

Top Union Electronics Corp.  
and Subsidiaries

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

# **INDEPENDENT AUDITORS' REVIEW REPORT**

The Board of Directors and Shareholders

Top Union Electronics Corp.

## **Introduction**

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

## **Scope of Review**

Except as explained in the following paragraph, we conducted our reviews in accordance with the standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would

become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Basis for Qualified Conclusion**

As disclosed in Note 10 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of September 30, 2024 and 2023, combined total assets of these non-significant subsidiaries were NT\$643,151 thousand and NT\$659,917 thousand, respectively, representing (19)% and (20)%, respectively, of the consolidated total assets, and combined total liabilities of these non-significant subsidiaries were NT\$57,383 thousand and NT\$57,809 thousand, both representing 6% of the consolidated total liabilities; for the three months ended September 30, 2024 and 2023, the amounts of combined comprehensive income and loss of these subsidiaries were NT\$ (5,029) thousand and NT\$(9,967) thousand, respectively, representing (5)% and (10)%, respectively, of the consolidated total comprehensive income and loss; for the nine months ended September 30, 2024 and 2023, the amounts of combined comprehensive income and loss of these subsidiaries were NT\$(17,339) thousand and NT\$(17,067) thousand, respectively, representing (6)% and (6)%, respectively, of the consolidated total comprehensive income and loss.

#### **Qualified Conclusion**

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

ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Shin-Tong Lin and Ming-Hui Chen.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
October 31, 2024

**TOP UNION ELECTRONICS CORP. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

(In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2024		December 31, 2023		September 30, 2023		LIABILITIES AND EQUITY	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>							<b>CURRENT LIABILITIES</b>						
Cash and cash equivalents (Note 6 and 24)	\$ 1,105,441	32	\$ 999,529	30	\$ 897,694	27	Short-term borrowings (Note 15, 24 and 26)	\$ 30,000	1	\$ 100,000	3	\$ 55,000	2
Financial assets at amortized cost (Note 7, 24 and 26)	310,112	9	264,524	8	93,480	3	Contract liabilities (Note 19)	197,088	6	151,426	5	164,285	5
Notes receivable, net (Note 8 and 24)	8,658	-	14,857	-	8,179	-	Accounts payable (Note 24)	495,757	14	384,936	12	437,270	13
Accounts receivable, net (Note 8, 19 and 24)	413,927	12	377,955	11	313,045	10	Accrued profit sharing bonus to employees and compensation to directors (Note 20)	34,778	1	35,378	1	31,982	1
Current income tax assets (Notes 4 and 21)	175	-	394	-	5,587	-	Income tax payable (Note 4 and 21)	30,379	1	44,924	1	33,292	1
Inventories (Note 9)	722,895	21	733,246	22	790,276	24	Lease liabilities (Note 12 and 24)	24,675	-	15,399	-	17,871	-
Other current assets (Note 14)	122,771	4	88,578	3	117,769	4	Other payables and other current liabilities (Note 16 and 24)	131,635	4	163,207	5	121,885	4
Total current assets	<u>2,683,979</u>	<u>78</u>	<u>2,479,083</u>	<u>74</u>	<u>2,226,030</u>	<u>68</u>	Total current liabilities	<u>944,312</u>	<u>27</u>	<u>895,270</u>	<u>27</u>	<u>861,585</u>	<u>26</u>
<b>NONCURRENT ASSETS</b>							<b>NONCURRENT LIABILITIES</b>						
Financial assets at amortized cost (Note 7 and 24)	131,167	4	187,143	6	363,134	11	Deferred income tax liabilities (Note 4 and 21)	17,272	1	17,050	1	17,645	1
Property, plant and equipment (Note 11 and 26)	557,467	16	607,919	18	628,569	19	Lease liabilities (Notes 12 and 24)	18,719	1	28,302	1	32,486	1
Right-of-use assets (Note 12)	42,317	1	43,030	2	49,683	2	Net defined benefit liability (Note 4, 17 and 20)	9,352	-	8,808	-	12,690	-
Intangible assets (Note 13)	1,514	-	3,087	-	3,112	-	Guarantee deposits (Note 24)	51,268	1	81,422	2	81,422	3
Deferred income tax assets (Note 4 and 21)	6,353	-	7,844	-	5,156	-	Total noncurrent liabilities	<u>96,611</u>	<u>3</u>	<u>135,582</u>	<u>4</u>	<u>144,243</u>	<u>5</u>
Prepayments for equipment	14,004	1	-	-	947	-	Total liabilities	<u>1,040,923</u>	<u>30</u>	<u>1,030,852</u>	<u>31</u>	<u>1,005,828</u>	<u>31</u>
Refundable deposits (Note 24)	5,648	-	5,530	-	5,621	-	<b>EQUITY (Note 18)</b>						
Total noncurrent assets	<u>758,470</u>	<u>22</u>	<u>854,553</u>	<u>26</u>	<u>1,056,222</u>	<u>32</u>	Capital stock						
							Common stock	<u>1,450,067</u>	<u>42</u>	<u>1,382,333</u>	<u>41</u>	<u>1,382,333</u>	<u>42</u>
							Capital surplus	<u>257,983</u>	<u>7</u>	<u>257,983</u>	<u>8</u>	<u>257,983</u>	<u>8</u>
							Retained earnings						
							Appropriated as legal capital reserve	262,084	8	231,475	7	231,475	7
							Unappropriated earnings	378,677	11	404,635	12	366,228	11
							Total retained earnings	<u>640,761</u>	<u>19</u>	<u>636,110</u>	<u>19</u>	<u>597,703</u>	<u>18</u>
							Others	52,715	2	26,358	1	38,405	1
							Total equity	<u>2,401,526</u>	<u>70</u>	<u>2,302,784</u>	<u>69</u>	<u>2,276,424</u>	<u>69</u>
<b>TOTAL</b>	<u>\$ 3,442,449</u>	<u>100</u>	<u>\$ 3,333,636</u>	<u>100</u>	<u>\$ 3,282,252</u>	<u>100</u>	<b>TOTAL</b>	<u>\$ 3,442,449</u>	<u>100</u>	<u>\$ 3,333,636</u>	<u>100</u>	<u>\$ 3,282,252</u>	<u>100</u>

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

(With Deloitte & Touche review report dated October 31, 2024)

**TOP UNION ELECTRONICS CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
NET REVENUE (Notes 19)	\$ 825,955	100	\$ 845,324	100	\$2,428,519	100	\$2,931,651	100
COST OF REVENUE (Notes 9 and 20)	<u>671,844</u>	<u>81</u>	<u>716,208</u>	<u>85</u>	<u>1,977,807</u>	<u>81</u>	<u>2,487,457</u>	<u>85</u>
GROSS PROFIT	<u>154,111</u>	<u>19</u>	<u>129,116</u>	<u>15</u>	<u>450,712</u>	<u>19</u>	<u>444,194</u>	<u>15</u>
OPERATING EXPENSES (Notes 20)								
Selling and marketing	13,274	2	12,756	1	38,805	2	38,005	1
General and administrative	33,441	4	34,220	4	101,702	4	105,310	4
Research and development	<u>6,526</u>	<u>1</u>	<u>5,815</u>	<u>1</u>	<u>18,934</u>	<u>1</u>	<u>16,953</u>	<u>-</u>
Total operating expenses	<u>53,241</u>	<u>7</u>	<u>52,791</u>	<u>6</u>	<u>159,441</u>	<u>7</u>	<u>160,268</u>	<u>5</u>
INCOME FROM OPERATIONS	<u>100,870</u>	<u>12</u>	<u>76,325</u>	<u>9</u>	<u>291,271</u>	<u>12</u>	<u>283,926</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES (Note 20)								
Interest income	7,046	1	6,663	1	23,031	1	21,525	1
Other income	289	-	285	-	866	-	856	-
Other gains and losses, net	( 1,403 )	-	19,577	2	33,351	1	39,478	1
Finance costs	( <u>552</u> )	-	( <u>649</u> )	-	( <u>1,819</u> )	-	( <u>1,976</u> )	-
Total non-operating income and expenses	<u>5,380</u>	<u>1</u>	<u>25,876</u>	<u>3</u>	<u>55,429</u>	<u>2</u>	<u>59,883</u>	<u>2</u>
INCOME BEFORE INCOME TAX	106,250	13	102,201	12	346,700	14	343,809	12
INCOME TAX EXPENSE (Notes 4 and 21)	<u>23,591</u>	<u>3</u>	<u>23,086</u>	<u>2</u>	<u>71,112</u>	<u>3</u>	<u>76,121</u>	<u>3</u>
NET INCOME	82,659	10	79,115	10	275,588	11	267,688	9
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 18)								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences arising on translation of foreign operations	<u>10,414</u>	<u>1</u>	<u>18,610</u>	<u>2</u>	<u>26,357</u>	<u>1</u>	<u>802</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 93,073</u>	<u>11</u>	<u>\$ 97,725</u>	<u>12</u>	<u>\$ 301,945</u>	<u>12</u>	<u>\$ 268,490</u>	<u>9</u>
EARNINGS PER SHARE (NT\$, Note 22)								
Basic earnings per share	<u>\$ 0.57</u>		<u>\$ 0.55</u>		<u>\$ 1.90</u>		<u>\$ 1.85</u>	
Diluted earnings per share	<u>\$ 0.57</u>		<u>\$ 0.54</u>		<u>\$ 1.89</u>		<u>\$ 1.84</u>	

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

(With Deloitte & Touche review report dated October 31, 2024)

**TOP UNION ELECTRONICS CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(In Thousands of New Taiwan Dollars)

	<u>Capital Stock - Common Stock</u>		<u>Capital Surplus</u>	<u>Retained Earnings</u>		<u>Others</u>	<u>Total</u>
	<u>Shares</u> (In Thousands)	<u>Amount</u>		<u>Legal Capital Reserve</u>	<u>Unappropriated Earnings</u>	<u>Foreign Currency Translation Reserve</u>	
BALANCE, JANUARY 1, 2023	123,423	\$ 1,234,226	\$ 257,983	\$ 198,419	\$ 427,810	\$ 37,603	\$ 2,156,041
Appropriations of earnings							
Legal capital reserve	-	-	-	33,056	( 33,056)	-	-
Cash dividends to shareholders	-	-	-	-	( 148,107)	-	( 148,107)
Stock dividends to shareholders	14,810	148,107	-	-	( 148,107)	-	-
Net profit for the nine months ended September 30, 2023	-	-	-	-	267,688	-	267,688
Other comprehensive (loss) income for the nine months ended September 30, 2023	-	-	-	-	-	802	802
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	267,688	802	268,490
BALANCE, September 30, 2023	<u>138,233</u>	<u>\$ 1,382,333</u>	<u>\$ 257,983</u>	<u>\$ 231,475</u>	<u>\$ 366,228</u>	<u>\$ 38,405</u>	<u>\$ 2,276,424</u>
BALANCE, JANUARY 1, 2024	138,233	\$ 1,382,333	\$ 257,983	\$ 231,475	\$ 404,635	\$ 26,358	\$ 2,302,784
Appropriations of earnings							
Legal capital reserve	-	-	-	30,609	( 30,609)	-	-
Cash dividends to shareholders	-	-	-	-	( 203,203)	-	( 203,203)
Cash dividends to shareholders	6,774	67,734	-	-	( 67,734)	-	-
Net profit for the nine months ended September 30, 2024	-	-	-	-	275,588	-	275,588
Other comprehensive (loss) income for the nine months ended September 30, 2024	-	-	-	-	-	26,357	26,357
Total comprehensive income (loss) for the nine months ended September 30, 2024	-	-	-	-	275,588	26,357	301,945
BALANCE, September 30, 2024	<u>145,007</u>	<u>\$ 1,450,067</u>	<u>\$ 257,983</u>	<u>\$ 262,084</u>	<u>\$ 378,677</u>	<u>\$ 52,715</u>	<u>\$ 2,401,526</u>

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

(With Deloitte & Touche review report dated October 31, 2024)

**TOP UNION ELECTRONICS CORP. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In Thousands of New Taiwan Dollars)

	Nine Months Ended September 30	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 346,700	\$ 343,809
Adjustments for:		
Depreciation expense	94,593	94,920
Amortization expense	1,576	1,853
Finance costs	1,819	1,976
Interest income	( 23,031)	( 21,525)
Gain on disposal or retirement of property, plant and equipment, net	( 463)	( 8,353)
Property, plant and equipment transfer expenses	129	-
Loss for market price decline and obsolete and slow-moving inventories (reversal gain)	( 7,685)	( 8,630)
Loss (gain) on foreign exchange, net	( 5,373)	( 18,968)
Changes in operating assets and liabilities		
Notes receivable	6,199	6,840
Accounts receivable	( 40,552)	35,103
Inventories	18,028	361,856
Other current assets	( 35,667)	( 75,473)
Contract liabilities	45,662	( 3,058)
Accounts payable	119,001	( 71,219)
Accrued profit sharing bonus to employees and compensation to directors	( 600)	( 4,806)
Other payables and other current liabilities	( 31,990)	( 7,290)
Net defined benefit liability	<u>544</u>	<u>( 831)</u>
Cash generated from operations	488,890	626,204
Interest paid	( 1,867)	( 1,968)
Interest received	24,505	18,308
Income taxes paid	<u>( 83,725)</u>	<u>( 94,941)</u>
Net cash generated by operating activities	<u>427,803</u>	<u>547,603</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at amortized cost	( 224,719)	( 137,522)
Disposal of financial assets at amortized cost	253,401	22,880
Property, plant and equipment	( 22,476)	( 151,313)

(Continued)



	Nine Months Ended September 30	
	2024	2023
Proceeds from disposal of property, plant and equipment	\$ 594	\$ 8,732
Refundable deposits paid	( 28)	( 240)
Refundable deposits refunded	112	72
Increase in prepayments for equipment	( 14,004)	-
Acquisition of intangible assets	-	( 239)
Net cash used in investing activities	<u>( 7,120)</u>	<u>( 257,630)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	145,000	165,000
Decrease in short-term loans	( 215,000)	( 168,000)
Proceeds from guarantee deposits received	-	49,968
Decrease in guarantee deposits received	( 30,154)	-
Repayment of the principal portion of lease liabilities	( 17,408)	( 17,141)
Cash dividends	<u>( 203,203)</u>	<u>( 148,107)</u>
Net cash used in financing activities	<u>( 320,765)</u>	<u>( 118,280)</u>
 EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>5,994</u>	<u>32,753</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS		
	105,912	204,446
 CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		
	<u>999,529</u>	<u>693,248</u>
 CASH AND CASH EQUIVALENTS, END OF PERIOD		
	<u>\$ 1,105,441</u>	<u>\$ 897,694</u>

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche review report dated October 31, 2024)

## **TOP UNION ELECTRONICS CORP. AND SUBSIDIARIES**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED September 30, 2024 AND 2023**

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

#### **1. GENERAL**

Top Union Electronics Corp. (hereinafter referred to as “TUEC”), a Taiwan-based company, was established on February 15, 1990, starting business operation in August of the same year. TUEC is principally engaged in the design, manufacture and technical support of electronic products and communication equipment, as well as providing surface mount technology (SMT) services, processing and international trade business. TUEC’s stocks have been traded on the over-the-counter (OTC) market on the Taipei Exchange since April 2004.

The accompanying consolidated financial statements are expressed in TUEC’s functional currency, New Taiwan Dollars.

TUEC and its subsidiaries are hereinafter referred to as the “Company” for the following contents.

#### **2. THE AUTHORIZATION OF FINANCIAL STATEMENTS**

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on October 31, 2024.

#### **3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS**

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

The initial application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the accounting policies of TUEC and its subsidiaries.

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

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

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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note1)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 -Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

IFRS 18 "Presentation and Disclosures in Financial Statements"

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

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial

statements and in the notes. The Company labels items as 'other' only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the accompanying consolidated financial statements were issued, the Company continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation.

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

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

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, "Interim Financial Reporting," endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRS Accounting Standards endorsed and issued into effect by the FSC (collectively, the "Taiwan-IFRS Accounting Standards").

b. Basis of preparation

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

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

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. See Note 10 and 28(2)/ (3) for detailed information on subsidiaries (including the percentages of ownership and main businesses).

d. Other significant accounting policies

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

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

Current assets include:

- Assets held primarily for the purpose of trading;

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

Current liabilities include:

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

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

## 2) Retirement benefits

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

## 3) Taxation

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

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

The same material accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Company's consolidated financial statements for the year ended December 31, 2023.

## 6. CASH AND CASH EQUIVALENTS

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand and Working capital	\$ 140	\$ 49	\$ 79
Checking accounts and Demand deposits	205,963	313,768	618,479
Time deposits	<u>899,338</u>	<u>685,712</u>	<u>279,136</u>
	<u>\$ 1,105,441</u>	<u>\$ 999,529</u>	<u>\$ 897,694</u>

Interest rate ranges for bank deposits on the balance sheet date were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Bank Deposits	0.002%~5.100%	0.001%~5.000%	0.001%~4.800%

## 7. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Time deposits with original maturities less than 3 months	\$ 222,758	\$ 179,778	\$ -
Restricted Bank Deposits (Note)	<u>87,354</u>	<u>84,746</u>	<u>93,480</u>
	<u>\$ 310,112</u>	<u>\$ 264,524</u>	<u>\$ 93,480</u>
<u>Non-current</u>			
Time deposits with original maturities of more than 1 year	<u>\$ 131,167</u>	<u>\$ 187,143</u>	<u>\$ 363,134</u>

Note: TUEC followed the regulations named "Regulations on Industries Investment from Repatriated Offshore Funds" and obtained approval from National Taxation Bureau, Ministry of Finance, which allowed TUEC to repatriate funds



3,000,000 U.S. Dollars from overseas; and also, an investment plan is required to be submitted to the Ministry of Economic Affairs, R.O.C. Based on the regulations, the repatriated funds shall only be used to invest according to the approved plan without withdrawing the funds for other purposes outside the approved plan.

As of the balance sheet date, the interest rate intervals of financial assets at amortized cost are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Time deposits with original maturities less than 3 months	1.70%~3.25%	1.90%~4.00%	-
Restricted Bank Deposits	4.60%~5.00%	4.60%~5.00%	3.55%
<u>Non-current</u>			
Time deposits with original maturities of more than 1 year	1.70%~2.20%	2.30%~2.55%	2.30%~3.25%

#### 8. NOTES AND ACCOUNTS RECEIVABLE, NET

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Notes receivable</u>			
Notes receivable - operating	<u>\$ 8,658</u>	<u>\$ 14,857</u>	<u>\$ 8,179</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 415,927	\$ 379,955	\$ 319,627
Allowance for impairment loss	( <u>2,000</u> )	( <u>2,000</u> )	( <u>6,582</u> )
	<u>\$ 413,927</u>	<u>\$ 377,955</u>	<u>\$ 313,045</u>

The average credit period for the Company's merchandise sales ranges from 30 to 60 days, and accounts receivables are not interest-bearing. The policy of conducting transactions adopted by the Company is to trade with the counterparties who have certain good level ratings. Credit rating information is to use publicly available financial information and trading history records to rate major customers. The credit exposure and the credit ratings of the

counterparties are continuously monitored by the Company, and the aggregate value of transactions disperses to different customers with the qualified credit ratings. Moreover, credit exposure is controlled by the counterparties' credit ratings that are periodically reviewed and approved by the Company.

The Company recognizes loss allowance of accounts receivables at an amount equal to lifetime expected credit losses (ECLs). The lifetime ECLs uses the provision matrix computation with reference to past default records and current financial position of customers, general economic conditions of the industry, as well as consideration to industrial prospects. Because the Company's historical credit losses experience indicates that the loss pattern amongst different customer segments does not show outstanding differences, the customer segments are not to be further differentiated by the provision matrix, but only the ratio of ECLs are determined by overdue days of accounts receivables.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix:

#### September 30, 2024

	<u>Not Past Due</u>	<u>Past Due Within 60 Days</u>	<u>Past Due 61 to 90 Days</u>	<u>Past Due 91 to 120 Days</u>	<u>Past Due over 121 Days</u>	<u>Total</u>
Gross carrying amount	\$ 410,845	\$ 5,082	\$ -	\$ -	\$ -	\$ 415,927
Loss allowance	( 1,390)	( 610)	-	-	-	( 2,000)
Amortized cost	<u>\$ 409,455</u>	<u>\$ 4,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 413,927</u>

#### December 31, 2023

	<u>Not Past Due</u>	<u>Past Due Within 60 Days</u>	<u>Past Due 61 to 90 Days</u>	<u>Past Due 91 to 120 Days</u>	<u>Past Due over 121 Days</u>	<u>Total</u>
Gross carrying amount	\$ 371,512	\$ 8,443	\$ -	\$ -	\$ -	\$ 379,955
Loss allowance	( 1,021)	( 979)	-	-	-	( 2,000)
Amortized cost	<u>\$ 370,491</u>	<u>\$ 7,464</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 377,955</u>

## September 30, 2023

	Not Past Due	Past Due Within 60 Days	Past Due 61 to 90 Days	Past Due 91 to 120 Days	Past Due over 121 Days	Total
Gross carrying amount	\$ 314,736	\$ 4,851	\$ -	\$ -	\$ 40	\$ 319,627
Loss allowance	( 6,530)	( 12)	-	-	( 40)	( 6,582)
Amortized cost	<u>\$ 308,206</u>	<u>\$ 4,839</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 313,045</u>

The movements of the loss allowance of accounts receivable were as follows:

	<u>Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>
Balance at January 1 and September 30	<u>\$ 2,000</u>	<u>\$ 6,582</u>

## 9. INVENTORIES

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Finished goods	\$ 34,219	\$ 26,938	\$ 36,308
Work in process	98,994	71,959	42,897
Raw materials	<u>589,682</u>	<u>634,349</u>	<u>711,071</u>
	<u>\$ 722,895</u>	<u>\$ 733,246</u>	<u>\$ 790,276</u>

The costs of inventories recognized as cost of goods sold for the three months and nine months ended September 30, 2024 and 2023 were NT\$671,844 thousand, NT\$716,208 thousand, NT\$1,977,807 thousand and NT\$2,487,457 thousand, respectively. Cost of goods sold includes NT\$1,853 thousand, NT\$5,561 thousand, NT\$7,685 thousand and NT\$8,630 in inventory depreciation and sluggish recovery profits respectively.

## 10. INVENTORIES

Subsidiaries included in consolidated financial statements:

Investor	Investee	Main Business	% of Ownership			Remark
			September 30, 2024	December 31, 2023	September 30, 2023	
The Company	ALLIED ORIENTAL INTERNATIONAL LTD. (ORIENTAL)	Investment	100%	100%	100%	
ORIENTAL Company	TOP UNION ELECTRONICS (SHANGHAI) CORP. (TOP UNION SHANGHAI) TOP UNION ELECTRONICS (SUZHOU) CORP. (TOP UNION SUZHOU)	Manufacture of Electronic Products and Communication Equipment, Technical Support and SMT Processing, etc.	100%	100%	100%	Note
			100%	100%	100%	Note

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

## 11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Wealth Generating Equipment	Lease Improvement	Other Equipment	Total
<u>Cost</u>								
Balance at January 1, 2024	\$ 80,113	\$ 454,522	\$ 980,773	\$ 26,706	\$ 32,210	\$ 24,214	\$ 52,789	\$ 1,651,327
Additions	-	-	17,682	2,802	733	839	420	22,476
Disposals	-	-	( 5,818 )	( 3,532 )	( 387 )	( 244 )	( 335 )	( 10,316 )
Reclassifications	-	-	-	-	-	-	( 129 )	( 129 )
Effects of foreign currency exchange differences	-	-	21,244	491	525	1,108	1,319	24,687
Balance at September 30, 2024	<u>\$ 80,113</u>	<u>\$ 454,522</u>	<u>\$ 1,013,881</u>	<u>\$ 26,467</u>	<u>\$ 33,081</u>	<u>\$ 25,917</u>	<u>\$ 54,064</u>	<u>\$ 1,688,045</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2024	\$ -	\$ 196,229	\$ 738,805	\$ 18,555	\$ 26,923	\$ 19,565	\$ 43,331	\$ 1,043,408
Depreciation expenses	-	11,941	57,173	1,697	1,061	1,419	3,056	76,347
Disposals	-	-	( 5,628 )	( 3,462 )	( 385 )	( 244 )	( 466 )	( 10,185 )
Effects of foreign currency exchange differences	-	-	18,004	400	438	907	1,259	21,008
Balance at September 30, 2024	<u>\$ -</u>	<u>\$ 208,170</u>	<u>\$ 808,354</u>	<u>\$ 17,190</u>	<u>\$ 28,037</u>	<u>\$ 21,647</u>	<u>\$ 47,180</u>	<u>\$ 1,130,578</u>
September 30, 2024, net	<u>\$ 80,113</u>	<u>\$ 246,352</u>	<u>\$ 205,527</u>	<u>\$ 9,277</u>	<u>\$ 5,044</u>	<u>\$ 4,270</u>	<u>\$ 6,884</u>	<u>\$ 557,467</u>
December 31, 2023 and January 1, 2024, net	<u>\$ 80,113</u>	<u>\$ 258,293</u>	<u>\$ 241,968</u>	<u>\$ 8,151</u>	<u>\$ 5,287</u>	<u>\$ 4,649</u>	<u>\$ 9,458</u>	<u>\$ 607,919</u>
<u>Cost</u>								
Balance at January 1, 2023	\$ 80,113	\$ 399,056	\$ 982,367	\$ 30,192	\$ 31,928	\$ 30,627	\$ 52,691	\$ 1,606,974
Additions	-	50,769	93,225	2,685	1,984	981	1,775	151,419
Disposals	-	-	( 86,986 )	( 5,958 )	( 1,369 )	( 7,504 )	( 1,291 )	( 103,108 )
Effects of foreign currency exchange differences	-	-	611	18	16	17	49	711
Balance at September 30, 2023	<u>\$ 80,113</u>	<u>\$ 449,825</u>	<u>\$ 989,217</u>	<u>\$ 26,937</u>	<u>\$ 32,559</u>	<u>\$ 24,121</u>	<u>\$ 53,224</u>	<u>\$ 1,655,996</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2023	\$ -	\$ 182,342	\$ 757,244	\$ 21,984	\$ 26,326	\$ 25,186	\$ 40,142	\$ 1,053,224
Depreciation expenses	-	9,937	57,037	2,179	1,910	1,729	3,548	76,340
Disposals	-	-	( 86,905 )	( 5,957 )	( 1,357 )	( 7,487 )	( 1,023 )	( 102,729 )
Effects of foreign currency exchange differences	-	-	511	14	13	12	42	592
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 192,279</u>	<u>\$ 727,887</u>	<u>\$ 18,220</u>	<u>\$ 26,892</u>	<u>\$ 19,440</u>	<u>\$ 42,709</u>	<u>\$ 1,027,427</u>
September 30, 2023, net	<u>\$ 80,113</u>	<u>\$ 257,546</u>	<u>\$ 261,330</u>	<u>\$ 8,717</u>	<u>\$ 5,667</u>	<u>\$ 4,681</u>	<u>\$ 10,515</u>	<u>\$ 628,569</u>

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

Buildings	10-35 years
Machinery and Equipment	4-8 years
Transportation Equipment	5-6 years
Wealth Generating Equipment	5-6 years
Other Equipment	5-6 years
Lease Improvement	5-6 years

The Company's property, plant and equipment are all for self-use. For the amount of property, plant and equipment pledged by the Company for loan facilities, please refer to Note 26.

## 12. LEASE ARRANGEMENTS

### a. Right-of-use assets

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amounts			
Buildings	\$ 41,220	\$ 41,410	\$ 47,876
Wealth Generating Equipment	<u>1,097</u>	<u>1,620</u>	<u>1,807</u>
	<u>\$ 42,317</u>	<u>\$ 43,030</u>	<u>\$ 49,683</u>
	<u>Three Months Ended September 30</u>	<u>Nine Months Ended September 30</u>	
	2024	2023	2024
			2023
Additions to right-of-use assets			<u>\$ 16,591</u>
Depreciation of right-of-use assets			<u>\$ 30,717</u>
Buildings	\$ 5,971	\$ 6,021	\$ 17,723
Wealth Generating Equipment	<u>174</u>	<u>193</u>	<u>523</u>
	<u>\$ 6,145</u>	<u>\$ 6,214</u>	<u>\$ 18,580</u>

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

### b. Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amounts			
Current portion	<u>\$ 24,675</u>	<u>\$ 15,399</u>	<u>\$ 17,871</u>
Noncurrent portion	<u>\$ 18,719</u>	<u>\$ 28,302</u>	<u>\$ 32,486</u>

Ranges of discount rates for lease liabilities are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Buildings	1.43%~4.30%	1.43%~4.30%	1.43%~4.30%
Wealth Generating Equipment	0.99%~1.16%	0.99%~1.16%	0.99%~1.16%

### c. Material terms of right-of-use assets

Top Union Shanghai leased the factory building from Shanghai Interknitted Co., Ltd. in the form of operating lease, and the lease

period is 2 years. Top Union Suzhou leased the factory building from Suzhou Xincheng Economic Development company in the form of operating lease, and the lease period is 3 years; Top Union Suzhou also leased houses and dormitories, and the lease period is 2 - 3 years. TUEC leased houses and dormitories from individuals in the form of operating lease, and the lease period is 4 - 5 years. When the contractual lease period is terminated, the Company has no preferential purchase rights for the factory buildings, houses and dormitories previously leased.

d. Other lease information

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Expenses relating to short-term leases	\$ 1,144	\$ 1,288	\$ 3,766	\$ 3,667
Total cash outflow for leases			\$ 22,165	\$ 21,924

The Company leases the wealth generating equipment that is classified as a short-term lease, applicable for using recognition exemption, the lease of which is not to be recognized as the relevant right-of-use assets and lease liabilities.

### 13. INTANGIBLE ASSETS

	Nine Months Ended September 30	
	2024	2023
<u>Cost</u>		
Balance at the beginning of year	\$ 29,884	\$ 29,177
Additions	-	239
Effects of foreign currency exchange differences	161	6
Balance at the end of year	30,045	29,422
<u>Accumulated amortization</u>		
Balance at the beginning of year	26,797	24,451
Amortization expenses	1,576	1,853
Effects of foreign currency exchange differences	158	6
Balance at the end of year	28,531	26,310
Net	\$ 1,514	\$ 3,112

#### 14. OTHER CURRENT ASSETS

	September 30, 2024	December 31, 2023	September 30, 2023
Offsets against business tax payable	\$ 54,101	\$ 28,371	\$ 36,631
Business Tax Receivable Refund	22,855	19,959	24,977
Interest Receivable	11,698	13,172	11,111
Prepayment for purchases	5,219	3,204	8,714
Temporary Debits	2,832	5,983	11,157
Others	<u>26,066</u>	<u>17,889</u>	<u>25,179</u>
	<u>\$ 122,771</u>	<u>\$ 88,578</u>	<u>\$ 117,769</u>

#### 15. OTHER CURRENT ASSETS

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Unsecured borrowings</u>			
Bank Loans	<u>\$ 30,000</u>	<u>\$ 100,000</u>	<u>\$ 55,000</u>

The interest rates on revolving bank loans were 1.93 ~ 2.24 % 、 1.65 % ~ 2.11 % 及 1.65 % ~ 2.11 % as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

#### 16. OTHER PAYABLES AND OTHER CURRENT LIABILITIES

	September 30, 2024	December 31, 2023	September 30, 2024
Payable for salaries or bonuses	\$ 62,351	\$ 71,657	\$ 58,158
Temporary credits and Receipts under custody	8,841	42,710	8,431
Others	<u>60,443</u>	<u>48,840</u>	<u>55,296</u>
	<u>\$ 131,635</u>	<u>\$ 163,207</u>	<u>\$ 121,885</u>

#### 17. RETIREMENT BENEFIT PLANS

##### a. Defined Contribution Plans

TUEC adopted the pension plan under the “Labor Pension Act (LPA)”, which is a government-managing defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension account at 6% of monthly salaries and wages.

## b. Defined Benefit Plans

Employee benefit expenses in respect of the Group's defined benefit retirement plans were NT\$574 thousand, NT\$115 thousand, NT\$1,722 and NT\$345 thousand for the three months and nine months ended September 30, 2024 and 2023, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2023 and 2022.

## 18. EQUITY

### a. Capital stock

	September 30, 2024	December 31, 2023	September 30, 2023
Authorized shares (in thousands)	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>
Authorized capital	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>
Issued and paid shares (in thousands)	<u>145,007</u>	<u>138,233</u>	<u>138,233</u>
Issued capital	<u>\$ 1,450,067</u>	<u>\$ 1,382,333</u>	<u>\$ 1,382,333</u>

The par value of issued common shares is NT\$10 per share. A holder of common shares has one vote for each common share and is entitled to receive dividends.

The authorized shares include 3,800 thousand shares allocated for the exercise of employee stock options.

On May 24, 2024 and May 19, 2023, the stock dividends were distributed by TUEC in a total of NT\$67,734 thousand and NT\$148,107 thousand respectively according to the resolution of the shareholders' meeting, and took effect through the corresponding registration approved by Financial Supervision Commission Securities and Futures Bureau; then the dates of June 26, 2024 and June 26, 2023 were determined respectively to be the reference date of ex-rights in accordance with the resolution of the board of directors.



b. Capital surplus

	September 30, 2024	December 31, 2023	September 30, 2023
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>			
Additional paid-in capital	\$ 235,826	\$ 235,826	\$ 235,826
Employee share options	7,700	7,700	7,700
Treasury share transactions	<u>14,457</u>	<u>14,457</u>	<u>14,457</u>
	<u>\$ 257,983</u>	<u>\$ 257,983</u>	<u>\$ 257,983</u>

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

c. Retained earnings and dividend policy

TUEC's earnings distribution policy in the Articles of Incorporation provides that, when a profit is made in a fiscal year, TUEC shall first compensate its losses (including the amount of adjustment in undistributed retained earnings) and set aside a legal capital reserve at 10% of the remaining earnings until the accumulated legal capital reserve equals TUEC's total paid-in capital, and then set aside or reverse a special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. Any balance of earnings still left over, together with the undistributed retained earnings from the beginning of period (including the amount of adjustment in undistributed retained earnings), shall be used by the board of directors as the basis for their proposing a surplus distribution proposal to obtain the resolution in the shareholders' meeting for distribution of dividends and bonuses to shareholders; when distribution of earnings is by the way in cash, it shall be handled according to the resolution of the board of directors and reported in the shareholders' meeting. See Note 20(7) Profit Sharing Bonus to Employees and Compensation to Directors for

TUEC's distribution policy of profit sharing bonus to employees and compensation to directors in the Articles of Incorporation.

In addition, according to TUEC's dividend policy in the Articles of Incorporation, based on the principle of profit sharing, 50% or more of the distributable surplus for the year shall be used for distribution of dividends and bonuses to shareholders, among which the dividends distributed by the way in stocks shall be less than 50%, and the rest dividends shall be in cash.

Appropriation of earnings to the legal capital reserve shall be made until the accumulated legal capital reserve equals the company's total paid-in capital. The legal capital reserve may be used to compensate deficit. If the company has no deficit, the legal capital reserve exceeds 25% of the company's total paid-in capital may be appropriated for capital stocks but also distributed in cash.

The appropriations and cash dividends per share were as follows:

	<u>Appropriations of Earnings</u>		<u>Dividends per share (NT\$)</u>	
	<u>For the Year Ended December 31</u>			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Legal reserve	<u>\$ 30,609</u>	<u>\$ 33,056</u>		
Cash dividends	<u>\$ 203,203</u>	<u>\$ 148,107</u>	\$ 1.47	\$ 1.20
Stock Dividends	<u>\$ 67,734</u>	<u>\$ 148,107</u>	0.49	1.20

The appropriations of the above cash dividends were resolved by the board of directors on February 29, 2024 and February 22, 2023, respectively. The appropriation of earnings for the year 2022 were resolved at the shareholders' meeting on May 19, 2023. The appropriation of earnings for 2023 is subject to the resolution of the shareholders in the shareholders' meeting to be held on May 24, 2024.

d. Others equity items

Foreign Currency Translation Reserve

	<u>Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>
Balance, beginning of period	\$ 26,358	\$ 37,603
Occur in the current year		
Exchange differences on translation of the financial statements of foreign operations	<u>26,357</u>	<u>802</u>
Balance, end of period	<u>\$ 52,715</u>	<u>\$ 38,405</u>

**19. NET REVENUE**

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenue from contracts with customers				
Sales	\$ 576,191	\$ 619,959	\$ 1,682,989	\$ 2,164,377
Processing	<u>249,764</u>	<u>225,365</u>	<u>745,530</u>	<u>767,274</u>
	<u>\$ 825,955</u>	<u>\$ 845,324</u>	<u>\$ 2,428,519</u>	<u>\$ 2,931,651</u>

a. Contract balances

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2024</u>	<u>January 1, 2023</u>
Accounts receivable	<u>\$ 413,927</u>	<u>\$ 377,955</u>	<u>\$ 313,045</u>	<u>\$ 344,682</u>
Contract liabilities				
Sale of goods	<u>\$ 197,088</u>	<u>\$ 151,426</u>	<u>\$ 164,285</u>	<u>\$ 167,343</u>

The changes in the contract liability balances primarily result from the timing difference between the satisfaction of the performance obligation and the customer's payment.

**20. PROFIT BEFORE TAX**

a. INTEREST INCOME

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Bank deposits	<u>\$ 7,046</u>	<u>\$ 6,663</u>	<u>\$ 23,031</u>	<u>\$ 21,525</u>

b. Other income

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Rent income	<u>\$ 289</u>	<u>\$ 285</u>	<u>\$ 866</u>	<u>\$ 856</u>

### c. OTHER GAINS AND LOSSES

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Net gain (loss) on foreign currency exchange	(\$ 2,571)	\$ 19,506	\$ 31,517	\$ 29,174
Net gain on disposal of property, plant and equipment	-	( 42)	463	8,353
Other	<u>1,168</u>	<u>113</u>	<u>1,371</u>	<u>1,951</u>
	<u>(\$ 1,403)</u>	<u>\$ 19,577</u>	<u>\$ 33,351</u>	<u>\$ 39,478</u>

### d. Finance costs

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Interest on lease liabilities	\$ 295	\$ 388	\$ 991	\$ 1,116
Interest on borrowings	<u>257</u>	<u>261</u>	<u>828</u>	<u>860</u>
	<u>\$ 552</u>	<u>\$ 649</u>	<u>\$ 1,819</u>	<u>\$ 1,976</u>

### e. Depreciation and amortization

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
An analysis of depreciation by function				
Recognized in operating costs	\$ 27,222	\$ 28,473	\$ 82,871	\$ 83,343
Recognized in operating expenses	<u>4,035</u>	<u>3,682</u>	<u>11,722</u>	<u>11,577</u>
	<u>\$ 31,257</u>	<u>\$ 32,155</u>	<u>\$ 94,593</u>	<u>\$ 94,920</u>
An analysis of amortization by function				
Recognized in operating costs	\$ 62	\$ 118	\$ 185	\$ 347
Recognized in operating expenses	<u>452</u>	<u>427</u>	<u>1,391</u>	<u>1,506</u>
	<u>\$ 514</u>	<u>\$ 545</u>	<u>\$ 1,576</u>	<u>\$ 1,853</u>

### f. Employee benefit expenses

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 139,467	\$ 133,987	\$ 418,542	\$ 417,892
Post-employment benefits				
Defined contribution plans	2,446	2,531	6,966	7,913
Defined benefit plans	<u>574</u>	<u>115</u>	<u>1,722</u>	<u>345</u>
Total	<u>\$ 142,487</u>	<u>\$ 136,633</u>	<u>\$ 427,230</u>	<u>\$ 426,150</u>
An analysis of employee				
Recognized in operating costs	\$ 105,510	\$ 100,409	\$ 315,004	\$ 315,491
Recognized in operating expenses	<u>36,977</u>	<u>36,224</u>	<u>112,226</u>	<u>110,659</u>
	<u>\$ 142,487</u>	<u>\$ 136,633</u>	<u>\$ 427,230</u>	<u>\$ 426,150</u>

g. Compensation of employees and remuneration of directors

In compliance with the Articles, the Company accrues compensation of employees and remuneration of directors at rates of 6% and no higher than 2.3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. For the three months ended September 30, 2024 and 2023, the employees' compensation and the remuneration of directors were as follows:

Accrual Rate

	Nine Months Ended September 30	
	2024	2023
Compensation of employees	6%	6%
Remuneration of directors	2.3%	2.3%

Amount

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Compensation of employees	\$ 6,926	\$ 6,701	\$ 22,584	\$ 22,368
Remuneration of directors	\$ 2,655	\$ 2,569	\$ 8,657	\$ 8,575

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate and will be adjusted in the next year.

The appropriations of compensation of employees and remuneration of directors for 2023 and 2022, which were approved by the Company's board of directors on February 29, 2024 and February 22, 2023, respectively, are as follows:

	Years Ended December 31			
	2023		2022	
	Cash Dividends	Share Dividends	Cash Dividends	Share Dividends
Compensation of employees	\$ 24,823	\$ -	\$ 26,594	\$ -
Remuneration of directors	\$ 9,516	\$ -	\$ 10,194	\$ -

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

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

#### h. Foreign Exchange Gains and Losses

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Total amount of gains on foreign exchange	\$ 16,200	\$ 62,812	\$ 64,534	\$ 110,835
Total amount of losses on foreign exchange	( <u>18,771</u> )	( <u>43,306</u> )	( <u>33,017</u> )	( <u>81,661</u> )
Net gains (loss)	( <u>\$ 2,571</u> )	<u>\$ 19,506</u>	<u>\$ 31,517</u>	<u>\$ 29,174</u>

## 21. INCOME TAX

#### a. Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current tax recognized in the current period	\$ 22,159	\$ 19,432	\$ 73,572	\$ 71,830
Income tax adjustments on prior years	-	-	( 4,173)	137
Deferred tax recognized in the current period	<u>1,432</u>	<u>3,654</u>	<u>1,713</u>	<u>4,154</u>
Income tax expense recognized in profit or loss	<u>\$ 23,591</u>	<u>\$ 23,086</u>	<u>\$ 71,112</u>	<u>\$ 76,121</u>

#### b. Current Income Tax Assets and Liabilities

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Income tax assets			
Income tax refund receivable	<u>\$ 175</u>	<u>\$ 394</u>	<u>\$ 5,587</u>
Income tax liabilities			
Income taxes payable	<u>\$ 30,379</u>	<u>\$ 44,924</u>	<u>\$ 33,292</u>

c. Income tax examination

The tax authorities have examined income tax returns of TUEC through 2022.

**22. EARNINGS PER SHARE**

Unit: NT\$ Per Share

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Basic EPS	\$ 0.57	\$ 0.55	\$ 1.90	\$ 1.85
Diluted EPS	\$ 0.57	\$ 0.54	\$ 1.89	\$ 1.84

The earnings per share was calculated after the retrospective adjustment as a result of outstanding shares distribution; the reference date of the shares outstanding distribution was determined to be June 26, 2024 and 2023. Due to making the retrospective adjustment, the changes in basic and diluted EPS for the Three Months and Nine Months Ended September 30, 2023 were as follows:

	<u>Before Retrospective Adjustment</u>		<u>After Retrospective Adjustment</u>	
	<u>Three Months Ended September 30, 2023</u>	<u>Nine Months Ended September 30, 2023</u>	<u>Three Months Ended September 30, 2023</u>	<u>Nine Months Ended September 30, 2023</u>
Basic EPS	\$ 0.57	\$ 1.9	\$ 0.55	\$ 1.85
Diluted EPS	\$ 0.57	\$ 1.9	\$ 0.54	\$ 1.84

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

Net Profit for the Period

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Net Income Used to Calculate Basic and Diluted Earnings Per Share	\$ 82,659	\$ 79,115	\$ 275,588	\$ 267,688

## Number of shares (in thousand shares)

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Weighted average number of ordinary shares outstanding used in computation of basic earnings per share	145,007	145,007	145,007	145,007
Effect of potentially dilutive ordinary shares:				
Effect of potentially dilutive ordinary shares:	<u>706</u>	<u>674</u>	<u>863</u>	<u>834</u>
Weighted average number of ordinary shares outstanding used in computation of dilutive earnings per share	<u>145,713</u>	<u>145,681</u>	<u>145,870</u>	<u>145,841</u>

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

### **23. CAPITAL MANAGEMENT**

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's capital management system aims to ensure that the necessary financial resources and operating plan are sufficient to meet the next 12 months' requirements for working capital, capital expenditures, research and development expenses, debt repayment, dividend payments and other needs.

### **24. FINANCIAL INSTRUMENTS**

- a. Fair value of financial instruments that are not measured at fair value



The Company's management believed that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values.

b. Categories of financial instruments

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
Amortized cost			
Cash and cash equivalents	\$ 1,105,441	\$ 999,529	\$ 897,694
Financial assets at amortized costs	441,279	451,667	456,614
Notes receivable	8,658	14,857	8,179
Accounts receivable, net	413,927	377,955	313,045
Guarantee deposits paid	5,648	5,530	5,621
<u>Financial liabilities</u>			
Amortized cost			
Short-term borrowings	30,000	100,000	55,000
Accounts payable	495,757	384,936	437,270
Other payables and other current liabilities	131,635	163,207	121,885
Guarantee deposits received	51,268	81,422	81,422

c. Financial risk management objectives and policies

The Company's major financial instruments include receivables, payables and bank borrowings. The Company's financial management department provides services to each business unit, organizes and coordinates business operations for entering domestic and international financial markets, as well as supervising and managing financial risks related to the Company's operations through referring to degree of risks and internal risk reports made with wide analyses of risk exposure; those risks contain market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Company's operation activities expose the Company primarily to the financial risks of changes in foreign currency

exchange rates (see (a-1) shown as below) and changes in interest rates (see (a-2) shown as below).

The Company's financial instruments are exposed in market risk, and the methods used by the Company to manage and measure that risk exposure have no change.

a) Foreign currency risk

The Company uses foreign currency to conduct transactions of sales and procurement, which expose the Company to be engaged in risk of changes in foreign currency exchange rates.

For the carrying amounts of the Company's monetary assets and monetary liabilities denominated in non-functional currency on the consolidated balance sheets date (including monetary items denominated in non-functional currency that have been offset in the consolidated financial statements), as well as the carrying amounts of derivative instruments with risk exposure to foreign exchange risk, see Note 27.

Sensitivity analysis

The Company was mainly exposed to the U.S. dollar.

Sensitivity analysis of foreign exchange risk mainly provides that, as of the end of the reporting period, foreign currency monetary items are calculated; when the exchange rate of New Taiwan Dollar comparing with foreign currency has a hypothetically adverse fluctuation up to 10%, the Company would have increased the profit before tax by NT\$17,142 thousand and NT\$40,751 thousand, respectively for the nine months ended September 30, 2024 and 2023.

## b) Interest rate risk

Interest rate risk arises because individuals in the Company borrow funds at floating rates.

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

	September 30, 2024	December 31, 2023	September 30, 2023
Fair value interest rate risk			
– Financial assets	\$ 1,340,617	\$ 1,137,379	\$ 735,750
– Financial assets	43,394	43,701	50,357
Cash flow interest rate risk			
– Financial assets	205,941	313,746	618,441
– Financial assets	30,000	100,000	55,000

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to the Company. As of the consolidated balance sheets date, the Company's maximum credit risk (regardless of collateral or other credit enhancement tools, also the amount with maximum exposure unable to be withdrawn) exposure to a counterparty, who will possibly default on its obligations resulting in financial losses to the Company, comes from the carrying amounts of financial assets recognized in the consolidated balance sheets.

Except for A company, the Company's largest customer, the Company does not have any significant credit exposure to any single counterparty or any group of counterparties with similar characteristics. When the counterparty is an associated enterprise, the Company defines it as the counterparty with similar characteristics. As of September 30, 2024, December 31, 2023, and September 30, 2023, the

accounts receivable balances from the aforementioned customers accounted for 58%, 57%, and 49%, respectively.

### 3) Liquidity risk

The Company manages and maintains sufficient cash to support the group's operations and mitigate the impact of cash flows fluctuations. The Company's management monitors the use of the bank's financing facilities and ensures compliance with the terms of the loan agreements.

A bank loan is a significant source of liquidity for the Company. As of September 30, 2024, December 31, 2023, and September 30, 2023, the bank's short-term financing facilities unused by the Company were described in the following section "(b) Financing Facilities".

#### a) Liquidity and Interest Rate Risk Tables of Non-derivative Financial Liabilities

The analysis of the remaining contractual maturities of non-derivative financial liabilities is prepared based on the undiscounted cash flows (including principal and estimated interest) of financial liabilities according to the earliest possible date on which the Company may be required to make repayment.

#### September 30, 2024

	On Demand or Less than 1 Month	1-3 Month	3 Months to 1 Year	1-5 Year	More Than 5 Years
<u>Non-derivative</u>					
Non-interest					
bearing liabilities	\$ 177,448	\$ 331,005	\$ 56,588	\$ -	\$ -
Lease liabilities	20,000	-	10,000	-	-
Variable interest					
rate liabilities	<u>3,640</u>	<u>2,914</u>	<u>18,879</u>	<u>18,942</u>	<u>-</u>
	<u>\$ 201,088</u>	<u>\$ 333,919</u>	<u>\$ 85,467</u>	<u>\$ 18,942</u>	<u>\$ -</u>

### December 31, 2023

	On Demand or Less than 1 Month	1-3 Month	3 Months to 1 Year	1-5 Year	More Than 5 Years
<u>Non-derivative</u>					
Non-interest					
bearing liabilities	\$ 159,047	\$ 277,657	\$ 39,782	\$ -	\$ -
Lease liabilities	80,000	20,000	-	-	-
Variable interest					
rate liabilities	<u>2,776</u>	<u>1,268</u>	<u>12,325</u>	<u>28,927</u>	<u>-</u>
	<u>\$ 241,823</u>	<u>\$ 298,925</u>	<u>\$ 52,107</u>	<u>\$ 28,927</u>	<u>\$ -</u>

### September 30, 2023

	On Demand or Less than 1 Month	1-3 Month	3 Months to 1 Year	1-5 Year	More Than 5 Years
<u>Non-derivative</u>					
Non-interest					
bearing liabilities	\$ 195,086	\$ 270,352	\$ 35,559	\$ -	\$ -
Lease liabilities	35,000	10,000	10,000	-	-
Variable interest					
rate liabilities	<u>3,576</u>	<u>3,014</u>	<u>12,402</u>	<u>33,317</u>	<u>-</u>
	<u>\$ 233,662</u>	<u>\$ 283,366</u>	<u>\$ 57,961</u>	<u>\$ 33,317</u>	<u>\$ -</u>

#### b) Financing Facilities

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank loan amount			
– Amount used	\$ 35,000	\$ 106,000	\$ 61,000
– Amount unused	<u>665,000</u>	<u>494,000</u>	<u>539,000</u>
	<u>\$ 700,000</u>	<u>\$ 600,000</u>	<u>\$ 600,000</u>
Guaranteed bank			
– Amount used	\$ -	\$ -	\$ -
– Amount unused	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>
	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ 400,000</u>

## 25. RELATED PARTY TRANSACTIONS

Intercompany balances and transactions between TUEC and its subsidiaries, which are related parties of TUEC, have been eliminated upon consolidation; therefore, those items are not disclosed in this note. Please refer to Note 28(4).

#### Compensation of key management personnel:

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	2024	2023	2024	2023
Short-term employee benefits	\$ 4,958	\$ 5,511	\$ 15,630	\$ 16,121

The compensation to directors and other key management personnel were determined by the Compensation and People Development Committee of TUEC in accordance with the individual performance and market trends.

## 26. PLEDGED ASSETS

The following assets of the Company were provided as collateral security for short-term loan amount, tariff guarantee for imported raw materials, Performance Letter of Guarantee and Letter of Credit:

	September 30, 2024	December 31, 2023	September 30, 2023
Property, plant and equipment, net	<u>\$ 326,465</u>	<u>\$ 338,406</u>	<u>\$ 337,659</u>

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

The following information was aggregated by the foreign currencies other than functional currencies of the entities in the Group and the exchange rates between the foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

September 30, 2024

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 19,643	31.650	<u>\$ 621,701</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	14,226	31.650	<u>\$ 450,253</u>

December 31, 2023

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 31,789	30.705	<u>\$ 976,081</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	13,970	30.705	<u>\$ 428,949</u>

September 30, 2023

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 27,280	32.270	<u>\$ 880,326</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	14,606	32.270	<u>\$ 471,336</u>

The significant unrealized foreign exchange gains (losses) were as follows:

<u>Three Months Ended September 30</u>				
	<u>2024</u>		<u>2023</u>	
<u>Foreign currencies</u>	<u>Exchange Rate</u>	<u>Net Foreign Exchange Gains (Losses)</u>	<u>Exchange Rate</u>	<u>Net Foreign Exchange Gains (Losses)</u>
USD	31.65 (USD : NTD)	\$ 2,965	32.27 (USD : NTD)	\$ 11,900
USD	7.127 (USD : RMB)	( <u>712</u> )	7.18 (USD : RMB)	( <u>940</u> )
		<u>\$ 2,253</u>		<u>\$ 10,960</u>

<u>Nine Months Ended September 30</u>				
	<u>2024</u>		<u>2023</u>	
<u>Foreign currencies</u>	<u>Exchange Rate</u>	<u>Net Foreign Exchange Gains (Losses)</u>	<u>Exchange Rate</u>	<u>Net Foreign Exchange Gains (Losses)</u>
USD	31.65 (USD : NTD)	\$ 5,962	32.27 (USD : NTD)	\$ 19,671
USD	7.127 (USD : RMB)	( <u>636</u> )	7.18 (USD : RMB)	( <u>733</u> )
		<u>\$ 5,326</u>		<u>\$ 18,968</u>

## 28. ADDITIONAL DISCLOSURES

Except for the items (1) - (5), there are no other significant transactions information, information on investees, information on

investment in mainland China and the business relationship between the parent and the subsidiaries and significant transactions between them that should be disclosed. The significant transactions between the parent and the subsidiaries and balances thereof have been all eliminated upon consolidation.

- a. total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital.

Buyer	Related Party	Relationship	Relationship				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Top Union Suzhou	Subsidiary	Sales	\$244,199	10%	Net 90 day	\$ -	—	\$ 14,219	3%	—

b. NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEEES

(Amounts in Thousands of New Taiwan Dollars or Thousands of Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2024			Net Income (Loss) of the Investee	Net Income (Loss) of the Investee
				End of Current Period	Last Year End	Shares (in Thousands)	%	Carrying Amount		
The Company	ORIENTAL company	British Virgin Islands	Investment and Sales	\$ 401,974	\$ 401,974	12,200	100	\$ 623,856	(\$ 15,778)	(\$ 15,778)

Note: Under relevant regulations, no disclosure of investment gain (loss) is needed.

c. INFORMATION ON INVESTMENTS IN MAINLAND CHINA

- 1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: (See the following table for the details.)

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2024	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2024	Net Income (Losses) of the Investee Company	% of Ownership	Investment Gain (Loss)	Carrying Amount as of September 30, 2024	Accumulated Repatriation of Investment Income as of September 30, 2024
					Outflow	Inflow						
Top Union Shanghai	Manufacture of Electronic Products and Communication Equipment, Technical Support and SMT Processing, etc.	\$ 212,858 US\$ 6,659 (In Thousand)	(Note 1)	Cash \$ 83,720 Price of Machinery Equipment 129,138	\$ -	\$ -	Cash \$ 83,720 Price of Machinery Equipment 129,138	(\$ 19,568)	100%	(\$ 19,568)	\$ 152,090	\$ 105,908
Top Union Suzhou	Manufacture of Electronic Products and Communication Equipment, Technical Support and SMT Processing, etc.	278,844 US\$ 8,500 (In Thousand)	(Note 1)	Cash 230,262 Price of Machinery Equipment 48,582	-	-	Cash 230,262 Price of Machinery Equipment 48,582	2,229	100%	2,229	447,918	88,440



Accumulated Investment in Mainland China as of September 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Cash \$ 313,982 Machinery Equipment \$ 177,720	\$491,702 US\$15,159 thousand	\$1,440,916

Note 1 : Invest China companies after establishing ORIENTAL company located at British Virgin Islands.

Note 2 : It was recognized and disclosed by Top Union Shanghai and Top Union Suzhou' s financial statements audited by auditors for the same period.

- 2) Significant direct or indirect transactions listed as below with the investee at the third area, and its prices, terms of payment and unrealized gain or loss. (See the item (4 for the details.))

d. INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

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

No.	Company Name	Counterparty	Nature of Relationship (Note 3)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	% of Total
0	Top Union	Top Union Suzhou	1	Operating Costs	\$ 43,685	Note 1	2%
		Top Union Suzhou	1	Unrealized Sales	665	Note 1	-
		Top Union Suzhou	1	Gross Profit	14,219	Note 2	-
		Top Union Suzhou	1	Accounts Payable	244,199	Note 1	10%
				Operating Revenue			

Note 1 : Process transactions based on terms and prices contracted by mutual parties.

Note 2 : Collect payment temporarily according to funds status of the transaction counterparty during credit period.

Note 3 : "1" means transactions by the parent to the subsidiaries; "2" means transactions between subsidiaries.

- e. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None.

## 29. SEGMENT INFORMATION

Segment Revenue, Operating Results and Total Assets and Liabilities of Segments TUEC's chief operating decision makers periodically review operating results, used for resource allocation and performance assessment; the Company belongs to one operating segment. The basis for the measurement of income from operations is the same as that for the preparation of financial statements. Please refer to the consolidated statements of

comprehensive income for the related segment revenue and operating results.