolving instalments, with monthly interest payment and the principal is repayable quarterly after one year.	1.99%	None	100,000
Mortgage borrowings	Borrowing period is from June 14, 2017 to June 14, 2032, with monthly interest payment and the principal is repayable monthly after one year.	2.10%	Note 1	47,607
Mortgage borrowings	Borrowing period is from July 7, 2023 to July 7, 2026, with monthly interest payment and the principal shall be paid off on the maturity date.	2.03%	Note 1	54,000
Unsecured borrowing	Borrowing period is from July 7, 2023 to July 7, 2026, with monthly interest payment and the principal shall be paid off on the maturity date.	2.08%	None	20,000
Mortgage borrowings	Borrowing period is from January 29, 2024 to March 13, 2026, with monthly interest payment and the principal shall be paid off on the maturity date.	2.52%	Note 1	<u>20,000</u>
				781,607
Less: current portion				(<u>22,810</u>)
				<u>\$ 758,797</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Mortgage borrowings	Borrowing period is from July 1, 2021 to July 1, 2026, non-revolving instalments, with monthly interest payment, principal is repayable every 3 months with 5% of principal from July 1, 2022, and the rest of principal shall be paid off on the maturity date.	2.05%	Note 2	\$ 140,000
Mortgage borrowings	Borrowing period is recyclable from November 24, 2021 to March 31, 2024, with monthly interest payment and the principal shall be paid off on the maturity date (the actual borrowings period is less than 3 years, because the factory contract period is from March 31, 2021 to March 31, 2024, the principal shall be paid off on the maturity date).	1.76%	Note 1	100,000
Mortgage borrowings	Borrowing period is from June 14, 2017 to June 14, 2032; interest is repayable monthly and principal is repayable monthly through June, 2018 to June, 2032.	1.98%	Note 1	52,214
Mortgage borrowings	Borrowing period is from July 7, 2023 to July 7, 2026, with monthly interest payment and the principal shall be paid off on the maturity date.	1.90%	Note 1	54,000
Mortgage borrowing	Borrowing period is from July 7, 2023 to July 7, 2026, with monthly interest payment and the principal shall be paid off on the maturity date.	1.95%	Note 1	20,000
Unsecured borrowing	Borrowing period is recyclable from April 20, 2023 to April 20, 2025, with monthly interest payment and the principal shall be paid off on the maturity date.	1.98%	None	80,000
Unsecured borrowing	Borrowing period is recyclable from April 20, 2023 to April 20, 2025, with monthly interest payment and the principal shall be paid off on the maturity date.	1.98%	None	<u>60,000</u>
				506,214
Less: current portion			(<u>146,143)</u>
			\$	<u>360,071</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>September 30, 2023</u>
Mortgage borrowings	Borrowing period is from July 1, 2021 to July 1, 2026, non-revolving instalments, with monthly interest payment, principal is repayable every 3 months with 5% of principal from July 1, 2022, and the rest of principal shall be paid off on the maturity date. The mortgage borrowings is recyclable from November 24, 2021 to March 31, 2024, with monthly interest payment and the principal shall be paid off on the maturity date (the actual borrowings period is less than 3 years, because the factory contract period is from March 31, 2021 to March 31, 2024, the principal shall be paid off on the maturity date).	2.05%	Note 2	\$ 150,000
Mortgage borrowings	Borrowing period is from June 14, 2017 to June 14, 2032; interest is repayable monthly and principal is repayable monthly through June, 2018 to June, 2032.	1.76%	Note 1	100,000
Mortgage borrowings	The mortgage borrowings from July 7, 2023 to July 7, 2026, with monthly interest payment and the principal shall be paid off on the maturity date.	1.98%	Note 1	53,750
Mortgage borrowings	The mortgage borrowings from July 7, 2023 to July 7, 2026, with monthly interest payment and the principal shall be paid off on the maturity date.	1.90%	Note 1	54,000
Mortgage borrowings	The mortgage borrowings from July 7, 2023 to July 7, 2026, with monthly interest payment and the principal shall be paid off on the maturity date.	1.95%	Note 1	20,000
Mortgage borrowings	Borrowing period is from December 8, 2022 to June 8, 2030 with monthly interest payment and the principal is repayable every 3 months in 30 installments.	2.35%	Note 1	45,900
Unsecured borrowing	The unsecured borrowings is recyclable from April 20, 2023 to April 20, 2025, with monthly interest payment and the principal shall be paid off on the maturity date.	1.98%	None	80,000
Unsecured borrowing	The unsecured borrowings is recyclable from April 20, 2023 to April 20, 2025, with monthly interest payment and the principal shall be paid off on the maturity date.	1.98%	None	60,000
				<u>563,650</u>
Less: current portion				(<u>152,943</u>)
				<u>\$ 410,707</u>

Note 1 : Details of long-term borrowings pledged as collateral are provided in Note 8.

Note 2 : Repaid in advance in August 2024.

(13) Pensions

- A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contributes monthly an amount equal to 2% and 7% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method, to the labors expected to be qualified for retirement next year, the Company and its domestic subsidiaries will make contribution for the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognized pension costs of \$96, \$66, \$180 and \$199 for the three-month periods ended September 30, 2024 and 2023, and for the nine-month periods ended September 30, 2024 and 2023, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ended December 31, 2024 are \$6,880.
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Group's Chinese subsidiary have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC.) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage was 10% to 20%. Other than the monthly contributions, the Group has no further obligations.
- (c) For the aforementioned pension plan, the Group recognized pension costs of \$10,263, \$10,712, \$32,184 and \$32,736 for the three-month periods ended September 30, 2024 and 2023, and for the nine-month periods ended September 30, 2024 and 2023, respectively.

(14) Share-based payment

- A. For the nine-month periods ended September 30, 2024, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Contract period	Vesting conditions
Employee stock options	2023.12.19	100	4 years	25% can be exercised 2 years after the grant expires 50% can be exercised 2.5 years after the grant expires 75% can be exercised 3 years after the grant expires 100% can be exercised 3.5 years after the grant expires
Employee stock options	2023.9.27	1,400	4 years	25% can be exercised 2 years after the grant expires 50% can be exercised 2.5 years after the grant expires 75% can be exercised 3 years after the grant expires 100% can be exercised 3.5 years after the grant expires

The above-mentioned share-based payment agreement is settled by equity.

B. Details of the share-based payment arrangements are as follows:

	2024		2023	
	No. of options	Exercise price (in dollars)	No. of options	Exercise price (in dollars)
Options outstanding at January 1	1,500	\$ 118.67	-	\$ -
Options granted	-	-	1,400	117.5
Options outstanding at September 30	1,500	\$ 118.67	1,400	\$ 117.5
Options exercisable at September 30	-	\$ -	-	\$ -

C. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

Issue date approved	Expiry date	September 30, 2024		December 31, 2023		September 30, 2023	
		No. of shares (shares in thousands)	Exercise price (in dollars)	No. of shares (shares in thousands)	Exercise price (in dollars)	No. of shares (shares in thousands)	Exercise price (in dollars)
2023.12.19	2027.12.18	100	\$ 135.0	100	\$ 135.0	-	\$ -
2023.09.27	2027.09.26	1,400	117.5	1,400	117.5	1,400	117.5

D. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options	2023.12.19	135	135	46.09% ~ 48.88%	3 ~ 3.75 years	-	1.12% ~ 1.14%	45.80 ~ 48.42
Employee stock options	2023.9.27	117.5	117.5	46.66% ~ 48.86%	3 ~ 3.75 years	-	1.09% ~ 1.13%	39.81 ~ 42.59

E. The expenses incurred on share-based payment transactions of the Group for the three-month periods and ended September 30, 2024 and 2023, and for the nine-month periods ended

September 30 were \$1,881, \$0, \$5,642 and \$0, respectively.

(15) Share capital

- A. As of September 30, 2024, the Company's authorized capital was \$2,500,000, consisting of 250,000 thousand shares of ordinary stock, and the paid-in capital was \$1,651,361 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	Unit: shares in thousands	
	2024	2023
At January 1 (At September 30)	163,462	163,462

- B. On March 24, 2020, the Board of directors resolved to acquire 6,000 thousand shares of the Company. All the acquired shares will be reissued to employees. As of September 30, 2024, the Company has acquired 6,000 thousand shares, and 4,326 thousand shares have been reissued to employees.

C. Treasury shares

- (a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		Unit: shares in thousands	
		September 30, 2024	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	1,674	\$ 30,254
		December 31, 2023	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	1,674	\$ 30,254
		September 30, 2023	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	1,674	\$ 30,254

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within nine months of acquisition.

(16) Capital surplus

- A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par

value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Details of Capital surplus:

	Share premium	Treasury share transactions	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Net change in equity of subsidiaries	Employee stock option	Total
At January 1, 2024 (At September 30, 2024)	\$ 111,105	\$ 74,714	\$ 11,750	\$ 65,809	\$ 4,446	\$ 267,824
	Share premium	Treasury share transactions	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Net change in equity of associates	Employee stock option	Total
At January 1, 2023 (At September 30, 2023)	\$ 111,105	\$ 74,714	\$ 11,750	\$ 65,809	\$ 4,446	\$ 267,824

(17) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve and set aside a special reserve in accordance with applicable legal and regulatory requirement. Distributing the remaining amount plus prior year's retained earnings in the following order, but the ratios of the distribution of the aforementioned retained earnings and the cash dividend distribution shall be proposed by the Board of Directors based on the actual profit and capital situation of the current year, and proposed to the shareholders' meeting for resolution. The company authorized the board of directors to distribute all or part of the dividends or legal reserve and capital surplus in the form of cash with a resolution adopted by a majority vote at a meeting of the Board of Directors attended by over two-thirds of the directors, and report to the shareholders' meeting.

The ratio of cash dividend shall not be less than 10% of the shareholders' dividend.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the

assets are investment property of land, and reversed over the use period if the assets are investment property other than land. As of the date of transition, the Company recognized \$132,987 special reserve.

(c) The aforementioned special surplus reserve were reversed amounting to \$21,840 due to liquidation of subsidiaries for year ended December 31, 2021.

D. On June 18, 2024 and June 19, 2023, respectively, the shareholders resolved that total dividends for the distribution of earnings for the year of 2023 and 2022 were as following:

	2023		2022	
	Amount	Earnings per share (In dollars)	Amount	Earnings per share (In dollars)
Legal reserve	\$ 20,414	\$ -	\$ 39,700	\$ -
Cash dividends	196,155	1.200	294,232	1.800
Total	<u>\$ 216,569</u>	<u>\$ 1.200</u>	<u>\$ 333,932</u>	<u>\$ 1.800</u>

(18) Other equity items

	2024		
	Unrealised gains (losses) on financial assets at fair value through other comprehensive income	Currency translation	Total
At January 1	\$ 664,100	(\$ 47,620)	\$ 616,480
Revaluation–group	3,901,562	-	3,901,562
Revaluation - tax	1,056	-	1,056
Revaluation-retained earnings	(6,500)	- (6,500)
Currency translation differences: – group	-	29,229	29,229
At September 30	<u>\$ 4,560,218</u>	<u>(\$ 18,391)</u>	<u>\$ 4,541,827</u>
	2023		
	Unrealised gains (losses) on financial assets at fair value through other comprehensive income	Currency translation	Total
At January 1	\$ 38,971	(\$ 42,859)	(\$ 3,888)
Revaluation–group	180,785	-	180,785
Revaluation - tax	539	-	539
Currency translation differences: – group	-	1,661	1,661
At September 30	<u>\$ 220,295</u>	<u>(\$ 41,198)</u>	<u>\$ 179,097</u>

(19) Operating revenue

	For the three-month period ended September 30, 2024	For the three-month period ended September 30, 2023
Revenue from Contracts with Customers	<u>\$ 1,013,247</u>	<u>\$ 665,873</u>

	<u>For the nine-month period ended September 30, 2024</u>	<u>For the nine-month period ended September 30, 2023</u>
Revenue from Contracts with Customers	\$ 2,934,172	\$ 2,062,033

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

<u>For the three-month period ended September 30, 2024</u>	<u>Taiwan</u>	<u>China</u>	<u>Other</u>	<u>Total</u>
Total segment revenue	\$ 746,190	\$ 347,053	\$ 77,929	\$ 1,171,172
Inter-segment revenue	(70,897)	(87,000)	(28)	(157,925)
Revenue from external customer contracts	<u>\$ 675,293</u>	<u>\$ 260,053</u>	<u>\$ 77,901</u>	<u>\$ 1,013,247</u>
Timing of revenue recognition				
At a point in time	\$ 660,155	\$ 260,024	\$ 77,809	\$ 997,988
Over time	<u>15,138</u>	<u>29</u>	<u>92</u>	<u>15,259</u>
	<u>\$ 675,293</u>	<u>\$ 260,053</u>	<u>\$ 77,901</u>	<u>\$ 1,013,247</u>
<u>For the three -month period ended September 30, 2023</u>	<u>Taiwan</u>	<u>China</u>	<u>Other</u>	<u>Total</u>
Total segment revenue	\$ 401,762	\$ 157,572	\$ 159,921	\$ 719,255
Inter-segment revenue	(27,700)	(25,651)	(31)	(53,382)
Revenue from external customer contracts	<u>\$ 374,062</u>	<u>\$ 131,921</u>	<u>\$ 159,890</u>	<u>\$ 665,873</u>
Timing of revenue recognition				
At a point in time	\$ 366,275	\$ 131,862	\$ 159,785	\$ 657,922
Over time	<u>7,787</u>	<u>59</u>	<u>105</u>	<u>7,951</u>
	<u>\$ 374,062</u>	<u>\$ 131,921</u>	<u>\$ 159,890</u>	<u>\$ 665,873</u>
<u>For the nine-month period ended September 30, 2024</u>	<u>Taiwan</u>	<u>China</u>	<u>Other</u>	<u>Total</u>
Total segment revenue	\$ 2,023,331	\$ 952,486	\$ 350,175	\$ 3,325,992
Inter-segment revenue	(172,491)	(219,282)	(47)	(391,820)
Revenue from external customer contracts	<u>\$ 1,850,840</u>	<u>\$ 733,204</u>	<u>\$ 350,128</u>	<u>\$ 2,934,172</u>
Timing of revenue recognition				
At a point in time	\$ 1,821,993	\$ 731,920	\$ 349,621	\$ 2,903,534
Over time	<u>28,847</u>	<u>1,284</u>	<u>507</u>	<u>30,638</u>
	<u>\$ 1,850,840</u>	<u>\$ 733,204</u>	<u>\$ 350,128</u>	<u>\$ 2,934,172</u>
<u>For the nine-month period ended September 30, 2023</u>	<u>Taiwan</u>	<u>China</u>	<u>Other</u>	<u>Total</u>
Total segment revenue	\$ 1,340,461	\$ 466,992	\$ 368,835	\$ 2,176,288
Inter-segment revenue	(53,196)	(61,016)	(43)	(114,255)
Revenue from external customer contracts	<u>\$ 1,287,265</u>	<u>\$ 405,976</u>	<u>\$ 368,792</u>	<u>\$ 2,062,033</u>
Timing of revenue recognition				
At a point in time	\$ 1,266,478	\$ 405,032	\$ 368,390	\$ 2,039,900
Over time	<u>20,787</u>	<u>944</u>	<u>402</u>	<u>22,133</u>
	<u>\$ 1,287,265</u>	<u>\$ 405,976</u>	<u>\$ 368,792</u>	<u>\$ 2,062,033</u>

B. Contract liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	<u>September 30, 2024</u>	<u>December 31,2023</u>	<u>September 30, 2023</u>	<u>January 1, 2023</u>
Contract liabilities	\$ 175,621	\$ 228,606	\$ 202,023	\$ 341,753
C. Revenue recognised that was included in the contract liability balance at the beginning of the period				
		<u>For the three-month period ended September 30, 2024</u>	<u>For the three-month period ended September 30, 2023</u>	
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$	46,262	\$ 58,017	
		<u>For the nine-month period ended September 30, 2024</u>	<u>For the nine-month period ended September 30, 2023</u>	
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$	179,559	\$ 197,925	
(20) <u>Interest income</u>				
		<u>For the three-month period ended September 30, 2024</u>	<u>For the three-month period ended September 30, 2023</u>	
Interest income from bank deposits	\$	6,965	\$ 3,822	
		<u>For the nine-month period ended September 30, 2024</u>	<u>For the nine-month period ended September 30, 2023</u>	
Interest income from bank deposits	\$	32,630	\$ 17,361	
(21) <u>Other income</u>				
		<u>For the three-month period ended September 30, 2024</u>	<u>For the three-month period ended September 30, 2023</u>	
Rental revenue	\$	5,245	\$ 5,871	
Government grants revenue (Note)		6,797	7,100	
Dividend income		44,064	24,644	
Others income - others		2,839	2,034	
Total	\$	58,945	\$ 39,649	
		<u>For the nine-month period ended September 30, 2024</u>	<u>For the nine-month period ended September 30, 2023</u>	
Rental revenue	\$	15,812	\$ 18,195	
Government grants revenue (Note)		19,824	25,341	
Dividend income		107,648	100,945	
Others income - others		13,945	9,653	
Total	\$	157,229	\$ 154,134	

Note : The government subsidy income mainly comes from executing project guidance programs and other specialized subsidies from the Ministry of Economic Affairs and the Ministry of Digital Development.

(22) Other gains and losses

	<u>For the three-month period ended September 30, 2024</u>	<u>For the three-month period ended September 30, 2023</u>
Gains (Losses) on disposal of property, plant and equipment	(\$ 119)	\$ 14
Gains on lease modification	90	89
Net currency exchange gains	2,836	38,650
Gains on financial assets at fair value through profit or loss	(697)	-
Other gains and losses	(7,298)	(1,013)
	<u>(\$ 5,188)</u>	<u>\$ 37,740</u>
	<u>For the nine-month period ended September 30, 2024</u>	<u>For the nine-month period ended September 30, 2023</u>
Losses on disposal of property, plant and equipment	(\$ 119)	(\$ 18)
Gains on lease modification	90	89
Net currency exchange gains	55,562	44,363
Gains on financial assets at fair value through profit or loss	17,367	-
Other gains and losses	(11,197)	(3,261)
	<u>\$ 61,703</u>	<u>\$ 41,173</u>

(23) Finance costs

	<u>For the three-month period ended September 30, 2024</u>	<u>For the three-month period ended September 30, 2023</u>
Interest expense	<u>\$ 12,010</u>	<u>\$ 12,673</u>
	<u>For the nine-month period ended September 30, 2024</u>	<u>For the nine-month period ended September 30, 2023</u>
Interest expense	<u>\$ 36,585</u>	<u>\$ 32,951</u>

(24) Expenses by nature

	<u>For the three-month period ended September 30, 2024</u>	<u>For the three-month period ended September 30, 2023</u>
Employee benefit expense	<u>\$ 250,099</u>	<u>\$ 210,317</u>
Depreciation charges (including right of use assets)	<u>\$ 15,435</u>	<u>\$ 15,340</u>
Amortization charges on intangible assets	<u>\$ 1,789</u>	<u>\$ 939</u>

	<u>For the nine-month period ended September 30, 2024</u>	<u>For the nine-month period ended September 30, 2023</u>
Employee benefit expense	\$ 806,664	\$ 658,361
Depreciation charges (including right of use assets)	\$ 47,048	\$ 45,155
Amortization charges on intangible assets	\$ 3,725	\$ 3,182

(25) Employee benefit expense

	<u>For the three-month period ended September 30, 2024</u>	<u>For the three-month period ended September 30, 2023</u>
Wages and salaries	\$ 214,329	\$ 173,882
Labour and health insurance fees	16,261	18,215
Pension costs	10,359	10,778
Other personnel expenses	9,150	7,442
	<u>\$ 250,099</u>	<u>\$ 210,317</u>

	<u>For the nine-month period ended September 30, 2024</u>	<u>For the nine-month period ended September 30, 2023</u>
Wages and salaries	\$ 697,196	\$ 549,181
Labour and health insurance fees	51,336	53,513
Pension costs	32,364	32,935
Other personnel expenses	25,768	22,732
	<u>\$ 806,664</u>	<u>\$ 658,361</u>

- A. Under the Company's Articles of Incorporation, the Company shall distribute not less than 1% and not more than 12% of its annual profit as the employee compensation, and not more than 3% of its annual profit as the director remuneration. However, if the Company has an accumulated deficit, then it should be offset first.

Employee remuneration could be paid by cash or shares, and entitled to receive the cash or shares may include the employees of subsidiaries of the Company meeting certain specific requirements.

The term "profit" used in the first paragraph refers to the profit before tax before deducting the employee compensation and director remuneration. The distribution of employee compensation and director remuneration shall be in a board meeting that registers two-thirds of directors in attendance, and the resolution must receive support from half of participating members. The resolution should be reported to the shareholders at shareholders' meeting.

- B. For the three-month periods ended September 30, 2024 and 2023 and for the nine-month periods ended September 30, 2024 and 2023, employees' remuneration was accrued at \$2,338, \$2,579, \$21,887 and \$16,897, respectively; directors' remuneration was accrued at \$2,418, \$437, \$3,011 and \$1,064, respectively.

For the nine-month periods ended September 30, 2024, employees' compensation and directors' and supervisors' remuneration were accrued based on the profit at 7.71% and 1.06%, respectively.

The employees' compensation of \$19,865 and directors' and supervisors' remuneration of \$5,297

for 2023 as resolved by the meeting of Board of Directors on February 27, 2024 were in agreement with those amounts recognized in the 2023 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>For the three-month period ended September 30, 2024</u>	<u>For the three-month period ended September 30, 2023</u>
Current tax:		
Current tax on profits for the period	\$ 16,857	(\$ 5,430)
Tax on undistributed surplus earnings	<u>-</u>	<u>3,153</u>
Total current tax	<u>16,857</u>	<u>(2,277)</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>11,756</u>	<u>1,400</u>
Total deferred tax	<u>11,756</u>	<u>1,400</u>
Income tax expense	<u>\$ 28,613</u>	<u>(\$ 877)</u>
	<u>For the nine-month period ended September 30, 2024</u>	<u>For the nine-month period ended September 30, 2023</u>
Current tax:		
Current tax on profits for the period	\$ 64,644	\$ 13,129
Tax on undistributed surplus earnings	-	5,032
Prior year income tax (over) underestimation	<u>(1,252)</u>	<u>20,876</u>
Total current tax	<u>63,392</u>	<u>39,037</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>13,526</u>	<u>(10,807)</u>
Total deferred tax	<u>13,526</u>	<u>(10,807)</u>
Income tax expense	<u>\$ 76,918</u>	<u>\$ 28,230</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	<u>For the three-month period ended September 30, 2024</u>	<u>For the three-month period ended September 30, 2023</u>
Changes in fair value of financial assets at fair value through other comprehensive income	<u>\$ 7,864</u>	<u>(\$ 1,646)</u>

	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Changes in fair value of financial assets at fair value through other comprehensive income	\$ 26,908	\$ 21,405

B. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(27) Earnings per share

	For the three-month period ended September 30, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 106,564	163,462	\$ 0.65
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
- Employees' bonus	-	155	
- Subsidiary's employee share-based payment	(1,427)	-	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 105,137	163,617	\$ 0.64
	For the three-month period ended September 30, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 16,237	163,462	\$ 0.10
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
- Employees' bonus	-	554	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 16,237	164,016	\$ 0.10

	For the nine-month period ended September 30, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 262,570	163,462	\$ 1.61
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
- Employees' bonus	-	241	
-Subsidiary's employee share-based payment	(5,867)	-	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 256,703	163,703	\$ 1.57
	For the nine-month period ended September 30, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 97,587	163,462	\$ 0.60
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
- Employees' bonus	-	950	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 97,587	164,412	\$ 0.59

(28) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Purchase of property, plant and equipment	\$ 33,349	\$ 16,006
Add: opening balance of payable on equipment	1,671	2,631
Less: ending balance of payable on equipment	(2,591)	(1,418)
Cash paid during the period	\$ 32,429	\$ 17,219

(29) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Leases liabilities	Dividends payable	Liabilities from financing activities-gross
At January 1, 2024	\$ 2,143,153	\$ 506,214	\$ 3,517	\$ 251,295	\$ -	\$ 2,904,179
Changes in cash flow from financing activities	(573,153)	275,393	-	(20,137)	-	(317,897)
Cash dividend from capital surplus of subsidiary	-	-	-	-	(18,158)	(18,158)
Dividends paid	-	-	-	-	(238,521)	(238,521)
Interest expense	-	-	-	3,291	-	3,291
Payment of interest	-	-	-	(3,291)	-	(3,291)
Changes in other non - cash items	-	-	-	-	-	-
Declared cash dividend from capital surplus of subsidiary	-	-	-	-	18,158	18,158
Declared dividends	-	-	-	-	238,521	238,521
New lease	-	-	-	3,979	-	3,979
Changes in leases liabilities	-	-	-	(2,958)	-	(2,958)
At September 30, 2024	<u>\$ 1,570,000</u>	<u>\$ 781,607</u>	<u>\$ 3,517</u>	<u>\$ 232,179</u>	<u>\$ -</u>	<u>\$ 2,587,303</u>
	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Leases liabilities	Dividends payable	Liabilities from financing activities-gross
At January 1, 2023	\$ 1,313,000	\$ 529,357	\$ 4,087	\$ 250,561	\$ -	\$ 2,097,005
Changes in cash flow from financing activities	431,000	34,293	-	(17,963)	-	447,330
Dividends paid	-	-	-	-	(379,768)	(379,768)
Interest expense	-	-	-	3,471	-	3,471
Payment of interest	-	-	-	(3,471)	-	(3,471)
Changes in other non - cash items	-	-	-	(1,711)	-	(1,711)
Declared dividends	-	-	-	-	379,768	379,768
New lease	-	-	-	4,829	-	4,829
Changes in leases liabilities	-	-	-	(89)	-	(89)
At September 30, 2023	<u>\$ 1,744,000</u>	<u>\$ 563,650</u>	<u>\$ 4,087</u>	<u>\$ 235,627</u>	<u>\$ -</u>	<u>\$ 2,547,364</u>

7. RELATED-PARTY TRANSACTIONS

(1) Names and relationship of related parties

Names of related parties	Relationship with the Company
C SUN Mfg. Ltd.	Associate
C SUN (Guangzhou) Mfg. Ltd.	Associate
Fujian Chengzhe Automation Technology Co. Ltd (Note 1)	Substantive related party
Ohmplus Technology Inc.	Substantive related party
OPXION Tech. Incorporation (Note 2)	Associate

Note 1 : The Group acquired the remaining 40% equity of Gallent Precision Intelligence Technology Co. Ltd from Fujian Chengzhe Automation Technology Co., Ltd in June 2023. Therefore, Fujian Chengzhe Automation Technology Co., Ltd is not substantive related party.

Note 2 : Since February 23, 2024 the Group has adopted the equity method for valuation of OPXION

Tech. Incorporation.

(2) Significant related party transactions

A. Operating revenue:

	<u>For the three-month period ended September 30, 2024</u>	<u>For the three-month period ended September 30, 2023</u>
Sales of goods:		
Associates	\$ 6,414	\$ 240
Substantive related party	-	-
Total	<u>\$ 6,414</u>	<u>\$ 240</u>
	<u>For the nine-month period ended September 30, 2024</u>	<u>For the nine-month period ended September 30, 2023</u>
Sales of goods:		
Associates	\$ 51,649	\$ 11,250
Substantive related party	-	2,080
	<u>\$ 51,649</u>	<u>\$ 13,330</u>

The Group's sales to related parties has no other transactions of the same type that can be compared, and the sales are conducted in accordance with the agreed sales prices and conditions; the terms of payment are not significantly different from those of non-related parties.

B. Purchases:

	<u>For the three-month period ended September 30, 2024</u>	<u>For the three-month period ended September 30, 2023</u>
Purchases of goods:		
Associates	<u>\$ -</u>	<u>\$ -</u>
	<u>For the nine-month period ended September 30, 2024</u>	<u>For the nine-month period ended September 30, 2023</u>
Purchases of goods:		
Associates	\$ 300	\$ -
Substantive related party	-	4
	<u>\$ 300</u>	<u>\$ 4</u>

The purchase prices of transactions with related parties and non-related parties were negotiated in consideration of the differences of product and the complexity of production. There were no similar transaction types with non-related parties. The transactions with related parties are subject to the terms and conditions agreed upon by both parties. The payment terms are 90 days after the date of acceptance on a monthly basis.

C. Receivables from related parties:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Accounts receivable:			
Associates	<u>\$ 12,349</u>	<u>\$ 6,008</u>	<u>\$ 7,048</u>

D. Payables to related parties:

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts payable:			
Associates	\$ 315	\$ 123	\$ -
E. Contract liabilities:			
	September 30, 2024	December 31, 2023	September 30, 2023
Contract liabilities:			
Associates	\$ -	\$ 10,118	\$ 10,118

F. Property transactions:

Acquisition of property, plant and equipment:

	For the three-month period ended September 30, 2024	For the three-month period ended September 30, 2023
Associates	\$ -	\$ -
	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Associates	\$ 550	\$ -

(3) Key management compensation

	For the three-month period ended September 30, 2024	For the three-month period ended September 30, 2023
Payroll and Salaries and other short-term employee benefits	\$ 17,885	\$ 18,008
Post-employment benefits	232	222
Share-based payment	1,160	-
Total	\$ 19,277	\$ 18,230
	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Payroll and Salaries and other short-term employee benefits	\$ 33,905	\$ 35,464
Post-employment benefits	704	642
Share-based payment	3,480	-
Total	\$ 38,089	\$ 36,106

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value			Purpose
	September 30, 2024	December 31, 2023	September 30, 2023	
Time deposits (shown as “financial assets at amortised cost non-current”)	\$ 22,018	\$ 21,879	\$ 21,878	Exercise guarantee for construction and customs deposit
Corporate bond (shown as “financial assets at amortised cost non-current”)	150,000	-	-	Short-term borrowings
Property, plant and equipment	476,580	486,392	489,662	Long-term and short-term borrowings
Total	<u>\$ 648,598</u>	<u>\$ 508,271</u>	<u>\$ 511,540</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Contingent liabilities

As of September 30, 2024 and December 31, 2023 and September 30, 2023, the bank open a guarantee letter for the Company due to business tender and guarantee for construction amounting to \$41,963, \$46,960 and \$40,659, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Company resolved through a board meeting to repurchase 4,000,000 to 4,300,000 shares of its own stock on November 7, 2024. The repurchased shares will be fully transferred to employees.

12. OTHERS

(1) Capital management

No significant change was made during the nine-month period ended September 30, 2024. For more information, please refer to note 12 in the Group’s consolidated financial statements for the year ended December 31, 2023.

(2) Financial instruments

A. Financial instruments by category

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
Financial assets at fair value through profit or loss	\$ 28,710	\$ -	\$ -
Financial assets at fair value through other comprehensive income	6,732,675	2,518,848	1,804,414
Financial assets at amortised cost/Loans and receivables			
Cash and cash equivalents	914,449	1,394,275	1,026,183
Financial assets at amortised cost	880,109	881,807	854,522
Notes receivables	21,411	37,845	43,534
Accounts receivables (include related party)	1,319,385	1,561,382	1,438,234
Other receivables	10,029	5,973	11,106
Refundable deposits paid	4,730	7,157	7,917
	<u>\$ 9,911,498</u>	<u>\$ 6,407,287</u>	<u>\$ 5,185,910</u>
<u>Financial liabilities</u>			
	September 30, 2024	December 31, 2023	September 30, 2023
Financial liabilities at amortized cost			
Short-term borrowings	\$ 1,570,000	\$ 2,143,153	\$ 1,744,000
Notes payable	-	-	882
Accounts payable (include related party)	1,090,913	1,133,875	948,208
Other payable	416,139	381,421	330,089
Long-term borrowings (including current portion)	781,607	506,214	563,650
Guarantee deposits received	3,517	3,517	4,087
	<u>\$ 3,862,176</u>	<u>\$ 4,168,180</u>	<u>\$ 3,590,916</u>
Leases liabilities	<u>\$ 232,179</u>	<u>\$ 251,295</u>	<u>\$ 235,627</u>

B. Financial risk management policies

No significant change was made during the nine-month period ended September 30, 2024. For more information, please refer to note 12 in the Group's consolidated financial statements for the year ended December 31, 2023.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i . The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB and MYR). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

		September 30, 2024		
		Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
	\$	23,864	31.65	\$ 755,286
		238,366	0.2223	52,989
		13,591	4.523	61,474
		2,607	6.9976	82,520
<u>Non-monetary items:</u>				
	\$	15,825	31.65	\$ 500,876
<u>Financial liability</u>				
<u>Monetary items</u>				
	\$	6,246	31.65	\$ 197,701
		73,612	0.2223	16,364
		1,913	4.523	8,654
		1,848	6.9976	58,488
<u>Non-monetary items :None</u>				
		December 31, 2023		
		Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
	\$	39,675	30.71	\$ 1,218,210
		445,547	0.2172	96,773
		16,793	4.327	72,663
		1,635	7.0961	50,212
<u>Non-monetary items :</u>				
	\$	11,759	30.71	\$ 361,053
<u>Financial liability</u>				
<u>Monetary items</u>				
	\$	4,144	30.71	\$ 127,245
		54,716	0.2172	11,884
		8,806	4.327	38,104
<u>Non-monetary items :None</u>				

		September 30, 2023		
		Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	28,900	32.27	\$ 932,612
JPY:NTD		424,752	0.2162	91,831
RMB:NTD		21,968	4.415	96,989
USD: RMB		2,176	7.3092	70,208
<u>Non-monetary items :</u>				
USD:NTD	\$	8,975	32.27	\$ 289,625
<u>Financial liability</u>				
<u>Monetary items</u>				
USD:NTD	\$	4,030	32.27	\$ 130,056
JPY:NTD		49,994	0.2162	10,809
RMB:NTD		2,561	4.415	11,306
<u>Non-monetary items :None</u>				

- ii . Total exchange loss, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended September 30, 2024 and 2023 and for the nine-month periods ended September 30, 2024 and 2023, amounted to \$2,836, \$38,650, \$55,562 and \$44,363, respectively.
- iii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

		For the nine-month period ended September 30, 2024		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	7,553	\$ -
JPY:NTD	1%		530	-
RMB:NTD	1%		615	-
USD: RMB	1%		825	-
<u>Non-monetary items</u>				
USD:NTD	1%		-	5,009
<u>Financial liability</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$	1,977)	\$ -
JPY:NTD	1%	(164)	-
RMB:NTD	1%	(87)	-
USD:RMB	1%	(585)	-

For the nine-month period ended September 30, 2023

	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 9,326	\$ -
JPY:NTD	1%	918	-
RMB:NTD	1%	970	-
USD: RMB	1%	702	-
<u>Non-monetary items</u>			
USD:NTD	1%	-	2,896
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(\$ 1,301)	\$ -
RMB:NTD	1%	(108)	-
USD:RMB	1%	(113)	-

Price risk

- i. The Group's financial instruments, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other comprehensive income for the nine-month periods ended September 30, 2024 and 2023 would have increased/decreased by \$67,327 and \$18,044, respectively, as a result of gains/losses on equity securities classified as at fair value through other comprehensive income.

And the post-tax profit for the nine-month periods ended September 30, 2024 and 2023 would have increased/decreased by \$287 and \$0, respectively, as a result of gains/losses on equity securities classified as at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. For the nine-month periods ended September 30, 2024 and 2023, the Group's borrowings at variable rate were denominated in the NTD, JPY, USD. If the interest rate had increased/decreased by 1%, the amount of cash flow out for the nine-month periods ended September 30, 2024 and 2023 would have increased by \$12,376 and \$7,996, respectively.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that

- counterparties could not repay in full the accounts receivable based on the agreed terms, bank deposit, and the contract cash flows of debt instruments stated at amortised cost. This Group evaluates and selects financially outstanding institutions as counterparties.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
 - iii. The Group measured actual transaction status. If the contract payments were past based on the term, the default has occurred.
 - iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
 - v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
 - vi. The Group classifies customer's accounts receivable, in accordance with credit rating of customer. The Group applies the simplified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.
 - vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
 - viii. The Group used the forecastability of Panel industry research report to adjust historical and timely information to assess the default possibility of accounts receivable. The provision matrix as of September 30, 2024, December 31, 2023 and September 30, 2023 is as follows:

September 30, 2024	Not past due	Between 0-90 days past due	Between 91-120 days past due	Over 120 days past due	Total
Expected loss rate	0.01%~0.77%	0.01%~28.48%	0.02%~100%	0.07%~100%	
Total book value	\$ 1,046,445	\$ 188,440	\$ 37,727	\$ 222,306	\$ 1,494,918
Loss allowance	\$ 5,158	\$ 4,917	\$ 3,302	\$ 162,156	\$ 175,533

December 31, 2023	Not past due	Between 0-90 days past due	Between 91-120 days past due	Over 121 days past due	Total
Expected loss rate	0.00%~0.74%	0.01%~26.71%	0.01%~30.92%	0.01%~100%	
Total book value	\$ 1,249,933	\$ 237,208	\$ 25,561	\$ 254,480	\$ 1,767,182
Loss allowance	\$ 7,735	\$ 10,419	\$ 2,748	\$ 184,898	\$ 205,800
September 30, 2023	Not past due	Between 0-90 days past due	Between 91-120 days past due	Over 121 days past due	Total
Expected loss rate	0.00%~0.74%	0.01%~26.71%	0.01%~30.92%	0.01%~100%	
Total book value	\$ 1,189,802	\$ 170,110	\$ 45,358	\$ 339,717	\$ 1,744,987
Loss allowance	\$ 8,707	\$ 14,152	\$ 5,015	\$ 278,879	\$ 306,753

- ix. Movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2024	
	Accounts receivable	
At January 1	\$	205,800
Provision for impairment	(33,669)
Effect of foreign exchange		3,402
At September 30	\$	175,533
	2023	
	Accounts receivable	
At January 1	\$	294,605
Provision for impairment		12,037
Effect of foreign exchange		111
At September 30	\$	306,753

- x. For investments in debt instruments at amortized cost and the credit rating levels are presented below:

	September 30, 2024			
	Lifetime			Total
	By Geographic	Significant increase in credit risk	Impairment of credit	
Financial assets at amortised cost				
Group 1	\$ 489,527	\$ -	\$ -	\$ 489,527
Group 2	374,462	-	-	374,462
Group 3	16,120	-	-	16,120
	<u>\$ 880,109</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 880,109</u>

		December 31, 2023			
		Lifetime			
		By Geographic	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortized cost					
Group 1		\$ 514,173	\$ -	\$ -	\$ 514,173
Group 2		352,127	-	-	352,127
Group 3		15,507	-	-	15,507
		<u>\$ 881,807</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 881,807</u>
		September 30, 2023			
		Lifetime			
		By Geographic	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortized cost					
Group 1		\$ 309,418	\$ -	\$ -	\$ 309,418
Group 2		528,835	-	-	528,835
Group 3		16,269	-	-	16,269
		<u>\$ 854,522</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 854,522</u>
Group 1:Taiwan Bank					
Group 2:China Bank					
Group 3:Other regional Bank					

(c) Liquidity risk

- i . Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii . Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, beneficiary certificates and financial assets at amortized cost (the period of time deposits are between 3 and 12 months), choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at September 30, 2024, December 31, 2023 and September 30, 2023, the Group held money market position of \$1,472,218, \$2,053,907 and \$1,658,528, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. The Company has the following undrawn borrowing facilities:

	September 30, 2024	December 31, 2023	September 30, 2023
Floating rate:			
Expiring within one year	\$ 2,386,600	\$ 1,342,606	\$ 1,539,406
Expiring beyond one year	35,393	120,000	68,500
	<u>\$ 2,421,993</u>	<u>\$ 1,462,606</u>	<u>\$ 1,607,906</u>

In addition, the board of directors of the group's subsidiary has approved a shareholder loan

of \$10,000 to the subsidiary. This amount has not yet been utilized.

The facilities expiring within one year are annual facilities subject to review at various dates during 2024. The other facilities have been arranged to help finance the proposed equipment manufacturing and research and development business activities of the Group. Please refer to note 12 for the liquidity risk.

- iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

September 30, 2024	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	\$ 1,160,000	\$ 410,000	\$ -	\$ -	\$ -
Accounts payable (including related party)	683,195	247,036	160,682	-	-
Other payables	256,332	159,807	-	-	-
Leases liabilities	7,108	14,842	14,229	41,290	210,281
Long-term borrowings (including current portion)	5,343	32,632	552,018	205,321	17,395

Non-derivative financial liabilities:

December 31, 2023	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	\$ 1,894,000	\$ 249,153	\$ -	\$ -	\$ -
Accounts payable (including related party)	756,119	229,204	148,552	-	-
Other payables	255,304	126,117	-	-	-
Leases liabilities	7,715	22,812	20,374	39,725	219,277
Long-term borrowings (including current portion)	14,010	140,862	191,840	165,981	22,263

Non-derivative financial liabilities:

September 30, 2023	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	\$ 1,684,000	\$ 60,000	\$ -	\$ -	\$ -
Notes payable	882	-	-	-	-
Accounts payable (including related party)	570,423	188,579	189,206	-	-
Other payables	248,292	81,738	59	-	-
Leases liabilities	7,382	20,502	20,175	29,825	216,338
Long-term borrowings (including current portion)	15,986	146,737	199,528	188,445	36,089

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and

volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, beneficiary certificates, is included in Level 1

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market and investment property is included in Level 3.

B. Financial instruments not measured at fair value

The Group's financial instruments not measured at fair value (the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, guarantee deposits paid, financial assets at amortized cost (over 3 months), short-term borrowings, contract liabilities, accounts payable, other payables, and long-term borrowings (including current portion) are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

September 30, 2024	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 28,710	\$ -	\$ -	\$ 28,710
Subtotal	<u>28,710</u>	<u>-</u>	<u>-</u>	<u>28,710</u>
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ 6,202,100	\$ -	\$ 530,575	\$ 6,732,675
Subtotal	<u>6,202,100</u>	<u>-</u>	<u>530,575</u>	<u>6,732,675</u>
Total	<u>\$ 6,230,810</u>	<u>\$ -</u>	<u>\$ 530,575</u>	<u>\$ 6,761,385</u>
December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ 2,090,310	\$ -	\$ 428,538	\$ 2,518,848
September 30, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ 1,448,917	\$ -	\$ 355,497	\$ 1,804,414

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i . The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

- | | Listed shares |
|---------------------|---------------|
| Market quoted price | Closing price |
- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models.
- v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- vi. The Group takes into account adjustments for credit risks to measure the fair value of financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

D. For the September 30, 2024, December 31, 2023 and September 30, 2023, there was no transfer into or out between Level 1 and Level 2.

E. The following chart is the financial instruments movement of Level 3 for the nine-month periods ended September 30, 2024 and 2023:

	2024	2023
	Equity instrument	Equity instrument
At January 1	\$ 428,538	\$ 238,524
	-	9,947
Gains and losses recognized in other comprehensive income	141,037	107,026
Transferred to long-term equity investment in this period	(39,000)	-
At September 30	\$ 530,575	\$ 355,497

F. For the nine-month periods ended September 30, 2024 and 2023, there was no transfer into or out from Level 3.

- G. Finance segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	<u>September 30, 2024</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Derivative equity instrument:					
Unlisted shares	\$ 500,876	Market comparable companies	Price to book ratio multiple ; Price - earnings ratio multiple	8.24~8.22 0.64~0.62	The higher the multiple, the higher the fair value
Unlisted shares	29,699	Net asset value	Not applicable	-	Not applicable
	<u>December 31, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Derivative equity instrument:					
Unlisted shares	\$ 361,053	Market comparable companies	Price to book ratio multiple; Price-earnings ratio multiple	7.65~7.63 1.02~1.00	The higher the multiple , the higher the fair value
Unlisted shares	67,485	Net asset value	Not applicable	-	Not applicable
	<u>September 30, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range(weighted average)</u>	<u>Relationship of inputs to fair value</u>
Derivative equity instrument:					
Unlisted shares	\$ 289,625	Market comparable companies	Price to book ratio multiple;Price-earnings ratio multiple	6.97~6.95 0.44~0.42	The higher the multiple, the higher the fair value
Unlisted shares	65,872	Net asset value	Not applicable	-	Not applicable

- I. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in difference measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets categorized within Level 3 if the inputs used to valuation models have changed:

		<u>September 30, 2024</u>				
		<u>Recognized in profit or loss</u>		<u>Recognized in other comprehensive income</u>		
<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>	
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 5,009	\$ 5,009

				December 31, 2023			
				Recognized in profit or loss		Recognized in other comprehensive income	
				Favourable	Unfavourable	Favourable	Unfavourable
		Input	Change	change	change	change	change
Financial assets							
Equity instrument	Price to book ratio multiple		±1%	\$ -	\$ -	\$ 3,611	(\$ 3,611)
				September 30, 2023			
				Recognized in profit or loss		Recognized in other comprehensive income	
				Favourable	Unfavourable	Favourable	Unfavourable
		Input	Change	change	change	change	change
Financial assets							
Equity instrument	Price to book ratio multiple		±1%	\$ -	\$ -	\$ 2,896	(\$ 2,896)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 6.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 5.

(4) Information of major shareholder

Information of major shareholder: Please refer to table 8.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

There is no material change in the Group's segment, classified basis and measurement of segment information.

(2) Information about segment

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

Nine-month period ended September 30, 2024

	<u>Gallant Precision Machining Co., Ltd</u>	<u>Gallant-Rapid Corporation Ltd.</u>	<u>Gallant Micro. Machining Co., Ltd.</u>	<u>APEX-I International Co., Ltd.</u>	<u>Elimination</u>	<u>Amount</u>
Revenue from external customers	<u>\$ 1,161,315</u>	<u>\$ 80,792</u>	<u>\$ 1,579,090</u>	<u>\$ 112,975</u>	<u>\$ -</u>	<u>\$ 2,934,172</u>
Inter-segment revenue	<u>\$ 59,125</u>	<u>\$ 16,142</u>	<u>\$ 313,196</u>	<u>\$ -</u>	<u>(\$ 388,463)</u>	<u>\$ -</u>
Segment income	<u>\$ 258,928</u>	<u>(\$ 26,481)</u>	<u>\$ 329,508</u>	<u>\$ 54,788</u>	<u>(\$ 167,086)</u>	<u>\$ 449,657</u>
Total segment assets	<u>\$ 9,947,489</u>	<u>\$ 253,814</u>	<u>\$ 3,522,649</u>	<u>\$ 146,776</u>	<u>(\$ 1,340,259)</u>	<u>\$ 12,530,469</u>

Nine-month period ended September 30, 2023

	<u>Gallant Precision Machining Co., Ltd</u>	<u>Gallant-Rapid Corporation Ltd.</u>	<u>Gallant Micro. Machining Co., Ltd.</u>	<u>APEX-I International Co., Ltd.</u>	<u>Elimination</u>	<u>Amount</u>
Revenue from external customers	<u>\$ 1,258,281</u>	<u>\$ 56,020</u>	<u>\$ 721,529</u>	<u>\$ 26,203</u>	<u>\$ -</u>	<u>\$ 2,062,033</u>
Inter-segment revenue	<u>\$ 17,508</u>	<u>\$ 17,080</u>	<u>\$ 88,502</u>	<u>\$ -</u>	<u>(\$ 123,090)</u>	<u>\$ -</u>
Segment income	<u>\$ 123,437</u>	<u>(\$ 33,782)</u>	<u>\$ 51,622</u>	<u>\$ 16,913</u>	<u>(\$ 16,006)</u>	<u>\$ 142,184</u>
Total segment assets	<u>\$ 5,279,833</u>	<u>\$ 285,740</u>	<u>\$ 2,724,386</u>	<u>\$ 98,756</u>	<u>(\$ 951,669)</u>	<u>\$ 7,437,046</u>

(3) Reconciliation for segment income (loss)

- A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the nine-month periods ended September 30, 2024 and 2023 is provided as follows:

	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Reportable segments income/(loss)	\$ 616,743	\$ 158,190
Other	(167,086)	(16,006)
Income/(loss) before tax from continuing operations	<u>\$ 449,657</u>	<u>\$ 142,184</u>

- B. The amounts provided to the chief operating decision-maker with respect to total assets are measured in a manner consistent with that of the financial statements.

A reconciliation of assets of reportable segment and total assets is as follow:

	September 30, 2024	December 31, 2023	September 30, 2023
Assets of reportable segments	\$ 13,870,728	\$ 9,768,735	\$ 8,388,715
Elimination of intersegment assets	(1,340,259)	(1,078,665)	(915,669)
Total assets	<u>\$ 12,530,469</u>	<u>\$ 8,690,070</u>	<u>\$ 7,437,046</u>

Table 1

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
FINANCINGS PROVIDED
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

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

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 1)	Footnote
													Item Promised note	Value			
1	Gallant Micro Machining Co., Ltd.	Utron Technologies Corp	Other receivables -related parties	Y	\$ 50,000	\$ 50,000	\$ -	2.00%	Short-term financing	-	Operating need	-	Item Promised note	\$ 50,000	\$ 176,668	\$ 353,337	

Note1 : Gallant Micro Machining Co., Ltd. Financings provided:

(1) Total financing amount limits: Total financing amount limits shall not exceed 40% of the net worth of the Company.

(2) The need for short-term financing: The total loan amount is limited to 20% of the company's net worth.

The total amount for lending to a company for funding for a short-term period shall not exceed 10% of the net worth of the Company.

Note2 : When a public company whose loans of funds were resolved by the board of directors in accordance with paragraph 1 of Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, although the fund have not drawn down, the company shall announce the amount of loans of funds which resolved by the board of directors to disclose exposure risks. However, if the subsequent funds are repaid, the balance after repayment should be disclosed to reflect the adjustment of risk. If a public company whose chairperson be authorized within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down in accordance with paragraph 2 of Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the company shall announce the amount of loans of funds which resolved by the board of directors. Although the funds will be repaid later, considering the possibility of refinancing the loan, the company shall announce the amount of loans of funds which resolved by the board of directors.

Table 1

Table 2

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

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

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period Party	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable(Note1)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Footnote
		Name	Nature of Relationship											
0	Gallant Precision Machining Co., Ltd.	APEX-I International Co., Ltd.	Subsidiary	\$ 1,434,206	\$ 71,650	\$ 71,650	\$ -	\$ -	1.00%	\$ 3,585,514	Y	N	N	
1	Gallant Micro Machining Co., Ltd.	Utron Technologies Corp	Subsidiary	353,337	60,000	60,000	60,000	-	3.40%	883,342	Y	N	N	

Note1: The detail of endorsements/guarantees provided by the company and subsidiary :

(1) Total endorsement/ guarantee amount limits shall not exceed 50% of the net worth of the Company. The total endorsement/ guarantee amount to a company shall not exceed 20% of the net worth of the Company.

(2) Total endorsement/ guarantee amount limits shall not exceed 50% of the net worth of the Company and subsidiaries. The total endorsement/ guarantee amount to a company shall not exceed 30% of the net worth of the Company and subsidiaries.

Note2: Gallant Micro Machining Co., Ltd. endorsements guarantees provided

(1) Total endorsement/ guarantee amount limits shall not exceed 50% of the net worth of the Company.

(2) The total endorsement/ guarantee amount to a company shall not exceed 20% of the net worth of the Company.

Note3: Limits on endorsement/ guarantee amount is based on the amount of the endorsement/ guarantee contract or notes were signed between guaranteed party and financial institutions.

Table 2

Table 3

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
MARKETABLE SECURITIES HELD(NOT INCLUDING SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)
SEPTEMBER 30, 2024

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

Held Company Name	Marketable Securities Type and Name	Relationship with the company	Financial Statement Account	September 30, 2024				
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	Footnote
Gallant Precision Machining Co., Ltd	C SUN Mfg. Ltd.	Associates	Financial assets at fair value through other comprehensive income-non-current	19,957,082	\$ 4,230,902	12.73	\$ 4,230,902	
Gallant Precision Machining Co., Ltd	AMPOC FAR-EAST CO., LTD	None	Financial assets at fair value through other comprehensive income-non-current	5,000,000	437,500	4.37	437,500	
Gallant Precision Machining Co., Ltd	Phoenix Silicon International Corporation	None	Financial assets at fair value through other comprehensive income-non-current	8,999,461	1,129,433	5.21	1,129,433	
Gallant Precision Machining Co., Ltd	Ohmplus Technologies Inc.	None	Financial assets at fair value through other comprehensive income-non-current	877,615	15,448	10.96	15,448	
Gallant Precision Machining Co., Ltd	Test Research, Inc.	None	Financial assets at fair value through other comprehensive income-non-current	217,000	30,705	0.09	30,705	
Gallant Precision Machining Co., Ltd	Fubon Life Insurance Co., Ltd. Subordinated Ordinary Corporate Bonds	None	Financial assets at amortized cost – non-current	-	150,000	-	150,000	
Gallant-Rapid Corpration Ltd.	PHOENIX & CORPORATION	None	Financial assets at fair value through other comprehensive income-non-current	6,694	114	0.59	114	
Gallant-Rapid Corpration Ltd.	Phoenix pioneer technology	None	Financial assets at fair value through other comprehensive income-non-current	1,079,183	14,137	0.36	14,137	
APEX-I International Co., Ltd.	Shinyu Light Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	286,891	-	1.98	-	
King Mechatronics Co., Ltd.	POWER EVER ENTFRPRISES LIMITED	None	Financial assets at fair value through other comprehensive income-non-current	624,726	500,876	10.15	500,876	
Gallant Micro. Machining Co., Ltd.	C SUN Mfg. Ltd.	The company has significant impact on the Group	Financial assets at fair value through other comprehensive income-non-current	1,182,723	250,738	0.75	250,738	
Gallant Micro. Machining Co., Ltd.	Test Research, Inc.	None	Financial assets at fair value through other comprehensive income-non-current	868,000	122,822	0.37	122,822	
Gallant Micro. Machining Co., Ltd.	Taiwan Semiconductor Manufacturing Company Limited	None	Financial assets at fair value through profit or loss-non-current	30,000	28,710	0.00	28,710	
Gallant Micro. Machining Co., Ltd.	Fubon Life Insurance Co., Ltd. Subordinated Ordinary Corporate Bonds	None	Financial assets at amortized cost – non-current	-	50,000	-	50,000	
Gallant Micro. Machining Co., Ltd.	Nan Shan Life Insurance Company, Ltd. Subordinated Ordinary Corporate Bonds	None	Financial assets at amortized cost – non-current	-	100,000	-	100,000	

Table 3

Table 4

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
PURCHASES OR SALES OF GOODS FROM OR TO RELATED PARTIES REACHING NT\$100 MILLION OR 20% OF PAIDIN CAPITAL
OR MORE
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

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

Company Name of Purchases or Sales of Goods	Counterparty	Nature of Relationship	Transaction details			Percentage of total purchases or sales of goods	Conditions of the transaction that differ from ordinary transactions, along with the reasons (Note 1)			Note receivable (payable), accounts receivable (payable)	Footnote (Note 2)
			Purchases or Sales of Goods	Amount			Credit period	Unit price	Credit period		
Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	The consolidated subsidiaries to the Company.	Sales	\$ 112,590		3.84%	Same as ordinary transaction	Same as ordinary transaction	Same as ordinary transaction	\$ 67,032	Percentage of total notes receivable (payable), accounts receivable (payable) 4.42%

Note 1: If the terms of related party transactions differ from those of ordinary transactions, the differences and reasons should be clearly stated in the unit price and credit period fields.

Note 2: If there are advances received (paid), the reasons, contractual terms, amounts, and differences from ordinary transaction types should be stated in the remarks section.

Note 3: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares have no par value or the par value per share is not NT\$10, the transaction amount related to 20% of the paid-in capital shall be calculated based on 10% of the equity attributable to the owners of the parent company, as shown on the balance sheet.

Table 4

Table 5

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

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

No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Intercompany Transactions		
				Financial Statements Item	Amount	Percentage of Consolidated Net Revenue or Total Assets(Note 3)
0	Gallant Precision Machining Co., Ltd	Gallant Micro. Machining Co., Ltd.	1	Sales	\$ 46,495	subject to the terms and conditions agreed upon by both parties 1.58%
0	Gallant Precision Machining Co., Ltd	Gallant Micro. Machining Co., Ltd.	1	Purchase	13,379	subject to the terms and conditions agreed upon by both parties 0.46%
1	Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	1	Sales	112,590	subject to the terms and conditions agreed upon by both parties 3.84%
1	Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	1	Accounts receivable	67,032	subject to the terms and conditions agreed upon by both parties 0.53%
1	Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	1	Purchases	31,806	subject to the terms and conditions agreed upon by both parties 1.08%
1	Gallant Micro. Machining Co., Ltd.	Gallant Micro. Machining (Suzhou) Co., Ltd.	1	Sales	80,789	subject to the terms and conditions agreed upon by both parties 2.75%
1	Gallant Micro. Machining Co., Ltd.	Gallant Micro. Machining (Suzhou) Co., Ltd.	1	Accounts receivable	58,488	subject to the terms and conditions agreed upon by both parties 0.47%
1	Gallant Micro. Machining Co., Ltd.	Utron Technologies Corp	1	Accounts receivable	13,860	subject to the terms and conditions agreed upon by both parties 0.11%
2	King Mechatronics Co., Ltd.	Gallant Micro. Machining (Suzhou) Co., Ltd.	3	Purchases	55,752	subject to the terms and conditions agreed upon by both parties 1.90%
2	King Mechatronics Co., Ltd.	Gallant Micro. Machining (Suzhou) Co., Ltd.	3	Accounts payable	40,990	subject to the terms and conditions agreed upon by both parties 0.33%
3	Gallant Precision Industries (Suzhou) Co., Ltd.	Gallant Precision Intelligence Technology Co.,Ltd.	3	Purchases	15,772	subject to the terms and conditions agreed upon by both parties 0.54%

Note 1: The information of transactions between the Company and the consolidated subsidiaries should be noted in "Number" column.

(1) Number 0 represents the Company.

(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationships with the counterparties are as follows:

(1) The Company to the consolidated subsidiaries.

(2) The consolidated subsidiaries to the Company.

(3) The consolidated subsidiaries to another consolidated subsidiaries.

Note3: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note4: The information only disclosing for the amount of transactions are more than \$10,000,000 and counter parties shall not disclose.

Table 5

Table 6

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES
SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2024					Footnote
				September 30, 2024	December 31, 2023	Shares	Percentage of Ownership	Carrying Value	Net Income (Losses) of the Investee (Note1)	Share of Profits/Losses of Investee (Note1)	
Gallant Precision Machining Co., Ltd.	Gallant-Rapid Corporation Ltd.	British Virgin Islands	Investing in Gallant Precision Industries (Suzhou) Co., Ltd.	\$ 459,050	\$ 459,050	13,560,000	100.00	\$ 210,091	(\$ 26,490)	\$ 26,490	
Gallant Precision Machining Co., Ltd.	APEX-I International Co., Ltd.	Taiwan	Marketing and selling of process equipment of LCD and related parts.	46,657	46,657	6,600,000	100.00	119,548	44,280	44,280	
Gallant Precision Machining Co., Ltd.	Gallant Micro. Machining Co., Ltd.	Taiwan	Manufacturing and selling of semiconductor related equipment and parts	379,182	379,182	16,171,750	57.19	1,007,081	261,047	149,297	
Gallant Precision Machining Co., Ltd.	OpXion Tech. Incorporation	Taiwan	Production and sales of optical and electronic component equipment and other parts	52,500	-	8,750,000	21.03	49,877	(\$ 13,640)	(\$ 2,623)	
Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	British Virgin Islands	Investment Gallant Micro. Machining (Suzhou) Co., Ltd.	393,508	393,508	2,780,645	100.00	1,060,573	32,042	32,042	
Gallant Micro. Machining Co., Ltd.	Gallant Micro Machining(Malaysia) Sdn. Bhd.	Malaysia	Engaged in the import and export and trading business of semiconductor substrate machines and related parts	3,992	3,992	500,000	100.00	3,245	66	66	
Gallant Micro. Machining Co., Ltd.	Utron Technologies Corp	Taiwan	Testing of wire and tools and sales of testing equipment of PBC and related systems	53,212	53,212	2,660,600	53.21	48,668	(\$ 3,381)	(\$ 1,799)	

Note1: Original investment amount has translated to New Taiwan Dollars at the closing exchange rate.

Table 6

Table 7

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note1)	Investment Flows			Accumulated Outflow of Investment from Taiwan as of September 30, 2024	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses (Note2(2))	Carrying Amount as of September 30, 2024	Accumulated Inward Remittance of Earnings as of September 30, 2024	Footnote
				Accumulated Outflow of Investment from Taiwan as of January 1, 2024	Outflow	Inflow							
Gallant Precision Industries (Suzhou) Co., Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	\$ 200,028	Indirectly invest in Mainland China through GRC registered in third region.	\$ 165,878	\$ -	\$ -	\$ 165,878	(\$ 27,320)	100.00	(\$ 27,320)	\$ 173,355	\$ -	Note 2- 2.B
Gallant Precision Intelligence Technology Co., Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	45,230	Directly invest by Gallant Precision Industries (Suzhou) Co., Ltd.	-	-	-	-	(11,868)	100.00	(11,868)	106,730	-	Note 2- 2.B
Gallant Micro. Machining (Suzhou) Co., Ltd.	Manufacturing and selling of precision mold and related parts	144,008	Indirectly invest in Mainland China through KMC registered in third region.	254,563	-	-	254,563	34,922	100.00	34,922	586,770	275,772	Note 2- 2.B
Kunshan Qihong Electronic Sales Co., Ltd.	Testing and manufacturing of circuit board testing equipment, wire and cable and semiconductor	4,523	Directly invest by GMM (Suzhou).	-	-	-	-	1,408	100.00	1,408	7,884	-	Note 2- 2.C Note 4
Suzhou Top Creation Machines Co.,Ltd.	PCB / FPC Wet Process Equipments	174,075	Indirectly invest in Mainland China through Power Ever registered in third region .	29,240	-	-	29,240	-	10.15	-	-	8,236	Note 5
Nantong Top Creation Machines Co.,Ltd.	Design and production of printed circuit boards, flat panel displays, semiconductors, special equipment for the solar industry and sales of related spare parts	316,500	Indirectly invest in Mainland China through Power Ever registered in third region .	-	-	-	-	-	10.15	-	-	-	Note 6

Table 7-1

Investee Company	Accumulated Investment in Mainland China as of September 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Gallant Precision Machining Co., Ltd.	\$ 448,182	\$ 618,585	\$ 4,782,067
Gallant Micro Machining Co., Ltd.	283,803	283,803	1,085,686

Note1: There are three methods of investment as follows

- (1) Directly invest in Mainland China.
- (2) Indirectly invest in Mainland China.
- (3) Others.

Note2: Share of Profits/Losses recognized for the nine month period ended September 30, 2024:

- (1) If it is in the preparation stage and there are no investment income (loss) recognition.
- (2) There are three basis for investment income (loss) recognition.

A. The basis for investment income (loss) recognition is from the financial statements which were based on the audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B. The basis for investment income (loss) recognition is from the financial statements which were based on the audited and attested by R.O.C. parent company's CPA.

C. Others.

Note3: The amounts of paid-in capital and accumulated beginning and ending balance have translated to New Taiwan Dollars at the closing exchange rate.

Note4: The investment was invested by Gallant Micro Machining (Suzhou) Co., Ltd. There was no cash outflow for the nine month period ended September 30, 2024.

Note5: The Company acquired 10% ownership of Suzhou Top Creation Machines Co.,Ltd. held by C SUN Mfg. Ltd. through the British Virgin Islands business King Mechatronics Co. Ltd. (BVI) for US\$1,205 thousand.

Thus, the Company indirectly invested in Suzhou Top Creation Machines Co.,Ltd. in the mainland, and then executed the equity conversion according to the relevant terms of the original investment contract.

After the conversion, the Company directed hold Suzhou Top Creation Machines Co.,Ltd. which was shown as "financial assets measured at fair value through other comprehensive income".

Note6: The Company invested in Samoa POWER EVER ENTERPRISES LIMITED through King Mechatronics Co. Ltd. (BVI) of the British Virgin Islands.

Received dividends of US\$1,015 thousand from Suzhou Top Creation Machines Co., Ltd., was reinvested in Nantong Chuangfeng Optoelectronics Equipment Co., Ltd. The investment was shown as "financial assets measured at fair value through other comprehensive income".

Note7: The investment amount was translated based on the exchange rate USD:NTD=1:31.65 of balance sheet date September 30, 2024.

Table 8

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
INFORMATION OF MAJOR SHAREHLDER
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
C SUN Mfg. Ltd.	44,733,827	27.08%

Note1: The main shareholder information in this table is based on the last business day at the end of each quarter by the China Insurance Company, which calculates that shareholders hold more than 5% of the company's ordinary shares and special shares that have completed unregistered delivery (including treasury shares). As for the share capital recorded in the company's financial report and the company's actual number of shares delivered without physical registration, there may be differences or differences due to different calculation bases.

Note2: In the case of the above information, if the shareholder delivers the shares to the trust, it is disclosed in the individual accounts of the trustee who opened the trust account by the trustee. As for the shareholder's declaration of insider's equity holding more than 10% of the shares in accordance with the Securities and Exchange Act, his shareholding includes his own shareholding plus the shares delivered to the trust and the right to use the trust property, etc. For information on insider's equity declaration, please refer to Public information observatory.