MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REVIEW REPORT

September 30, 2024 AND 2023

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Merry Electronics Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Merry Electronics Co., Ltd. and subsidiaries (the "Group") as on September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and nine months ended, as well as the related consolidated statements of changes in equity and of cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these 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 Statement of Auditing Standards No. 2410 "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. 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 explained in Notes 4 (3) and 6 (7), the financial statements of certain insignificant consolidated subsidiaries and certain investments accounted for using the equity method were not reviewed by independent auditors. Those statements reflect total assets of NT$6,949,854 thousand and NT$5,273,881 thousand, constituting 17% and 16% of the consolidated total assets, and total liabilities of NT$3,448,115 thousand and NT$1,984,270 thousand, constituting 16% and 10% of the consolidated total liabilities as at September 30, 2024 and 2023, respectively, and reflect total revenue of NT$762,837 thousand, NT$252,842 thousand, NT$1,612,916 thousand and NT$877,225 thousand, constituting 6%, 3%, 5% and 4% of the consolidated revenues for the three months and nine months then ended, respectively, and total comprehensive income (loss) of NT$384,563 thousand, NT$179,334 thousand, NT$855,167 thousand and NT$176,182 thousand, constituting 43%, 25%, 39% and 17% of the consolidated total comprehensive income for the three months and nine months then ended, respectively.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and certain investments accounted for using the equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as on September 30, 2024 and 2023, and of its consolidated financial performance for the three months and nine months then ended, and its consolidated cash flows for the nine months then ended in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Liu, Mei-Lan
Hsu, Chien-Ye

For and on behalf of PricewaterhouseCoopers, Taiwan
October 24, 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 independent auditors’ review report 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.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2024 and 2023 were 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)	$ 8,188,982	21	$ 5,526,722	17	$ 6,248,684	19
1110	Financial assets at fair value through profit or loss - current	6 (2)	189,891	-	556,580	2	420,669	1
1120	Current financial assets at fair value through other comprehensive income	6 (3)	103,354	-	105,206	-	264,682	1
1136	Current financial assets at amortized cost		159,767	-	513,218	2	538,864	2
1150	Notes receivable, net		665	-	-	-	-	-
1170	Accounts receivable, net	6 (4) (5)	11,439,052	29	9,224,475	28	8,003,564	24
1180	Accounts receivable due from related parties, net	7 (2)	611,790	2	155,813	-	126,466	-
1200	Other receivables	6 (2) (7)	495,841	1	169,190	1	38,387	-
1210	Other receivables – related parties	7 (2)	133,268	-	173,586	1	286,400	1
130X	Inventories	6 (6)	5,942,066	15	3,821,320	12	5,351,886	16
1470	Other current assets		675,030	2	470,436	1	343,538	1
11XX	**Current Assets**		27,939,706	70	20,716,546	64	21,623,140	65
	Non-current assets							
1510	Financial assets at fair value through profits or loss – non-current	6 (2)	45,229	-	45,828	-	26,010	-
1517	Non-current financial assets at fair value through other comprehensive income	6 (3)	235,356	1	369,523	1	494,715	1
1535	Financial assets at amortized cost – non-current		511,346	1	422,748	1	526,577	2
1550	Investments accounted for under equity method	6 (7)	5,892,513	15	5,602,510	17	5,065,756	15
1600	Property, plant and equipment	6 (8)	3,887,353	10	4,021,917	12	3,994,399	12
1755	Right-of-use assets	6 (9)	197,977	1	247,172	1	273,784	1
1780	Intangible assets	6 (10)	852,217	2	911,221	3	1,001,614	3
1840	Deferred income tax assets		169,350	-	188,976	1	188,570	-
1900	Other non-current assets		113,761	-	84,752	-	241,636	1
15XX	**Non-current assets**		11,905,102	30	11,894,647	36	11,813,061	35
1XXX	**Total assets**		$ 39,844,808	100	$ 32,611,193	100	$ 33,436,201	100

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MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2024 and 2023 were reviewed, not audited)

	Liabilities and Equity	Notes	September 30, 2024 AMOUNT	%	December 31, 2023 AMOUNT	%	September 30, 2023 AMOUNT	%
	Current liabilities							
2100	Short-term borrowing	6 (11)	$ 329,772	1	$ 1,133,099	4	$ 676,843	2
2120	Financial liabilities at fair value through profit or loss – current	6 (2)	243	-	1,726	-	-	-
2130	Contract liabilities – current	6 (21)	335,538	1	301,635	1	308,078	1
2150	Notes payable		1	-	-	-	7	-
2170	Accounts payable		7,839,225	20	5,516,301	17	6,236,902	19
2180	Accounts payable – related parties	7 (2)	4,272,890	11	3,023,117	9	4,167,431	13
2200	Other payables	6 (2)(12)	1,373,017	3	1,385,934	4	1,057,929	3
2220	Other payables – related parties	7 (2)	76,762	-	65,895	-	70,930	-
2230	Current income tax liabilities		252,795	-	466,311	1	249,345	1
2320	Current portion of long-term liabilities	6 (13)(14)	331,427	1	3,428,440	11	3,417,890	10
2399	Other current liabilities		673,246	2	529,581	2	487,876	1
21XX	**Current Liabilities**		15,484,916	39	15,852,039	49	16,673,231	50
	Non-current liabilities							
2527	Contract liabilities – non-current	6 (21)	491,632	1	590,487	2	595,572	2
2530	Bonds payable	6 (13)	2,842,335	7	-	-	-	-
2540	Long-term borrowings	6 (14)	390,858	1	1,003,177	3	1,137,117	3
2570	Deferred income tax liabilities	6 (26)	2,101,105	6	1,540,737	5	1,661,597	5
2640	Net defined benefit liability – non-current	6 (15)	30,443	-	36,054	-	29,622	-
2690	Other non-current liabilities		63,368	-	106,376	-	137,133	1
25XX	**Non-current liabilities**		5,919,741	15	3,276,831	10	3,561,041	11
2XXX	**Total liabilities**		21,404,657	54	19,128,870	59	20,234,272	61
	Equity attributable to owners of parent							
	Share capital	6 (17)						
3110	Common stock		2,534,938	6	2,193,163	7	2,193,434	7
3140	Capital collected in advance		1,308	-	-	-	-	-
	Capital surplus	6 (18)						
3200	Capital surplus		8,412,218	21	4,872,974	14	4,866,929	14
	Retained earnings	6 (19)						
3310	Legal reserve		2,549,941	6	2,412,390	8	2,412,390	7
3320	Special reserve		973,012	3	768,186	3	768,186	2
3350	Unappropriated retained earnings		3,641,261	9	3,583,885	11	3,048,664	9
	Other equity interest	6 (20)						
3400	Other equity interest		(764,557)	(2)	(1,209,351)	(4)	(952,073)	(2)
31XX	**Equity attributable to owners of the parent**		17,348,121	43	12,621,247	39	12,337,530	37
36XX	**Non-controlling interest**	4 (3)	1,092,030	3	861,076	2	864,399	2
3XXX	**Total equity**		18,440,151	46	13,482,323	41	13,201,929	39
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant events after the balance sheetdate							
3X2X	**Total liabilities and equity**		$ 39,844,808	100	$ 32,611,193	100	$ 33,436,201	100

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

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(Reviewed, Unaudited)

			Three months ended September 30				Nine months ended September 30			
			2024		2023		2024		2023	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6 (21) and 7 (2)	$ 12,855,745	100	$ 9,454,858	100	$ 31,503,395	100	$ 24,942,050	100
5000	Operating costs	6 (6) and 7 (2)	(11,121,767)	(86)	(8,131,710)	(86)	(27,366,854)	(87)	(21,726,814)	(87)
5900	Net operating margin		1,733,978	14	1,323,148	14	4,136,541	13	3,215,236	13
	Operating expenses	6 (24)(25)								
6100	Selling expenses		(126,836)	(1)	(112,762)	(1)	(348,539)	(1)	(326,700)	(1)
6200	General and administrative expenses		(313,917)	(3)	(314,321)	(4)	(892,905)	(3)	(837,027)	(3)
6300	Research and development expenses		(538,248)	(4)	(494,862)	(5)	(1,519,109)	(5)	(1,388,728)	(6)
6450	Expected credit impairment gain (loss)	12 (2)	582	-	636	-	(32,045)	-	(7,293)	-
6000	Total operating expenses		(978,419)	(8)	(921,309)	(10)	(2,792,598)	(9)	(2,559,748)	(10)
6900	Operating profit		755,559	6	401,839	4	1,343,943	4	655,488	3
	Non-operating income and expenses									
7100	Interest income		50,783	-	24,057	-	180,305	1	70,645	-
7010	Other income	6 (22)	38,079	-	51,256	1	177,308	-	242,124	1
7020	Other gains and losses	6 (23)	(43,772)	-	57,600	1	191,497	1	189,986	1
7050	Finance costs		(23,959)	-	(21,018)	-	(74,764)	-	(74,480)	-
7060	Share of profit of associates and joint ventures accounted for under the equity method	6 (7)	87,403	1	103,274	1	358,534	1	100,826	-
7000	Total non-operating income and expenses		108,534	1	215,169	3	832,880	3	529,101	2
7900	**Profit before income tax**		864,093	7	617,008	7	2,176,823	7	1,184,589	5
7950	Income tax expense	6 (26)	(153,108)	(1)	(144,835)	(2)	(480,357)	(2)	(278,454)	(1)
8200	**Profit for the period**		$ 710,985	6	$ 472,173	5	$ 1,696,466	5	$ 906,135	4

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(Reviewed, Unaudited)

	Items	Notes	Three months ended September 30 2024 AMOUNT	%	Three months ended September 30 2023 AMOUNT	%	Nine months ended September 30 2024 AMOUNT	%	Nine months ended September 30 2023 AMOUNT	%
	Other comprehensive income									
	Components of other comprehensive income that will not be reclassified to profit or loss									
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income, net	6 (3) (20)	($ 9,321)	-	($ 53,763)	-	($ 2,856)	-	($ 30,926)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6 (7) (20)	1	-	-	-	(128)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6 (26)	(611)	-	(1,014)	-	(2,371)	-	(2,054)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(9,931)	-	(54,777)	-	(5,355)	-	(32,980)	-
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations	6 (20)	140,779	1	224,946	2	367,878	1	166,291	-
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income, net	6 (3) (20)	-	-	492	-	-	-	1,006	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using the equity method – components of other comprehensive income that will be reclassified to profit or loss	6 (7) (20)	96,210	1	146,880	2	243,643	1	6,813	-
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6 (26)	(43,625)	(1)	(74,745)	(1)	(119,134)	-	(32,575)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		193,364	1	297,573	3	492,387	2	141,535	-
8300	**Total other comprehensive income (loss) for the period**		$ 183,433	1	$ 242,796	3	$ 487,032	2	$ 108,555	-
8500	**Total comprehensive(loss) for the period**		$ 894,418	7	$ 714,969	8	$ 2,183,498	7	$ 1,014,690	4
	Profit (loss), attributable to:									
8610	Owners of parent		$ 626,400	5	$ 421,725	4	$ 1,483,138	5	$ 840,285	4
8620	Non-controlling interest		84,585	1	50,448	1	213,328	-	65,850	-
	Total profit (loss) for the period		$ 710,985	6	$ 472,173	5	$ 1,696,466	5	$ 906,135	4
	Comprehensive income attributable to:									
8710	Owners of parent		$ 801,499	6	$ 662,533	7	$ 1,952,544	6	$ 934,140	4
8720	Non-controlling interest		92,919	1	52,436	1	230,954	1	80,550	-
	Total comprehensive income (loss)		$ 894,418	7	$ 714,969	8	$ 2,183,498	7	$ 1,014,690	4
	Basic earnings per share	6 (27)								
9750	Total basic earnings per share		$	2.59	$	1.97	$	6.57	$	3.92
	Diluted earnings per share	6 (27)								
9850	Total diluted earnings per share		$	2.40	$	1.76	$	5.93	$	3.52

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

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars)

(Reviewed, Unaudited)

		Equity attributable to owners of the parent									
	Notes	Share capital common stock	Capital collected in advance	Capital surplus-additional paid-in capital	Legal reserve	Special reserve	Unappropriated Retained earnings	Other equity interest	Total	Non-Controlling interest	Total equity
Nine months ended September 2023											
Balance at January 1,2023		$ 2,177,827	$ -	$ 4,720,866	$ 2,265,932	$ 748,930	$ 3,355,328	($ 996,446)	$ 12,272,437	$ 783,849	$ 13,056,286
Profit (loss) for the period		-	-	-	-	-	840,285	-	840,285	65,850	906,135
Other comprehensive income for the period		-	-	-	-	-	-	93,855	93,855	14,700	108,555
Total comprehensive income (loss) for the period		-	-	-	-	-	840,285	93,855	934,140	80,550	1,014,690
Appropriation and distribution of 2022 retained earnings	6 (19)										
Legal reserve		-	-	-	146,458	-	(146,458)	-	-	-	-
Special reserve		-	-	-	-	19,256	(19,256)	-	-	-	-
Cash dividends		-	-	-	-	-	(981,235)	-	(981,235)	-	(981,235)
Share-based payments	6 (16)	15,607	-	127,329	-	-	-	(49,482)	93,454	-	93,454
Recognition of change in equity of associates in proportion to the Group’s ownership		-	-	18,734	-	-	-	-	18,734	-	18,734
Balance at September 30, 2023		$ 2,193,434	$ -	$ 4,866,929	$ 2,412,390	$ 768,186	$ 3,048,664	($ 952,073)	$ 12,337,530	$ 864,399	$ 13,201,929
Nine months ended September 2024											
Balance at January 1,2024		$ 2,193,163	$ -	$ 4,872,974	$ 2,412,390	$ 768,186	$ 3,583,885	($ 1,209,351)	$ 12,621,247	$ 861,076	$ 13,482,323
Profit (loss) for the period		-	-	-	-	-	1,483,138	-	1,483,138	213,328	1,696,466
Other comprehensive income for the period		-	-	-	-	-	-	469,406	469,406	17,626	487,032
Total comprehensive income (loss) for the period		-	-	-	-	-	1,483,138	469,406	1,952,544	230,954	2,183,498
Appropriation and distribution of 2023 retained earnings	6 (19)										
Legal reserve		-	-	-	137,551	-	(137,551)	-	-	-	-
Special reserve		-	-	-	-	204,826	(204,826)	-	-	-	-
Cash dividends		-	-	-	-	-	(1,030,914)	-	(1,030,914)	-	(1,030,914)
Issuance of common stock		50,000	1,308	445,241	-	-	-	-	496,549	-	496,549
Proceeds from Issuance of convertible bonds	6 (13)	-	-	280,733	-	-	-	-	280,733	-	280,733
Convertible bonds converted into common shares	6 (13)	285,593	-	2,707,409	-	-	-	-	2,993,002	-	2,993,002
Share-based payments	6 (16)	6,182	-	104,871	-	-	-	(101,957)	9,096	-	9,096
Equity instruments at fair value through other comprehensive income reclassified to investments accounted for using equity method	6 (7)	-	-	-	-	-	(52,471)	52,471	-	-	-
Recognition of change in equity of associates in proportion to the Group’s ownership	6 (7)	-	-	3,296	-	-	-	2,816	6,112	-	6,112
Disposal of investments accounted for using equity method	6 (7)	-	-	(1,872)	-	-	-	22,058	20,186	-	20,186
Changes in ownership of subsidiaries		-	-	(434)	-	-	-	-	(434)	-	(434)
Balance at September 30, 2024		$ 2,534,938	$ 1,308	$ 8,412,218	$ 2,549,941	$ 973,012	$ 3,641,261	($ 764,557)	$ 17,348,121	$ 1,092,030	$ 18,440,151

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

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)
(Reviewed, Unaudited)

	Notes	Nine months ended September 30 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 2,176,823	$ 1,184,589
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense-property, plants and equipment	6 (8)(24)	438,225	413,396
Depreciation expense - right-of-use assets	6 (9)(24)	90,992	89,002
Amortization	6 (10)(24)	73,615	113,919
Expected credit impairment loss	12 (2)	32,045	7,293
Finance costs		70,228	69,000
Interest expense-lease liability	6 (9)	4,536	5,480
Loss (gain) on financial assets or liabilities at fair value through profit or loss		(13,531)	(38,296)
Share of profit of associates and joint ventures accounted for using equity method	6 (7)	(358,534)	(100,826)
Compensation cost of employee restricted shares	6 (16)	29,337	93,454
Loss (gain) on disposal of property, plant and Equipment	6 (23)	12,176	(19,440)
Loss on disposal of investments	6 (23)	21,613	-
Interest income		(180,305)	(70,645)
Dividend income	6 (22)	(4,004)	(7,775)
Deferred income of government grants		(155)	(554)
Unrealized foreign exchange gains		(152,314)	11,890
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets/liabilities mandatorily measured at fair value through profit or loss		(1,726)	(2,261)
Notes receivable		(655)	-
Accounts receivable (including related parties)		(2,538,793)	1,009,246
Other receivables (including related parties)		147,187	(112,481)
Inventories		(1,956,100)	(437,679)
Other current assets		(162,144)	(54,690)
Changes in operating liabilities			
Notes payable		1	-
Accounts payable		2,189,472	1,048,744
Accounts payable － related parties		1,187,139	(203,645)
Other payables		12,732	(56,523)
Other payables － related parties		10,803	(11,485)
Contract liabilities		(65,726)	(117,093)
Other current liabilities		144,071	130,273
Net defined benefit liability − non-current		(5,612)	(7,997)
Cash inflow generated from operations		1,201,396	2,934,896
Interest received		170,951	69,275
Dividend received		4,004	7,775
Interest paid		(71,382)	(74,799)
Income taxes paid		(293,722)	(281,125)
Net cash inflows generated from operating activities		1,011,247	2,656,022

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MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)
(Reviewed, Unaudited)

	Notes	Nine months ended September 30 2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in financial assets mandatorily measured at fair value through profit or loss		$ 381,129	$ 1,006
Increase in financial assets at amortized cost- current		-	(332,342)
Decrease in financial assets at amortized cost- current		372,824	-
Increase in financial assets at amortized cost － non-current		(361,106)	(413,393)
Decrease in financial assets at amortized cost － non-current		291,940	-
Acquisition of investments accounted for using equity method	6 (7)	-	(123,908)
Earnings distribution accounted for under equity method	6 (7)	19,629	213,003
Acquisition of property, plant and equipment	6 (28)	(236,487)	(461,249)
Proceeds from disposal of property, plant and equipment		8,446	28,224
Acquisition of intangible assets		(9,272)	(7,989)
Decrease in other non - current assets		14,434	5,419
Decrease (increase) in guarantee deposits paid		(1,375)	1,385
Net cash flows used in investing activities		480,162	(1,089,844)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings	6 (29)	(818,448)	(1,467,031)
Repayment of principal portion of lease liabilities	6 (29)	(92,307)	(91,577)
Increase in long-term borrowings	6 (29)	-	531,081
Decrease in long-term borrowings	6 (29)	(733,011)	(313,021)
Proceeds from issuing corporate bonds	6 (29)	3,000,000	-
Redemption of corporate bonds	6 (29)	(4,000)	-
Decrease (increase) in other non-current liabilities	6 (29)	(194)	1,082
Cash dividends paid	6 (29)	(1,030,914)	(981,235)
Proceeds from issuance of shares	6 (17)	476,308	-
Net cash flows used in financing activities		797,434	(2,320,701)
Effect of change in foreign currency exchange		373,417	79,939
Net increase (decrease) in cash and cash equivalents		2,662,260	(674,584)
Cash and cash equivalents at beginning of period		5,526,722	6,923,268
Cash and cash equivalents at end of period		$ 8,188,982	$ 6,248,684

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

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(REVIEWED, UNAUDITED)

1. HISTORY AND ORGANISATION

Merry Electronics Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on December 24, 1975. The Company and its subsidiaries (collectively referred here in as the "Group") are primarily engaged in manufacturing, processing, repairing, sales of electric appliance and audiovisual electric products, telecommunication equipment and apparatus electronic parts and components, computers and computing peripheral equipment, restrained telecom radio frequency equipment and medical appliances; planning, design, input as well as output of service items' equipment; production as well as marketing management consultant of service items' relevant business; and all business items that are not prohibited or restricted by law, except those that are subject to special approval. The Company's shares were listed on the Taipei Exchange since August 1998 and transferred to the Taiwan Stock Exchange starting September 2000 with approval from the competent authority. The Company merged with its subsidiaries, Huges Hi-Tech Inc. and Biotest Medical Corporation, on September 1, 2005 and October 29, 2021, respectively. The Company was the surviving company while Huges Hi-Tech Inc. and Biotest Medical Corporation were the dissolved companies.

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

These consolidated financial statements were reported to the Board of Directors on October 24, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Impact on 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 IAS 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
Amendments to IAS7 and IFRS7 "Supplier Finance Arrangements"	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

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 financial performance based on the Group's assessment.

(3) Impact on IFRS 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 as endorsed by the FSC are 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
Amendments to 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

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment except for the following: IFRS 18 "Presentation and Disclosure in Financial Statements" replaces IAS 1, updates the framework of the statement of comprehensive income, adds the disclosure of the evaluation of the performance of management, and strengthen the principle of summary and detailed breakdown adopted in the main financial statements and notes. The related impact will be disclosed when the evaluation is complete.

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 preparation, 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

Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, 'Interim financial reporting' as endorsed by the FSC.

B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2023.

(2) Basis of preparation

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

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

(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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement 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:

Basis for preparation for the current period financial statements and the 2023 consolidated financial statements is the same.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)			
Name of investor	Name of subsidiary	Main business Activities	September 30, 2024	December 31, 2023	September 30, 2023	Description
MEHO	Merry Electronics (HK) Co., Ltd. (MEST)	Sales of the same products as the Company.	100.00%	100.00%	100.00%	
MEHO	Merry Electronics (Thailand) Co., Ltd. (METC)	The same main business as the Company.	99.99%	99.99%	99.99%	NOTE 1
MEHO	Merry Electronics (U.S.A.) Co., Ltd. ("MECA")	Agency selling microphone and security system manufactured by affiliates.	99.90%	99.90%	99.90%	NOTE 1
MEHO	Danny Dynamics Limited ("DDBV")	Equity investments.	100.00%	100.00%	100.00%	
MEHO	Merry Electronics (Singapore) Pte. Ltd. ("MESG")	Sales of the same products as the Company.	100.00%	100.00%	100.00%	

Name of investor	Name of subsidiary	Main business Activities	Ownership (%) September 30, 2024	December 31, 2023	September 30, 2023	Description
MEHO	Merry Healthcare Co., LTD. (“MHKY”)	Equity investments.	100.00%	100.00%	100.00%	NOTE 1
MEHO	Asian Elite International Ltd. (“MSCS”)	Manufacturing and sales of speaker and amplifier.	100.00%	100.00%	100.00%	NOTE 1
MEHO	Indigo Enterprise Inc. ("INSA")	Equity investments.	100.00%	100.00%	100.00%	
MEHO	MERRY & LUXSHARE (VIETNAM) CO., LTD. ("MEVN")	Manufacturing of sales of speaker, microphone and headphone products.	51.00%	51.00%	51.00%	NOTE 1
MEHO	MUtek Electronics Co., Ltd. (MUTT)	Manufacturing and application service of electrical appliances and audiovisual electronic products	51.00%	51.00%	51.00%	NOTE 1
MEHO	Merry Capital Inc.("MCTT")	Equity investments	100.00%	100.00%	100.00%	NOTE 1
MEST	Merry Electronics (Shenzhen) Co., Ltd. ("MECL")	The same main business as the Company.	100.00%	100.00%	100.00%	
DDBV	Universal Capital Investment ("UCMU")	Equity investments.	-	-	-	NOTE 3
DDBV	Merrytech (HK) Co., Limited ("MTHK")	Equity investments.	100.00%	100.00%	100.00%	
INSA	Merry Electronics North America Inc. ("MENA")	Develop-to-order and appearance design of speaker and amplifier.	100.00%	100.00%	100.00%	
MENA	Seas Fabrikker ("SENM")	Manufacturing and sales of speaker monomer.	100.00%	100.00%	100.00%	NOTE 1
MHKY	Fulicare Co., Ltd. ("FUSA")	Equity investments.	96.01%	96.01%	96.01%	NOTE 1
FUSA	Fulicare Medical Instruments (Suzhou) Co. ,Ltd. ("FUSZ")	Sales of medical device.	100.00%	100.00%	100.00%	NOTE 1
FUSA	Fulicare Medical Instruments (Xiamen) Co., Ltd. **("FUXM")**	Manufacturing of medical device.	100.00%	100.00%	100.00%	NOTE 1
FUSA	Xiamen Etimbre Hearing	Research and development,	100.00%	100.00%	100.00%	NOTE 1

Name of investor	Name of subsidiary	Main business Activities	Ownership (%) September 30, 2024	December 31, 2023	September 30, 2023	Description
	Technology Co., Ltd. ("ETCX")	manufacturing as well as sales of hearing aid, hearing device and acoustics equipment.				
FUSZ and FUSA	Austar Hearing Science And Technology (Xiamen) Co., Ltd. ("ASCX")	Research and development, manufacturing as well as sales of hearing aid, hearing device and acoustics equipment.	99.50%	99.50%	99.50%	NOTE 1
ASCX	Xiamen Laiyate Medical Devices Co., Ltd. ("LACX")	Research and development as well as technical sales of software functions for hearing aid.	-	-	100.00%	NOTE 2、4
MESG	Merry Electronics Sdn Bhd. ("MEMP")	Research and development of microphone, receiver and speaker.	100.00%	100.00%	100.00%	NOTE 1

Note 1: The financial statements of the entity as of and for the nine months ended September 30, 2024 and 2023 were not reviewed by the independent auditors as the entity is not a significant subsidiary.

Note 2: The financial statements of the entity as of and for the nine months ended September 30, 2023 were not reviewed by the independent auditors as the entity is not a significant subsidiary.

Note 3: On September 20, 2023, the Group resolved to dispose the subsidiary - Universal Capital Investment Limited (UCMU), and the settlement was completed on September 30, 2023.

Note 4: On November 29, 2023, the Group liquidated the subsidiary, XIAMEN LAIYATE MEDICAL DEVICES CO., LTD.(“LACX”), and the registration for the liquidation was completed.

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 Group’s non-controlling interests amounted to $1,092,030 thousand, $861,076 thousand and $864,399 thousand, respectively. The following is the information for non-controlling interests that are material to the Group and that belong to the Group's subsidiaries:

		Non-controlling interests					
		September 30, 2024		December 31, 2023		September 30, 2023	
Name of subsidiary	Principal place of business	Amount	Shareholding ratio	Amount	Shareholding ratio	Amount	Shareholding ratio
MEVN	Vietnam	$1,031,131	49%	$ 808,567	49%	$ 805,759	49%

The summarized financial information of the subsidiary is as follows:

Balance sheet

	MEVN		
	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	$ 3,830,468	$ 1,755,805	$ 1,803,693
Non-current assets	981,319	984,139	1,057,915
Current liabilities	(2,620,691)	(961,104)	(1,068,462)
Non-current liabilities	(45,002)	(108,603)	(128,636)
Total net assets	$ 2,146,094	$ 1,670,237	$ 1,664,510

Statement of comprehensive income

	MEVN	
	Three months ended September 30	
	2024	2023
Revenue	$ 1,989,207	$ 918,038
Profit before income tax	202,331	109,317
Income tax	(29,534)	-
Profit for the period from continuing operations	172,797	109,317
Profit for the period	172,797	109,317
Total comprehensive income for the period	$ 172,797	$ 109,317
Comprehensive income attributable to non-controlling interests	$ 84,671	$ 53,566

	MEVN	
	Nine months ended September 30	
	2024	2023
Revenue	$ 4,366,039	$ 1,983,852
Profit before income tax	503,545	152,981
Income tax	(62,331)	-
Profit for the period from continuing operations	441,214	152,981
Profit for the period	441,214	152,981
Total comprehensive income for the period	$ 441,214	$ 152,981
Comprehensive income attributable to non-controlling interests	$ 216,195	$ 74,961

Statement of cash flows

	MEVN	
	Nine months ended September 30	
	2024	2023
Net cash inflows generated from operating activities	$ 36,579	$ 166,843
Net cash outflows used in investing activities	(53,597)	(20,737)
Net cash inflows generated from (outflows used in) financing activities	(75,331)	(76,117)
Effect of change in foreign currency exchange	6,413	1,605
Net increase (decrease) in cash and cash equivalents	(85,936)	71,594
Cash and cash equivalents at beginning of period	142,185	77,160
Cash and cash equivalents at end of period	$ 56,249	$ 148,754

(4) Employee benefits

Pensions

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

(5) Income tax

The interim period income tax expense is recognized 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 was no significant change in the reporting period. 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	$ 1,208	$ 2,694	$ 16,791
Checking accounts and demand deposits	7,978,627	5,248,233	5,888,118
Time deposits	209,147	275,795	343,775
	$ 8,188,982	$ 5,526,722	$ 6,248,684

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. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group’s time deposits with maturity over 3 months had been classified as financial assets measured at amortized cost.

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

Items	September 30, 2024	December 31, 2023	September 30, 2023
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
-Funds	$ 122,020	$ 232,000	$ 100,000
-Forward exchange contract	13,442	13,166	28,034
-Call options of convertible bonds	1,300	-	-
-Stocks	20,480	20,480	-
-Bonds	10,350	280,000	280,000
Valuation adjustment	22,299	10,934	12,635
Total	$ 189,891	$ 556,580	$ 420,669
Non-current items:			
Funds	$ 46,220	$ 47,652	$ 28,344
Valuation adjustment	(991)	(1,824)	(2,334)
	$ 45,229	$ 45,828	$ 26,010

Items	September 30,2024	December 31, 2023	September 30,2023
Current items:			
Financial liabilities held for trading-forward exchange contract	$ 243	$ 1,726	$ -

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Three months ended September 30	
	2024	2023
Net gains on financial assets (liabilities) at fair value through profit or loss	$ 16,065	$ 5,626

	Nine months ended September 30	
	2024	2023
Net gains on financial assets (liabilities) at fair value through profit or loss	$ 31,396	$ 40,760

B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed as follows:

	September 30, 2024		
Derivative instruments	Contract amount (Notional principal)	Contract period	Contract price
Forward foreign exchange contract to sell	USD 23,500 thousand	2024/07/29~ 2024/10/31	NTD 31.640~32.610
Forward foreign exchange contract to buy	USD 20,500 thousand	2024/02/22~ 2025/04/23	NTD 30.253~31.550

	December 31, 2023		
Derivative instruments	Contract amount (Notional principal)	Contract period	Contract price
Forward foreign exchange contract to sell	USD 15,000 thousand	2023/12/27~ 2024/01/30	NTD 30.555~30.846
Forward foreign exchange contract to buy	USD 25,000 thousand	2023/01/30~ 2024/05/10	NTD 29.036~30.600

	September 30, 2023		
Derivative instruments	Contract amount (Notional principal)	Contract period	Contract price
Forward foreign exchange contract to buy	USD 14,000 thousand	2022/12/28~ 2024/05/10	NTD 29.036~31.813

The Group entered into forward foreign exchange contracts to hedge exchange rate risk of import and export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group had outstanding payments for settled transactions amounting to $0 thousand, $140,019 thousand and $800 thousand (shown as other payables), respectively.

D. As of September 30, 2024, December 31, 2023 and September 30, 2023, the collectible payments for settled transactions amounted to $0 thousand, $140,459 thousand and $0 thousand (shown as other receivables), respectively.

E. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.

F. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12 (2).

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

Items	September 30, 2024	December 31, 2023	September 30, 2023
Current items:			
Debt instruments			
Bonds	$ -	$ -	$ 144,625
Valuation adjustment			
-through profit or loss	-	-	16,725
-through other comprehensive income	-	-	(1,681)
Sub-total	-	-	159,669

	September 30, 2024	December 31, 2023	September 30, 2023
Equity instruments			
Stocks	$ 106,080	$ 106,080	$ 106,080
Valuation adjustment			
-through other comprehensive income	(2,726)	(874)	(1,067)
Sub-total	103,354	105,206	105,013
Total	$ 103,354	$ 105,206	$ 264,682

Items	September 30, 2024	December 31, 2023	September 30, 2023
Non-current items:			
Equity instruments			
Listed stocks	$ -	$ -	$ 99,990
Unlisted stocks	728,702	916,650	917,565
Sub-total	728,702	916,650	1,017,555
Valuation adjustment			
-through other comprehensive income	(493,346)	(547,127)	(522,840)
Sub-total	235,356	369,523	494,715
Total	$ 235,356	$ 369,523	$ 494,715

A. The Group has elected to classify equity and debt investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $338,710 thousand, $474,729 thousand and $759,397 thousand as on September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

B. On November 7, 2023, as the Company increased its investments in DONPON PRECISION INC., resulting to changes in the shareholding ratio, and the Company obtained influence over changes in its business model. Accordingly, the Company reclassified the investment increase from financial assets at fair value through other comprehensive income to investments accounted for using equity method. Please refer to Note 6(7) for details.

C. On May 30, 2024, the Company's investment in SYNergy ScienTech Corp is accounted for from under the financial assets at fair value through other comprehensive income to under equity method due to the change of the way of running its business. Please refer to Note 6 (7).

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

	Three months ended September 30	
	2024	2023
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	($ 9,321)	($ 53,763)
Debt instruments at fair value through other comprehensive income		
Fair value change recognized through profit or loss	$ -	$ 5,650
Fair value change recognized in other comprehensive income	$ -	$ 492

Interest income recognized in profit or loss	$ -	$ 1,562

	Nine months ended September 30	
	2024	2023
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	($ 2,856)	($ 30,926)
Debt instruments at fair value through other comprehensive income		
Fair value change recognized through profit or loss	$ -	$ 7,800
Fair value change recognized in other comprehensive income	$ -	$ 1,006
Interest income recognized in profit or loss	$ 841	$ 4,411

E. As on 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 financial assets at fair value through other comprehensive income held by the Group was $338,710 thousand, $474,729 thousand and $759,397 thousand, respectively.

F. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

G. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12 (2).

H. The counterparties of the Company's investments in debt instruments have good credit quality; those debt securities are all rated as investment grade.

(4) Accounts receivable

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable	$ 11,488,316	$ 9,241,314	$ 8,032,246
Less: Allowance for doubtful accounts	(49,264)	(16,839)	(28,682)
	$ 11,439,052	$ 9,224,475	$ 8,003,564

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

	September 30, 2024	December 31, 2023	September 30, 2023
Not past due	$ 11,138,230	$ 9,169,410	$ 7,965,951
Up to 30 days	303,999	58,076	38,552
31 to 90 days	7,012	2,535	4,674
91 to 180 days	1,324	52	7,400
Over 180 days	37,751	11,241	15,669
	$ 11,488,316	$ 9,241,314	$ 8,032,246

The above aging analysis was based on past due date.

B. As of September 30, 2024, December 31, 2023, September 30, 2023, and January 1, 2023, the balances of receivables from contracts with customers amounted to $11,439,052 thousand, $9,224,475 thousand, $8,003,564 thousand and $8,709,698 thousand, respectively.

C. The Group insured against its accounts receivable, which the insured amount has been reviewed and granted by the insurance company. If bad debts occur, the insurance company will settle the claim up to 90% of the insured amount. As of September 30, 2024, December 31, 2023 and September 30, 2023, the balance of insured accounts receivable amounted to $7,979,532 thousand, $7,614,787 thousand and $5,148,542 thousand, respectively.

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

E. The Group entered into a factoring agreement which has no right of recourse with ING BANK N.V., TAIPEI BRANCH and Bank of America on July 19, 2021. As of September 30, 2024, December 31, 2023 and September 30, 2023, there were no accounts receivable that were outstanding and expected to be transferred (reclassified as financial assets at fair value through other comprehensive income). Please refer to Note 6 (5) for information on transfer of financial assets.

F. Information relating to credit risk of accounts receivable is provided in Note 12 (2).

(5) Transfer of financial assets

A. Transferred financial assets that are derecognized in their entirety

None for September 30, 2024, December 31, 2023 and September 30, 2023.

B. Transferred financial assets that are not derecognized in their entirety

i. On July 19, 2021, the Group entered into a factoring agreement with ING BANK N.V., TAIPEI BRANCH to sell its accounts receivable. In accordance with the agreement, the Group transferred first 90% of accounts receivable and has obligated to provide partial guarantees for the default risk of the transferred accounts receivable. Therefore, the Group has not derecognized the accounts receivable sold in their entirety and may not pledge these accounts receivable to a third party.

ii. As of September 30, 2024, December 31, 2023 and September 30, 2023, the related information of the transferred accounts receivable sold that the Group continuously recognized to the extent of continuing involvement were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Total carrying amount of the original assets before transferring	$ -	$ -	$ 518,134
Carrying amount of the assets continuously recognized	-	-	51,813

(6) Inventories

	September 30, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 2,249,021	($ 140,024)	$ 2,108,997
Work in progress	1,206,601	(11,527)	1,195,074
Finished goods	2,735,651	(97,656)	2,637,995
	$ 6,191,273	($ 249,207)	$ 5,942,066

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 1,732,946	($ 128,773)	$ 1,604,173
Work in progress	470,522	(10,597)	459,925
Finished goods	1,861,814	(104,592)	1,757,222
	$ 4,065,282	($ 243,962)	$ 3,821,320

	September 30, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 1,978,374	($ 130,058)	$ 1,848,316
Work in progress	987,811	(11,883)	975,928
Finished goods	2,631,708	(104,066)	2,527,642
	$ 5,597,893	($ 246,007)	$ 5,351,886

The cost of inventories recognized as expense for the period:

	Three months ended September 30	
	2024	2023
Cost of goods sold	$ 11,099,501	$ 8,155,619
Loss on scrapping inventory	14,613	5,788
Gain on reversal of slow-moving inventories and decline in market value	7,593	(29,739)
Gain on physical inventory	60	42
	$ 11,121,767	$ 8,131,710

	Nine months ended September 30	
	2024	2023
Cost of goods sold	$ 27,323,931	$ 21,781,231
Loss on scrapping inventory	37,618	23,422
Gain on reversal of slow-moving inventories and decline in market value	5,245	(77,876)
Gain on physical inventory	60	37
	$ 27,366,854	$ 21,726,814

The Group reversed a previous inventory write-down because of the sale of certain written-down inventories by the Group for the three months and nine months ended September 30, 2024 and September 30, 2023.

(7) Investments accounted for using the equity method

	Nine months ended September 30	
	2024	2023
At January 1	$ 5,602,510	$ 5,028,458
Increase in investments accounted for using equity method	-	123,908
Disposal of investments accounted for using equity method	(430,463)	-
Share of profit or loss of investments accounted for using the equity method	358,534	100,826
Earnings distribution	(19,653)	(213,003)
Changes in capital surplus additional paid-in capital	3,296	18,734
Changes in other equity items	243,515	6,813
Reclassification of credit balance of investments accounted for using equity method/ reversal of non-current liabilities	(1,095)	20
Transferred from financial assets at fair value through other comprehensive income	135,869	-
At September 30	$ 5,892,513	$ 5,065,756

A. The Company and the Group’s subsidiary Merry Capital Inc. co-invested in CDIB-Mac Limited Partnership under the Board resolution on July 28, 2022.The capital increase is arranged on May 25, 2023 and September 7, 2023, and the accumulated investment amounted to $104,533 thousand and $2,450 thousand, respectively.

B. The Group’s subsidiary Merry Electronics (Shenzhen) Co., Ltd. ("MECL") has resolved during the Board of directors meeting on January 31, 2023 to invest in Dong Guan Get Pink Electronics Co., Ltd. amounting to RMB $3,858 thousand (in equivalent to NT$16,925 thousand), in exchange for 33% shareholding. The business registration has been completed.

C. On October 26, 2023, the Board of Directors resolved to increase its investments in the private placement common shares of DONPON PRECISION INC. amounting to $286,020 thousand, and the Company accumulatively acquired 16.22% equity interests in the company, and further had significant influence over the company. The Company had reclassified the investment which was initially recognised in financial assets at fair value through other comprehensive income amounting to $160,244 thousand, including realised valuation gains in the amount of $60,254 thousand. Please refer to Note 6(3) for details.

D. Guangdong Luxshare & Merry Electronics Co., Ltd. (MEDG), the Company’s investee, founded the liquidation committee on April 20, 2022. The liquidation period was between May 1, 2022 and February 29, 2024, with the end of the liquidation period as the dissolution date. The Group wrote off the equity book value amounting to $430,463 thousand, the additional paid-in capital amounting to $1,872 thousand and other equity amounting to ($22,058) thousand based on the liquidation result, and recognized the loss on disposal of investment amounting to $18,864 thousand. The consideration of disposal was amounting to RMB $98,581 thousand (equivalent to NT$431,785 thousand), which was recognized as other receivables. The liquidation is still in progress as of October 24, 2024.

E. On May 30, 2024, the Group’s investment in SYNergy ScienTech Corp was originally accounted for under the financial assets at fair value through other comprehensive income amounting to $135,869 thousand, and it was subsequently reclassified into the investment under equity method due to the change of the Group’s way of running its business which makes the Group reach a significant influence on SYNergy ScienTech Corp. The reclassification included the realized valuation loss amounting to $52,471 thousand. Please refer to Note 6 (3).

F. A consolidation by merger is resolved by both the Board of Directors of the Company’s investees, Merry Electronics (Huizhou) Co., Ltd. and Merry Electronics (Shanghai) Co., Ltd.. Merry Electronics (Huizhou) Co., Ltd. is the surviving company, and August 6, 2024 is resolved to be the consolidated record date. The registration of the merger is complete.

G. Details are as follows：

	September 30, 2024	December 31, 2023	September 30, 2023
Associates with significant influence			
Merry Electronics (Suzhou) Co., Ltd. (MECE)	$ 3,546,085	$ 3,279,717	$ 3,183,119
Associates with insignificant influence			
Merry Electronics (Huizhou) Co., Ltd. (MECH)	1,534,718	1,286,560	1,279,912
Guangdong Luxshare & Merry Electronics Co., Ltd. (MEDG)	-	422,596	429,228
DONPON PRECISION INC	471,899	441,257	-
CDIB-Mac Limited Partnership. (MAC FUND)	117,626	116,837	123,461
Leohab Enterprise Co., Ltd. (LEOHAB)	70,378	39,554	33,459
Dong Guan Get Pink Electronics Co., Ltd.	16,696	15,989	16,577
SYNergy ScienTech Corp.	135,111	-	-
Merry Electronics (Shanghai)Co., Ltd. (MECS)	-	(1,095)	(1,129)
Subtotal	5,892,513	5,601,415	5,064,627
Add: Credit balance of investments accounted for using the equity method transferred to non-current liabilities	-	1,095	1,129
	$ 5,892,513	$ 5,602,510	$ 5,065,756

H. Share of profit (loss) of associates accounted for using the equity method：

Investee	Three months ended September 30 2024	2023
MECE	$ 15,928	$ 7,193
MECH	58,428	76,506
MEDG	-	17,641
DONPON	10,443	-
MAC FUND	(2,605)	354
LEOHAB	5,370	960
Dong Guan Get Pink Electronics Co., Ltd.	145	620
SYNERGY	(306)	-
MECS	-	-
	$ 87,403	$ 103,274

Investee	Nine months ended September 30	
	2024	2023
MECE	$ 105,069	($ 94,637)
MECH	191,844	178,949
MEDG	2,682	21,144
DONPON	27,461	-
MAC FUND	813	(2,105)
LEOHAB	30,280	(2,073)
Dong Guan Get Pink Electronics Co., Ltd.	(17)	(453)
SYNERGY	402	-
MECS	-	1
	$ 358,534	$ 100,826

I. Associates

(a) The basic information of the associates that is material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio September 30, 2024	December 31, 2023	September 30, 2023	Nature of relationship	Method of measurement
MECE	Mainland of China	49.00%	49.00%	49.00%	Holding more than 20% of voting right	Equity method

(b) The summarized financial information of the associates that is material to the Group is as follows:

Balance sheet

	MERRY ELECTRONICS (SUZHOU) CO., LTD.		
	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	$ 7,097,838	$ 5,878,001	$ 6,983,827
Non-current assets	3,714,642	4,160,057	4,554,191
Current liabilities	(3,323,909)	(3,164,937)	(4,675,748)
Non-current liabilities	(64,684)	(61,207)	(61,783)
Total net assets	$ 7,423,887	$ 6,811,914	$ 6,800,487
Share in associate's net assets	$ 3,637,704	$ 3,337,838	$ 3,332,238
Realized (unrealized) gain or loss from upstream and side stream transactions	(91,619)	(58,121)	(149,119)
Carrying amount of the associate	$ 3,546,085	$ 3,279,717	$ 3,183,119

Statement of comprehensive income

	MERRY ELECTRONICS (SUZHOU) CO., LTD.	
	Three months ended September 30	
	2024	2023
Revenue	$ 3,294,995	$ 2,967,656
Profit for the period from continuing operations	$ 88,480	$ 144,405
Total comprehensive income(loss)	$ 88,480	$ 144,405

	MERRY ELECTRONICS (SUZHOU) CO., LTD.	
	Nine months ended September 30	
	2024	2023
Revenue	$ 7,723,920	$ 6,634,679
Profit (loss) for the period from continuing operations	$ 282,791	($ 119,494)
Total comprehensive income (loss)	$ 282,791	($ 119,494)

(c) The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

	Three months ended September 30	
	2024	2023
Share of profit of associates and joint ventures accounted for using the equity method	$ 71,475	$ 96,081
Other comprehensive income (loss), net of tax	32,469	38,196
Total comprehensive income	$ 103,944	$ 134,277

	Nine months ended September 30	
	2024	2023
Share of profit of associates and joint ventures accounted for using the equity method	$ 253,465	$ 195,463
Other comprehensive income (loss), net of tax	97,988	(2,825)
Total comprehensive income	$ 351,453	$ 192,638

The investment income or loss accounted for under equity method of the above equity investments, except for MECE and MECH, is recognized based on the financial statements for the current period that was not reviewed by auditors.

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(8) Property, plant and equipment

Cost	Opening balance	Additions	Reductions	Transfers	Effect of foreign currency exchange difference	Ending balance
	Nine months ended September 30, 2024					
Land	$ 792,956	$ -	$ -	$ -	$ 3,150	$ 796,106
Land improvements	604	-	-	-	57	661
Buildings and structures	2,027,767	427	(829)	(12,370)	69,661	2,084,656
Machinery	3,240,291	166,225	(69,332)	19,402	140,985	3,497,571
Transportation equipment	16,896	940	-	-	696	18,532
Office equipment	335,656	9,739	(5,153)	-	11,062	351,304
Others	358,070	13,577	(6,028)	(34,362)	12,098	343,355
Unfinished construction	3,246	38,178	-	(13,483)	665	28,606
Total	6,775,486	$ 229,086	($ 81,342)	$ 40,813	$ 238,374	7,120,791
Accumulated depreciation						
Land improvements	($ 590)	($ 3)	$ -	$ -	($ 56)	($ 649)
Buildings and structures	(644,251)	(62,783)	571	12,370	(32,550)	(726,643)
Machinery	(1,684,403)	(314,506)	49,738	-	(78,238)	(2,027,409)
Transportation equipment	(13,501)	(1,424)	-	-	(506)	(15,431)
Office equipment	(224,257)	(25,581)	4,536	-	(8,782)	(254,084)
Others	(186,567)	(33,928)	5,875	12,442	(7,044)	(209,222)
Total	(2,753,569)	($ 438,225)	$ 60,720	$ 24,812	($ 127,176)	(3,233,438)
	$ 4,021,917					$ 3,887,353

Nine months ended September 30, 2023						
Cost	Opening balance	Additions	Reductions	Transfers	Effect of foreign currency exchange difference	Ending balance
Land	$ 792,675	$ -	$ -	$ -	($ 440)	$ 792,235
Land improvements	599	-	-	-	(8)	591
Buildings and structures	1,774,209	10,389	(1,556)	47,575	1,328	1,831,945
Machinery	3,166,963	103,028	(51,102)	15,377	10,568	3,244,834
Transportation equipment	22,133	72	(4,952)	-	(18)	17,235
Office equipment	302,683	21,110	(7,376)	14,459	1,176	332,052
Others	286,053	35,144	(4,978)	36,727	2,224	355,170
Unfinished construction	124,368	71,733	(950)	(94,936)	(168)	100,047
Total	6,469,683	$ 241,476	($ 70,914)	$ 19,202	($ 14,662)	6,674,109
Accumulated depreciation						
Land improvements	($ 581)	($ 3)	$ -	$ -	$ 8	($ 576)
Buildings and structures	(584,319)	(52,088)	1,556	1,977	(234)	(633,108)
Machinery	(1,377,578)	(294,219)	44,351	-	(4,678)	(1,632,124)
Transportation equipment	(16,450)	(1,454)	4,550	-	16	(13,338)
Office equipment	(202,973)	(26,604)	6,879	-	(1,015)	(223,713)
Others	(139,879)	(39,028)	4,794	(1,977)	(761)	(176,851)
Total	(2,321,780)	($ 413,396)	$ 62,130	$ -	($ 6,664)	(2,679,710)
	$ 4,147,903					$ 3,994,399

A. The Group has no property, plant and equipment that apply to capitalization of borrowing costs.

B. The Group has property, plant and equipment pledged to others as collateral. Please refer to Note 8 for details.

(9) Leasing arrangements - lessee

A. The Group leases various assets including land, buildings, machinery and equipment as well as business vehicles. Rental contracts are typically made for periods of 1 to 45 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. The short-term leased premises of the Group are the office and dormitory.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
	Carrying amount	Carrying amount	Carrying amount
Land	$ 78,301	$ 79,399	$ 83,801
Buildings and structures	117,989	165,043	188,184
Machinery and equipment	487	1,026	1,197
Transportation equipment	1,200	1,577	599
Office equipment	-	127	3
	$ 197,977	$ 247,172	$ 273,784

	Three months ended September 30	
	2024	2023
	Depreciation charge	Depreciation charge
Land	$ 1,041	$ 1,234
Buildings and structures	28,650	31,420
Machinery and equipment	177	370
Transportation equipment	246	226
Office equipment	2	37
Other equipment	-	4
	$ 30,116	$ 33,291

	Nine months ended September 30	
	2024	2023
	Depreciation charge	Depreciation charge
Land	$ 3,088	$ 3,685
Buildings and structures	86,539	83,411
Machinery and equipment	530	1,078
Transportation equipment	704	682
Office equipment	131	112
Other equipment	-	34
	$ 90,992	$ 89,002

D. For the three months and nine months ended September 30, 2024 and 2023, the additions to right-of-use assets were $7,908 thousand, $20,738 thousand, $38,669 thousand and $79,752 thousand, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Three months ended September 30	
Items affecting profit or loss	2024	2023
Interest expense on lease liabilities	$ 1,148	$ 1,771
Expense on short-term lease contract	2,364	4,186
Expense on leased asset with low value	58	56
	$ 3,570	$ 6,013

	Nine months ended September 30	
Items affecting profit or loss	2024	2023
Interest expense on lease liabilities	$ 4,536	$ 5,480
Expense on short-term lease contract	5,855	29,245
Expense on leased asset with low value	192	191
	$ 10,583	$ 34,916

For the three and nine months ended September 30, 2024 and 2023, the Group’s total cash outflow for leases were $41,489 thousand, $38,805 thousand, $102,890 thousand and $126,493 thousand, respectively.

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(10) Intangible assets

Cost	Nine months ended September 30, 2024 Opening balance	Additions	Reductions	Transfers	Effect of foreign currency exchange difference	Ending balance
Goodwill	$ 931,678	$ -	$ -	$ -	$ -	$ 931,678
Computer software	629,757	10,361	(2,229)	-	1,835	639,724
Customer relationship	326,550	-	-	-	-	326,550
Know-how	115,748	-	-	-	-	115,748
Trademarks	61,481	-	-	-	-	61,481
Others	49,203	3,563	-	-	43	52,809
Total	2,114,417	$ 13,924	($ 2,229)	$ -	$ 1,878	2,127,990
Accumulated amortization						
Computer software	($ 553,211)	($ 38,387)	$ 2,229	$ -	($ 1,164)	($ 590,533)
Customer relationship	(238,025)	(26,558)	-	-	-	(264,583)
Know-how	(115,748)	-	-	-	-	(115,748)
Trademarks	(29,921)	(4,139)	-	-	-	(34,060)
Others	(39,015)	(4,531)	-	-	(27)	(43,573)
Total	($ 975,920)	($ 73,615)	$ 2,229	$ -	($ 1,191)	(1,048,497)
Accumulated Impairment loss						
Goodwill	($ 227,276)	$ -	$ -	$ -	$ -	($ 227,276)
	$ 911,221					$ 852,217

Cost	Nine months ended September 30, 2023				
	Opening balance	Additions	Reductions	Effect of foreign currency exchange difference	Ending balance
Goodwill	$ 931,678	$ -	$ -	$ -	$ 931,678
Computer software	622,674	9,320	(2,857)	(113)	629,024
Customer relationship	326,550	-	-	-	326,550
Know-how	115,748	-	-	-	115,748
Trademarks	61,481	-	-	-	61,481
Others	44,263	3,167	-	108	47,538
Total	2,102,394	$ 12,487	($ 2,857)	($ 5)	2,112,019
Accumulated amortization					
Computer software	($ 478,230)	($ 62,352)	$ 2,857	$ 127	($ 537,598)
Customer relationship	(197,567)	(31,606)	-	-	(229,173)
Know-how	(104,174)	(11,574)	-	-	(115,748)
Trademarks	(24,403)	(4,139)	-	-	(28,542)
Others	(33,311)	(4,248)	-	(19)	(37,578)
Total	($ 837,685)	($ 113,919)	$ 2,857	$ 108	(948,639)
Accumulated Impairment loss					
Goodwill	($ 161,766)	$ -	$ -	$ -	($ 161,766)
	$ 1,102,943				$ 1,001,614

A. Details of amortization on intangible assets are as follows:

	Three months ended September 30	
	2024	2023
Operating costs	$ 981	$ 7,480
Selling expenses	7,524	2,604
Administrative expenses	7,734	17,511
Research and development expenses	7,831	11,000
	$ 24,070	$ 38,595

	Nine months ended September 30	
	2024	2023
Operating costs	$ 3,993	$ 12,993
Selling expenses	11,051	9,670
Administrative expenses	36,976	56,875
Research and development expenses	21,595	34,381
	$ 73,615	$ 113,919

B. Goodwill allocated to the Group's cash generated unit

	September 30, 2024		
Goodwill:	Cost	Accumulated Impairment Loss	Ending balance
Huges Hi-Tech Inc.	$ 139,735	$ -	$ 139,735
MSCS and Indigo	581,644	(227,276)	354,368
ASCX	210,299	-	210,299
	$ 931,678	($ 227,276)	$ 704,402

	December 31, 2023		
Goodwill:	Cost	Accumulated Impairment Loss	Ending balance
Huges Hi-Tech Inc.	$ 139,735	$ -	$ 139,735
MSCS and Indigo	581,644	(227,276)	354,368
ASCX	210,299	-	210,299
	$ 931,678	($ 227,276)	$ 704,402

	September 30, 2023		
Goodwill:	Cost	Accumulated Impairment Loss	Ending balance
Huges Hi-Tech Inc.	$ 139,735	$ -	$ 139,735
MSCS and Indigo	581,644	(161,766)	419,878
ASCX	210,299	-	210,299
	$ 931,678	($ 161,766)	$ 769,912

As of December 31, 2023, the recoverable amount of all cash-generating units calculated using the value-in-use did not exceed their carrying amount, so an impairment loss to goodwill was recognized amounting to $65,510 thousand. The goodwill balance after the recognition of impairment loss amounted as of September 30, 2024 is $704,402 thousand.

The cash flow projections are based on financial budgets approved by the management covering a five-year period, the key assumptions used for value-in-use calculations are as follows:

December 31, 2023	Huges Hi-Tech Inc.	MSCS and Indigo	ASCX
Discount rate	6.58%	14%	16.17%
Growth rate	10%	6.25%~10.07%	3%~21.38%

C. The Group has no intangible assets pledged to others as collateral.

(11) Short-term borrowings

Type of borrowings	September 30, 2024	Interest rate range	Collateral
Bank borrowings			
Credit loan	$ 284,542	2.00%~3.80%	None
Secured borrowings	45,230	3.70%	Patents (Note)
	$ 329,772		

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Credit loan	$ 1,089,829	1.66%~3.80%	None
Secured borrowings	43,270	3.70%	Patents (Note)
	$ 1,133,099		

Type of borrowings	September 30, 2023	Interest rate range	Collateral
Bank borrowings			
Credit loan	$ 632,693	2.40%~3.80%	None
Secured borrowings	44,150	3.70%	Patents (Note)
	$ 676,843		

A. Interest expense recognized in profit or loss amounted to $4,442 thousand, $3,874 thousand, $19,754 thousand and $17,164 thousand for the three months and nine months ended September 30, 2024 and 2023, respectively.

B. The Group provided endorsements and guarantees for the credit loans as of September 30, 2024, December 31, 2023 and September 30, 2023.

Note: The patents has been fully amortized into profit and loss.

(12) Other payables

	September 30, 2024	December 31, 2023	September 30, 2023
Payroll and bonus payable	$ 441,027	$ 498,293	$ 401,841
Employee compensation payable	302,696	191,454	182,958
Payables on equipment	88,280	71,416	49,893
Directors' remuneration payable	41,211	36,982	34,966
Others	499,803	587,789	388,271
	$ 1,373,017	$ 1,385,934	$ 1,057,929

(13) Bonds payable

	September 30, 2024	December 31, 2023	September 30, 2023
Bonds payable	$ 3,000,000	$ 2,999,900	$ 3,000,000
Less: Discount on bonds payable	(157,665)	(17,639)	(24,855)
	2,842,335	2,982,261	2,975,145
Less: Expiring within one year or one operating cycle	-	(2,982,261)	(2,975,145)
	$ 2,842,335	$ -	$ -

A. The details of the third domestic unsecured convertible bonds issued by the Company on August 11, 2021 are as follows:

(a) The terms of the third domestic unsecured convertible bonds issued by the Company are as follows:

i. The Company issued $3,015,000 thousand, 0% third domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature three years from the issue date August 11, 2021 to August 11, 2024 and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on August 11, 2021.

ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company at any time during the period from the date after three months of the bonds issued to the maturity date by notifying the Taiwan Depository & Clearing Corporation through the dealer to the Company, except for (i) the stop transfer period as specified in the terms of the bonds or the laws/regulations; (ii) the book closure date of the issuance of bonus shares, and of cash dividends, the period between the date that is 15 business days before the book closure date of a capital increase to the ex-right date; (iii) the period between the record date of a capital reduction and the prior day before the commencement of stock trading after stocks are repurchased; (iv) the period from the commencement date of the cessation of conversion of the share certificate and the prior day before the commencement date of trading of the new share certificate. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

iii. The conversion price of the bonds is set up based on the pricing model specified in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. As of August 11, 2024, the conversion price was $104.9 (in dollars) per share.

iv. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount, the Company has the right to redeem the convertible bonds in accordance with the Article 18 of the terms of issuance and conversion during the period from the date after three months of the bonds issue to 40 days before the maturity date.

v. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

(b) As of August 11, 2024, the bonds totaling $2,996,000 thousand (face value) had been converted into 28,560 thousand shares of common stock. The remaining unconverted bonds (face value) was settled at maturity on August 11, 2024, and the forfeited "capital surplus - share options" amounting to $129 thousand was fully transferred to "capital surplus - others".

B. The details of the fourth domestic unsecured convertible bonds issued by the Company on July 10, 2024 are as follows:

(a) The terms of the fourth domestic unsecured convertible bonds issued by the Company are as follows:

i. The Company issued $2,500,000 thousand, 0% fourth domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature three years from the issue date July 10, 2024 to July 10, 2027 and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on July 10, 2024.

ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company at any time during the period from the date after three months of the bonds issued to the maturity date by notifying the Taiwan Depository & Clearing Corporation through the dealer to the Company, except for (i) the stop transfer period as specified in the terms of the bonds or the laws/regulations; (ii) the book closure date of the issuance of bonus shares, and of cash dividends, the period between the date that is 15 business days before the book closure date of a capital increase to the ex-right date; (iii) the period between the record date of a capital reduction and the prior day before the commencement of stock trading after stocks are repurchased; (iv) the period from the commencement date of the cessation of conversion of the share certificate and the prior day before the commencement date of trading of the new share certificate. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

iii. The conversion price of the bonds is set up based on the pricing model specified in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. As of September 30, 2024, the conversion price was $137.5 (in dollars) per share.

iv. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount, the Company has the right to redeem the convertible bonds in accordance with the Article 18 of the terms of issuance and conversion during the period from the date after three months of the bonds issue to 40 days before the maturity date.

v. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

(b) As of September 30, 2024, there were no bonds (face value) converted into common stock.

C. The details of the fifth domestic unsecured convertible bonds issued by the Company on July 22, 2024 are as follows:

(a) The terms of the fifth domestic unsecured convertible bonds issued by the Company are as follows:

i. The Company issued $500,000 thousand, 0% fifth domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature three years from the issue date July 22, 2024 to July 22, 2027 and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on July 22, 2024.

ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company at any time during the period from the date after three months of the bonds issued to the maturity date by notifying the Taiwan Depository & Clearing Corporation through the dealer to the Company, except for (i) the stop transfer period as specified in the terms of the bonds or the laws/regulations; (ii) the book closure date of the issuance of bonus shares, and of cash dividends, the period between the date that is 15 business days before the book closure date of a capital increase to the ex-right date; (iii) the period between the record date of a capital reduction and the prior day before the commencement of stock trading after stocks are repurchased; (iv) the period from the commencement date of the cessation of conversion of the share certificate and the prior day before the commencement date of trading of the new share certificate. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

iii. The conversion price of the bonds is set up based on the pricing model specified in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. As of September 30, 2024, the conversion price was $133.5 (in dollars) per share.

iv. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount, the Company has the right to redeem the convertible bonds in accordance with the Article 18 of the terms of issuance and conversion during the period from the date after three months of the bonds issue to 40 days before the maturity date.

v. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

(b) As of September 30, 2024, there were no bonds (face value) converted into common stock.

D. Regarding the issuance of convertible bonds, the equity conversion options amounting to $280,733 thousand were separated from the liability component and were recognized in 'capital surplus - share options' in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognized in 'financial assets at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts.

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2024
Long-term bank borrowings				
Credit loan	Borrowing period is from 2020/2/20 to 2025/2/20; interest is repayable monthly; principal is repayable starting from 2022 (Note 1, 2).	0.93%~1.29%	None	$ 51,389
Credit loan	Borrowing period is from 2020/2/20 to 2027/2/19; interest is repayable monthly; principal is repayable starting from 2022.	1.23%~5.30%	None	547,749
Credit loan	Borrowing period is from 2022/9/27 to 2026/9/27; payment in installments; principal is repayable starting from 2023.	2.00%~3.55%	None	41,612
Secured borrowings	Borrowing period is from 2023/9/27 to 2033/9/27; payment in installments; principal is repayable starting from 2023.	3.30%	Plant	81,535
				722,285
Less: Expiring within one year or one operating cycle				(331,427)
				$ 390,858

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Long-term bank borrowings				
Credit loan	Borrowing period is from 2020/2/20 to 2025/2/20; interest is repayable monthly; principal is repayable starting from 2022 (Note 1, 2).	0.80%~1.16%	None	$ 143,889
Credit loan	Borrowing period is from 2020/2/20 to 2027/2/19; interest is repayable monthly, principal is repayable starting from 2022.	1.10%~5.60%	None	1,165,921
Credit loan	Borrowing period is from 2022/9/27 to 2026/6/27; interest is repayable monthly, principal is repayable starting from 2023.	2.00%~3.75%	None	56,121
Secured borrowings	Borrowing period is from 2023/9/27 to 2033/9/27; interest is repayable monthly, principal is repayable starting from 2023.	3.65%	Plant	83,425
				1,449,356
Less: Expiring within one year or one operating cycle				(446,179)
				$ 1,003,177

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2023
Long-term bank borrowings				
Credit loan	Borrowing period is from 2020/2/20 to 2025/2/20; interest is repayable monthly; principal is repayable starting from 2022 (Note 1, 2).	0.80%~1.16%	None	$ 174,722

Credit loan	Borrowing period is from 2020/2/20 to 2027/2/19; interest is repayable monthly; principal is repayable starting from 2022.	1.10%~5.50%	None	1,260,946
Credit loan	Borrowing period is from 2022/9/27 to 2026/9/27; payment in installments; principal is repayable starting from 2023.	2.00%~3.75%	None	57,263
Secured borrowings	Borrowing period is from 2023/9/27 to 2033/9/27; interest is repayable monthly, principal is repayable starting from 2023.	3.65%	Plant	86,931
				1,579,862
Less: Expiring within one year or one operating cycle				(442,745)
				$ 1,137,117

The interest expense recognized in profit or loss for the three months and nine months ended September 30, 2024 and 2023 amounted to $5,616 thousand, $6,849 thousand, $21,522 thousand and $21,068 thousand, respectively.

Note 1: The Company entered into a long-term loan contract with Taipei Fubon Bank in November 2019. The loan to be drawn within the limit has been fully drawn as of September 30, 2024.

Aforementioned contract conditions:

During the credit period, the following financial ratios shall be maintained and the audited / reviewed financial statements by independent auditors shall be checked semi-annually:

(a) Current ratio shall not be lower than 100%;
(b) Debt ratio shall not be higher than 200%;
(c) Interest coverage ratio shall not be lower than 10;
(d) Tangible assets shall not be lower than $8 billion.

Note 2: The Company entered into a long-term loan contract with JIHSUN BANK in February 2020. The loan to be drawn within the limit has been fully drawn as of September 30, 2024.

Aforementioned contract conditions:

During the credit period, the following financial ratios shall be maintained and the audited / reviewed financial statements by independent auditors shall be checked semi-annually:

(a) Current ratio shall not be lower than 100%;

(b) Debt ratio shall not be higher than 250%;

(c) Tangible assets shall be maintained at least $8 billion.

(15) Pensions

A. (a) The Company has 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 contributes monthly an amount equal to 5.1% 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. The Company also contributes monthly an amount equal to 8% of managers' monthly salaries to the retirement fund. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The above pension costs of the Group for the three months and nine months ended September 30, 2024 and 2023 were $182 thousand, $177 thousand, $545 thousand and $529 thousand, respectively.

(c) The Company expects to pay contribution for pension plan amounting to $14,783 thousand in 2025.

B. (a) Effective July 1, 2005, the Company has 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 contributes 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 first-tier and second-tier subsidiaries, in Mainland China, Thailand subsidiary METC, US subsidiary MECA, Canadian subsidiary MENA, Vietnamese subsidiary MEVN, Hong Kong subsidiary MEST, Singaporean subsidiary MESG, Malaysian subsidiary MEMP have set up a defined contribution plan. Please refer to Note 6 (16) in the consolidated financial statements for the year ended December 31, 2023.

(c) The above pension costs of the Group for the three months and nine months ended September 30, 2024 and 2023 were $52,824 thousand, $37,877 thousand, $143,743 thousand and $113,773 thousand, respectively.

(16) Share-based payment

A. For the nine months ended September 30, 2024 and 2023, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grand date	Quantity granted	Contract period	Share price	Exercise price	Fair Value per unit	Vesting condition
The 1st restricted stocks to employees in 2020	2021/05/31	416 units	3 years	107.5	0	107.5	Note
The 2nd restricted stocks to employees in 2020	2021/07/30	1,504 units	3 years	111.0	0	111.0	Note
The 1st restricted stocks to employees in 2021	2022/07/29	1,800 units	3 years	80.7	0	80.7	Note
The 1st restricted stocks to employees in 2022	2023/07/28	1,645 units	3 years	91.9	0	91.9	Note
The 2nd restricted stocks to employees in 2022	2024/07/26	355 units	3 years	124.0	0	124.0	Note
The 1st restricted stocks to employees in 2023	2024/07/26	1,594 units	3 years	124.0	0	124.0	Note
Cash capital increase reserved for employee preemption in 2024	2024/08/28	750 units	Vested immediately	134.0	95.0	39.0	-

Note: Depending on the employee's tenure in the Company (1 to 3 years), the employees can vest stocks at the ratio of 30%, 30% and 40% in three years based on the number of stocks written on the notification. The conditions for vesting restricted stocks are as follows:

(a) For the employees who are currently working in the Company, whose services have reached 1 year and achieved the performance of the most recent year's consolidated financial statements and the target personal performance, the ceiling of vested share ratio is 30%.

(b) For the employees who are currently working in the Company, whose services have reached 2 years and achieved the performance of the most recent year's consolidated financial statements and the target personal performance, the ceiling of accumulated vested share ratio is 60%.

(c) For the employees who are currently working in the Company, whose services have reached 3 years and achieved the performance of the most recent year's consolidated financial statements and the target personal performance, the ceiling of accumulated vested share ratio is 100%.

(d) The Company will repurchase and retire the stocks that do not meet the conditions of vesting for the employees who resign during the vesting period or do not meet the condition of vesting by the issuance price.

The aforementioned restricted stocks issued by the Company cannot be transferred during the vesting period and the commissioned trust custodians execute the shareholders' rights on behalf of the employees.

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

	Nine months ended September 30, 2024		Nine months ended September 30, 2023	
	No. of share (in thousands)	Weighted-average exercise price (in dollars)	No. of share (in thousands)	Weighted-average exercise price (in dollars)
At January 1	4,071	$ -	3,348	$ -
Restricted Stocks granted	1,949	-	1,645	-
Restricted Stocks vested	(560)	-	(807)	-
Restricted stocks retired	(1,331)	-	(85)	-
At September 30	4,129	-	4,101	-

C. Expenses incurred on share-based payment transactions are shown below:

	Three months ended September 30	
	2024	2023
Equity-settled	($ 29,337)	$ 34,872

	Nine months ended September 30	
	2024	2023
Equity-settled	$ 29,337	$ 93,454

(17) Share capital

As of September 30, 2024, the Company's authorized capital was $4,000,000 thousand, consisting of 400,000 thousand shares of ordinary stock (including 5,000 thousand shares reserved for employee stock options), and the paid-in capital was $2,382,988 thousand with a par value of $10 (in dollars) per share.

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

	2024	2023
At January 1	219,316	217,783
Issuance of common stock for cash	5,000	-
Employee restricted shares retired	(1,331)	(85)
Employee restricted shares granted	1,949	1,645
Conversion of convertible bonds into common shares	28,560	-
At September 30	253,494	219,343

(a) The Company's Board of Directors has resolved to increase cash capital by issuing common stock of 5,000 thousand shares with the subscription price of $95 per share on April 25, 2024. The total raised amount $475,000 thousand has been fully collected, with the record date of this cash capital increase dated on September 24, 2024. The registration process was completed.

(b) The Company retired 1,122 thousand, 182 thousand and 27 thousand employee restricted shares as resolved at the meeting of the Board of Directors on October 24, 2024, July 25, 2024 and April 25, 2024 with the capital reduction effective date set on October 24, 2024, July 25, 2024 and April 25, 2024. The registration except the capital reduction through retirement of employee restricted shares dated on October 24, 2024 was completed.

(c) The Company issued the third unsecured convertible bonds on August 11, 2021. As of September 30, 2024, the face value of the convertible bonds of $2,996,000 thousand had been converted into common shares amounting to 28,560 thousand shares. Please refer to Note 6(13) for details. The record date of new shares issuance of 11,317 thousand shares, 16,154 thousand shares and 1,089 thousand shares were dated on October 25, 2024, July 26, 2024 and April 26, 2024, respectively by the Board resolution on October 24, 2024, July 25, 2024 and April 25, 2024, respectively. The registration process was complete except the above conversion resolved on October 24, 2024.

(d) On April 28, 2022 and April 27, 2023, the Board of Directors of the Company resolved to issue employee restricted shares. The issuance was approved by the Competent Authority on September 21, 2022 and October 4, 2023. The effective date set on July 26, 2024. The subscription price is $0 per share. The Company issued 1,949 thousand common shares. The registration was completed. The employee restricted shares issued are subject to certain transfer restrictions before their vesting conditions are qualified. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares.

(e) The Company retired 44 thousand, 8 thousand and 33 thousand employee restricted shares as resolved at the meeting of the Board of Directors on October 26, 2023, July 27, 2023 and April 27, 2023 with the capital reduction effective date set on November 6, 2023, July 27, 2023 and May 3, 2023. The capital reduction through retirement of employee restricted shares was completed.

(f) On April 28, 2022, the Board of Directors of the Company resolved to issue employee restricted shares. The issuance was approved by the Competent Authority on September 21, 2022. The effective date set on July 28, 2023. The subscription price is $0 per share. The Company issued 1,645 thousand common shares. The registration was completed. The employee restricted shares issued are subject to certain transfer restrictions before their vesting conditions are qualified. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares.

(18) Capital surplus

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 Act 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.

	2024				
	Share premium	Share option	Employee restricted stocks	Others	Total
At January 1	$ 4,147,542	$ 96,854	$ 338,495	$290,083	$4,872,974
Proceeds from issuing shares	445,241	-	-	-	445,241
Convertible bonds converted into common shares	2,804,134	(96,725)	-	-	2,707,409
Redeemed of convertible bonds at maturity	-	(129)	-	129	-
Restricted stocks issued	-	-	222,186	-	222,186
Restricted stocks vested	52,909	-	(52,909)	-	-
Restricted stocks retired	-	-	(117,315)	-	(117,315)
Issuance of convertible bonds	-	280,733	-	-	280,733
Recognition of change in equity of associates in proportion to the Company's ownership	-	-	-	3,296	3,296
Changes in ownership				(434)	

interests in subsidiaries	-	-	-		(434)
Disposal of investments accounted for using equity method	-	-	-	(1,872)	(1,872)
At September 30	$ 7,449,826	$ 280,733	$ 390,457	$ 291,202	$8,412,218

	2023				
	Share premium	Share option	Employee restricted stocks	Others	Total
At January 1	$ 4,070,017	$ 96,857	$ 290,864	$263,128	$4,720,866
Restricted stocks issued	-	-	134,726	-	134,726
Restricted stocks vested	77,123	-	(77,123)	-	-
Restricted stocks retired	-	-	(7,397)	-	(7,397)
Recognition of change in equity of associates in proportion to the Company's ownership	-	-	-	18,734	18,734
At September 30	$ 4,147,140	$ 96,857	$ 341,070	$ 281,862	$4,866,929

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, after deduction of mandatory income tax, shall first be used to offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After the provision or reversal of special reserve, the appropriation of the remaining earnings along with the unappropriated earnings of prior year shall be proposed by the Board of Directors and approved by the shareholders. The Board of Directors may, based on financial, business and operating perspectives, propose a distribution of earnings within an amount at least 30% of the new distributable earnings and not more than 80% of the accumulated distributable earnings for the current period. The dividends shall be preferably distributed in the form of cash, and can be appropriated in the shares. The ratio of cash dividends shall account for at least 30% of the total dividends distributed. All or partial of dividend and bonus that are distributed in the form of cash will be resolved and reported to the shareholders if more than 2/3 of the directors attend the Board of Directors' meeting and more than 1/2 of the directors present at the meeting have agreed.

B. The Company's dividend policy is summarized below: as the Company operates in a volatile business environment and is in the stable growth stage, the residual dividend policy is adopted taking into consideration the Company's financial structure, operating results and future expansion plans.

C. 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.

D. (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. In Accordance with Ruling No.1010051600 issued by Securities and Futures Bureau of the FSC on November 21, 2012, "unearned employee compensation" under employee restricted stock is not an unrealized item, and therefore is not required to set aside the special reserve. As of September 30, 2024, the special reserve set aside based on the above regulation amounted to $703,868 thousand.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate- 1010012865, dated April 6, 2012, 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 September 30, 2024, the balance of special reserve as aforementioned was $269,144 thousand.

(c) As of September 30, 2024, December 31, 2023 and September 30, 2023, the balance of special reserve was $973,012 thousand, $768,186 thousand and $768,186 thousand.

E. The Company distributed earnings for the years ended December 31, 2023 and December 31, 2022 as resolved at the shareholders' meeting on May 29, 2024, June 14, 2023 is as follows:

	2023		2022	
	Amounts	Cash dividends per share (NT$) $	Amounts	Cash dividends per share (NT$) $
Legal reserve	$ 137,551		$ 146,458	
Special reserve	204,826		19,256	
Cash dividends	1,030,914	$ 4.7	981,235	$ 4.5
	$ 1,373,291		$ 1,146,949	

The above mentioned distribution of earnings for the years ended December 31, 2023 and 2022 was in agreement with those amounts proposed by the Board of Directors on February 22 2024 and February 23 2023.

(20) Other equity items

2024	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) from investments in debt instruments measured at fair value through other comprehensive income	Unrealized gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	Cost of unearned employee compensation	Total
At January 1	($ 413,159)	$ -	($ 559,853)	($ 236,339)	($ 1,209,351)
Issuance of restricted shares to employees	-	-	-	(241,676)	(241,676)
Amortization of employee restricted stocks	-	-	-	9,096	9,096
Restricted stocks retired	-	-	-	130,623	130,623
Revaluation – gross	-	-	(2,856)	-	(2,856)
Revaluation – tax	-	-	(2,371)	-	(2,371)
Revaluation transferred to retained earnings – gross	-	-	52,471	-	52,471
Revaluation – associates	-	-	(128)	-	(128)
Currency translation differences:					
-Group	350,252	-	-	-	350,252
-Tax on Group	(70,050)	-	-	-	(70,050)
-Associates	243,643	-	-	-	243,643
-Tax on associates	(49,084)	-	-	-	(49,084)
-Adjustment on disposal of associates transferred to profit or loss	24,874	-	-	-	24,874
At September 30	$ 86,476	$ -	($ 512,737)	($ 338,296)	($ 764,557)

2023	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) from investments in debt instruments measured at fair value through other comprehensive income	Unrealized gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	Cost of unearned employee compensation	Total
At January 1	($ 258,567)	($ 2,687)	($ 506,932)	($ 228,260)	($ 996,446)
Issuance of restricted shares to employees	-	-	-	(151,176)	(151,176)
Amortization of employee restricted stocks	-	-	-	93,454	93,454
Restricted stocks retired	-	-	-	8,240	8,240
Revaluation – gross	-	1,006	(30,926)	-	(29,920)
Revaluation – tax	-	-	(2,054)	-	(2,054)
Currency translation differences:					
-Group	151,591	-	-	-	151,591
-Tax on Group	(30,319)	-	-	-	(30,319)
-Associates	6,813	-	-	-	6,813
-Tax on associates	(2,256)	-	-	-	(2,256)
At September 30	($ 132,738)	($ 1,681)	($ 539,912)	($ 277,742)	($ 952,073)

(21) Operating revenue

	Three months ended September 30	
	2024	2023
Revenue from contracts with customers	$ 12,855,745	$ 9,454,858

	Nine months ended September 30	
	2024	2023
Revenue from contracts with customers	$ 31,503,395	$ 24,942,050

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:

	Three months ended September 30, 2024					
	Electronic devices					
	Taiwan	Shenzhen	Singapore	Vietnam	Others	Total
Total segment revenue	$ 9,735,147	$ 3,915,911	$ 2,250,980	$ 1,989,207	$ 2,290,346	$ 20,181,591
Revenue from internal segment transactions	(2,849)	(3,834,474)	(2,687)	(1,518,773)	(1,967,063)	(7,325,846)
Revenue from external customer contracts	9,732,298	81,437	2,248,293	470,434	323,283	12,855,745
Main Region						
Europe	3,862,632	22,990	881,462	-	49,996	4,817,080
US	5,557,144	-	1,357,460	-	146,253	7,060,857
Mainland China	34,955	58,447	9,204	-	117,949	220,555
Taiwan	130,951	-	-	-	-	130,951
Others	146,616	-	167	470,434	9,085	626,302
	$ 9,732,298	$ 81,437	$ 2,248,293	$ 470,434	$ 323,283	$12,855,745

	Nine months ended September 30, 2024					
	Electronic devices					
	Taiwan	Shenzhen	Singapore	Vietnam	Others	Total
Total segment revenue	$23,557,641	$ 9,380,752	$ 5,988,989	$ 4,366,039	$ 5,417,317	$ 48,710,738
Revenue from internal segment transactions	(13,771)	(9,100,805)	(2,687)	(3,429,294)	(4,660,786)	(17,207,343)
Revenue from external customer contracts	23,543,870	279,947	5,986,302	936,745	756,531	31,503,395
Main Region						
Europe	10,482,724	87,416	3,071,494	-	146,816	13,788,450
US	12,298,040	-	2,902,202	-	264,753	15,464,995
Mainland China	101,589	192,531	9,204	-	323,600	626,924
Taiwan	339,473	-	-	-	571	340,044
Others	322,044	-	3,402	936,745	20,791	1,282,982
	$23,543,870	$ 279,947	$ 5,986,302	$ 936,745	$ 756,531	$ 31,503,395

	Three months ended September 30, 2023					
	Electronic devices					
	Taiwan	Shenzhen	Singapore	Vietnam	Others	Total
Total segment revenue	$ 6,263,486	$ 2,220,148	$ 2,724,557	$ 918,038	$ 1,707,969	$ 13,834,198
Revenue from internal segment transactions	(6,245)	(2,108,518)	-	(793,120)	(1,471,457)	(4,379,340)
Revenue from external customer contracts	6,257,241	111,630	2,724,557	124,918	236,512	9,454,858
Main Region						
Europe	2,854,674	25,786	1,977,475	-	42,034	4,899,969
US	3,146,223	-	743,149	-	84,607	3,973,979
Mainland China	39,913	85,844	-	-	99,790	225,547
Taiwan	172,612	-	-	-	-	172,612
Others	43,819	-	3,933	124,918	10,081	182,751
	$ 6,257,241	$ 111,630	$ 2,724,557	$ 124,918	$ 236,512	$ 9,454,858

	Nine months ended September 30, 2023					
	Electronic devices					
	Taiwan	Shenzhen	Singapore	Vietnam	Others	Total
Total segment revenue	$17,407,265	$ 6,208,242	$ 6,333,228	$1,983,852	$4,427,128	$ 36,359,715
Revenue from internal segment transactions	(18,600)	(5,963,727)	-	(1,786,037)	(3,649,301)	(11,417,665)
Revenue from external customer contracts	17,388,665	244,515	6,333,228	197,815	777,827	24,942,050
Main Region						
Europe	7,628,390	66,218	4,506,962	-	151,623	12,353,193
US	9,028,065	-	1,821,160	-	272,441	11,121,666
Mainland China	102,473	178,297	-	-	325,795	606,565
Taiwan	440,002	-	-	-	-	440,002
Others	189,735	-	5,106	197,815	27,968	420,624
	$17,388,665	$ 244,515	$ 6,333,228	$ 197,815	$ 777,827	$ 24,942,050

B. Contract assets and liabilities：

(a) The Group has recognized the following revenue-related liabilities (shown in other current liabilities):

	September 30, 2024	December 31, 2023	September 30, 2023	January 1, 2023
Contract liabilities	$ 827,170	$ 892,122	$ 903,650	$ 1,020,897

(b) Revenue recognized that was included in the contract liability balance at the beginning of the period：

	Three months ended September 30	
	2024	2023
Revenue recognized that was included in the contract liability balance at the beginning of the period	$ 49,035	$ 86,181

	Nine months ended September 30	
	2024	2023
Revenue recognized that was included in the contract liability balance at the beginning of the period	$ 172,817	$ 295,514

(22) Other income

	Three months ended September 30	
	2024	2023
Government grants(note)	$ 9,414	$ 21,021
Sample income	1,367	7,373
Dividend income	4,004	7,179
Rent income	7,791	7,411
Other income	15,503	8,272
	$ 38,079	$ 51,256

	Nine months ended September 30	
	2024	2023
Government grants(note)	$ 61,382	$ 67,442
Sample income	55,745	75,497
Dividend income	4,004	7,775
Rent income	22,942	20,261
Other income	33,235	71,149
	$ 177,308	$ 242,124

Note: Please refer to Note 6 (30) for the information on the Group’s government subsidy.

(23) Other gains and losses

	Three months ended September 30	
	2024	2023
Foreign exchange (loss) gain	($ 57,511)	$ 52,542
Gain on financial assets / liabilities at fair value through profit or loss	16,065	5,626
Gains (Loss) on disposals of property, plant and equipment	(621)	236
Gain on disposals of investments	1,799	-
Other losses	(3,504)	(804)
	($ 43,772)	$ 57,600

	Nine months ended September 30	
	2024	2023
Foreign exchange gain	$ 201,506	$ 133,252
Gains on financial assets / liabilities at fair value through profit or loss	31,396	40,760
Gains (Loss) on disposals of property, plant and equipment	(12,176)	19,440
Loss on disposals of investments	(21,613)	-
Other losses	(7,616)	(3,466)
	$ 191,497	$ 189,986

(24) Expenses by nature

	Three months ended September 30	
	2024	2023
Employee benefit expense	$ 1,068,769	$ 946,774
Depreciation charge - property, plant and equipment	148,368	142,271
Depreciation charge - right-of-use assets	30,116	33,291
Amortization charge	24,070	38,595
	$ 1,271,323	$ 1,160,931

	Nine months ended September 30	
	2024	2023
Employee benefit expense	$ 2,919,254	$ 2,470,274
Depreciation charge - property, plant and equipment	438,225	413,396
Depreciation charge - right-of-use assets	90,992	89,002
Amortization charge	73,615	113,919
	$ 3,522,086	$ 3,086,591

(25) Employee benefit expense

	Three months ended September 30	
	2024	2023
Wages and salaries	$ 952,364	$ 785,579
Share-based payments	(29,337)	34,872
Labor and health insurance fees	18,635	18,718
Pension costs	53,006	38,054
Directors’ remuneration	17,421	24,039
Other personnel expenses	56,680	45,512
	$ 1,068,769	$ 946,774

	Nine months ended September 30	
	2024	2023
Wages and salaries	$ 2,491,445	$ 2,042,205
Share-based payments	29,337	93,454
Labor and health insurance fees	55,258	55,701
Pension costs	144,288	114,302
Directors' remuneration	41,991	35,536
Other personnel expenses	156,935	129,076
	$ 2,919,254	$ 2,470,274

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5~10% for employees' compensation and shall not be higher than 2% for directors' remuneration.

B. The details of employees' compensation and directors' and supervisors' remuneration of the Company are as follows:

	Three months ended September 30	
	2024	2023
Employees' compensation	$ 85,155	$ 71,306
Directors' and supervisors' remuneration	17,031	23,768
	$ 102,186	$ 95,074

	Nine months ended September 30	
	2024	2023
Employees' compensation	$ 206,055	$ 104,897
Directors' and supervisors' remuneration	41,211	34,965
	$ 247,266	$ 139,862

The abovementioned amounts were recognized in wages and salaries based on profit status of the current year. Employees' compensation was estimated at 10% and 10% of the profit for the nine months ended September 30, 2024 and 2023, respectively. Directors' remuneration was estimated at 2% and 2% of the profit for the nine months ended September 30, 2024 and 2023, respectively.

Employees' compensation and directors' remuneration of 2023 as resolved at the Board of Directors' meeting were in agreement with those amounts recognized in the profit or loss of 2023.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors 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:

	Three months ended September 30	
	2024	2023
Current tax:		
Current tax on profits for the period	$ 100,338	$ 65,075
Surtax on undistributed earnings	-	-

Prior year income tax overestimation	(21,228)	(167)
Total current tax	79,110	64,908
Deferred tax:		
Origination and reversal of temporary differences	73,998	79,927
Income tax expense	$ 153,108	$ 144,835

	Nine months ended September 30	
	2024	2023
Current tax:		
Current tax on profits for the period	$ 280,071	$ 195,265
Surtax on undistributed earnings	-	15,881
Prior year income tax overestimation	(8,184)	(6,288)
Total current tax	271,887	204,858
Deferred tax:		
Origination and reversal of temporary differences	208,470	73,596
Income tax expense	$ 480,357	$ 278,454

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

	Three months ended September 30	
	2024	2023
Exchange differences changes on translation of foreign financial statements - the Group	($ 26,489)	($ 44,593)
Exchange differences changes on translation of foreign financial statements - associates	(17,136)	(30,152)
Changes in fair value of financial assets at fair value through other comprehensive income	(611)	(1,014)
	($ 44,236)	($ 75,759)

	Nine months ended September 30	
	2024	2023
Exchange differences changes on translation of foreign financial statements - the Group	($ 70,050)	($ 30,319)
Exchange differences changes on translation of foreign financial statements - associates	(49,084)	(2,256)
Changes in fair value of financial assets at fair value through other comprehensive income	(2,371)	(2,054)
	($ 121,505)	($ 34,629)

B. The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

C. The recognition of the current income tax expense of the Group related to Pillar Two income tax issue is $62,331 thousand as of September 30, 2024.

D. The Group’s tax risk exposure to Pillar 2 income tax from the Bill of Pillar Two is as follows:

The Group is under the scope of Pillar Two Model Rules announced by the Organization for Economic Co-operation and Development (OECD). The legislation of the Bill of Pillar Two was complete in Hong Kong and Thailand where some of the Group's subsidiaries are located in, and will come into force on January 1, 2025, causing no current income tax risk exposure as of September 30, 2024.

According to the Bill of Pillar Two, the Group is liable for the payment of the top-up tax for the difference between the GloBE effective tax rate and the 15% minimum tax rate among every tax jurisdiction.

The Group's subsidiaries, MEST, MTHK and METC, are located in Hong Kong and Thailand, respectively, where the average effective tax rate is below 15%, and therefore it is assessed that income tax risk exposure derived from Pillar Two exists and the Group is assessing the upcoming tax risk exposure when the Bill of Pillar Two come into force. For the tax jurisdiction in Hong Kong and Thailand, the average effective tax rate is 0%, 0% and 7.25%, and the income tax expense from MEST, MTHK and METC for the nine months ended September 30, 2024, which is $0, $0 and $17,194 thousand. Based on the accounting income from MEST, MTHK and METC for the nine months ended September 30, 2024, which is $211,446 thousand, $138,569 thousand and $237,116 thousand, respectively, with its proportion to the Group's consolidated accounting income amounted to 10%, 6% and 11%, respectively.

However, due to the impact from the specific adjustments in the Bill of Pillar Two, the above average effective tax rate compared with that calculated based on IAS 12, those adjustments will result in a different effective tax rate. A quantitative effect is still inestimable in a reasonable way related to the application of the Bill of Pillar Two. The Group has engaged tax experts in the assessment of matters related to the application of the Bill of Pillar Two.

E. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

F. The corporate income tax returns for Merry Healthcare Co., Ltd. Taiwan Branch (CAYMAN) through 2023 have been assessed and approved by the tax authority.

G. The corporate income tax returns for Fulicare Co., Ltd. Taiwan Branch (SAMOA) through 2023 have been assessed and approved by the tax authority.

H. MUtek Electronics Co., Ltd income tax returns through 2022 have been assessed and approved by the Tax Authority.

(27) Earnings per share

	Three months ended September 30, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 626,400	242,320	$ 2.59
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	626,400	242,320	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	655	
Convertible bonds	10,622	21,281	
Employee restricted shares	-	1,348	

Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 637,022	265,604	$ 2.40

	Three months ended September 30, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 421,725	214,167	$ 1.97
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	421,725	214,167	
Assumed conversion of all dilutive potential ordinary shares			
Employees’ compensation	-	846	
Convertible bonds	5,758	27,125	
Employee restricted shares	-	935	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 427,483	243,073	$ 1.76

	Nine months ended September 30, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,483,138	225,691	$ 6.57
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	1,483,138	225,691	
Assumed conversion of all dilutive potential ordinary shares			
Employees’ compensation	-	2,072	
Convertible bonds	21,606	24,639	
Employee restricted shares	-	1,328	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,504,744	253,730	$ 5.93

	Nine months ended September 30, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 840,285	214,167	$ 3.92
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	840,285	214,167	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,617	
Employee restricted shares	17,046	27,125	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	-	922	
	$ 857,331	243,831	$ 3.52

(28) Supplemental cash flow information

A. Investing activities with partial cash payments

	Nine months ended September 30	
	2024	2023
Acquisition of property, plant and equipment	$ 235,005	$ 260,678
Add: Beginning balance of payable on equipment	71,416	105,829
Ending balance of prepayments for equipment	20,917	159,610
Less: Beginning balance of prepayments for equipment	(2,571)	(14,975)
Ending balance of payable on equipment	(88,280)	(49,893)
Cash paid during the period	$ 236,487	$ 461,249

B. Financing activities with no cash flow effects::

	Nine months ended September 30	
	2024	2023
Convertible bonds being converted to common stocks	$ 2,995,900	$ -

(29) Changes in liabilities from financing activities

	Short-term Borrowings	Lease Liabilities	Convertible bonds	Long-term Borrowings (including those matured within one year	Dividends payables	Other non-current liabilities	Liabilities from financing activities-gross
At January 1, 2024	$ 1,133,099	$ 173,020	$2,982,261	$ 1,449,356	$ -	$ 11,963	$ 5,749,699
Changes in cash flow from financing	(818,448)	(92,307)	-	(733,011)	(1,030,914)	(194)	(2,674,874)
Additions	-	38,669	3,000,000	-	1,030,914	-	4,069,583
Redemption of corporate bond	-	-	(4,000)	-	-	-	(4,000)
Impact of changes in foreign exchange rate	15,121	4,534	-	5,940	-	508	26,103
Amortization of discounts on corporate bonds	-	-	(140,026)	-	-	-	(140,026)
Changes in other non-cash items	-	1,322	(2,995,900)	-	-	(1,250)	(2,995,828)
At September 30, 2024	$ 329,772	$ 125,238	$ 2,842,335	$ 722,285	$ -	$ 11,027	$ 4,030,657

	Short-term Borrowings	Lease Liabilities	Convertible bonds	Long-term Borrowings (including those matured within one year	Dividends payables	Other non-current liabilities	Liabilities from financing activities-gross
At January 1, 2023	$ 2,146,851	$ 208,436	$2,953,838	$ 1,356,447	$ -	$ 26,413	$ 6,691,985
Changes in cash flow from financing	(1,467,031)	(91,577)	-	218,060	(981,235)	1,082	(2,320,701)
Additions	-	79,752	-	-	981,235	-	1,060,987
Impact of changes in foreign exchange rate	(2,977)	(975)	-	5,355	-	144	1,547
Amortization of discounts on corporate bonds	-	-	21,307	-	-	-	21,307
Changes in other non-cash items	-	(133)	-	-	-	(534)	(667)
At September 30, 2023	$ 676,843	$ 195,503	$ 2,975,145	$1,579,862	$ -	$ 27,105	$ 5,454,458

(30) Government grants

	Nine months ended September 30	
	2024	2023
MECL	$ 50,417	$ 46,137
MEHO	45	8,135
ASCX	9,427	8,805
FUCX	540	3,935
OTHER	953	430
	$ 61,382	$ 67,442

The above are mainly the subsidies granted from local government, such as Shenzhen Science and Technology Innovation Commission, Development and Shenzhen Municipality, Industry and Information Technology Bureau of Shenzhen Municipality. The rest subsidies are not disclosed due to their amounts less than 5% of the total government grants.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Name	Relationship
Merry Electronics (Suzhou) Co., Ltd. (MECE)	Affiliated company
Merry Electronics (Huizhou) Co., Ltd. (MECH)	Affiliated company
DONPON PRECISION INC.	Affiliated company
Donyun plastic Manufactory Co., Ltd.	Affiliated company
SYNergy ScienTech Corp.	Affiliated company(Note 1)
Merry Fuling Co., Ltd. Taiwan Branch (MHNCTW)	Other related party
Luxshare Precision Limited	Other related party (Note 2)
Luxshare Precision Industry Co., Ltd	Other related party (Note 2)
Luxshare Electronic Technology (Kunshan) Co., Ltd.	Other related party (Note 2)
Dongguan Luxshare Precision Industry Co., Ltd.	Other related party (Note 2)
Luxshare Precision Industry (Chuzhou), Ltd.	Other related party (Note 2)
LUXSHARE PRECISION SINGAPORE PTE.LT	Other related party (Note 2)
Taiwan Reading Culture Foundation	Other related party (Note 3)

Note 1 : The Company acquired a seat of directorship of SYNergy ScienTech Corp on May 30, 2024.

Note 2 : A corporate director of the Group’s subsidiary, MEVN, and the entity both belong to Luxshare Group.

Note3: The chairman of the Company and of the foundation is the same person.

(2) Significant related party transactions

A. Operating revenue

	Three months ended September 30	
	2024	2023
Sales of goods		
LUXSHARE PRECISION SINGAPORE PTE.LT	$ 424,606	$ -
Luxshare Precision Limited	45,775	124,918
Other related party	13,896	14
Affiliated company	3,212	5,658
	$ 487,489	$ 130,590

	Nine months ended September 30	
	2024	2023
Sales of goods		
LUXSHARE PRECISION SINGAPORE PTE.LT	$ 792,073	$ -
Luxshare Precision Limited	144,619	197,815
Other related party	29,545	246
Affiliated company	9,765	7,724
	$ 976,002	$ 205,785

The prices of goods sold to related parties are based on the different product's profitability and adjusted annually as there is no comparable transaction for the goods sold to the third parties, and the prices of purchases on behalf of related parties are based on the cost plus mark-ups of 2~ 3%. The credit terms to related parties are 60 to 120 days end of month and 30 to 120 days end of month to the third parties.

B. Purchases

	Three months ended September 30	
	2024	2023
Purchases of goods		
MECE	$ 3,204,711	$ 2,901,203
MECH	1,226,645	1,550,090
Affiliated company	472,712	-
Other related party	245,880	42,314
	$ 5,149,948	$ 4,493,607

	Nine months ended September 30	
	2024	2023
Purchases of goods		
MECE	$ 7,382,158	$ 6,477,866
MECH	3,926,793	3,645,446
Affiliated company	1,029,519	-
Other related party	474,306	67,788
	$ 12,812,776	$ 10,191,100

Associates and other related parties are the Group's manufacturers of producing products, and the price is made individually based on the profitability of different products. The price will be adjusted once a year. Because the Group do not purchase similar products from non-related parties, no similar transaction can be comparable. The credit terms to associates and other related parties is 60 days to 120 days after monthly billings; and the credit terms to non-related parties is 30 days to 120 days after monthly billings.

C. Receivables from related parties

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable:			
LUXSHARE PRECISION SINGAPORE PTE.LT	$ 545,273	$ 35,396	$ -
Other related party	64,002	119,250	121,601
Affiliated company	2,515	1,167	4,865
Total	$ 611,790	$ 155,813	$ 126,466
Other receivable:			
MECH	$ 132,659	$ 173,392	$ 286,400
Affiliated company	609	194	-
Total	$ 133,268	$ 173,586	$ 286,400

Other receivables mainly were the purchases of raw materials on behalf of MECH and MECE.

D. Payables to related parties

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts payable:			
MECE	$ 2,560,745	$ 2,000,045	$ 2,743,442
MECH	717,994	551,324	1,372,692
Affiliated company	681,118	420,685	-
Other related party	313,033	51,063	51,297
Total	$ 4,272,890	$ 3,023,117	$ 4,167,431
Other payable:			
Affiliated company	$ 76,762	$ 65,895	$ 70,930

Other payables mainly were mold developing expense that MECE paid on behalf of the parent company.

E. Equipment Payables

	September 30, 2024	December 31, 2023	September 30, 2023
MECH	$ 1,878	$ -	$ 1,329
Other related party	-	-	102
Total	$ 1,878	$ -	$ 1,431

F. Property transactions

(a) Acquisition of property, plant and equipment:

	Three months ended September 30	
	2024	2023
Other related party	$ -	$ 102

	Nine months ended September 30	
	2024	2023
MECH	$ 903	$ 7,582
Other related party	387	441
	$ 1,290	$ 8,023

(b) Disposal of property, plant and equipment:

Nine months ended September 30, 2023：None.

	Three months ended September 30,2024		Nine months ended September 30,2024	
	Disposal proceeds	Gain (loss) on disposal	Disposal Proceeds	Gain (loss) on disposal
MECH	$ -	$ -	$ 102	$ 9

(3) Key management compensation

	Three months ended September 30	
	2024	2023
Short-term employee benefits	$ 36,028	$ 36,809
Post-employment benefits	51	49
Share-based payments	9,379	8,693
	$ 45,458	$ 45,551

	Nine months ended September 30	
	2024	2023
Short-term employee benefits	$ 92,203	$ 67,447
Post-employment benefits	152	147
Share-based payments	24,910	22,381
	$ 117,265	$ 89,975

8. PLEDGED ASSETS

	Book value			
	September 30, 2024	December 31, 2023	September 30, 2023	Purpose
Property, plant and equipment	$ 142,194	$ 141,272	$ -	Long-term borrowings

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Capital expenditures contracted for at the balance sheet date but not yet incurred is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Property, plant and equipment	$ 74,182	$ 20,752	$ 21,420
Intangible assets	4,448	3,056	3,500
	$ 78,630	$ 23,808	$ 24,920

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

No significant change for the period. Please refer to Note 12 in the 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
Financial assets			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	$ 235,120	$ 602,408	$ 446,679
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	$ 338,710	$ 474,729	$ 599,728
Qualifying debt instrument	-	-	159,669
	$ 338,710	$ 474,729	$ 759,397
Financial assets at amortized cost/ Loans and receivables			
Cash and cash equivalents	$ 8,188,982	$ 5,526,722	$ 6,248,684
Financial assets at amortized at cost	671,113	935,966	1,065,441
Accounts receivable (including due from related parties)	12,050,842	9,380,288	8,130,030
Other receivables (including due from related parties)	629,109	342,776	324,787
Guarantee deposits paid	57,678	54,496	58,322
	$ 21,597,724	$ 16,240,248	$ 15,827,264

	September 30, 2024	December 31, 2023	September 30, 2023
Financial liabilities			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	$ 243	$ 1,726	$ -
Short-term borrowings	329,772	1,133,099	676,843
Notes payable	1	-	7
Accounts payable (including payable to related parties)	12,112,115	8,539,418	10,404,333
Other payable (including payable to related parties)	1,449,779	1,451,829	1,128,859
Lease liability	125,238	173,020	195,503
Corporate bonds payable (including maturing within one year or one operating cycle)	2,842,335	2,982,261	2,975,145
Long-term borrowings (including maturing within one year or one operating cycle)	722,285	1,449,356	1,579,862
Guarantee deposits received	10,398	7,643	9,232
	$ 17,592,166	$ 15,738,352	$ 16,969,784

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. Such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(c) Information about derivative financial instruments that are used to hedge certain exchange rate risk was provided in Note 6 (2).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currencies, primarily with respect to the USD, RMB and HKD. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

ii. The Group's management has a policy specifying that the companies within the Group manage the foreign exchange rate risk of its functional currency. Each company should hedge against its overall foreign exchange rate risk through the Group's finance department. The foreign exchange rate risk is measured through the expected transaction with highly probable expenditures in US dollars, in which the foreign exchange forward contract is adopted to reduce the impact on the fluctuation of foreign exchange rate over the expected purchase cost of inventories.

iii. The Group's foreign exchange rate risk is hedged through foreign exchange forward contract, while the hedge accounting is not adopted. Please refer to Note 6 (2) for the financial assets or liabilities measured at fair value through profit or loss.

iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, RMB, HKD, THB, CAD 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:

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(Foreign currency: functional currency)	September 30, 2024			December 31, 2023			September 30, 2023		
	Book value			Book value			Book value		
	Foreign currency amount (In thousands)	Exchange rate	(NTD)	Foreign currency amount (In thousands)	Exchange rate	(NTD)	Foreign currency amount (In thousands)	Exchange rate	(NTD)
Financial assets									
Monetary items									
Cash in banks									
USD : NTD	$ 48,752	31.65	$ 1,543,001	$ 43,711	30.71	$ 1,342,146	$ 58,581	32.27	$ 1,890,409
RMB : NTD	41,089	4.52	185,846	93,720	4.33	405,526	52,256	4.42	230,710
USD : HKD	1,669	7.77	52,824	939	7.81	28,832	-	-	-
USD : RMB	17,768	7.00	562,357	8,831	7.10	271,156	28,405	7.31	916,629
USD : THB	12,296	32.07	389,168	13,868	34.05	425,817	38,123	36.58	1,230,229
Receivables									
USD : HKD	$ 901	7.77	$ 28,517	$ 2,247	7.81	$ 68,994	$ -	-	$ -
USD : NTD	321,931	31.65	10,189,104	310,381	30.71	9,530,242	200,143	32.27	6,458,626
USD : RMB	122,427	7.00	3,874,815	106,964	7.10	3,284,330	52,448	7.31	1,692,497
USD : THB	37,667	32.07	1,192,161	29,547	34.05	907,241	30,912	36.58	997,530
RMB : NTD	98,581	4.52	445,882	-	-	-	-	-	-
Non-monetary items									
Current financial assets at fair value through other comprehensive income									
USD : NTD	$ -	-	$ -	$ -	-	$ -	$ 5,000	32.27	$ 161,350
Investments accounted for under equity method									
USD : NTD	$ 112,041	31.65	$ 3,546,085	$ 106,814	30.71	$ 3,279,717	$ 98,640	32.27	$ 3,183,119
HKD : NTD	376,618	4.08	1,534,718	327,174	3.93	1,285,465	310,158	4.12	1,278,783
RMB : NTD	-	-	-	-	-	-	100,975	4.42	445,805

(Foreign currency: functional currency)	September 30, 2024 Book value			December 31, 2023 Book value			September 30, 2023 Book value		
	Foreign currency amount (In thousands)	Exchange rate	(NTD)	Foreign currency amount (In thousands)	Exchange rate	(NTD)	Foreign currency amount (In thousands)	Exchange rate	(NTD)
Financial liabilities									
Monetary items									
Bank loan									
RMB : NTD	$ 60,137	4.52	$ 271,999	$ 61,620	4.33	$ 266,630	$ 62,660	4.42	$ 276,644
Payables									
RMB : NTD	$ 263,147	4.52	$ 1,190,214	$ 255,054	4.33	$ 1,103,619	$ 181,075	4.42	$ 799,446
USD : NTD	330,697	31.65	10,466,560	245,114	30.71	7,526,225	226,545	32.27	7,310,607
USD : RMB	52,549	7.00	1,663,176	43,357	7.10	1,331,277	48,112	7.31	1,552,574

(Foreign currency: functional currency)	September 30, 2024 Sensitivity analysis Degree of variation	Effect on profit or loss	Effect on other comprehensive income	December 31, 2023 Sensitivity analysis Degree of variation	Effect on profit or loss	Effect on other comprehensive income	September 30, 2023 Sensitivity analysis Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets									
Monetary items									
Cash in banks									
USD : NTD	3%	$ 46,290	$ -	3%	$ 40,264	$ -	3%	$ 56,712	$ -
RMB : NTD	3%	5,575	-	3%	12,166	-	3%	6,921	-
USD : HKD	3%	1,585	-	3%	865	-	3%	-	-
USD : RMB	3%	16,871	-	3%	8,135	-	3%	27,499	-
USD : THB	3%	11,675	-	3%	12,775	-	3%	36,907	-
Receivables									
USD : HKD	3%	$ 855	$ -	3%	2,070	$ -	3%	$ -	$ -
USD : NTD		305,673			285,907			193,759	
USD : RMB	3%	116,244	-	3%	98,530	-	3%	50,775	-
USD : THB	3%	35,765	-	3%	27,217	-	3%	29,926	-
RMB : NTD	3%	13,376	-	3%	-	-	3%	-	-
Non-monetary items									
Investments accounted for under equity method									
USD : NTD	3%	$ -	$ 106,383	3%	$ -	$ 98,392	3%	-	$ 95,494
HKD : NTD	3%	-	46,042	3%	-	38,564	3%	-	38,363
RMB : NTD	3%	-	-	3%	-	-	3%	-	13,374
Financial liabilities									
Monetary items									
Bank loan									
RMB : NTD	3%	8,160	-	3%	7,999	-	3%	8,299	-

(Foreign currency: functional currency)	September 30, 2024			December 31, 2023			September 30, 2023		
	Sensitivity analysis			Sensitivity analysis			Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Payables									
RMB : NTD	3%	$ 35,706	$ -	3%	$ 33,109	$ -	3%	$ 23,983	$ -
USD : NTD	3%	313,997	-	3%	225,787	-	3%	219,318	-
USD : RMB	3%	49,895	-	3%	39,398	-	3%	46,577	-

Total exchange gain (loss), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2024 and 2023 amounted to a loss of $57,511 thousand, a gain of $52,542 thousand, a gain of $201,506 thousand, and a gain of $133,252 thousand, respectively.

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and available-for-sale financial assets. 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 and open-end funds issued by the domestic 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 3% with all other variables held constant, post-tax profit for the nine months ended September 30, 2024 and 2023 would have increased/decreased by $1,357 thousand and $780 thousand, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $10,161 thousand and $17,992 thousand, respectively, as a result of other comprehensive income classified as available-for-sale equity investment and equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Group's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

ii. If the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit (loss), net of tax for the nine months ended September 30, 2024 and 2023 would have increased/decreased by $1,578 thousand and $3,385 thousand, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

iii. If the Current investments in debt instrument interest rate had increased/decreased by 0.25% with all other variables held constant, profit (loss), net of tax for the nine months ended September 30, 2024 and 2023 would have decreased/increased by $263 thousand and $828 thousand, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(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, and the contract cash flows of debt instruments stated at amortized cost, at fair value through profit or loss and at fair value through other comprehensive income.

ii. In accordance with the internal and explicit credit policy, each operating entities within the Group shall conduct management and credit risk analysis for each new customer before setting the terms and conditions for payment and delivery. The internal risk control system assesses the credit quality of the customer by taking into account its financial position, past experience and other factors. The limits of individual risks are set by the Board of Directors according to internal or external ratings, and the use of credit limits is regularly monitored. The main credit risk comes from cash and cash equivalents and deposits with banks and financial institutions. It also comes from customers' credit risks and includes outstanding receivables. For banks and financial institutions, only good credit rating agencies will be accepted as trading counterparts.

iii. For banks and financial institutions, the Group transacts with a variety of banks and financial institutions, mainly domestic and overseas well-known financial institutions, to avoid concentration in any single counterparty and to minimize credit risk. The Group can only enter into the financial services and loan agreement provided by banks and financial institutions after being approved by the Board of Directors or authorized management according to the Company's delegation of authorization policy. To prevent legal risks, all the Group signs with banks and financial institutions after all documents are examined by counsel or legal advisor profession. The Group periodically checks the credit rating, conditions and quality of service as well as transactions. According to the Group's operating condition, the credit limits and utilization of credit limits are monitored on a regular basis and maintained within a reasonable range to ensure it meets the needs of the operation.

iv. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

v. 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:

(i) 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.

(ii) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.

vi. 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.

vii. The Group classifies customers' accounts receivable, contract assets in accordance with geographic area. The Group applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

viii. 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.

ix. The Group used the forecastability of adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. As of September 30, 2024, December 31, 2023 and September 30, 2023, the provision matrix is as follows:

September 30, 2024	Expected loss rate	Total book value	Loss allowance
Not past due	0.03%	$ 11,138,230	$ 2,945
Up to 30 days	1.93%	303,999	5,878
31~90 days	19.48%	7,012	1,366
91~180 days	100.00%	1,324	1,324
Over 180 days	100.00%	37,751	37,751
		$ 11,488,316	$ 49,264

December 31, 2023	Expected loss rate	Total book value	Loss allowance
Not past due	0.03%	$ 9,169,410	$ 2,843
Up to 30 days	3.32%	58,076	1,928
31~90 days	30.57%	2,535	775
91~180 days	100.00%	52	52
Over 180 days	100.00%	11,241	11,241
		$ 9,241,314	$ 16,839

September 30, 2023	Expected loss rate	Total book value	Loss allowance
Not past due	0.04%	$ 7,965,951	$ 3,118
Up to 30 days	4.08%	38,552	1,572
31~90 days	19.75%	4,674	923
91~180 days	100.00%	7,400	7,400
Over 180 days	100.00%	15,669	15,669
		$ 8,032,246	$ 28,682

x. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2024	2023
	Accounts receivable	Accounts receivable
At January 1	$ 16,839	$ 21,447
Allowance of impairment loss	32,045	7,293
Effect of foreign exchange	380	(58)
At September 30	$ 49,264	$ 28,682

xi. For the nine months ended September 30, 2024 and 2023, there was no loss allowance for investments in debt instruments at fair value through other comprehensive income.

xii. For investments in debt instruments at fair value through other comprehensive income, the credit rating levels are presented below:

	September 30, 2024	December 31, 2023	September 30, 2023
	Lifetime	Lifetime	Lifetime
	12 months	12 months	12 months
Financial assets at amortized cost			
Group 1	$ 621,113	$ 935,966	$ 1,065,441
Group 2	50,000	-	-
	$ 671,113	$ 935,966	$ 1,065,441
Financial assets at fair value through other comprehensive income			
Group 2	$ -	$ -	$ 159,669

Group 1: Time deposits designated as investment grade.

Group 2: Debt instruments designated as investment grade.

(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. Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. 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 and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

iv. The Group has $16,377,653 thousand, $15,214,533 thousand and $17,103,537 thousand in undrawn borrowing facilities as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

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	Total
Non-derivative financial liabilities						
Short-term borrowings	$ 46,317	$ 288,306	$ -	$ -	$ -	$ 334,623
Notes payable	1	-	-	-	-	1
Accounts payable	5,314,533	2,524,692	-	-	-	7,839,225
Accounts payable - related parties	3,590,484	682,406	-	-	-	4,272,890
Other payables (including related parties)	1,162,049	287,730	-	-	-	1,449,779
Lease liabilities	23,045	48,933	23,400	36,684	8,350	140,412
Bonds payable	-	-	-	3,000,000	-	3,000,000
Long-term borrowings	148,246	203,200	241,616	79,295	93,795	766,152
Derivative financial liabilities						
Forward exchange contracts	243	-	-	-	-	243

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	Total
Non-derivative financial liabilities						
Short-term borrowings	$ 806,999	$ 335,431	$ -	$ -	$ -	$ 1,142,430
Accounts payable	4,420,705	1,095,596	-	-	-	5,516,301
Accounts payable - related parties	2,514,213	508,904	-	-	-	3,023,117
Other payables (including related parties)	1,345,409	106,420	-	-	-	1,451,829
Lease liabilities	22,026	59,943	50,440	40,457	13,462	186,328
Bonds payable	-	2,999,900	-	-	-	2,999,900
Long-term borrowings	109,542	371,473	405,080	546,398	98,287	1,530,780
Derivative financial liabilities						
Forward exchange contracts	1,726	-	-	-	-	1,726

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	Total
Short-term borrowings	$ 431,446	$ 254,000	$ -	$ -	$ -	$ 685,446
Accounts payable	4,334,919	1,901,983	-	-	-	6,236,902
Accounts payable - related parties	3,670,308	497,123	-	-	-	4,167,431
Other payables (including related parties)	1,012,804	116,055	-	-	-	1,128,859
Lease liabilities	22,389	63,338	66,784	35,122	17,129	204,762
Bonds payable	-	3,000,000	-	-	-	3,000,000
Long-term borrowings	138,898	335,411	362,934	731,113	103,228	1,671,584

(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 takes 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, and derivative instruments with quoted market prices 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. The fair value of the Group's investment in certain derivative instruments and equity instruments is included in Level 2.

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

B. Financial instruments not measured at fair value Financial instruments not measured at fair value include the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term and long-term borrowings, notes payable, accounts payable and other payables.

	September 30, 2024			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial liabilities				
Bonds payable	$ 2,842,335	$ -	$2,962,831	$ -

	December 31, 2023			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial liabilities				
Bonds payable	$ 2,982,261	$ -	$2,972,536	$ -

	September 30, 2023			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial liabilities				
Bonds payable	$ 2,975,145	$ -	$2,957,372	$ -

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 is as follows:

September 30, 2024	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
-Equity securities	$ -	$ -	$ 45,229	$ 45,229
-Bonds investments	-	10,661	-	10,661
-Forward exchange contracts	-	13,442	-	13,442
-Fund	146,008	-	-	146,008
-Call options of convertible bonds	-	-	1,300	1,300
-Stocks	18,480	-	-	18,480
Financial liabilities at fair value through other comprehensive income				
- Equity securities	103,354	-	235,356	338,710
	$ 267,842	$ 24,103	$ 281,885	$ 573,830
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
-Forward exchange contracts	$ -	$ 243	$ -	$ 243

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
-Equity securities	$ -	$ -	$ 45,828	$ 45,828
-Bonds investments	-	-	280,000	280,000
-Forward exchange contracts	-	13,166	-	13,166
-Fund	245,574	-	-	245,574
-Stocks	17,840			17,840
Financial liabilities at fair value through other comprehensive income				
- Equity securities	105,206	-	369,523	474,729
	$ 368,620	$ 13,166	$ 695,351	$ 1,077,137
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
-Forward exchange contracts	$ -	$ 1,726	$ -	$ 1,726

September 30, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
-Equity securities	$ -	$ -	$ 26,010	$ 26,010
-Bonds investments	-	-	280,000	280,000
-Forward exchange contracts	-	28,034	-	28,034
-Fund	112,635	-	-	112,635
Financial liabilities at fair value through other comprehensive income				
- Equity securities	251,808	-	347,920	599,728
- Debt securities	-	159,669	-	159,669
	$ 364,443	$ 187,703	$ 653,930	$ 1,206,076

D. 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	Open-end fund
Market quoted price	Closing price at evaluation date	Net asset value at evaluation date

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.

iii. Forward exchange contracts are usually valued based on the current forward exchange rate.

iv. 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. 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 and non-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.

E. For the nine months ended September 30, 2024 and 2023, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the nine months ended September 30, 2024 and 2023:

	Nine months ended September 30	
	2024	2023
At January 1	$ 695,351	$ 704,167
Sold in the period	(280,000)	-
Transferred to Investments accounted for using the equity method	(124,604)	-
(Losses) gains recognized in (loss) gains	701	(1,274)
Losses recognized in other comprehensive income	(9,563)	(48,963)
At September 30	$ 281,885	$ 653,930

G. 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:

	Fair value at September 30, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity investment:					
Equity securities	$ 148,620	Market comparable companies	Price to book ratio multiple	1	The higher the multiplier, the higher the fair value
Private equity funds in venture capital	45,229	Net asset value	N/A	N/A	N/A
Private placement shares (listed companies)	86,736	Market price method	Discount for lack of marketability	35.73%	The higher the discount for marketability, the lower the fair value
Call options of convertible bonds	1,300	Binary tree convertible bond valuation model	Risk-free interest rate	1.3859%~ 1.3865%	The higher the risk-free interest rate, the lower the fair value
			Stock price	130.0	The higher the stock price, the higher the fair value
			Volatility	32.86%	The higher the stock price volatility, the higher the fair value

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity investment:					
Equity securities	$ 136,887	Market comparable companies	Price to book ratio multiple	1	The higher the multiplier, the higher the fair value
Private equity funds in venture capital	45,828	Net asset value	N/A	N/A	N/A
Private placement shares (listed companies)	232,636	Market price method	Discount for lack of marketability	15.57%~ 41.45%	The higher the discount for marketability, the lower the fair value
Non-derivative debt investment:					
Convertible bonds	$ 280,000	Discounted cash flow method	Discount rate	-	The higher the discount rate, the lower the fair value

	Fair value at September 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity investment:					
Equity securities	$ 145,273	Market comparable companies	Price to book ratio multiple	1	The higher the multiplier, the higher the fair value
Private equity funds in venture capital	26,010	Net asset value	N/A	N/A	N/A
Private placement shares (listed companies)	202,647	Market price method	Discount for lack of marketability	17.6%~ 18.3%	The higher the discount for marketability, the lower the fair value
Non-derivative debt investment:					
Convertible bonds	$ 280,000	Discounted cash flow method	Discount rate	-	The higher the discount rate, the lower the fair value

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

			September 30, 2024			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Call options of convertible bonds	Risk-free interest rate	±20bp	$ -	$ -	$ -	$ -
	Stock price	±10%	$ 1,450	($ 100)	$ -	$ -
	Volatility	±5%	1,550	(350)	-	-
Equity securities	Price to book ratio multiple	±10%	$ -	$ -	$ 14,862	($ 14,862)
			$ 3,000	($ 450)	$ 14,862	($ 14,862)

			December 31, 2023			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity securities	Price to book ratio multiple	±10%	$ -	$ -	$ 13,689	($ 13,689)

			September 30, 2023			
			Recognized in profit or loss		Recognized in other comprehensive income	
Equity securities	Price to book ratio multiple	±10%	$ -	$ -	$ 14,527	($ 14,527)

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 $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6 (2).

J. Significant inter-company transactions during the reporting periods: Purchases or sales of goods from or to related parties reaching $100 million or more: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in Mainland China: Please refer to table 9.

(4) Major shareholders information

Major shareholders information: None.

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. Business organization is divided into Taiwan, Shenzhen, Singapore and other segments based on the operating regions. The Company's revenue is mainly from manufacturing and sales of microphones, receivers, speakers and other electronic components.

(2) Measurement of segment information

The Group evaluates the performance of the operating segments based on post-tax profit or loss.

(3) Information about segment profit or loss, assets and liabilities

A. The segment information provided to the chief operating decision-maker for the reportable segments for the three months ended September 30, 2024 and 2023 is as follows:

	2024					
	Taiwan	Shenzhen	Singapore	Vietnam	Others	Total
Revenue						
Revenue from external customers	$ 9,732,298	$ 81,437	$ 2,248,293	$ 470,434	$ 323,283	$ 12,855,745
Inter-segment revenue	2,849	3,834,474	2,687	1,518,773	1,967,063	7,325,846
Total revenue	$ 9,735,147	$ 3,915,911	$ 2,250,980	$ 1,989,207	$ 2,290,346	$ 20,181,591
Segment pre-tax profit (loss)	$ 277,545	$ 146,012	$ 159,664	$ 202,331	$ 472,623	$ 1,258,175

	2023					
	Taiwan	Shenzhen	Singapore	Vietnam	Others	Total
Revenue						
Revenue from external customers	$ 6,257,241	$ 111,630	$ 2,724,557	$ 124,918	$ 236,512	$ 9,454,858
Inter-segment revenue	6,245	2,108,518	-	793,120	1,471,457	4,379,340
Total revenue	$ 6,263,486	$ 2,220,148	$ 2,724,557	$ 918,038	$ 1,707,969	$ 13,834,198
Segment pre-tax profit (loss)	($ 40,260)	$ 1,195	$ 303,248	$ 109,317	$ 707,327	$ 1,080,827

Note: The Group does not use segment information relating to assets and liabilities to evaluate segment performance. As a result, such assets and liabilities to be disclosed amounted to $0.

B. The segment information provided to the chief operating decision-maker for the reportable segments for the nine months ended September 30, 2024 and 2023 is as follows:

	2024					
	Taiwan	Shenzhen	Singapore	Vietnam	Others	Total
Revenue						
Revenue from external customers	$ 23,543,870	$ 279,947	$ 5,986,302	$ 936,745	$ 756,531	$ 31,503,395
Inter-segment revenue	13,771	9,100,805	2,687	3,429,294	4,660,786	17,207,343
Total revenue	$ 23,557,641	$ 9,380,752	$ 5,988,989	$ 4,366,039	$ 5,417,317	$ 48,710,738
Segment pre-tax profit (loss)	$ 754,972	$ 287,387	$ 552,122	$ 503,545	$ 1,217,490	$ 3,315,516

	2023					
	Taiwan	Shenzhen	Singapore	Vietnam	Others	Total
Revenue						
Revenue from external customers	$ 17,388,665	$ 244,515	$ 6,333,228	$ 197,815	$ 777,827	$ 24,942,050
Inter-segment revenue	18,600	5,963,727	-	1,786,037	3,649,301	11,417,665
Total revenue	$ 17,407,265	$ 6,208,242	$ 6,333,228	$ 1,983,852	$ 4,427,128	$ 36,359,715
Segment pre-tax profit (loss)	$ 474,803	($ 189,746)	$ 709,073	$ 152,981	$ 847,496	$ 1,994,607

Note: The Group does not use segment information relating to assets and liabilities to evaluate segment performance. As a result, such assets and liabilities to be disclosed amounted to $0

C. The Group's reportable operating segments are classified based on the operating regions.

D. The accounting policies of the operating segments are in agreement with the significant accounting policies summarized in Note 4. The Group's segment profit (loss) is measured with the current profit (loss), which is used as a basis for the Group in assessing the performance of the operating segments.

(4) Reconciliation for segment income (loss)

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.

i. A reconciliation of income after adjustment and total segment income from continuing operations is provided as follows:

	Three months ended September 30	
	2024	2023
Adjusted revenue from reportable segments	$ 20,181,591	$ 13,834,198
Elimination of inter-segment revenue	(7,325,846)	(4,379,340)
Total consolidated operating revenue	$ 12,855,745	$ 9,454,858

	Nine months ended September 30	
	2024	2023
Adjusted revenue from reportable segments	$ 48,710,738	$ 36,359,715
Elimination of inter-segment revenue	(17,207,343)	(11,417,665)
Total consolidated operating revenue	$ 31,503,395	$ 24,942,050

ii. A reconciliation of adjusted current income before tax and the income before tax from continuing operations is provided as follows:

	Three months ended September 30	
	2024	2023
Adjusted income from reportable segments before income tax	$ 1,258,175	$ 1,080,827
Elimination of inter-segment income	(394,082)	(463,819)
Income from continuing operations before income tax	$ 864,093	$ 617,008

	Nine months ended September 30	
	2024	2023
Adjusted income from reportable segments before income tax	$ 3,315,516	$ 1,994,607
Elimination of inter-segment income	(1,138,693)	(810,018)
Income from continuing operations before income tax	$ 2,176,823	$ 1,184,589

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Loans to others

Nine months ended September 30, 2024

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance for the three months ended September 30, 2024	Balance at September 30, 2024	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transaction with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 1)	Ceiling on total loans granted (Note 1)	Footnote
													Item	Value			
0	MEHO	FUXM	Other receivables	Y	$ 60,000	$ -	$ -	-	2	$ -	Acquisition for plant	$ -	-	$ -	$6,939,248	$17,348,121	
1	MESG	MENA	Other receivables	Y	126,600	126,600	41,145	1.13	2	-	Business operation	-	-	-	2,384,210	2,384,210	
1	MESG	MENA	Other receivables	Y	63,300	63,300	63,300	4.31	2	-	Business operation	-	-	-	2,384,210	2,384,210	
1	MESG	MENA	Other receivables	Y	126,600	126,600	31,650	4.83	2	-	Business operation	-	-	-	2,384,210	2,384,210	
1	MESG	SENM	Other receivables	Y	47,475	47,475	15,825	3.52	2	-	Business operation	-	-	-	2,384,210	2,384,210	
1	MESG	SENM	Other receivables	Y	31,650	31,650	15,825	4.64	2	-	Business operation	-	-	-	2,384,210	2,384,210	
2	MECL	ASCX	Other receivables	Y	36,184	-	-	-	2	-	Business operation	-	-	-	1,531,486	3,828,714	
2	MECL	ASCX	Other receivables	Y	36,184	36,184	29,400	3.35	2	-	Business operation	-	-	-	1,531,486	3,828,714	
2	MECL	FUXM	Other receivables	Y	58,799	58,799	58,799	3.45	2	-	Business operation	-	-	-	1,531,486	3,828,714	

Note 1:(1) The ceiling on MESG total loans to others is MESG’s net assets; for short-term financing, the limit to a single party is 40% of MESG’s net assets.

(2) The ceiling on MESL total loans to others is MESL’s net assets; for short-term financing, the limit to a single party is 40% of MESL’s net assets.

(3)The restrictions in (1) shall not apply to short-term financing among affiliates in the group. The limit to a single party is MESG’s net assets.

(4) For MESG’s and MECL’s business transactions, limit on loans granted for a single party is the amount of the transactions.

(5) The limit on the Company’s loans granted for Fulicare Medical Instruments (Xiamen) Co., Ltd. ("FUXM") is within 40% of the Company’s net assets, for short-term financing purpose.

Note 2:(1) For MESG’s and MECL’s business transactions.

(2) For short-term financing.

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others
Nine months ended September 30, 2024

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being Endorsed/guaranteed: Company name	Party being Endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2024	Outstanding endorsement/ guarantee amount as of September 30, 2024	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 4)	Provision of endorsements / guarantees by parent company to subsidiary	Provision of endorsements / guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	MEHO	MENA	2	$ 13,878,497	$ 82,290	$ -	$ -	$ -	0.00%	$ 17,348,121	Y	N	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/ guaranteed is classified into the following four categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The Company holds over 50% of the voting rights directly or indirectly.

(3) This company holds over 50% of the voting rights of the Company directly or indirectly.

(4)The Company holds over 90% of the voting rights directly or indirectly.

Note 3: The guarantees and endorsements for a single party should not exceed 80% of the Company’s net assets.

Note 4: The ceiling on total amount of endorsements/guarantees provided to others by the Company is 100% of the Company's net assets.

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
September 30, 2024

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	As of September 30, 2024: Number of shares	Book value (in thousands)	Ownership (%)	Fair value (in thousands)	Note
The Company	Fund - 76324296A KGI Taiwan Multi-Asset Income Fund A TWD	-	Financial assets mandatorily measured at fair value through profit or loss - current	5,015	$ 50,000	-	$ 64,193	
The Company	Fund - UPAMC Wealthy Fund	-	Financial assets mandatorily measured at fair value through profit or loss - current	5,000	50,000	-	59,507	
The Company	ELITE MATERIAL CO.,LTD. 6th Domestic Unsecured Convertible Bond	-	Financial assets mandatorily measured at fair value through profit or loss - current	104	10,350	-	10,661	
The Company	Stock-Foxtron Vehicle Technologies	-	Financial assets mandatorily measured at fair value through profit or loss - current	400	20,480	-	18,480	
MUTT	Fund - Taishin 1699 Money Market Fund	-	Financial assets mandatorily measured at fair value through profit or loss - current	1,583	22,020	-	22,308	
					152,850		$ 175,149	
			Valuation adjustment		22,299			
					$ 175,149			
The Company	Fund - JAFCO	-	Financial assets mandatorily measured at fair value through profit or loss - non-current	870	$ 26,220	0.71%	$ 25,405	
The Company	Fund-WK Technology	-	Financial assets mandatorily measured at fair value through profit or loss - non-current	2,000	20,000	1.78%	19,824	
					46,220		$ 45,229	
			Valuation adjustment		(991)			
					$ 45,229			
The Company	Stock - 2881B.TW	-	Equity instruments measured at fair value through OCI - current	683	$ 40,980	-	$ 40,980	
The Company	Stock - 2882B.TW	-	Equity instruments measured at fair value through OCI - current	585	35,100	-	33,754	
The Company	Stock - 5871A	-	Equity instruments measured at fair value through OCI - current	300	30,000	-	28,620	
					106,080		$ 103,354	
					(2,726)			
					$ 103,354			
The Company	Stock - 4943.TW	-	Measured at fair value through other comprehensive income - non-current	7,712	$ 648,164	6.34%	$ 86,736	
The Company	Stock - FUJITER Semiconductor CO.,LTD.	-	Measured at fair value through other comprehensive income - non-current	2,126	27,811	9.79%	17,644	
The Company	Stock - NETVOX TECHNOLOGY CO., LTD	-	Measured at fair value through other comprehensive income - non-current	324	2,976	1.32%	-	
The Company	Stock - -EVER THAI AGRI-PRODUCT CO.,LTD.	-	Measured at fair value through other comprehensive income - non-current	683	6,425	4.64%	2,471	
The Company	Stock - -SUNSINO SME Development Co., Ltd.	-	Measured at fair value through other comprehensive income - non-current	169	2,123	0.36%	2,641	
The Company	Stock - -LINSATION Intelligent Technology Limited	-	Measured at fair value through other comprehensive income - non-current	75	8,772	6.19%	2,931	
The Company	Stock - MERRY FULING CO., LTD., TAIWAN BRANCH (SAMOA)	-	Measured at fair value through other comprehensive income - non-current	356	10,437	19.00%	11,185	
					706,708		$ 123,608	
			Valuation adjustment		(583,100)			
					$ 123,608			
MEST	Stock - Perfect Fortune Inc	-	Measured at fair value through other comprehensive income - non-current	2,126	$ 8,666	18.33%	$ 85,219	
MEST	Stock - LOYAL WIRE& CABLE COMPANY LTD	-	Measured at fair value through other comprehensive income - non-current	1,159	8,353	18.33%	21,554	
ASCX	Stock - Beijing Wanling Hearing Aids	-	Measured at fair value through other comprehensive income - non-current	-	4,975	19.64%	4,975	
					21,994		$ 111,748	
			Valuation adjustment		89,754			
					$ 111,748			
The Company	Bond - P13 Fubon Life Insurance 1A	-	Financial assets at amortized cost – non-current	-	$ 50,000	-	$ 50,000	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9.

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more
Nine months ended September 30, 2024

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		
Purchase/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance (Note 2)	Percentage of total notes/ accounts receivable payable	Note
The Company	MECL	A subsidiary of the Company	Purchases	$ 8,275,681	26%	60 - 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	($ 4,001,936)	33%	(Note 3)
The Company	MEVN	A subsidiary of the Company	Purchases	3,426,664	11%	60 - 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(1,857,879)	15%	(Note 3)
The Company	MECH	Investment accounted for using the equity method	Purchases	3,784,855	12%	60 - 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(714,291)	6%	
The Company	MECE	Investment accounted for using the equity method	Purchases	7,382,158	23%	60 - 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(2,560,661)	21%	
METC	The Company	Parent company	Purchases	2,898,514	9%	60 - 120 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(1,527,869)	13%	(Note 3)
MESG	MECL	A subsidiary of the Company	Purchases	854,316	3%	60 - 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(302,261)	2%	(Note 3)
MESG	METC	A subsidiary of the Company	Purchases	4,361,724	14%	60 - 120 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(1,187,267)	10%	(Note 3)
MESG	MECH	Investment accounted for using the equity method	Purchases	127,300	0%	60 - 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	-	0%	
METC	DONPON	Investment accounted for using the equity method	Purchases	598,652	2%	120 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(346,535)	3%	
MECL	DONPON	Investment accounted for using the equity method	Purchases	315,455	1%	120 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(203,091)	2%	
LUXSHARE PRECISION SINGAPORE PTE.LT	MEVN	A subsidiary of the Company	Purchases	792,073	3%	60 - 120 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(545,273)	5%	
Luxshare Precision Limited	MEVN	A subsidiary of the Company	Purchases	144,619	0%	60 - 120 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(40,221)	0%	
MEVN	The Company	Parent company	Purchases	347,726	1%	60 - 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(213,478)	2%	(Note 3)

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more
Nine months ended September 30, 2024

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Note 1: For purchase transactions with related parties, the price is based on the profitability of the product and will be adjusted annually.
Note 2: The balance is the net amount after offsetting accounts receivable and payable due from/ to related parties.
Note 3: Inter-company transactions between companies within the Group are eliminated.

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Receivables from related parties reaching $100 million or 20% of paid-in capital or more
September 30, 2024

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

			Balance of accounts receivable due from related party			Overdue receivables				
Creditor	Counterparty	Relationship with the counterparty	General ledger account	Amount	Turnover rate	Amount	Action taken	Amount collected subsequent to the balance sheet date (Note2)	Allowance for doubtful accounts	Note
The Company	METC	A subsidiary of the Company	Accounts receivable	$ 1,527,869	2.61	$ -	-	$ -	$ -	(Note 1)
The Company	MEVN	A subsidiary of the Company	Accounts receivable	213,478	3.37	$ -	-	68,392	$ -	(Note 1)
MECL	The Company	Parent Company	Accounts receivable	4,001,936	3.00	-	-	731,270	-	(Note 1)
MECL	MESG	A subsidiary of the Company	Accounts receivable	302,261	3.47	-	-	71,046	-	(Note 1)
METC	MESG	A subsidiary of the Company	Accounts receivable	1,187,267	5.56	-	-	439,324	-	(Note 1)
MEVN	The Company	Parent Company	Accounts receivable	1,857,879	3.15	-	-	551,176	-	(Note 1)
MEVN	LUXSHARE PRECISION SINGAPORE PTE.LT	A other related party of the Group	Accounts receivable	545,273	1.45	-	-	116,891	-	
The Company	MECH	Investment accounted for using the equity method	Other Receivable	114,367	-	-	-	61,981	-	(Note 3)
MESG	MENA	A subsidiary of the Company	Other Receivable	136,095	-	-	-	-	-	(Note 1、3)

Note 1: Inter-company transactions between companies within the Group are eliminated.
Note 2: The balance was as at October 24, 2024.
Note 3: The amount comprises other receivables and thus, the turnover rate is not calculated.

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
Nine months ended September 30, 2024

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	MEHO	MECL	1	Purchases	$ 8,275,681	The price is based on the profitability of the product	26%
0	MEHO	MECL	1	Accounts payable	4,001,936	60~65 days end of month after offsetting with accounts receivable	10%
0	MEHO	MEVN	1	Purchases	3,426,664	The price is based on the profitability of the product	11%
0	MEHO	MEVN	1	Accounts payable	1,857,879	60~65 days end of month after offsetting with accounts receivable	5%
1	METC	MEHO	2	Purchases	2,898,514	The price is based on the profitability of the product	9%
1	METC	MEHO	2	Accounts payable	1,527,869	60~120 days end of month after offsetting with accounts receivable	4%
2	MEVN	MEHO	2	Purchases	347,726	The price is based on the profitability of the product	1%
2	MEVN	MEHO	2	Accounts payable	213,478	60~65 days end of month after offsetting with accounts receivable	1%
3	MESG	MECL	3	Purchases	854,316	The price is based on the profitability of the product	3%
3	MESG	MECL	3	Accounts payable	302,261	60~65 days end of month after offsetting with accounts receivable	1%
3	MESG	METC	3	Purchases	4,361,724	The price is based on the profitability of the product	14%
3	MESG	METC	3	Accounts payable	1,187,267	60~65 days end of month after offsetting with accounts receivable	3%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
1. Parent company is ‘0’.
2. The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counter party is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Information on investees
Nine months ended September 30, 2024

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as on September 30, 2024	Initial investment amount: Balance as on December 31, 2023	Shares held as on September 30, 2024: Number of shares (in thousand shares)	Shares held as on September 30, 2024: Ownership (%)	Shares held as on September 30, 2024: Book value	Net profit (loss) of the investee for the year ended September 30, 2024	Investment income (loss) recognized by the Company for the year ended September 30, 2024	Note
The Company	MEST	HONG KONG	Sales of microphone, receiver and speaker	$ 733,733	$ 733,733	19,658	100.00	$ 5,510,734	$ 521,501	$ 482,889	(Note 1)
The Company	DDBV	British Virgin IS.	General investment business	1,479,925	1,479,925	48,005	100.00	3,546,287	138,569	105,071	(Note 1)
The Company	LEOHAB ENTERPRISE CO.,LTD.	Taichung City	Plastic injection molding and metal stamping	79,689	79,689	4,036	13.81	70,378	165,221	30,280	
The Company	DONPON PRECISION INC.	Taoyuan City	Various plastic products, mold manufacturing and processing and trading business	386,010	386,010	19,723	15.74	471,899	199,029	27,461	(Note 1)
The Company	SYNergy ScienTech Corp.	Hsinchu City	Research, development, manufacture and sale of secondary lithium batteries	135,869	-	7,300	7.79	135,111	6,476	402	(Note 1)
The Company	MECA	U.S.A.	Technique, marketing and after service	28,887	28,887	999	99.90	41,545	5,320	5,315	
The Company	MESG	SINGAPORE	Sales of microphone, receiver and speaker	92,132	92,132	800	100.00	2,384,210	459,234	459,234	
The Company	METC	THAILAND	Microphone, components and product and sale of other electric products	484,358	484,358	5,060	99.99	1,186,457	219,923	219,047	(Note 1)
The Company	MHKY	CAYMAN	Sales of medical device	857,946	857,946	27,992	100.00	289,216	(3,568)	(3,568)	
The Company	INSA	SAMOA	General investment business	1,293,008	1,293,008	302	100.00	425,008	(108,009)	(108,009)	
The Company	MEVN	VIETNAM	Manufacturing of sales of speaker, microphone and headphone products	366,710	366,710	-	51.00	1,073,218	441,214	213,981	(Note 1)
The Company	MUTT	New Taipei City	Manufacturing and application service of electrical appliances and audiovisual electronic products	30,600	30,600	3,060	51.00	12,890	(6,108)	(3,115)	
The Company	MCTT	Taichung City	General investment business	8,000	8,000	800	100.00	9,824	1,396	1,396	
The Company	MAC FUND	Taipei City	General investment business	123,733	123,733	-	42.67	114,931	1,862	794	
MESG	MEMP	Malaysia	Research and development of microphone, receiver and speaker	15,969	15,969	2,400	100.00	15,873	5,733	-	(Note 2)
MCTT	MAC FUND	Taipei City	General investment business	2,900	2,900	-	1.00	2,694	1,862	19	
DDBV	MTHK	HONG KONG	General investment business	1,392,956	1,392,956	48,000	100.00	3,546,085	138,569	-	(Note 2)
MHKY	FUSA	SAMOA	General investment business	795,943	795,943	27,160	96.01	292,570	(3,382)	-	(Note 2)
INSA	MENA	CANADA	Sale and development of speaker and power amplifier	92,445	92,445	56,954	100.00	(37,816)	(88,343)	-	(Note 2)
MENA	SENM	NORWAY	Manufacture and sales of speaker monomer	23	23	-	100.00	52,618	(3,597)	-	(Note 2)

Note 1: The investment income included unrealized gains or losses and realized gains arising from upstream transactions.
Note 2: The investee is second subsidiary and investment income (loss) is not shown.
Note 3: Please refer to Note 4 (3).

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Information on investees in Mainland China
Nine months ended September 30, 2024

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for nine months ended September 30, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024	Net income of investee for nine months ended September 30, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for nine months ended September 30, 2024	Book value of investments in Mainland China as of September 30, 2024 (Note 4)	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2024	Note
					Remitted to Mainland China	Remitted back to Taiwan							
MEDG	Research and development of sound equipment, earphones, mobile power supply, charging box, cable, connector, electronic components, plastic hardware, mold and antenna	$ 904,600	(Note 1)	$ 452,564	$ -	$ -	$ 452,564	$ 5,473	49.00%	$ 2,682	$ -	$ -	Note 5
MSCS	Manufacture of speaker and amplifier	156,371	(Note 1)	110,497	-	-	110,497	(17,011)	100.00%	(17,011)	123,189	-	
MECL	Microphone, receiver, speaker, security system, induction cooker and other electronic component	431,241	(Note 2)	453,191	-	-	453,191	310,055	100.00%	310,055	3,828,714	2,282,120	Note 3
MECE	Manufacture and sales of microphone, receiver and speaker	2,830,217	(Note 2)	1,369,285	-	-	1,369,285	282,791	49.00%	105,069	3,546,085	295,185	Note 3
MECS	International trade, transit trade and trading consulting; trading amongst companies in bonded area and trading agency in the area	7,507	(Note 2)	6,055	-	-	6,055	1	49.00%	-	-	40,321	Note 5
MECH	Manufacture and sales of microphone, receiver, speaker and mobile phone	459,807	(Note 2)	420,687	-	-	420,687	443,659	49.00%	191,844	1,534,718	213,003	Note 3
FUSZ	Manufacture of medical device	290,301	(Note 2)	310,763	-	-	310,763	(1,870)	96.01%	(1,795)	245,652	-	
ETCX	Retail sales of hearing products	20,354	(Note 2)	19,009			19,009	(6,104)	96.01%	(5,860)	(38,089)	-	
ASCX	Manufacture and sales of hearing aid, hearing device and acoustics equipment	100,687	(Note 2)	315,461	-	-	315,461	19,206	95.53%	18,347	40,016	-	
FUXM	Sales of medical device	314,951	(Note 2)	302,995	-	-	302,995	2,451	96.01%	2,353	27,212	-	
DONG GUAN GET PINK	Manufacture and sales of earphones and speaker	71,237	(Note 2)	-	-	-	-	(169)	33.00%	(17)	16,696	-	

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Information on investees in Mainland China
Nine months ended September 30, 2024

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Note 1: Reinvesting in the investee in Mainland China through the parent company.
Note 2: Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
Note 3: The financial statements that are audited and attested by R.O.C. parent company’s CPA.
Note 4: The amount in the table is translated into New Taiwan dollars at the closing exchange rates prevailing at the balance sheet date.
Note 5: Please refer to Note 6 (7).

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission (MOEA) (Note 1)
Merry Electronics Co., Ltd.	$ 3,760,507	$ 4,178,588	$ 10,408,873

Note 1: (2001) Tai-Cai-Zheng (1) Letter No. 006130 of Securities and Futures Commission, Ministry of Finance, R.O.C

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas
Nine months ended September 30, 2024

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

		Sales (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/ guarantee or collaterals		Financing				
Investee in Mainland China	Counterparty	Amount	%	Amount	%	Balance on September 30, 2024	%	Balance on September 30, 2024	Purpose	Maximum balance during the nine months ended September 30, 2024	Balance on September 30, 2024	Interest rate	Interest during the nine months ended September 30, 2024	Others
MECL	MEHO	($ 8,275,681)	26%	$ -	-	($ 4,001,936)	33%	$ -	-	$ -	$ -	-	$ -	-
MECL	MESG	(854,316)	3%	-	-	(302,261)	2%	-	-	-	-	-	-	-
MECE	MEHO	(7,382,158)	23%	-	-	(2,560,661)	21%	-	-	-	-	-	-	-
MECH	MEHO	(3,784,855)	12%	-	-	(714,291)	6%	-	-	-	-	-	-	-
MECH	MESG	(127,300)	0%	-	-	-	0%	-	-	-	-	-	-	-