

Hu Lane Associate Inc. and Subsidiaries

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

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Hu Lane Associate Inc.

Introduction

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

Scope of Review

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

Basis for Qualified Conclusion

As disclosed in Notes 10 and 11 to the consolidated financial statements, the financial statements of some non-significant subsidiaries and Investments accounted for using the equity method were not reviewed. As of September 30, 2024 and 2023, combined total assets of these non-significant subsidiaries were NT\$1,749,980 thousand and NT\$1,556,050 thousand, respectively, representing 13% and 14%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$401,693 thousand and NT\$296,538 thousand, respectively, representing 6% and 5%, respectively, of the consolidated total liabilities; for the nine months ended September 30, 2024 and 2023, the amounts of the combined comprehensive income of these subsidiaries were NT\$223,200 thousand and NT\$84,390 thousand, respectively, representing 19% and 14%, respectively, of the consolidated total comprehensive income; for the three months ended September 30, 2024 and 2023, the amounts of the combined comprehensive income of these subsidiaries were NT\$80,111 thousand and NT\$53,373 thousand, respectively, representing 20% and 13%, respectively, of the consolidated total comprehensive income.

As of September 30, 2024 and 2023, the aforementioned investments accounted for using the equity method were NT\$22,281 thousand and NT\$12,702 thousand respectively; for the nine months ended September 30, 2024 and 2023, the amounts of the combined comprehensive income of these subsidiaries were NT\$8,498 thousand and NT\$173 thousand, respectively, of the consolidated total comprehensive income; for the three months ended September 30, 2024 and 2023, the amounts of the combined comprehensive income of these subsidiaries were NT\$4,621 thousand and NT\$1,248 thousand, respectively, of the consolidated total comprehensive income.

Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the some non-significant subsidiaries and Investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of September 30, 2024 and 2023, its consolidated financial performance for the three months ended September 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Jiun-hung Shih and Shiuh-Ran Cheng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 8, 2024

Notice to Readers

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

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

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 1,122,802	9	\$ 996,481	9	\$ 1,181,504	10
Financial assets at fair value through profit or loss - current (Note 7)	197,932	1	99,139	1	86,478	1
Notes receivable (Notes 8, 23 and 25)	1,679,986	13	1,287,739	11	1,341,922	12
Trade receivables from unrelated parties (Note 8)	2,162,132	17	2,129,805	18	1,834,598	16
Trade receivables from related parties (Notes 8 and 24)	108,478	1	92,083	1	96,329	1
Other receivables	35,695	-	29,445	-	26,290	-
Other receivables from related parties (Note 24)	6,330	-	-	-	-	-
Current tax assets (Note 21)	50,302	-	42,342	-	90,784	1
Inventories (Note 9)	2,017,218	15	1,732,547	15	1,714,156	15
Other current assets	<u>349,179</u>	<u>3</u>	<u>239,359</u>	<u>2</u>	<u>281,116</u>	<u>2</u>
Total current assets	<u>7,730,054</u>	<u>59</u>	<u>6,648,940</u>	<u>57</u>	<u>6,653,177</u>	<u>58</u>
NON-CURRENT ASSETS						
Investments accounted for using the equity method (Note 11)	22,281	-	13,783	-	12,702	-
Property, plant and equipment (Notes 12 and 25)	4,861,541	37	4,457,102	38	4,458,953	39
Right-of-use assets (Note 13)	90,690	1	176,562	2	131,631	1
Investment properties	2,482	-	2,486	-	2,486	-
Other intangible assets	53,506	1	49,111	-	38,510	-
Deferred tax assets	36,648	-	55,472	1	33,726	-
Other non-current assets	<u>255,889</u>	<u>2</u>	<u>184,457</u>	<u>2</u>	<u>187,363</u>	<u>2</u>
Total non-current assets	<u>5,323,037</u>	<u>41</u>	<u>4,938,973</u>	<u>43</u>	<u>4,865,371</u>	<u>42</u>
TOTAL	<u>\$ 13,053,091</u>	<u>100</u>	<u>\$ 11,587,913</u>	<u>100</u>	<u>\$ 11,518,548</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 14 and 25)	\$ 1,900,959	15	\$ 1,634,067	14	\$ 1,959,324	17
Financial liabilities at fair value through profit or loss - current	-	-	2,400	-	4,950	-
Notes payable	16,273	-	27,810	-	22,400	-
Trade payables to unrelated parties	1,281,493	10	1,099,268	10	972,171	9
Other payables to unrelated parties (Notes 16 and 23)	1,190,794	9	632,997	5	567,356	5
Current tax liabilities	66,358	-	194,898	2	182,753	2
Finance lease payables - current (Note 13)	18,285	-	33,027	-	28,270	-
Other current liabilities	<u>94,851</u>	<u>1</u>	<u>66,300</u>	<u>1</u>	<u>120,274</u>	<u>1</u>
Total current liabilities	<u>4,569,013</u>	<u>35</u>	<u>3,690,767</u>	<u>32</u>	<u>3,857,498</u>	<u>34</u>
NON-CURRENT LIABILITIES						
Bonds payable (Notes 15 and 23)	1,330,883	10	1,385,635	12	1,379,265	12
Deferred tax liabilities	254,003	2	267,453	2	294,623	3
Finance lease payables - non-current (Note 13)	17,625	-	93,687	1	48,172	-
Net defined benefit liabilities - non-current (Notes 4 and 17)	33,062	1	33,076	-	28,766	-
Other non-current liabilities	<u>7,287</u>	<u>-</u>	<u>7,063</u>	<u>-</u>	<u>7,179</u>	<u>-</u>
Total non-current liabilities	<u>1,642,860</u>	<u>13</u>	<u>1,786,914</u>	<u>15</u>	<u>1,758,005</u>	<u>15</u>
Total liabilities	<u>6,211,873</u>	<u>48</u>	<u>5,477,681</u>	<u>47</u>	<u>5,615,503</u>	<u>49</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 18)						
Share capital						
Ordinary shares	1,021,476	8	996,554	9	996,547	9
Stock dividends to be distributed	<u>5,914</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total share capital	<u>1,027,390</u>	<u>8</u>	<u>996,554</u>	<u>9</u>	<u>996,547</u>	<u>9</u>
Capital surplus	<u>1,057,071</u>	<u>8</u>	<u>1,088,799</u>	<u>9</u>	<u>1,088,714</u>	<u>9</u>
Retained earnings						
Legal reserve	996,561	8	996,547	8	996,547	9
Special reserve	301,406	2	201,083	2	201,083	2
Unappropriated earnings	<u>3,433,186</u>	<u>26</u>	<u>3,025,729</u>	<u>26</u>	<u>2,691,535</u>	<u>23</u>
Total retained earnings	<u>4,731,153</u>	<u>36</u>	<u>4,223,359</u>	<u>36</u>	<u>3,889,165</u>	<u>34</u>
Other equity	<u>(24,319)</u>	<u>-</u>	<u>(241,490)</u>	<u>(2)</u>	<u>(115,376)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	6,791,295	52	6,067,222	52	5,859,050	51
NON-CONTROLLING INTERESTS	<u>49,923</u>	<u>-</u>	<u>43,010</u>	<u>1</u>	<u>43,995</u>	<u>-</u>
Total equity	<u>6,841,218</u>	<u>52</u>	<u>6,110,232</u>	<u>53</u>	<u>5,903,045</u>	<u>51</u>
TOTAL	<u>\$ 13,053,091</u>	<u>100</u>	<u>\$ 11,587,913</u>	<u>100</u>	<u>\$ 11,518,548</u>	<u>100</u>

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

(With Deloitte & Touche review report dated November 8, 2024)

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 19 and 24)	\$ 2,144,864	100	\$ 1,884,676	100	\$ 6,028,089	100	\$ 5,074,219	100
OPERATING COSTS (Notes 9 and 20)	<u>1,458,879</u>	<u>68</u>	<u>1,274,401</u>	<u>68</u>	<u>4,040,973</u>	<u>67</u>	<u>3,494,298</u>	<u>69</u>
GROSS PROFIT	<u>685,985</u>	<u>32</u>	<u>610,275</u>	<u>32</u>	<u>1,987,116</u>	<u>33</u>	<u>1,579,921</u>	<u>31</u>
OPERATING EXPENSES (Notes 8, 20 and 24)								
Selling and marketing expenses	99,893	5	113,388	6	274,327	4	235,864	5
General and administrative expenses	119,188	5	75,745	4	342,564	6	285,893	5
Research and development expenses	121,322	6	97,716	5	343,036	6	267,160	5
Expected credit loss	<u>6,988</u>	<u>-</u>	<u>4,260</u>	<u>-</u>	<u>19,945</u>	<u>-</u>	<u>3,904</u>	<u>-</u>
Total operating expenses	<u>347,391</u>	<u>16</u>	<u>291,109</u>	<u>15</u>	<u>979,872</u>	<u>16</u>	<u>792,821</u>	<u>15</u>
PROFIT FROM OPERATIONS	<u>338,594</u>	<u>16</u>	<u>319,166</u>	<u>17</u>	<u>1,007,244</u>	<u>17</u>	<u>787,100</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 20)	5,040	-	3,343	-	14,398	-	10,556	-
Other income (Note 20)	20,951	1	12,763	1	90,616	1	41,412	1
Other gains and losses (Note 20)	58,117	3	52,706	3	152,708	3	17,907	-
Finance costs	(18,584)	(1)	(14,260)	(1)	(49,306)	(1)	(44,159)	(1)
Share of profit or loss of associates and joint ventures	<u>4,296</u>	<u>-</u>	<u>884</u>	<u>-</u>	<u>7,799</u>	<u>-</u>	<u>135</u>	<u>-</u>
Total non-operating income and expenses	<u>69,820</u>	<u>3</u>	<u>55,436</u>	<u>3</u>	<u>216,215</u>	<u>3</u>	<u>25,851</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	408,414	19	374,602	20	1,223,459	20	812,951	16
INCOME TAX EXPENSE (Notes 4 and 21)	<u>94,899</u>	<u>4</u>	<u>84,785</u>	<u>5</u>	<u>287,457</u>	<u>5</u>	<u>224,856</u>	<u>4</u>
NET PROFIT FOR THE PERIOD	<u>313,515</u>	<u>15</u>	<u>289,817</u>	<u>15</u>	<u>936,002</u>	<u>15</u>	<u>588,095</u>	<u>12</u>

(Continued)

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss								
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	\$ -	-	\$ -	-	\$ -	-	\$ 1,749	-
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations	77,670	4	111,432	6	218,717	4	23,870	-
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method	<u>325</u>	-	<u>364</u>	-	<u>699</u>	-	<u>38</u>	-
	<u>77,995</u>	<u>4</u>	<u>111,796</u>	<u>6</u>	<u>219,416</u>	<u>4</u>	<u>23,908</u>	-
Other comprehensive income for the period, net of income tax	<u>77,995</u>	<u>4</u>	<u>111,796</u>	<u>6</u>	<u>219,416</u>	<u>4</u>	<u>25,657</u>	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 391,510</u>	<u>18</u>	<u>\$ 401,613</u>	<u>21</u>	<u>\$ 1,155,418</u>	<u>19</u>	<u>\$ 613,752</u>	<u>12</u>
NET PROFIT								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 311,173	15	\$ 288,792	15	\$ 931,334	15	\$ 583,584	12
Non-controlling interests	<u>2,342</u>	-	<u>1,025</u>	-	<u>4,668</u>	-	<u>4,511</u>	-
	<u>\$ 313,515</u>	<u>15</u>	<u>\$ 289,817</u>	<u>15</u>	<u>\$ 936,002</u>	<u>15</u>	<u>\$ 588,095</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 386,950	18	\$ 400,576	21	\$ 1,148,505	19	\$ 606,969	12
Non-controlling interests	<u>4,560</u>	-	<u>1,037</u>	-	<u>6,913</u>	-	<u>6,783</u>	-
	<u>\$ 391,510</u>	<u>18</u>	<u>\$ 401,613</u>	<u>21</u>	<u>\$ 1,155,418</u>	<u>19</u>	<u>\$ 613,752</u>	<u>12</u>
EARNINGS PER SHARE								
(Note 22)								
Basic	<u>\$ 3.05</u>		<u>\$ 2.83</u>		<u>\$ 9.12</u>		<u>\$ 5.71</u>	
Diluted	<u>\$ 2.78</u>		<u>\$ 2.62</u>		<u>\$ 8.32</u>		<u>\$ 5.23</u>	

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

(With Deloitte & Touche review report dated November 8, 2024)

(Concluded)

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company						Other Equity		Total	Non-controlling Interests	Total Equity
	Share Capital		Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
	Ordinary Shares	Stock Dividends to Be Distributed		Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2023	\$ 996,547	\$ -	\$ 934,183	\$ 949,240	\$ 263,672	\$ 2,550,756	\$ (139,742)	\$ (1,424)	\$ 5,553,232	\$ 21,423	\$ 5,574,655
Appropriation of 2022 earnings											
Legal reserve	-	-	-	47,307	-	(47,307)	-	-	-	-	-
Special reserve	-	-	-	-	(62,589)	62,589	-	-	-	-	-
Cash dividends	-	-	-	-	-	(458,412)	-	-	(458,412)	-	(458,412)
Changes in percentage of ownership interests in subsidiaries	-	-	2,610	-	-	-	2,730	-	5,340	15,789	21,129
Equity component of convertible bonds issued by the Company	-	-	251,575	-	-	-	-	-	251,575	-	251,575
Cash dividends from capital surplus	-	-	(99,654)	-	-	-	-	-	(99,654)	-	(99,654)
Net profit for the nine months ended September 30, 2023	-	-	-	-	-	583,584	-	-	583,584	4,511	588,095
Other comprehensive income for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	-	21,636	1,749	23,385	2,272	25,657
Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	-	583,584	21,636	1,749	606,969	6,783	613,752
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	325	-	(325)	-	-	-
BALANCE AT SEPTEMBER 30, 2023	<u>\$ 996,547</u>	<u>\$ -</u>	<u>\$ 1,088,714</u>	<u>\$ 996,547</u>	<u>\$ 201,083</u>	<u>\$ 2,691,535</u>	<u>\$ (115,376)</u>	<u>\$ -</u>	<u>\$ 5,859,050</u>	<u>\$ 43,995</u>	<u>\$ 5,903,045</u>
BALANCE AT JANUARY 1, 2024	\$ 996,554	\$ -	\$ 1,088,799	\$ 996,547	\$ 201,083	\$ 3,025,729	\$ (241,490)	\$ -	\$ 6,067,222	\$ 43,010	\$ 6,110,232
Appropriation of 2023 earnings											
Legal reserve	-	-	-	14	-	(14)	-	-	-	-	-
Special reserve	-	-	-	-	100,323	(100,323)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(398,625)	-	-	(398,625)	-	(398,625)
Share dividends	24,915	-	-	-	-	(24,915)	-	-	-	-	-
Convertible bonds converted to ordinary shares	7	5,914	67,928	-	-	-	-	-	73,849	-	73,849
Cash dividends from capital surplus	-	-	(99,656)	-	-	-	-	-	(99,656)	-	(99,656)
Net profit for the nine months ended September 30, 2024	-	-	-	-	-	931,334	-	-	931,334	4,668	936,002
Other comprehensive income for the nine months ended September 30, 2024, net of income tax	-	-	-	-	-	-	217,171	-	217,171	2,245	219,416
Total comprehensive income for the nine months ended September 30, 2024	-	-	-	-	-	931,334	217,171	-	1,148,505	6,913	1,155,418
BALANCE AT SEPTEMBER 30, 2024	<u>\$ 1,021,476</u>	<u>\$ 5,914</u>	<u>\$ 1,057,071</u>	<u>\$ 996,561</u>	<u>\$ 301,406</u>	<u>\$ 3,433,186</u>	<u>\$ (24,319)</u>	<u>\$ -</u>	<u>\$ 6,791,295</u>	<u>\$ 49,923</u>	<u>\$ 6,841,218</u>

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

(With Deloitte & Touche review report dated November 8, 2024)

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,223,459	\$ 812,951
Adjustments for:		
Depreciation expenses	384,190	333,507
Amortization expenses	42,092	42,737
Expected credit loss recognized on trade receivables	19,945	3,904
Net (gain) loss on fair value change of financial assets and liabilities at fair value through profit or loss	(73,942)	4,517
Finance costs	49,306	44,159
Interest income	(14,398)	(10,556)
Dividend income	(2,359)	(2,976)
Share of profit of associates and joint ventures	(7,799)	(135)
Loss (gain) on disposal of property, plant and equipment	11,380	(243)
Write-down of inventories	12,658	39,136
(Gain) loss on lease modifications	(1,508)	547
Changes in operating assets and liabilities		
Notes receivable	(392,247)	(598,675)
Trade receivables from unrelated parties	(53,532)	318,038
Trade receivables from related parties	(16,395)	(56,599)
Other receivables from unrelated parties	(6,250)	(951)
Other receivables from related parties	(6,330)	-
Inventories	(310,826)	66,218
Other current assets	(109,820)	61,067
Other non-current assets	119,279	328,225
Notes payable	(11,537)	(3,820)
Trade payables to unrelated parties	182,225	(198,852)
Other payables to unrelated parties	34,956	(70,671)
Other current liabilities	(32,462)	(3,160)
Net defined benefit liabilities	(14)	90
Other non-current liabilities	189	40
Cash generated from operations	1,040,260	1,108,498
Interest received	14,398	10,556
Interest paid	(28,767)	(35,995)
Income tax received	16,684	6,216
Income tax paid	(379,422)	(171,000)
Net cash generated from operating activities	663,153	918,275

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HU LANE ASSOCIATE INC. AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	\$ -	\$ 8,538
Proceeds from sale of financial assets at amortized cost	-	178,118
Purchase of financial assets at fair value through profit or loss	(43,452)	(79,100)
Proceeds from disposal of financial assets at fair value through profit or loss	16,075	9,814
Payments for property, plant and equipment	(885,950)	(1,187,835)
Proceeds from disposal of property, plant and equipment	56,912	90,428
Increase in refundable deposits	(2,816)	(1,542)
Payments for intangible assets	(11,858)	(8,866)
Dividends received	<u>2,359</u>	<u>2,976</u>
Net cash used in investing activities	<u>(868,730)</u>	<u>(987,469)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	266,892	-
Repayments of short-term borrowings	-	(793,254)
Proceeds from issue of corporate bonds	-	1,623,855
Proceeds from guarantee deposits received	35	332
Repayment of the principal portion of lease liabilities	(17,293)	(23,548)
Dividends paid	-	(558,066)
Changes in non-controlling interests	<u>-</u>	<u>18,399</u>
Net cash generated from financing activities	<u>249,634</u>	<u>267,718</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>82,264</u>	<u>16,722</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	126,321	215,246
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>996,481</u>	<u>966,258</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 1,122,802</u>	<u>\$ 1,181,504</u>

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

(With Deloitte & Touche review report dated November 8, 2024)

(Concluded)

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

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

1. GENERAL INFORMATION

Organization and Operations of the Parent Company

Hu Lane Associate Inc. (the “Company” or Hu Lane Associate) was incorporated in July 1977 as Hu Lane Enterprise Co., Ltd. and renamed as Hu Lane Industry Co., Ltd. on January 29, 2001, and later renamed again as Hu Lane Associate Inc. in 2003. Hu Lane Associate established the Hong Kong Branch in October 2001. Hu Lane Associate is mainly engaged in the manufacturing and sale of terminal devices, terminal crimping, industrial rubber and plastic products.

Hu Lane Associate’s shares have been listed on the Taipei Exchange since November 26, 2003. Hu Lane Associate’s stockholders approved the planned merger with Jie Yun Industry Co., Ltd. on May 28, 2004 with the effective merger date on August 31, 2004, and Hu Lane Associate was the surviving entity. Hu Lane Associate’s board of directors approved the planned merger with I-hung Steel Co., Ltd. on April 10, 2014 with the effective merger date on May 12, 2014, and Hu Lane Associate was the surviving entity. Hu Lane Associate’s board of directors approved the planned merger with its 100%-owned subsidiary, Shang Ho Industry Co., Ltd. in May 2023 with the effective merger date on July 1, 2023, and Hu Lane Associate was the surviving entity.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

Organization and Operations of the Subsidiaries

Evervalue Investments Limited (Evervalue), a company established on March 12, 2001, is a 100%-owned subsidiary of Hu Lane Associate. It is mainly engaged in investment.

Telford Investments Limited (Telford), a company established on March 8, 2001, is a 100%-owned subsidiary of Hu Lane Associate. It is mainly engaged in investment.

Hu Lane Electronics (Vietnam) Limited (HuLane Vietnam), a company established in November 2009, is a 100%-owned subsidiary of Hu Lane Associate. It is mainly engaged in manufacturing terminals and molding.

Hulane Electronics (Nanjing) Limited (Hulane Nanjing), a company established in January 2004, is a 100%-owned subsidiary of Evervalue. It is mainly engaged in manufacturing terminals and molding.

Fortune Master Development Limited (Fortune Master), a company established on March 5, 2010, is a 100%-owned subsidiary of Evervalue. It is mainly engaged in trading and investment.

Dongguan Hulane Electronics Technology (Dongguan Hulane), a company established in June 2011, is a 100%-owned subsidiary of Fortune Master. It is mainly engaged in the manufacturing of terminals and molding.

Dongguan Hulane Puquang Trading Limited (Dongguan Puquang), a company established in May 2012, is a 100%-owned subsidiary of Fortune Master. It is mainly engaged in sales of vehicle components and plastic materials.

PT Hulane Tech Manufacturing's 80% equity was acquired by the Company in December 2017. The purpose of this acquisition is to develop area integration for the long-term expansion and operations of the Company. PT Hulane Tech Manufacturing applied for capital increase in August 2020 and Evervalue Investments Limited participated in the capital increase. After the capital increase, the Company and Evervalue Investments Limited held 32% and 48% shareholding of PT Hulane Tech Manufacturing, respectively.

PT Hulane Tech Manufacturing applied for capital increase in June 2023 and Evervalue Investments Limited participated in the capital increase. After the capital increase, the Company and Evervalue Investments Limited held 12% and 72% shareholding of PT Hulane Tech Manufacturing, respectively.

Eagle Good Limited (Eagle Good), a company established in June 2022, is a 100%-owned subsidiary of the Company. It is mainly engaged in reinvestment.

Jiaxing Shanghe Electronic Technology Co., Ltd. (Jiaxing Shanghe), a company established in May 2012, is a 100%-owned subsidiary of Eagle Good. It is mainly engaged in the manufacturing of harnesses.

HuLane Associate Inc. Europe S.r.l., a company established on June 2023, is a 90%-owned subsidiary of the Company. It is mainly engaged in the sales of various auto parts, electrical equipment and parts and plastics.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on November 8, 2024.

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

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

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note)

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

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

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

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

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

IFRS 18 “Presentation and Disclosure in Financial Statements”

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

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

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

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Note 10, Table 7 and Table 8 for the detailed information of subsidiaries (including the percentage of ownership and main businesses).

d. Other material accounting policies

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

1) Retirement benefits

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

2) Income tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Refer to the statements of material accounting judgments and key sources of estimation uncertainty to the consolidated financial statements for the year ended December 31, 2023.

6. CASH AND CASH EQUIVALENTS

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 2,397	\$ 1,852	\$ 2,835
Checking accounts and demand deposits	808,802	761,271	980,849
Cash equivalents			
Time deposits with original maturities within three months	<u>311,603</u>	<u>233,358</u>	<u>197,820</u>
	<u>\$ 1,122,802</u>	<u>\$ 996,481</u>	<u>\$ 1,181,504</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Redemption rights and put options (Note 15)	\$ 2,273	\$ -	\$ -
Non-derivative financial assets			
Domestic listed shares	188,469	91,805	79,207
Mutual funds	<u>7,190</u>	<u>7,334</u>	<u>7,271</u>
	<u>\$ 197,932</u>	<u>\$ 99,139</u>	<u>\$ 86,478</u>

Financial liabilities at FVTPL - current

Derivative financial liabilities (not under hedge accounting)			
Redemption rights and put options (Note 15)	<u>\$ -</u>	<u>\$ 2,400</u>	<u>\$ 4,950</u>

8. NOTES RECEIVABLE AND TRADE RECEIVABLES

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Notes receivable</u>			
Notes receivable - operating	\$ 1,679,986	\$ 1,287,739	\$ 1,341,922
<u>Trade receivables from unrelated parties</u>			
Trade receivables	\$ 2,208,223	\$ 2,155,092	\$ 1,863,435
Less: Allowance for impairment loss	(46,091)	(25,287)	(28,837)
	\$ 2,162,132	\$ 2,129,805	\$ 1,834,598
<u>Trade receivables from related parties</u>			
Trade receivables	\$ 108,565	\$ 92,083	\$ 96,448
Less: Allowance for impairment loss	(87)	-	(119)
	\$ 108,478	\$ 92,083	\$ 96,329

Refer to Note 23 for details of the factoring agreements for note receivables.

The average credit period of sales of goods was 90 days. No interest was charged on trade receivables. The Group adopted a policy of only dealing with reputable entities, and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the executive vice president, internal audit department and accounting department annually.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position at the reporting date. As the Group's historical credit loss experience show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is further distinguished according to the Group's different customer base.

The following table details the loss allowance of trade receivables (including related parties) based on the Group's provision matrix.

September 30, 2024

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	Over 271 Days	Total
Expected credit loss rate	0.09%-2.63%	0.26%-8.44%	4.09%-19.36%	38.01%-53.02%	100%	
Gross carrying amount	\$ 1,847,617	\$ 410,641	\$ 12,586	\$ 17,242	\$ 28,702	\$ 2,316,788
Loss allowance (Lifetime ECLs)	(3,991)	(3,412)	(1,417)	(8,656)	(28,702)	(46,178)
Amortized cost	\$ 1,843,626	\$ 407,229	\$ 11,169	\$ 8,586	\$ -	\$ 2,270,610

December 31, 2023

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	Over 271 Days	Total
Expected credit loss rate	0.06%-1.20%	0.30%-3.65%	1.73%-16.23%	24.41%-54.55%	100%	
Gross carrying amount	\$ 1,723,971	\$ 486,380	\$ 17,316	\$ 7,769	\$ 11,739	\$ 2,247,175
Loss allowance (Lifetime ECLs)	<u>(4,163)</u>	<u>(3,505)</u>	<u>(2,368)</u>	<u>(3,512)</u>	<u>(11,739)</u>	<u>(25,287)</u>
Amortized cost	<u>\$ 1,719,808</u>	<u>\$ 482,875</u>	<u>\$ 14,948</u>	<u>\$ 4,257</u>	<u>\$ -</u>	<u>\$ 2,221,888</u>

September 30, 2023

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	Over 271 Days	Total
Expected credit loss rate	0.00%-0.94%	0.00%-2.13%	0.00%-18.79%	0.21%-49.20%	100%	
Gross carrying amount	\$ 1,598,584	\$ 281,175	\$ 52,261	\$ 13,560	\$ 14,303	\$ 1,959,883
Loss allowance (Lifetime ECLs)	<u>(3,706)</u>	<u>(1,904)</u>	<u>(3,434)</u>	<u>(5,609)</u>	<u>(14,303)</u>	<u>(28,956)</u>
Amortized cost	<u>\$ 1,594,878</u>	<u>\$ 279,271</u>	<u>\$ 48,827</u>	<u>\$ 7,951</u>	<u>\$ -</u>	<u>\$ 1,930,927</u>

The movements of the loss allowance of trade receivables (including related parties) were as follows:

	For the Nine Months Ended September 30	
	2024	2023
Balance at January 1	\$ 25,287	\$ 33,836
Add: Impairment loss recognized	19,945	3,904
Less: Amounts written off	(314)	(8,076)
Foreign exchange gains and losses	<u>1,260</u>	<u>(708)</u>
Balance at September 30	<u>\$ 46,178</u>	<u>\$ 28,956</u>

9. INVENTORIES

	September 30, 2024	December 31, 2023	September 30, 2023
Finished goods	\$ 475,239	\$ 355,233	\$ 361,704
Work in progress	281,304	243,988	270,367
Raw materials and supplies	434,480	380,188	368,859
Merchandise	<u>826,195</u>	<u>753,138</u>	<u>713,226</u>
	<u>\$ 2,017,218</u>	<u>\$ 1,732,547</u>	<u>\$ 1,714,156</u>

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023 were \$1,458,879 thousand, \$1,274,401 thousand, \$4,040,973 thousand and \$3,494,298 thousand, respectively. The cost of goods sold included loss of inventory write-downs amounted to \$47,876 thousand, \$56,289 thousand, \$12,658 thousand and \$39,136 thousand.

10. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		
			September 30, 2024	December 31, 2023	September 30, 2023
Hu Lane Associate	Telford	Investment	100	100	100
	Evervalue	Investment	100	100	100
	Hu Lane Vietnam	Manufacture of plastic connectors and molds	100	100	100
	PT Hulane Tech Manufacturing (Note 1)	Manufacture of plastic connectors and molds	12	12	12
	Eagle Good	Investment	100	100	100
Evervalue	HuLane Associate Inc. Europe S.r.l. (Note 2)	Sales of vehicle components and plastic materials	90	90	90
	Hulane Nanjing	Manufacture of plastic connectors and molds	100	100	100
	Fortune Master	Trading and investment	100	100	100
	PT Hulane Tech Manufacturing (Note 1)	Manufacture of plastic connectors and molds	72	72	72
	Dongguan Hulane	Manufacture of plastic connectors and molds	100	100	100
Fortune Master	Dongguan Puguang	Sales of vehicle components and plastic materials	100	100	100
	Jiaxing Shanghe	Manufacture of plastic connectors and molds	100	100	100

Note 1: PT. Hulane Tech Manufacturing resolved to increase cash capital by the board of directors in July 2022. The Group's board of directors resolved to participate in the capital increase in November 2022, and the capital increase was completed in June 2023.

Note 2: In November 2022, Hu Lane Associate's board of directors resolved to approve the investment proposal, and established HuLane Associate Inc. Europe S.r.l. in May 2023.

b. Subsidiaries excluded from the consolidated financial statements: None.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2024	December 31, 2023	September 30, 2023
Yangzhou Lear Hulane Automotive Parts Trading Co., Ltd.	<u>\$ 22,281</u>	<u>\$ 13,783</u>	<u>\$ 12,702</u>

The calculation is based on the unreviewed financial statements of Yangzhou Lear Hulane Automotive Parts Trading Co., Ltd. However, the management considers that the unreviewed financial statements of the above investees do not have material impacts.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Furniture and Fixtures	Other Equipment	Prepayments for Equipment and Property under Construction	Total
<u>Cost</u>								
Balance at January 1, 2024	\$ 1,062,617	\$ 1,451,055	\$ 3,403,539	\$ 23,106	\$ 100,032	\$ 46,357	\$ 430,708	\$ 6,517,414
Additions	-	4,000	333,977	4,672	7,886	3,294	556,056	909,885
Disposals	-	(88)	(130,276)	(1,860)	(1,812)	(187)	(21,828)	(156,051)
Effect of foreign currency exchange differences	2,730	36,861	171,264	1,057	3,545	6,232	20,195	241,884
Reclassifications	-	1,871	96,160	-	-	443	(313,420)	(214,946)
Balance at September 30, 2024	<u>1,065,347</u>	<u>1,493,699</u>	<u>3,874,664</u>	<u>26,975</u>	<u>109,651</u>	<u>56,139</u>	<u>671,711</u>	<u>7,298,186</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2024	-	253,155	1,716,428	14,447	62,591	13,691	-	2,060,312
Depreciation expense	-	39,235	302,192	1,869	6,781	5,722	-	355,799
Disposals	-	(79)	(84,039)	(1,752)	(1,712)	(177)	-	(87,759)
Effect of foreign currency exchange differences	-	11,764	91,417	606	1,939	2,959	-	108,685
Reclassifications	-	-	(392)	-	-	-	-	(392)
Balance at September 30, 2024	<u>-</u>	<u>304,075</u>	<u>2,025,606</u>	<u>15,170</u>	<u>69,599</u>	<u>22,195</u>	<u>-</u>	<u>2,436,645</u>
Carrying amounts at September 30, 2024	<u>\$ 1,065,347</u>	<u>\$ 1,189,624</u>	<u>\$ 1,849,058</u>	<u>\$ 11,805</u>	<u>\$ 40,052</u>	<u>\$ 33,944</u>	<u>\$ 671,711</u>	<u>\$ 4,861,541</u>
<u>Cost</u>								
Balance at January 1, 2023	\$ 1,062,617	\$ 1,440,696	\$ 3,008,319	\$ 23,846	\$ 90,152	\$ 50,112	\$ 325,243	\$ 6,000,985
Additions	-	17,902	510,875	1,138	10,540	12,961	548,959	1,102,375
Disposals	-	(1,236)	(250,004)	(1,781)	(1,727)	(17,251)	(16,343)	(288,342)
Effect of foreign currency exchange differences	2,730	1,254	6,667	194	128	194	2,905	14,072
Reclassifications	-	12,427	94,682	-	2,585	220	(440,341)	(330,427)
Balance at September 30, 2023	<u>1,065,347</u>	<u>1,471,043</u>	<u>3,370,539</u>	<u>23,397</u>	<u>101,678</u>	<u>46,236</u>	<u>420,423</u>	<u>6,498,663</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2023	-	211,868	1,609,348	14,420	61,255	27,124	-	1,924,015
Depreciation expense	-	37,569	262,709	1,518	5,621	4,383	-	311,800
Disposals	-	(1,236)	(176,547)	(1,781)	(1,401)	(17,192)	-	(198,157)
Effect of foreign currency exchange differences	-	416	1,338	99	101	98	-	2,052
Balance at September 30, 2023	<u>-</u>	<u>248,617</u>	<u>1,696,848</u>	<u>14,256</u>	<u>65,576</u>	<u>14,413</u>	<u>-</u>	<u>2,039,710</u>
Carrying amounts at September 30, 2023	<u>\$ 1,065,347</u>	<u>\$ 1,222,426</u>	<u>\$ 1,673,691</u>	<u>\$ 9,141</u>	<u>\$ 36,102</u>	<u>\$ 31,823</u>	<u>\$ 420,423</u>	<u>\$ 4,458,953</u>

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

Building	5-50 years
Machinery equipment	2-14 years
Transportation equipment	3-11 years
Furniture and fixtures and other equipment	3-11 years

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 25.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Carrying amounts</u>			
Land	\$ 54,165	\$ 51,673	\$ 54,919
Buildings	28,588	113,650	63,752
Office equipment	3,354	2,612	2,825
Transportation equipment	<u>4,583</u>	<u>8,627</u>	<u>10,135</u>
	<u>\$ 90,690</u>	<u>\$ 176,562</u>	<u>\$ 131,631</u>
	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>
	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<u>2023</u>		<u>2023</u>
Additions to right-of-use assets	<u>\$ 11,338</u>	<u>\$ 1,880</u>	<u>\$ 13,550</u>
Deductions to right-of-use assets	<u>\$ 79,331</u>	<u>\$ 2,230</u>	<u>\$ 79,331</u>
Depreciation charge for right-of-use assets			
Land	\$ 444	\$ 440	\$ 1,317
Buildings	7,524	6,199	22,054
Office equipment	356	232	972
Transportation equipment	<u>1,327</u>	<u>1,533</u>	<u>4,044</u>
	<u>\$ 9,651</u>	<u>\$ 8,404</u>	<u>\$ 28,387</u>
			<u>\$ 21,703</u>

Except for the above additions, deductions and depreciation expense recognized, the Group's right-of-use assets were not significantly impaired during the nine months ended September 30, 2024 and 2023.

b. Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Carrying amounts</u>			
Current	<u>\$ 18,285</u>	<u>\$ 33,027</u>	<u>\$ 28,270</u>
Non-current	<u>\$ 17,625</u>	<u>\$ 93,687</u>	<u>\$ 48,172</u>

Ranges of discount rates for lease liabilities were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Buildings	1.5336%- 6.6000%	1.5336%- 6.6000%	1.5336%- 6.6000%
Office equipment	0.6627%- 1.6500%	0.6627%- 1.6500%	0.6627%- 1.6500%
Transportation equipment	0.6667%- 1.6500%	0.6667%- 1.6500%	0.6667%- 2.3800%

c. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Expenses relating to short-term leases	<u>\$ 8,361</u>	<u>\$ 7,856</u>	<u>\$ 20,718</u>	<u>\$ 19,679</u>
Total cash outflow for leases	<u>\$ (7,684)</u>	<u>\$ (17,738)</u>	<u>\$ (38,702)</u>	<u>\$ (45,517)</u>

The Group's leases of certain building, office equipment and transportation equipment qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. BORROWINGS

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Secured borrowings (Note 25)</u>			
Bank loans	\$ 35,023	\$ 31,312	\$ 31,949
Notes receivable as collateral	897,171	473,893	639,076
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>968,765</u>	<u>1,128,862</u>	<u>1,288,299</u>
	<u>\$ 1,900,959</u>	<u>\$ 1,634,067</u>	<u>\$ 1,959,324</u>

- The range of interest rate on borrowings were 1.05%-3.50%, 1.00%-4.00% and 1.57%-4.00% per annum as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.
- Endorsements and guarantees for Dongguan Hulane, Dongguan Puguang, Hu Lane Vietnam and Hulane Nanjing are provided by the Company.
- Endorsements and guarantees for Jiaxing Shanghe is provided by Hulane Nanjing.

15. BONDS PAYABLE

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured domestic convertible bonds	<u>\$ 1,330,883</u>	<u>\$ 1,385,635</u>	<u>\$ 1,379,265</u>

The Company was approved by letters of FSC No. 1120339981 on May 8, 2023 and Republic of China Securities OTC Trading Center No. 11200053862 on June 9, 2023 to issue the first unsecured domestic convertible bonds on June 14, 2023. The conditions of issuance were as follows:

- a. Approved issuance quota: \$1,500,000 thousand.
- b. Amount issued: \$1,500,000 thousand.
- c. Face value: \$100 thousand, issued at face value.
- d. Issuance period: The issuance period is 5 years, and from June 14, 2023 to June 14, 2028.
- e. Issuance price (NT\$100 thousand each): NT\$108.61 (issued at 108.61% of face value).
- f. Coupon rate: 0%.
- g. Conversion price: \$133.40.
- h. Principal repayment method: Except for the holders of the corporate bonds who has conversion right to convert bonds into ordinary shares of the Company at Conversion price per share, or exercise the right to sell back, or the Company redeems it in advance, or the Company buys it back and cancels it by the business office of the securities firm, the Company shall repay the convertible bonds in cash at face value when they mature.
- i. Conversion period: From the day after the issuance of the convertible bonds for three months (September 15, 2023) to the maturity date (June 14, 2028).

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 1.8047% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,233 thousand)	\$ 1,623,855
Equity component	(251,575)
Financial liabilities - redemption rights and put options	<u>(600)</u>
Liability component at the date of issue	1,371,680
Interest charged at an effective interest rate of 1.8047%	33,271
Convertible bonds converted into ordinary shares	<u>(74,068)</u>
Liability component at September 30, 2024	<u>\$ 1,330,883</u>

16. OTHER PAYABLES

	September 30, 2024	December 31, 2023	September 30, 2023
Accrued salaries and bonuses	\$ 176,200	\$ 187,184	\$ 141,950
Compensation of employees and remuneration of directors	70,931	54,807	38,513
Payables for equipment	182,801	158,866	163,313
Payables for interest	1,696	1,072	1,795
Payables for dividends	498,281	-	-
Others	<u>260,885</u>	<u>231,068</u>	<u>221,785</u>
	<u>\$ 1,190,794</u>	<u>\$ 632,997</u>	<u>\$ 567,356</u>

17. RETIREMENT BENEFIT PLANS

The Company's pension plans include defined contribution plans and defined benefit plans. The pension expenses of defined benefit plans were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2023 and 2022, respectively.

The pension expense of retirement benefit plans was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Defined benefit plans	<u>\$ 228</u>	<u>\$ 270</u>	<u>\$ 684</u>	<u>\$ 808</u>
Defined contribution plans	<u>\$ 23,044</u>	<u>\$ 17,866</u>	<u>\$ 64,888</u>	<u>\$ 52,736</u>

18. EQUITY

a. Share capital

1) Ordinary shares

	September 30, 2024	December 31, 2023	September 30, 2023
Number of shares authorized (in thousands)	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>
Shares authorized	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
Number of shares issued and fully paid (in thousands)	<u>102,148</u>	<u>99,655</u>	<u>99,654</u>
Shares issued	<u>\$ 1,021,476</u>	<u>\$ 996,554</u>	<u>\$ 996,547</u>

The change in the share capital of the Company is mainly due to the distribution of stock dividends and the exercise of conversion right of convertible bonds.

The shareholders' meeting resolved to issue share dividends of \$0.25 which increased the share capital issued \$24,915 thousand on May 30, 2024. On August 7, 2024, the above transaction was approved by the FSC, and the subscription base date was determined by the board of directors to be September 10, 2024. The company received an approval letter of the registration on September 23, 2024.

2) Convertible bonds converted to ordinary shares

	September 30, 2024	December 31, 2023	September 30, 2023
Number of shares requested for conversion and change in registration not yet been completed (in thousands)	<u>591</u>	<u>-</u>	<u>-</u>
Shares requested for conversion but change in registration has not yet been completed (in thousands)	<u>\$ 5,914</u>	<u>\$ -</u>	<u>\$ -</u>

b. Capital surplus

	September 30, 2024	December 31, 2023	September 30, 2023
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Issuance of ordinary shares	\$ 681,049	\$ 780,705	\$ 780,705
Conversion of bonds	81,263	102	-
Consolidation excess	53,723	53,723	53,723
<u>May only be used to offset a deficit</u>			
Recognizes changes in the ownership interests in subsidiaries (2)	2,610	2,610	2,610
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	101	101	101
<u>May not be used for any purpose</u>			
Share options	<u>238,325</u>	<u>251,558</u>	<u>251,575</u>
	<u>\$ 1,057,071</u>	<u>\$ 1,088,799</u>	<u>\$ 1,088,714</u>

1) The capital surplus arising from shares issued in excess of par (including share premium from issuance of common shares), conversion of bonds and consolidation excess may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

2) Such capital surplus arising from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, please refer to Note 20 f: Compensation of employees and remuneration of directors.

In consideration of the operating environment and business growth, the Company distributed dividends both by cash and by stock to meet the capital needs for the Company's present and future expansion plans and to satisfy stockholders' cash flow requirements. In principle, cash dividends should not be lower than 10% of total dividends distributed.

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

The appropriations of earnings for 2023 and 2022 that had been resolved by the shareholders in their meeting on May 30, 2024 and June 19, 2023, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2023	2022	2023	2022
Legal reserve	\$ 14	\$ 47,307		
Special reserve	100,323	(62,589)		
Cash dividends	398,625	458,412	\$ 4.00	\$ 4.60
Stock dividends	24,915	-	0.25	-

The Company's board of directors and shareholders proposed and resolved in their meeting on May 30, 2024 and June 19, 2023 to issue cash dividends of \$99,656 thousand and \$99,654 thousand, from the capital surplus, respectively.

d. Other equity items

Unrealized valuation loss on financial assets at FVTOCI

	For the Nine Months Ended September 30, 2023
Balance at January 1	\$ (1,424)
Recognized for the year	
Unrealized gain - equity instruments	<u>1,749</u>
Other comprehensive income recognized for the period	<u>1,749</u>
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	<u>(325)</u>
Balance at September 30	<u>\$ -</u>

19. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Revenue from contracts with customers				
Revenue from the sale of goods	<u>\$ 2,144,864</u>	<u>\$ 1,884,676</u>	<u>\$ 6,028,089</u>	<u>\$ 5,074,219</u>

20. NET PROFIT AND OTHER COMPREHENSIVE INCOME

a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Bank deposits	<u>\$ 5,040</u>	<u>\$ 3,343</u>	<u>\$ 14,398</u>	<u>\$ 10,556</u>

b. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Subsidy income	\$ 4,142	\$ 1,446	\$ 32,338	\$ 10,730
Dividend income	24	2,826	2,359	2,976
Others	<u>16,785</u>	<u>8,491</u>	<u>55,919</u>	<u>27,706</u>
	<u>\$ 20,951</u>	<u>\$ 12,763</u>	<u>\$ 90,616</u>	<u>\$ 41,412</u>

c. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Gain (loss) on financial assets and liabilities at FVTPL	\$ 38,225	\$ (7,804)	\$ 73,942	\$ (4,517)
Net foreign exchange gains	37,467	53,365	120,234	39,133
(Loss) gain on disposal of property, plant and equipment	(4,769)	2	(11,380)	243
Others	<u>(12,806)</u>	<u>7,143</u>	<u>(30,088)</u>	<u>(16,952)</u>
	<u>\$ 58,117</u>	<u>\$ 52,706</u>	<u>\$ 152,708</u>	<u>\$ 17,907</u>

d. Depreciation and amortization expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Property, plant and equipment	\$ 120,634	\$ 109,367	\$ 355,799	\$ 311,800
Investment properties	1	1	4	4
Right-of-use assets	9,651	8,404	28,387	21,703
Intangible assets and others	<u>14,875</u>	<u>13,162</u>	<u>42,092</u>	<u>42,737</u>
	<u>\$ 145,161</u>	<u>\$ 130,934</u>	<u>\$ 426,282</u>	<u>\$ 376,244</u>
An analysis of depreciation by function				
Operating costs	\$ 105,057	\$ 100,916	\$ 315,779	\$ 281,150
Operating expenses	<u>25,229</u>	<u>16,856</u>	<u>68,411</u>	<u>52,357</u>
	<u>\$ 130,286</u>	<u>\$ 117,772</u>	<u>\$ 384,190</u>	<u>\$ 333,507</u>
An analysis of amortization by function				
Operating costs	\$ 3,931	\$ 5,469	\$ 10,859	\$ 17,822
Operating expenses	<u>10,944</u>	<u>7,693</u>	<u>31,233</u>	<u>24,915</u>
	<u>\$ 14,875</u>	<u>\$ 13,162</u>	<u>\$ 42,092</u>	<u>\$ 42,737</u>

e. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Short-term benefits	\$ 399,180	\$ 362,077	\$ 1,135,767	\$ 989,803
Post-employment benefits (Note 17)				
Defined contribution plans	23,044	17,866	64,888	52,736
Defined benefit plans	<u>228</u>	<u>270</u>	<u>684</u>	<u>808</u>
	<u>23,272</u>	<u>18,136</u>	<u>65,572</u>	<u>53,544</u>
Other employee benefits	<u>35,819</u>	<u>25,178</u>	<u>92,721</u>	<u>66,366</u>
Total employee benefits expense	<u>\$ 458,271</u>	<u>\$ 405,391</u>	<u>\$ 1,294,060</u>	<u>\$ 1,109,713</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 260,142	\$ 249,804	\$ 731,133	\$ 666,397
Operating expenses	<u>198,129</u>	<u>155,587</u>	<u>562,927</u>	<u>443,316</u>
	<u>\$ 458,271</u>	<u>\$ 405,391</u>	<u>\$ 1,294,060</u>	<u>\$ 1,109,713</u>

f. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrues compensation of employees and remuneration of directors at the rates of 1%-10% and no higher than 1%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023 are as follows:

Accrual rate

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Compensation of employees	4.01%	3.40%	4.17%	4.11%
Remuneration of directors	0.72%	0.62%	0.83%	0.75%

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Compensation of employees	<u>\$ 16,800</u>	<u>\$ 13,200</u>	<u>\$ 49,800</u>	<u>\$ 32,591</u>
Remuneration of directors	<u>\$ 3,000</u>	<u>\$ 2,400</u>	<u>\$ 9,900</u>	<u>\$ 5,917</u>

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

The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022 which have been approved by the Company's board of directors on March 12, 2024 and March 24, 2023, respectively, were as follows:

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Compensation of employees	\$ 43,727	\$ 40,222
Remuneration of directors	11,075	9,891

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

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

21. INCOME TAX

- a. Major components of tax expense recognized in profit or loss:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
<u>Current tax</u>				
In respect of the current year	\$ 96,709	\$ 91,568	\$ 242,326	\$ 203,838
Income tax on unappropriated earnings	-	-	19,711	28,040
Adjustments for prior years	-	(6,783)	6,596	(7,505)
<u>Deferred tax</u>				
In respect of the current year	<u>(1,810)</u>	<u>-</u>	<u>18,824</u>	<u>483</u>
Income tax expense recognized in profit or loss	<u>\$ 94,899</u>	<u>\$ 84,785</u>	<u>\$ 287,457</u>	<u>\$ 224,856</u>

- b. Income tax assessments

The Company's tax returns through 2022 have been assessed by the tax authorities. The Company includes Hong Kong branch's income in the calculation of its taxable income during tax declaration each year, and applied for tax refund after attestation by a local organization in Hong Kong recognized by the ROC. As of September 30, 2024, the Company applied for refund of tax through 2021, which was approved by the tax authorities through 2021. As of September 30, 2024, December 31, 2023 and September 30, 2023, tax refund receivables amounted to \$50,302 thousand, \$42,342 thousand and \$90,784 thousand, respectively.

22. EARNINGS PER SHARE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Basic earnings per share	<u>\$ 3.05</u>	<u>\$ 2.83</u>	<u>\$ 9.12</u>	<u>\$ 5.71</u>
Diluted earnings per share	<u>\$ 2.78</u>	<u>\$ 2.62</u>	<u>\$ 8.32</u>	<u>\$ 5.23</u>

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on the record day of May 30, 2024. The basic and diluted earnings per share adjusted retrospectively for the three months and nine months ended September 30, 2023 were as follows:

	For the Three Months Ended September 30, 2023		For the Nine Months Ended September 30, 2023	
	Before Retrospective Adjustment	After Retrospective Adjustment	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	<u>\$ 2.90</u>	<u>\$ 2.83</u>	<u>\$ 5.86</u>	<u>\$ 5.71</u>
Diluted earnings per share	<u>\$ 2.69</u>	<u>\$ 2.62</u>	<u>\$ 5.35</u>	<u>\$ 5.23</u>

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

Net Profit for the Period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Earnings used in the computation of basic earnings per share	\$ 311,173	\$ 288,792	\$ 931,334	\$ 583,584
Effect of potentially dilutive ordinary shares:				
Interest on convertible bonds (after tax)	<u>5,154</u>	<u>7,585</u>	<u>15,379</u>	<u>7,585</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 316,327</u>	<u>\$ 296,377</u>	<u>\$ 946,713</u>	<u>\$ 591,169</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	102,185	102,146	102,160	102,146
Effect of potentially dilutive ordinary shares:				
Compensation of employees	273	222	345	305
Convertible bonds	<u>11,205</u>	<u>10,623</u>	<u>11,230</u>	<u>10,623</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>113,663</u>	<u>112,991</u>	<u>113,735</u>	<u>113,074</u>

Since the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not carried at fair value

Management believes the carrying amounts of financial assets and financial liabilities not carried at fair values approximate their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

September 30, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 188,469	\$ -	\$ -	\$ 188,469
Mutual funds	7,190	-	-	7,190
Redemption rights and put options	<u>-</u>	<u>-</u>	<u>2,273</u>	<u>2,273</u>
	<u>\$ 195,659</u>	<u>\$ -</u>	<u>\$ 2,273</u>	<u>\$ 197,932</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 91,805	\$ -	\$ -	\$ 91,805
Mutual funds	<u>7,334</u>	<u>-</u>	<u>-</u>	<u>7,334</u>
	<u>\$ 99,139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,139</u>

Financial liabilities at FVTPL				
Redemption rights and put options	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,400</u>	<u>\$ 2,400</u>

September 30, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 79,207	\$ -	\$ -	\$ 79,207
Mutual funds	<u>7,271</u>	<u>-</u>	<u>-</u>	<u>7,271</u>
	<u>\$ 86,478</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,478</u>

Financial liabilities at FVTPL				
Redemption rights and put options	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,950</u>	<u>\$ 4,950</u>

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

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

September 30, 2024

	For the Nine Months Ended September 30	
	2024	2023
<u>Financial assets at FVTPL</u>		
Balance at January 1	\$ -	\$ -
Reclassifications	<u>2,273</u>	<u>-</u>
Balance at September 30	<u>\$ 2,273</u>	<u>\$ -</u>
<u>Financial liabilities at FVTPL</u>		
Balance at January 1	\$ 2,400	\$ -
Additions due to issuance of corporate bonds	-	600
Recognized in profit or loss (included in other gains and losses)	(4,673)	4,350
Reclassifications	<u>2,273</u>	<u>-</u>
Balance at September 30	<u>\$ -</u>	<u>\$ 4,950</u>

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

Financial Instrument	Valuation Technique and Inputs		
Redemption rights and put options	The binary tree convertible bond evaluation model is used for the evaluation of financial instruments, and the material unobservable inputs are the risk-free rate, stock price and volatility.		
Significant Unobservables	September 30, 2024	December 31, 2023	September 30, 2023
Risk-free interest rate	1.4027%	1.1373%	1.1512%
Shares	182.5	159	147
Volatility	26.20%	26.48%	31.26%

If all the other variables were held constant, the fair value would increase (decrease) as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Significant Unobservables			
Risk-free interest rate			
Rise 10bp	<u>\$ -</u>	<u>\$ (20)</u>	<u>\$ (30)</u>
Fell 10bp	<u>\$ 10</u>	<u>\$ 20</u>	<u>\$ 30</u>
Shares			
Rise 7%	<u>\$ 60</u>	<u>\$ 140</u>	<u>\$ 80</u>
Fell 7%	<u>\$ (90)</u>	<u>\$ (160)</u>	<u>\$ (160)</u>
Volatility			
Rise 1%	<u>\$ (60)</u>	<u>\$ 10</u>	<u>\$ -</u>
Fell 1%	<u>\$ (10)</u>	<u>\$ (40)</u>	<u>\$ 10</u>

c. Categories of financial instruments

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
Fair value through profit or loss (FVTPL)			
Mandatorily classified as at FVTPL	\$ 197,932	\$ 99,139	\$ 86,478
Financial assets at amortized cost (1)	5,131,447	4,548,761	4,494,536
<u>Financial liabilities</u>			
Fair value through profit or loss (FVTPL)			
Mandatorily classified as at FVTPL	-	2,400	4,950
Financial liabilities at amortized cost (2)	5,721,223	4,780,563	4,901,229

- 1) The balances include financial assets measured at amortized cost, which comprised cash and cash equivalents, notes receivable, trade receivables, trade receivables from related parties, other receivables, other receivables from related parties and part of other non-current assets.
- 2) The balances include financial liabilities measured at amortized cost, which comprised short-term loans, notes payable, trade payables, other payables, bonds payable and part of other non-current liabilities.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, trade receivables, trade payables, lease liabilities, borrowings and bonds payable. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The corporate treasury function reports quarterly to the Company's board of directors.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

Several subsidiaries of the Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 28.

Sensitivity analysis

The Group was mainly exposed to the USD and RMB.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	USD Impact		RMB Impact	
	For the Nine Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2024	2023	2024	2023
Profit or loss	\$ 24,637	\$ 23,410	\$ 14,851	\$ 13,872

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates.

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

	September 30, 2024	December 31, 2023	September 30, 2023
Fair value interest rate risk			
Financial assets	\$ 305,589	\$ 233,358	\$ 197,820
Financial liabilities	1,900,959	1,634,067	1,959,324
Cash flow interest rate risk			
Financial assets	814,816	761,271	980,849

Sensitivity analysis

The sensitivity analyses were determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. The Group's floating-rate financial assets were demand deposits, which fluctuated moderately, and accordingly the Group was exposed to low interest rate risk. On the other hand, no floating-rate liabilities were held at the end of the reporting period, and no related sensitivity analysis was performed.

2) Credit risk

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

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by related departments such as executive vice president, internal auditors, and financial accounting.

The Group transacts with a large number of diverse customers from different industries and geographical locations; the Group performs ongoing credit evaluation on the financial condition of trade receivables and controlled the credit risk exposure.

The Group's concentration of credit risk accounted for 6%, 7%, and 5% of total trade receivables as of September 30, 2024, December 31, 2023 and September 30, 2023, which were attributable to the Group's specific customer.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group had available unutilized short-term bank loan facilities set out in (b) below.

a) Liquidity and interest risk rate tables

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are floating rate, the undiscounted amount were derived from the interest rate curve at the end of the reporting period.

September 30, 2024

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 704,774	\$ 1,702,370	\$ 81,436	\$ 1,421,701	\$ -
Lease liabilities	2,955	4,766	11,510	18,320	-
Fixed interest rate liabilities	<u>363,222</u>	<u>871,467</u>	<u>673,108</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,070,951</u>	<u>\$ 2,578,603</u>	<u>\$ 766,054</u>	<u>\$ 1,440,021</u>	<u>\$ -</u>

December 31, 2023

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 746,807	\$ 961,258	\$ 52,031	\$ 1,500,666	\$ -
Lease liabilities	5,660	4,883	24,806	96,713	47
Fixed interest rate liabilities	<u>442,837</u>	<u>391,997</u>	<u>808,879</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,195,304</u>	<u>\$ 1,358,138</u>	<u>\$ 885,716</u>	<u>\$ 1,597,379</u>	<u>\$ 47</u>

September 30, 2023

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 621,689	\$ 872,911	\$ 67,347	\$ 1,500,693	\$ -
Lease liabilities	5,161	3,806	20,871	52,756	-
Fixed interest rate liabilities	<u>626,573</u>	<u>964,515</u>	<u>388,402</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,253,423</u>	<u>\$ 1,841,232</u>	<u>\$ 476,620</u>	<u>\$ 1,553,449</u>	<u>\$ -</u>

b) Financing facilities

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank loan facilities			
Amount used	\$ 968,765	\$ 1,128,862	\$ 1,288,299
Amount unused	<u>2,189,135</u>	<u>1,443,012</u>	<u>1,149,872</u>
	<u>\$ 3,157,900</u>	<u>\$ 2,571,874</u>	<u>\$ 2,438,171</u>
Secured bank loan facilities			
Amount used	\$ 932,194	\$ 505,205	\$ 671,025
Amount unused	<u>978,052</u>	<u>976,862</u>	<u>978,426</u>
	<u>\$ 1,910,246</u>	<u>\$ 1,482,067</u>	<u>\$ 1,649,451</u>

e. Financial asset transfer information

During the nine months ended September 30, 2024 and 2023, the Group's discounted notes receivable with an aggregate carrying amount of \$1,798,424 thousand and \$1,119,548 thousand were sold to a bank for cash proceeds of \$1,786,623 thousand and \$1,109,306 thousand, respectively. According to the contract, if the notes receivable are not paid at maturity, the bank has the right to request the Group to pay the unsettled balance, as the Group has not transferred the significant risks and rewards relating to these notes receivable.

As of September 30, 2024, December 31, 2023 and September 30, 2023, the carrying amount of the notes receivable that have been transferred but have not been derecognized were \$899,991 thousand, \$475,065 thousand, and \$641,219 thousand, respectively, and the carrying amount of the related liabilities (refer to Note 14) were \$897,171 thousand, \$473,893 thousand and \$639,076 thousand, respectively.

24. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties and their relationships with the Group

Related Party	Relationship with the Group
Lear (China) Holding Limited	Associate
Shenzhen Lianjie Industrial Co., Ltd	Related party in substance (became related party since the second quarter in 2023)

b. Operating revenue

Line Item	Related Party Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2024	2023	2024	2023
Sales	Lear (China) Holding Limited	\$ 74,980	\$ 35,551	\$ 160,055	\$ 76,412
	Shenzhen Lianjie Industrial Co., Ltd	<u>46,246</u>	<u>78,678</u>	<u>143,292</u>	<u>151,981</u>
		<u>\$ 121,226</u>	<u>\$ 114,229</u>	<u>\$ 303,347</u>	<u>\$ 228,393</u>

c. Receivables from related parties

Line Item	Related Party Name	September 30, 2024	December 31, 2023	September 30, 2023
Trade receivables	Lear (China) Holding Limited	\$ 85,072	\$ 62,386	\$ 40,568
	Shenzhen Lianjie Industrial Co., Ltd	23,406	29,697	55,761
Other receivables	Lear (China) Holding Limited	<u>6,330</u>	<u>-</u>	<u>-</u>
		<u>\$ 114,808</u>	<u>\$ 92,083</u>	<u>\$ 96,329</u>

d. Other income

Related Party Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Lear (China) Holding Limited	\$ <u>-</u>	\$ <u>-</u>	\$ <u>12,430</u>	\$ <u>-</u>

The fees charged by the Group for providing with management services.

e. Remuneration of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Salaries and short-term employee benefits	\$ 27,186	\$ 27,836	\$ 88,060	\$ 72,817
Post-employment benefits	<u>357</u>	<u>511</u>	<u>1,011</u>	<u>1,539</u>
	\$ <u>27,543</u>	\$ <u>28,347</u>	\$ <u>89,071</u>	\$ <u>74,356</u>

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

25. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	September 30, 2024	December 31, 2023	September 30, 2023
Land	\$ 961,465	\$ 961,465	\$ 961,465
Buildings	767,708	776,905	784,387
Notes receivable	<u>899,991</u>	<u>475,065</u>	<u>641,219</u>
	\$ <u>2,629,164</u>	\$ <u>2,213,435</u>	\$ <u>2,387,071</u>

Land and buildings were recorded as property, plant and equipment.

26. SIGNIFICANT EVENTS

To support the Company's future operational growth and capacity expansion needs, the board of directors approved on November 8, 2024, that the subsidiary Dongguan Hulane will invest in the phased expansion of plant facilities, production equipment, and automated warehousing equipment from December 2024 to July 2026, with an estimated investment of approximately RMB120 million.

27. OTHER SIGNIFICANT EVENTS: NONE

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	September 30, 2024			December 31, 2023			September 30, 2023		
	Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>									
Monetary items									
USD	\$ 17,096	31.650	\$ 541,088	\$ 19,375	30.705	\$ 594,910	\$ 15,685	32.270	\$ 506,166
EUR	3,557	35.380	125,859	1,215	33.980	41,284	1,717	33.910	58,215
RMB	65,860	4.523	297,884	13,961	4.327	60,408	63,914	4.415	282,178
Non-monetary items									
Associates accounted for using the equity method									
RMB	4,926	4.523	22,821	3,185	4.327	13,783	2,877	4.415	12,702
<u>Financial liabilities</u>									
Monetary items									
USD	1,528	31.650	48,353	1,185	30.705	36,384	1,176	32.270	37,959
EUR	905	35.380	32,029	227	33.980	7,698	661	33.910	22,428
RMB	189	4.523	857	479	4.327	2,072	1,072	4.415	4,733

The Group is mainly exposed to the USD, EUR and RMB. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between the respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Three Months Ended September 30				
Foreign Currency	2024		2023	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	\$ 19,636	1 (NTD:NTD)	\$ 59,711
RMB	4.5230 (RMB:NTD)	364	4.4150 (RMB:NTD)	915
VND	0.0013 (VND:NTD)	6,946	0.0013 (VND:NTD)	(5,977)
HKD	4.0750 (HKD:NTD)	(240)	4.1230 (HKD:NTD)	(1,805)
IDR	0.0021 (IDR:NTD)	10,761	0.0021 (IDR:NTD)	521
		<u>\$ 37,467</u>		<u>\$ 53,365</u>

For the Nine Months Ended September 30				
Foreign Currency	2024		2023	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	\$ 109,976	1 (NTD:NTD)	\$ 47,490
RMB	4.5230 (RMB:NTD)	870	4.4150 (RMB:NTD)	(727)
VND	0.0013 (VND:NTD)	5,236	0.0013 (VND:NTD)	(5,444)
HKD	4.0750 (HKD:NTD)	(271)	4.1230 (HKD:NTD)	(1,609)
IDR	0.0021 (IDR:NTD)	4,423	0.0021 (IDR:NTD)	(577)
		<u>\$ 120,234</u>		<u>\$ 39,133</u>

29. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and jointly controlled entities). (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
- 9) Trading in derivative instruments: (Notes 7 and 23)
- 10) Intercompany relationships and significant intercompany transactions. (Table 6)
- 11) Information on investees. (Table 7)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Note 24, Tables 1, 2 and 9)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

- c) The amount of property transactions and the amount of the resultant gains or losses.

Disposal of property, plant and equipment

Related Parties	Net Disposal Proceeds		Unrealized Profit and Loss For the Nine Months Ended	
	September 30		September 30	
	2024	2023	2024	2023
Hulane Nanjing	\$ 3,503	\$ -	\$ (2,079)	\$ -
Dongguan Hulane Puguang Trading Co., Ltd.	\$ 1,613	\$ -	\$ 197	\$ -

The above intercompany transactions have been eliminated upon consolidation.

- d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
- e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
- f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

30. SEGMENT INFORMATION

The Group makes operating decisions based on the information of the Group as a whole; thus, the Group is treated as a single operating segment, and there is no need to disclose the financial information of operating segments.

TABLE 1

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

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

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
1	Evervalue Investments Limited	PT. Hulane Tech. Manufacturing	Other receivables from related parties	Yes	\$ 56,970 (US\$ 1,800)	\$ 56,970 (US\$ 1,800)	\$ 56,970 (US\$ 1,800)	5.9%	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 364,890 (Note 2)	\$ 1,459,561 (Note 2)
		Hulane Electronics (Vietnam) Limited	Other receivables from related parties	Yes	63,300 (US\$ 2,000)	63,300 (US\$ 2,000)	63,300 (US\$ 2,000)	5.9%	Short-term financing	-	Operations	-	None	-	1,459,561 (Note 2)	1,459,561 (Note 2)

Note 1: a. Issuer is numbered 0.

 b. The investee companies are numbered starting with 1.

Note 2: According to the operating procedures of Evervalue Investments Limited’s financing provided to others, the limitations on borrowers and total amount of financing are as follows:

 a. The total amount of Evervalue Investments Limited’s financing to others does not exceed 40% of net value of Evervalue Investments Limited.

 b. For those companies that have business transactions with Evervalue Investments Limited, the total amount of financing provided does not exceed 20% of net value of Evervalue Investments Limited, and the financing amount of individual borrower does not exceed the amount of transactions with Evervalue Investments Limited in the previous 12 months.

 c. For those companies that are necessary for short-term financing, the total amount of financing provided does not exceed 40% of net value of Evervalue Investments Limited, including the subsidiaries of which more than 90% of its shares is held by Evervalue Investments Limited. The rest is limited by 10% of current net value of Evervalue Investments Limited.

 d. For foreign companies of which 100% of its shares is directly or indirectly held by Hu Lane Associate Inc., the total amount of financing provided should not exceed 40% of the net value of Evervalue Investments Limited, and the financing amount of individual borrowers should not exceed 40% of the net value of Evervalue Investments Limited.

TABLE 2

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Amount Provided to Each Counterparty	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Nature of Relationship										
0	Hu Lane Associate Inc. (Note 1)	Evervalue Investments Limited	Subsidiary of which more than 50% of its shares is held by the investor	\$ 1,358,246	\$ 94,950 (US\$ 3,000)	\$ 94,950 (US\$ 3,000)	\$ -	\$ -	1.40	\$ 2,716,492	Y	N	N
		Dongguan Hulane Puguang Trading Co., Ltd.	Investee company of which more than 50% of its ordinary shares is held by the parent company and its subsidiaries	679,123	388,890 (US\$ 8,000) (RMB 30,000)	388,890 (US\$ 8,000) (RMB 30,000)	245,962	-	5.73	2,716,492	Y	N	Y
		Hulane Electronics (Vietnam) Limited	Subsidiary of which more than 50% of its shares is held by the investor	1,358,221	375,505 (US\$ 6,730) (VND 125,000,000)	375,505 (US\$ 6,730) (VND 125,000,000)	-	-	5.53	2,716,492	Y	N	N
		PT. Hulane Tech Manufacturing	Investee company of which more than 50% of its ordinary shares is held by the parent company and its subsidiaries	679,123	128,816 (US\$ 4,070)	128,816 (US\$ 4,070)	-	-	1.90	2,716,492	Y	N	N
		Hulane Electronics (Nanjing) Limited	Investee company of which more than 50% of its ordinary shares is held by the parent company and its subsidiaries	679,123	135,690 (RMB 30,000)	135,690 (RMB 30,000)	-	-	2.00	2,716,492	Y	N	Y
		Dongguan Hulane Electronic Technology Co., Ltd.	Investee company of which more than 50% of its ordinary shares is held by the parent company and its subsidiaries	679,123	126,600 (US\$ 4,000)	126,600 (US\$ 4,000)	-	-	1.86	2,716,492	Y	N	Y
1	Hulane Electronics (Nanjing) Limited (Note 2)	Jiaxing Shanghe Electronic Technology Co., Ltd.	Investee company of which up to 100% of its ordinary shares is held by the Hu Lane Associate Inc. and its subsidiaries	136,267	113,075 (RMB 25,000)	113,075 (RMB 25,000)	35,023	113,075	8.30	545,069	N	N	Y

Note 1: The amount of endorsements or guarantee of Hu Lane Associate Inc. does not exceed 20% of current net value on the financial statements to a single company, excluding the subsidiaries of which more than 90% of its shares is held by Hu Lane Associate Inc. The rest is limited by 10% of current net value of Hu Lane Associate Inc.

Note 2: The amount of endorsements or guarantee of Hulane Electronics (Nanjing) does not exceed 20% of current net value on the financial statements to a single company, excluding the subsidiaries of which more than 90% of its shares is held by Hulane Electronics (Nanjing). The rest is limited by 10% of current net value of Hulane Electronics (Nanjing).

Note 3: The cumulative amount of Hu Lane Associate Inc. and Hulane Electronics (Nanjing)’s endorsements does not exceed 40% of current net value on the financial statements.

TABLE 3

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2024				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Hu Lane Associate Inc.	<u>Domestic listed shares</u>							
	Chia Chang Co., Limited	-	Financial assets at fair value through profit or loss - current	10,451	\$ 466	-	\$ 466	
	HD Renewable Energy Co., Ltd.	-	Financial assets at fair value through profit or loss - current	594,416	156,331	-	156,331	
	<u>Domestic emerging market shares</u>							
	RAC Electric Vehicles Inc.	-	Financial assets at fair value through profit or loss - current	1,207,000	31,672	-	31,672	
	<u>Mutual funds</u>							
	Allianz Global Investors US Short Duration High Income Bond Fund	-	Financial assets at fair value through profit or loss - current	850,494	7,190	-	7,190	

TABLE 4

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Hu Lane Associate Inc.	Dongguan Hulane Puguang Trading Co., Ltd.	Sub-subsidiary	Sale	\$ (1,322,158)	(55)	365 days	Not significantly different from general customers	Credit conditions adjusted based on China’s trading practices	\$ 1,692,593	81	
Hulane Electronics (Nanjing) Limited	Hu Lane Associate Inc.	Parent company	Sale	(177,408)	(10)	90 days	Not significantly different from general customers	Credit conditions adjusted based on China’s trading practices	55,679	17	
Dongguan Hulane Electronic Technology Co., Ltd.	Hu Lane Associate Inc.	Parent company	Sale	(124,545)	(8)	90 days	Not significantly different from general customers	Credit conditions adjusted based on China’s trading practices	44,324	4	
	Dongguan Hulane Puguang Trading Co., Ltd.	Sister company	Sale	(1,363,432)	(89)	270 days	Not significantly different from general customers	Credit conditions adjusted based on China’s trading practices	994,139	80	
Hulane Electronics (Nanjing) Limited	Dongguan Hulane Puguang Trading Co., Ltd.	Sister company	Sale	(1,398,855)	(83)	270 days	Not significantly different from general customers	Credit conditions adjusted based on China’s trading practices	215,959	66	
Hulane Electronic (Vietnam) Co., Ltd.	Dongguan Hulane Puguang Trading Co., Ltd.	Sister company	Sale	(244,566)	(51)	270 days	Not significantly different from general customers	Credit conditions adjusted based on Vietnam’s trading practices	163,264	77	
	Hu Lane Associate Inc.	Parent company	Sale	(101,446)	(21)	90 days	Not significantly different from general customers	Credit conditions adjusted based on China’s trading practices	22,534	11	
Jiaxing Shanghe Electronic Technology Co., Ltd.	Dongguan Hulane Puguang Trading Co., Ltd.	Sister company	Sale	(333,242)	(60)	270 days	Not significantly different from general customers	Credit conditions adjusted based on China’s trading practices	168,542	55	

TABLE 5

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Hu Lane Associate Inc.	Dongguan Hulane Puguang Trading Co., Ltd.	Sub-subsidiary	\$ 1,692,593	1.11	\$ -	-	\$ 104,928	\$ -
Dongguan Hulane Electronic Technology Co., Ltd.	Dongguan Hulane Puguang Trading Co., Ltd.	Sister company	994,139	1.90	-	-	2,258	-
Hulane Electronics (Nanjing) Limited	Dongguan Hulane Puguang Trading Co., Ltd.	Sister company	215,959	6.33	-	-	63,415	-
Hulane Electronic (Vietnam) Co., Ltd.	Dongguan Hulane Puguang Trading Co., Ltd.	Sister company	163,264	2.51	-	-	293	-
Jiaxing Shanghe Electronic Technology Co., Ltd.	Dongguan Hulane Puguang Trading Co., Ltd.	Sister company	168,542	3.65	-	-	70,072	-

TABLE 6

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets
0	Hu Lane Associate Inc.	Hulane Electronic (Nanjing) Co., Ltd.	1	Other receivables	\$ 51,359	Regular settlement or debit-credit offset	-
		Hulane Electronic (Nanjing) Co., Ltd.	1	Other revenue	49,374	Based on general terms	1
		Dongguan Hulane Puguang Trading Co., Ltd.	1	Sales	1,322,158	Based on general terms	22
		Dongguan Hulane Puguang Trading Co., Ltd.	1	Trade receivables from related parties	1,692,593	Regular settlement or debit-credit offset	13
		Dongguan Hulane Puguang Trading Co., Ltd.	1	Other receivables	16,355	Regular settlement or debit-credit offset	-
		Dongguan Hulane Electronic Technology Co., Ltd.	1	Other receivables	45,801	Regular settlement or debit-credit offset	-
		Dongguan Hulane Electronic Technology Co., Ltd.	1	Other revenue	47,572	Based on general terms	1
		Hulane Electronic (Vietnam) Co., Ltd.	1	Trade receivables from related parties	26,639	Regular settlement or debit-credit offset	-
		Hulane Electronic (Vietnam) Co., Ltd.	1	Sales	21,718	Based on general terms	-
		Hulane Electronic (Vietnam) Co., Ltd.	1	Other receivables	92,572	Regular settlement or debit-credit offset	1
		PT. Hulane Tech Manufacturing	1	Trade receivables from related parties	23,622	Regular settlement or debit-credit offset	-
		PT. Hulane Tech Manufacturing	1	Other receivables	19,054	Regular settlement or debit-credit offset	-
		PT. Hulane Tech Manufacturing	1	Sales	18,823	Based on general terms	-
		HuLane Associate Inc. Europe S.r.l.	1	Trade receivables from related parties	17,708	Regular settlement or debit-credit offset	-
		HuLane Associate Inc. Europe S.r.l.	1	Sales	16,988	Based on general terms	-
1	Hulane Electronic (Nanjing) Co., Ltd.	Hu Lane Associate Inc.	2	Trade receivables from related parties	55,679	Regular settlement or debit-credit offset	-
		Hu Lane Associate Inc.	2	Sales	177,408	Based on general terms	3
		Dongguan Hulane Puguang Trading Co., Ltd.	3	Trade receivables from related parties	215,959	Regular settlement or debit-credit offset	2
		Dongguan Hulane Puguang Trading Co., Ltd.	3	Sales	1,398,855	Based on general terms	23
		Jiaxing Shanghe Electronic Technology Co., Ltd.	3	Other receivables	98,529	Regular settlement or debit-credit offset	1
		Jiaxing Shanghe Electronic Technology Co., Ltd.	3	Sales	39,419	Based on general terms	1
		Jiaxing Shanghe Electronic Technology Co., Ltd.	3	Trade receivables from related parties	28,933	Regular settlement or debit-credit offset	-
2	Dongguan Hulane Electronic Technology Co., Ltd.	Hu Lane Associate Inc.	2	Trade receivables from related parties	44,324	Regular settlement or debit-credit offset	-
		Hu Lane Associate Inc.	2	Sales	124,545	Based on general terms	2
		Dongguan Hulane Puguang Trading Co., Ltd.	3	Trade receivables from related parties	994,139	Regular settlement or debit-credit offset	8
		Dongguan Hulane Puguang Trading Co., Ltd.	3	Sales	1,363,432	Based on general terms	23
3	Dongguan Hulane Puguang Trading Co., Ltd.	Hu Lane Associate Inc.	2	Trade receivables from related parties	35,376	Regular settlement or debit-credit offset	-
		Hu Lane Associate Inc.	2	Sales	93,085	Based on general terms	2
		Hulane Electronic (Vietnam) Co., Ltd.	3	Sales	35,013	Based on general terms	1
		Hulane Electronic (Vietnam) Co., Ltd.	3	Trade receivables from related parties	89,766	Regular settlement or debit-credit offset	1
		Dongguan Hulane Electronic Technology Co., Ltd.	3	Trade receivables from related parties	52,505	Regular settlement or debit-credit offset	-
		Dongguan Hulane Electronic Technology Co., Ltd.	3	Sales	90,417	Based on general terms	1
		Hulane Electronic (Nanjing) Co., Ltd.	3	Trade receivables from related parties	32,515	Regular settlement or debit-credit offset	-
		Hulane Electronic (Nanjing) Co., Ltd.	3	Sales	97,544	Based on general terms	2

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets
		PT. Hulane Tech Manufacturing	3	Trade receivables from related parties	\$ 12,201	Regular settlement or debit-credit offset	-
		PT. Hulane Tech Manufacturing	3	Sales	18,432	Based on general terms	-
		Jiaxing Shanghe Electronic Technology Co., Ltd.	3	Sales	14,795	Based on general terms	-
4	Hulane Electronic (Vietnam) Co., Ltd.	Hu Lane Associate Inc.	2	Trade receivables from related parties	22,534	Regular settlement or debit-credit offset	-
		Hu Lane Associate Inc.	2	Sales	101,446	Based on general terms	2
		Dongguan Hulane Puguang Trading Co., Ltd.	3	Sales	244,566	Based on general terms	4
		Dongguan Hulane Puguang Trading Co., Ltd.	3	Trade receivables from related parties	163,264	Regular settlement or debit-credit offset	1
		Dongguan Hulane Puguang Trading Co., Ltd.	3	Other receivables	13,169	Regular settlement or debit-credit offset	-
5	Evervalue Investments Limited	PT. Hulane Tech Manufacturing	3	Other receivables	57,474	Regular settlement or debit-credit offset	-
		Hulane Electronic (Vietnam) Co., Ltd.	3	Other receivables	65,305	Regular settlement or debit-credit offset	1
6	PT. Hulane Tech Manufacturing	Hu Lane Associate Inc.	2	Sales	19,268	Based on general terms	-
7	Jiaxing Shanghe Electronic Technology Co., Ltd.	Dongguan Hulane Puguang Trading Co., Ltd.	3	Trade receivables from related parties	168,542	Regular settlement or debit-credit offset	1
		Dongguan Hulane Puguang Trading Co., Ltd.	3	Sales	333,242	Based on general terms	6
		Hulane Electronic (Nanjing) Co., Ltd.	3	Sales	58,089	Based on general terms	1

Note 1: The No column is denoted as follows:

- a. The parent company is numbered 0.
- b. The subsidiary companies are numbered starting from 1.

Note 2: The relationship column is denoted as follows:

- a. Parent company to subsidiary.
- b. Subsidiary to parent company.
- c. Subsidiary to subsidiary.

Note 3: The ratio of transaction amount to consolidated total revenue or total assets is calculated as the ending balance to consolidated total assets for asset and liability accounts and as the cumulative amount to consolidated total revenue for profit and loss accounts.

Note 4: A transaction of NT\$10 million or more.

(Concluded)

TABLE 7

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
Hu Lane Associate Inc.	Evervalue Investments Limited	Offshore Chambers, P.O. Box 217, Apia, Samoa	Investment	\$ 467,557	\$ 467,557	15,220	100.00	\$ 3,473,687	\$ 227,492	\$ 227,492	
	Telford Investments Limited	"	Investment	38,490	38,490	1,034	100.00	197,442	13,472	13,472	
	Eagle Good Limited	"	Investment	225,132	225,132	10,680	100.00	323,316	42,545	42,545	
	Hulane Electronics (Vietnam) Limited	Vietnam	Manufacturing	182,033	182,033	6,300	100.00	339,771	67,522	67,522	
	PT Hulane Tech Manufacturing	Indonesia	Manufacturing	15,472	15,472	800	12.31	26,430	28,976	3,567	
	HuLane Associate Inc. Europe S.r.l.	Italy	Manufacturing	14,689	14,689	500	90.00	14,926	960	864	
Evervalue Investments Limited	Fortune Master Development Limited	Hong Kong	Investment	277,993	277,993	9,400	100.00	1,926,613	54,658	54,658	
	PT Hulane Tech Manufacturing	Indonesia	Manufacturing	143,164	143,164	3,474	71.91	227,698	28,976	20,837	

TABLE 8

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2024	Accumulated Repatriation of Investment Income as of September 30, 2024
					Outward	Inward						
Hulane Electronics (Nanjing) Limited	Manufacture and sales of terminals, bales of wire, connectors and molds.	US\$ 8,500	Note 1	\$ 275,946	\$ -	\$ -	\$ 275,946	\$ 143,536	100.00	\$ 143,536	\$ 1,362,672	\$ 416,083
Dongguan Hulane Electronic Technology Co., Ltd.	Manufacture and sales of terminals, bales of wire, connectors and molds.	US\$ 8,000	Note 1	236,287	-	-	236,287	232,701	100.00	232,701	1,652,292	293,312
Dongguan Hulane Puguang Trading Co., Ltd.	Sales of terminals, bales of wire, connectors and molds.	US\$ 1,600	Note 1	41,706	-	-	41,706	(177,715)	100.00	(177,715)	231,524	-
Lear (China) Holding Limited	Sales of terminals, bales of wire, connectors and molds.	US\$ 1,500	Note 2	16,608	-	-	16,608	19,499	40.00	7,799	22,281	-
Jiaxing Shanghe Electronic Technology Co., Ltd.	Manufacture and sales of terminals, bales of wire, connectors and molds.	US\$ 10,500	Note 3	133,740	-	-	133,740	42,544	100.00	42,544	323,295	-

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2024	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
US\$26,090 thousand (NT\$704,287 thousand)	US\$26,090 thousand	\$6,841,218 thousand × 60% = \$4,104,731 thousand

Note 1: Investment through companies incorporated in a third region.

Note 2: Direct investment by the Company.

Note 3: The acquisition through merger of Eagle Good Limited.

TABLE 9

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars)**

Investee Company	Transaction Type	Amount	Price	Payment Terms	Comparison with Normal Transaction	Ending Balance	%	Unrealized (Gain) Loss
Hulane Electronics (Nanjing) Limited	Sales Purchase	\$ 1,630,444 149,642	Not significantly different from general customers Not significantly different from general customers	90-270 days 90 days	Not significantly different from general customers Credit conditions adjusted based on China’s trading practices	\$ 306,587 (29,374)	93 (9)	Note 2 -
Dongguan Hulane Puguang Trading Co., Ltd.	Sales Purchase	350,043 4,699,032	Not significantly different from general customers Not significantly different from general customers	90-180 days 180-365 days	Not significantly different from general customers Credit conditions adjusted based on China’s trading practices	230,088 (3,269,827)	7 (99)	Note 2 -
Dongguan Hulane Electronic Technology Co., Ltd.	Sales Purchase	1,488,167 100,139	Not significantly different from general customers Not significantly different from general customers	90-270 days 90-365 days	Not significantly different from general customers Credit conditions adjusted based on China’s trading practices	1,038,569 (57,449)	84 (12)	Note 2 -
Jiaxing Shanghe Electronic Technology Co., Ltd.	Sales Purchase	401,268 54,044	Not significantly different from general customers Not significantly different from general customers	270 days 90 days	Not significantly different from general customers Credit conditions adjusted based on China’s trading practices	177,312 (41,476)	58 (20)	- -
Lear (China) Holding Limited	Purchase	160,055	Not significantly different from general customers	90 days	Credit conditions adjusted based on China’s trading practices	(85,072)	(86)	-

Note 1: All unrealized gains and losses with investee companies in mainland China were eliminated in the consolidated financial statements.

Note 2: Hulane Electronics (Nanjing) Limited had an unrealized balance of \$27,732 thousand through September 30, 2024; the unrealized balance of Dongguan Hulane Puguang Trading Co., Ltd. is \$169,582 thousand; the unrealized balance of Dongguan Hulane Electronic Technology Co., Ltd. is \$69,641 thousand.

TABLE 10**HU LANE ASSOCIATE INC.****INFORMATION OF MAJOR SHAREHOLDERS****SEPTEMBER 30, 2024****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Sheng-Ching Hu	5,775,315	5.76

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.