

**WEIKENG INDUSTRIAL CO., LTD. AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2024 and 2023**

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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of Weikeng Industrial Co., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Weikeng Industrial Co., Ltd. and its subsidiaries as of September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2024 and 2023, as well as the changes in equity and cash flows for the nine months ended September 30, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Weikeng Industrial Co., Ltd. and its subsidiaries as of September 30, 2024 and 2023, and of its consolidated financial performance for the three months and nine months ended September 30, 2024 and 2023, as well as 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 Au, Yiu-Kwan and Hsin, Yu-Ting.

KPMG

Taipei, Taiwan (Republic of China)

November 12, 2024

Notes to Readers

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

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**Consolidated Balance Sheets****September 30, 2024, December 31, and September 30, 2023**

(expressed in thousands of New Taiwan Dollars)

Assets		September 30, 2024		December 31, 2023		September 30, 2023		Liabilities and Equity		September 30, 2024		December 31, 2023		September 30, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note (6)(a))	\$ 2,080,282	5	2,410,732	6	2,308,237	6	2100	Short-term borrowings (note (6)(h))	\$ 14,843,836	38	14,702,073	38	15,854,925	41
1110	Current financial assets at fair value through profit or loss (note (6)(b))	775	-	850	-	891	-	2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	1,367	-	-	-	-	-
1170	Notes and accounts receivable, net (notes (6)(d) and (7))	16,685,205	43	13,586,966	35	13,751,382	36	2130	Current contract liabilities (note (6)(q))	218,245	1	1,053,924	3	1,091,481	3
1200	Other receivables (note (6)(d))	575,592	1	387,353	1	452,847	1	2170	Accounts payable	8,132,722	21	9,592,848	25	8,514,611	22
1300	Inventories, net (note (6)(e))	18,737,474	48	20,516,999	53	20,553,083	53	2200	Other payables (note (7))	818,708	2	846,652	2	786,467	2
1470	Prepayments and other current assets (note (6)(a))	380,095	1	960,531	3	956,981	2	2230	Current tax liabilities	247,891	1	196,256	1	130,229	-
		<u>38,459,423</u>	<u>98</u>	<u>37,863,431</u>	<u>98</u>	<u>38,023,421</u>	<u>98</u>	2280	Current lease liabilities (note (6)(j))	102,794	-	140,303	-	146,391	-
Non-current assets:								2300	Other current liabilities	488,580	1	481,545	1	496,121	1
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	77,255	-	77,285	-	77,341	-	2320	Bonds payable, current portion (note (6)(i))	875,317	2	-	-	-	-
1600	Property, plant and equipment (note (6)(f))	150,101	1	146,748	-	132,898	1			<u>25,729,460</u>	<u>66</u>	<u>27,013,601</u>	<u>70</u>	<u>27,020,225</u>	<u>69</u>
1755	Right-of-use assets (note (6)(g))	192,540	1	286,220	1	318,380	1	Non-current liabilities:							
1780	Intangible assets	7,653	-	6,597	-	7,948	-	2500	Non-current financial liabilities at fair value through profit or loss (note (6)(b))	25,750	-	14,144	-	19,168	-
1840	Deferred tax assets	144,098	-	190,007	1	126,044	-	2530	Bonds payable (note (6)(i))	2,210,913	6	1,768,116	5	1,761,496	5
1900	Other non-current assets	84,462	-	76,012	-	79,048	-	2570	Deferred tax liabilities	857,291	2	857,291	2	873,504	2
		<u>656,109</u>	<u>2</u>	<u>782,869</u>	<u>2</u>	<u>741,659</u>	<u>2</u>	2580	Non-current lease liabilities (note (6)(j))	92,414	-	156,868	-	182,326	1
								2640	Non-current net defined benefit liabilities	63,597	-	69,867	-	74,748	-
								2670	Other non-current liabilities	193	-	193	-	193	-
										<u>3,250,158</u>	<u>8</u>	<u>2,866,479</u>	<u>7</u>	<u>2,911,435</u>	<u>8</u>
								Total liabilities		<u>28,979,618</u>	<u>74</u>	<u>29,880,080</u>	<u>77</u>	<u>29,931,660</u>	<u>77</u>
								Equity (note (6)(n)):							
								3100	Common shares	4,624,031	12	4,280,715	11	4,280,715	11
								3200	Capital surplus	2,355,500	6	1,526,125	4	1,526,125	4
									Retained earnings:						
								3310	Legal reserve	1,383,563	3	1,304,638	4	1,304,638	3
								3320	Special reserve	12,354	-	-	-	-	-
								3350	Unappropriated earnings	1,582,496	4	1,667,096	4	1,437,314	4
										<u>2,978,413</u>	<u>7</u>	<u>2,971,734</u>	<u>8</u>	<u>2,741,952</u>	<u>7</u>
									Other equity interest:						
								3410	Exchange differences on translation of foreign financial statements	269,807	1	79,453	-	376,379	1
								3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(91,837)	-	(91,807)	-	(91,751)	-
										<u>177,970</u>	<u>1</u>	<u>(12,354)</u>	<u>-</u>	<u>284,628</u>	<u>1</u>
								Total equity		<u>10,135,914</u>	<u>26</u>	<u>8,766,220</u>	<u>23</u>	<u>8,833,420</u>	<u>23</u>
Total assets		<u>\$ 39,115,532</u>	<u>100</u>	<u>38,646,300</u>	<u>100</u>	<u>38,765,080</u>	<u>100</u>	Total liabilities and equity		<u>\$ 39,115,532</u>	<u>100</u>	<u>38,646,300</u>	<u>100</u>	<u>38,765,080</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**Consolidated Statement of Comprehensive Income****For the three months and nine months ended September 30, 2024 and 2023****(expressed in thousands of New Taiwan Dollars, except for earnings per share)**

	For the three months ended				For the nine months ended				
	September 30		September 30		September 30		September 30		
	2024	2023	2024	2023	2024	2023	2024	2023	
	Amount	%	Amount	%	Amount	%	Amount	%	
4100	Net sales revenue (note (6)(q))	\$ 24,010,557	100	18,664,876	100	64,991,633	100	52,700,122	100
5000	Cost of sales (note (6)(e))	22,705,817	94	17,436,926	93	61,209,083	94	49,367,429	94
	Gross profit	<u>1,304,740</u>	<u>6</u>	<u>1,227,950</u>	<u>7</u>	<u>3,782,550</u>	<u>6</u>	<u>3,332,693</u>	<u>6</u>
	Operating expenses (notes (6)(j), (6)(l), (6)(r), (7) and (12)):								
6100	Selling expenses	528,960	2	490,979	3	1,483,259	2	1,509,484	3
6200	Administrative expenses	161,198	1	154,753	1	414,619	1	400,185	1
6450	Expected credit losses (reversal gains) (note (6)(d))	(5,418)	-	3,307	-	7,990	-	(6,316)	-
		<u>684,740</u>	<u>3</u>	<u>649,039</u>	<u>4</u>	<u>1,905,868</u>	<u>3</u>	<u>1,903,353</u>	<u>4</u>
	Net operating income	<u>620,000</u>	<u>3</u>	<u>578,911</u>	<u>3</u>	<u>1,876,682</u>	<u>3</u>	<u>1,429,340</u>	<u>2</u>
	Non-operating income and expenses:								
7100	Interest income	5,410	-	3,622	-	19,177	-	15,786	-
7010	Other income (note (7))	21,992	-	3,237	-	25,268	-	12,432	-
7230	Foreign currency exchange (losses) gains, net (note (6)(s))	90,665	-	(11,743)	-	5,592	-	(30,435)	-
7235	Gains on financial assets (liabilities) at fair value through profit or loss, net (note (6)(i))	2,736	-	(8,100)	-	11,379	-	10,884	-
7050	Finance costs (notes (6)(i) and (6)(j))	(300,486)	(1)	(253,630)	(1)	(817,122)	(1)	(680,334)	(1)
7590	Miscellaneous disbursements	(164)	-	(215)	-	(536)	-	(746)	-
		<u>(179,847)</u>	<u>(1)</u>	<u>(266,829)</u>	<u>(1)</u>	<u>(756,242)</u>	<u>(1)</u>	<u>(672,413)</u>	<u>(1)</u>
7900	Profit before tax	440,153	2	312,082	2	1,120,440	2	756,927	1
7950	Income tax expenses (note (6)(m))	93,414	-	58,189	-	243,761	-	197,454	-
8200	Profit	<u>346,739</u>	<u>2</u>	<u>253,893</u>	<u>2</u>	<u>876,679</u>	<u>2</u>	<u>559,473</u>	<u>1</u>
	Other comprehensive income:								
8310	Items that will not be reclassified to profit or loss								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	7	-	4,726	-	(30)	-	(10,404)	-
8349	Less: Income tax related to items that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
		<u>7</u>	<u>-</u>	<u>4,726</u>	<u>-</u>	<u>(30)</u>	<u>-</u>	<u>(10,404)</u>	<u>-</u>
8360	Items that may be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	(184,016)	(1)	264,997	1	237,942	-	358,699	1
8399	Less: Income tax related to items that will be reclassified to profit or loss (note (6)(m))	(36,804)	-	53,000	-	47,588	-	71,740	-
		<u>(147,212)</u>	<u>(1)</u>	<u>211,997</u>	<u>1</u>	<u>190,354</u>	<u>-</u>	<u>286,959</u>	<u>1</u>
	Other comprehensive income	<u>(147,205)</u>	<u>(1)</u>	<u>216,723</u>	<u>1</u>	<u>190,324</u>	<u>-</u>	<u>276,555</u>	<u>1</u>
8500	Comprehensive income	<u>\$ 199,534</u>	<u>1</u>	<u>470,616</u>	<u>3</u>	<u>1,067,003</u>	<u>2</u>	<u>836,028</u>	<u>2</u>
	Earnings per ordinary share (expressed in New Taiwan dollars) (note (6)(p))								
9750	Basic earnings per share	<u>\$ 0.76</u>	<u>0.59</u>	<u>2.00</u>	<u>1.32</u>				
9850	Diluted earnings per share	<u>\$ 0.68</u>	<u>0.54</u>	<u>1.76</u>	<u>1.15</u>				

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**Consolidated Statement of Changes in Equity****For the nine months ended September 30, 2024 and 2023****(expressed in thousands of New Taiwan Dollars)**

	Common stock	Capital surplus	Retained earnings			Other equity interest		Total equity
			Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
Balance at January 1, 2023	\$ 4,235,432	1,440,646	1,132,248	454,583	1,908,636	89,420	(81,347)	9,179,618
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	172,390	-	(172,390)	-	-	-
Cash dividends	-	-	-	-	(1,312,988)	-	-	(1,312,988)
Reversal of special reserve	-	-	-	(454,583)	454,583	-	-	-
	-	-	172,390	(454,583)	(1,030,795)	-	-	(1,312,988)
Profit for the nine months ended September 30, 2023	-	-	-	-	559,473	-	-	559,473
Other comprehensive income for the nine months ended September 30, 2023	-	-	-	-	-	286,959	(10,404)	276,555
Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	559,473	286,959	(10,404)	836,028
Conversion of convertible bonds	45,283	85,479	-	-	-	-	-	130,762
Balance at September 30, 2023	\$ 4,280,715	1,526,125	1,304,638	-	1,437,314	376,379	(91,751)	8,833,420
Balance at January 1, 2024	\$ 4,280,715	1,526,125	1,304,638	-	1,667,096	79,453	(91,807)	8,766,220
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	78,925	-	(78,925)	-	-	-
Special reserve appropriated	-	-	-	12,354	(12,354)	-	-	-
Cash dividends	-	-	-	-	(870,000)	-	-	(870,000)
	-	-	78,925	12,354	(961,279)	-	-	(870,000)
Profit for the nine months ended September 30, 2024	-	-	-	-	876,679	-	-	876,679
Other comprehensive income for the nine months ended September 30, 2024	-	-	-	-	-	190,354	(30)	190,324
Total comprehensive income for the nine months ended September 30, 2024	-	-	-	-	876,679	190,354	(30)	1,067,003
Issuance of convertible bonds	-	259,231	-	-	-	-	-	259,231
Conversion of convertible bonds	343,316	570,144	-	-	-	-	-	913,460
Balance at September 30, 2024	\$ 4,624,031	2,355,500	1,383,563	12,354	1,582,496	269,807	(91,837)	10,135,914

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**Consolidated Statement of Cash Flows****For the nine months ended September 30, 2024 and 2023****(expressed in thousands of New Taiwan Dollars)**

	For the nine months ended September 30,	
	2024	2023
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,120,440	756,927
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	129,556	127,734
Amortization expenses	6,117	8,955
Expected credit losses (reversal gains)	7,990	(6,316)
Net gains on financial assets and liabilities at fair value through profit or loss	(11,379)	(10,884)
Interest expenses	817,122	680,334
Interest income	(19,177)	(15,786)
Dividends income	-	(231)
Others	(424)	132
	<u>929,805</u>	<u>783,938</u>
Changes in operating assets and liabilities:		
Increase in notes and accounts receivable	(3,106,229)	(900,639)
Increase in other receivables	(188,240)	(86,516)
Decrease (increase) in inventories	1,779,525	(4,286,626)
Decrease (increase) in prepayments and other current assets	637,626	(729,939)
	<u>(877,318)</u>	<u>(6,003,720)</u>
Decrease in financial liabilities at fair value profit or loss	-	(915)
(Decrease) increase in accounts payable	(1,460,126)	4,953,877
Decrease in other payable	(10,598)	(240,179)
(Decrease) increase in contract liabilities and other current liabilities	(828,644)	265,341
Decrease in net defined benefit liabilities	(6,270)	(5,208)
	<u>(2,305,638)</u>	<u>4,972,916</u>
Total changes in operating assets and liabilities	<u>(3,182,956)</u>	<u>(1,030,804)</u>
Total adjustments	<u>(2,253,151)</u>	<u>(246,866)</u>
Cash flows (used in) from operations	(1,132,711)	510,061
Interest received	18,907	15,481
Dividends received	-	231
Interest paid	(819,474)	(680,067)
Income taxes paid	(192,370)	(400,935)
Net cash flows used in operating activities	<u>(2,125,648)</u>	<u>(555,229)</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(9,056)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	2,400
Acquisition of property, plant and equipment	(13,722)	(11,768)
Disposal of property, plant and equipment	-	16
Increase in refundable deposits	(65,007)	(84,632)
Acquisition of intangible assets	(6,703)	(6,083)
(Increase) decrease in other prepayments	(370)	2
Net cash flows used in investing activities	<u>(85,802)</u>	<u>(109,121)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	141,763	1,207,027
Proceeds from issuing bonds	2,500,000	-
Increase in guarantee deposits received	-	12
Payments of lease liabilities	(125,196)	(117,634)
Cash dividends paid	(870,000)	(1,312,988)
Net cash flows from (used in) financing activities	<u>1,646,567</u>	<u>(223,583)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>234,433</u>	<u>356,663</u>
Net decrease in cash and cash equivalents	<u>(330,450)</u>	<u>(531,270)</u>
Cash and cash equivalents at the beginning of period	<u>2,410,732</u>	<u>2,839,507</u>
Cash and cash equivalents at the end of period	<u>\$ 2,080,282</u>	<u>2,308,237</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2024 and 2023

(expressed in thousands of New Taiwan Dollars, unless otherwise specified)

(1) Company history

Weikeng Industrial Co., Ltd. (the “Company”) was incorporated in Taiwan as a company limited by shares in January 1977 and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is 11F, No.308 Sec. 1, Neihu Rd., Neihu Dist., Taipei City. The major activities of the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) are the purchase and sale of electronic components and computer peripherals, technical service, and the import-export trade business. Please refer to note (4)(b) for related information. The Company’s common shares were listed on the Taiwan Stock Exchange (TSE).

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were authorized for issuance by the Board of Directors on November 12, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

- (b) The impact of IFRS endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11

(4) Summary of material accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by the FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS Accounting Standards endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note (4) of the consolidated financial statements for the year ended December 31, 2023.

(b) Basis of Consolidation

(i) List of subsidiaries in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Nature of operation	Shareholding		
			September 30, 2024	December 31, 2023	September 30, 2023
The Company	Weikeng International Co., Ltd. (WKI)	Electronic components computer peripherals products distribution and technical support	100 %	100 %	100 %
"	Weikeng Technology Co., Ltd. (WKZ)	Electronic components and technical support	100 %	100 %	100 %
"	Weikeng Technology Pte. Ltd. (WTP)	"	100 %	100 %	100 %

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Nature of operation	Shareholding		
			September 30, 2024	December 31, 2023	September 30, 2023
WKI	Weikeng International (Shanghai) Co., Ltd. (WKS)	Electronic components computer peripherals products distribution and technical support	100 %	100 %	100 %
"	Weitech International Co., Ltd. (Weitech)	Import and export trade of electronic components	100 %	100 %	100 %
WKS	SiUltra Electronic Technology (Shanghai) Co., Ltd. (SiU) (Note 1)	Electronic technology development and technical advisory	100 %	100 %	100 %

Note 1: Weikeng Electronic Technology (Shanghai) Co., Ltd. was renamed to SiUltra Electronic Technology (Shanghai) Co., Ltd. on July 27, 2023.

(c) Classification of current and non-current assets and liabilities

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non current.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non current.

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(e) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IFRS Accounting Standards (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2023. For related information, please refer to note (5) of the consolidated financial statements for the year ended December 31, 2023.

(6) Explanation of significant accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2023 consolidated financial statements. Please refer to note (6) of the 2023 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Cash on hand	\$ 169	382	461
Checking accounts and demand deposits	2,080,113	2,379,645	2,307,776
Time deposits	-	30,705	-
	<u>\$ 2,080,282</u>	<u>2,410,732</u>	<u>2,308,237</u>

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As of September 30, 2024, December 31 and September 30, 2023, the Group's time deposits with original maturities of more than three months amounted to \$60,000, \$0 and \$0, respectively, and were recognized under other current assets.

Please refer to note (6)(s) for the exchange rate, interest rate risk and sensitivity analysis of the financial assets of the Group.

(b) Financial assets and liabilities at fair value through profit or loss

(i) The details of the financial assets and liabilities at fair value through profit or loss were as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Current financial assets at fair value through profit or loss:			
Non-derivative financial assets			
Stocks listed on domestic markets	\$ <u>775</u>	<u>850</u>	<u>891</u>
Current financial liabilities at fair value through profit or loss:			
Convertible bonds – embedded derivatives	\$ <u>1,367</u>	<u>-</u>	<u>-</u>
Non-current financial liabilities at fair value through profit or loss:			
Convertible bonds – embedded derivatives	\$ <u>25,750</u>	<u>14,144</u>	<u>19,168</u>

As of September 30, 2024, December 31 and September 30, 2023, the Group did not provide any financial assets at fair value through profit or loss as collateral for its loans.

Please refer to note (6)(s) for credit risk and currency risk of financial assets of the Group.

(c) Non-current financial assets at fair value through other comprehensive income

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Debt investments at fair value through other comprehensive income:			
Overseas unlisted convertible promissory note	\$ 9,056	9,056	9,056
Equity investments at fair value through other comprehensive income:			
Domestic emerging market stocks	207	237	293
Domestic unlisted stocks	60,534	60,534	60,534
Overseas unlisted stocks	<u>7,458</u>	<u>7,458</u>	<u>7,458</u>
	<u>\$ 77,255</u>	<u>77,285</u>	<u>77,341</u>

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Debt investments at fair value through other comprehensive income

The Group has made an assessment that the debt investment were held within a business model whose objective was achieved by both collecting contractual cash flows and selling financial assets. Therefore, they have been classified as financial assets at fair value through other comprehensive income.

(ii) Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategy and not for trading purposes.

There were no disposals of strategic investments, nor were there any transfers of any cumulative gain or loss within equity relating to these investments in the nine months ended September 30, 2024 and 2023.

(iii) The investee company, Shin Kong Global Venture Capital Corp. (SKGVC), which was recognized as non-current financial assets at fair value through other comprehensive income, reduced its capital to refund \$2,400 in 2023, leading to a reduction of the Company's shareholding in SKGVC from 960 thousand shares to 720 thousand shares.

(iv) The Group invested in InnoBridge Venture Fund I, L.P. , a limited partnership company, in October 2006. The investment had been designated as a financial asset at fair value through other comprehensive income upon the adoption of IFRS 9. As of September 30, 2024, the book value was \$0. In accordance with the IFRS Q&A released by the Accounting Research and Development Foundation on June 15, 2023, wherein the financial asset cannot be designated as at fair value through other comprehensive income, the classification need not be applied retroactively to the investments in limited partnership companies that were made prior to June 30, 2023, according to the Q&A for the classification of financial assets released by the FSC. Therefore, the Group continues to measure its investment in InnoBridge Venture Fund I, L.P. as a financial asset at fair value through other comprehensive income.

(v) For credit risk and market risk, please refer to note (6)(s).

(vi) As of September 30, 2024, December 31 and September 30, 2023, the Group did not provide any financial assets at fair value through other comprehensive income as collateral for its loans.

(d) Notes and accounts receivable

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable	\$ 347,404	204,733	222,620
Accounts receivable-measured as amortized cost	14,709,507	11,040,545	11,363,097
Accounts receivable-fair value through other comprehensive income	<u>1,783,252</u>	<u>2,485,651</u>	<u>2,256,321</u>
	16,840,163	13,730,929	13,842,038
Less: Loss allowance	<u>(154,958)</u>	<u>(143,963)</u>	<u>(90,656)</u>
	<u>\$ 16,685,205</u>	<u>13,586,966</u>	<u>13,751,382</u>

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group has assessed a portion of its accounts receivable that was held within a business model whose objective is achieved by selling financial assets; therefore, such accounts receivable was measured at fair value through other comprehensive income.

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics of the customer's ability to pay all due amounts in accordance with contract terms, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The Group's loss allowance of notes and accounts receivable were determined as follows:

(i) The Company

September 30, 2024				
Credit rating	Carrying amount	Expected credit loss rate	Loss allowance	Credit impaired
Listed company (assessed by group)				
Level A	\$ 5,907,835	0.54%	31,840	No
Level B	1,142,260	1.22%	13,947	No
Unlisted company	<u>1,167,344</u>	1.56%	<u>18,266</u>	No
	<u>\$ 8,217,439</u>		<u>64,053</u>	
December 31, 2023				
Credit rating	Carrying amount	Expected credit loss rate	Loss allowance	Credit impaired
Listed company (assessed by group)				
Level A	\$ 4,484,835	0.55%	24,483	No
Level B	1,216,338	1.26%	15,305	No
Unlisted company	<u>1,422,654</u>	1.03%	<u>14,600</u>	No
	<u>\$ 7,123,827</u>		<u>54,388</u>	
September 30, 2023				
Credit rating	Carrying amount	Expected credit loss rate	Loss allowance	Credit impaired
Listed company (assessed by group)				
Level A	\$ 4,244,002	0.52%	21,944	No
Level B	1,174,209	1.31%	15,435	No
Unlisted company	<u>1,355,168</u>	0.87%	<u>11,851</u>	No
	<u>\$ 6,773,379</u>		<u>49,230</u>	

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The aging analysis of the Company's notes and accounts receivable was determined as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Not past due	\$ 8,217,439	7,070,656	6,647,582
Overdue 90 days or less	<u>-</u>	<u>53,171</u>	<u>125,797</u>
	<u>\$ 8,217,439</u>	<u>7,123,827</u>	<u>6,773,379</u>

(ii) Subsidiaries

	<u>September 30, 2024</u>		
	<u>Carrying amount</u>	<u>Expected credit loss rate</u>	<u>Loss allowance</u>
Not past due	\$ 8,169,902	0.06%	4,855
Overdue 90 days or less	374,686	5.94%	22,256
Overdue 91 to 180 days	28,915	50.40%	14,573
Overdue 181 days or more	<u>49,221</u>	100%	<u>49,221</u>
	<u>\$ 8,622,724</u>		<u>90,905</u>
	<u>December 31, 2023</u>		
	<u>Carrying amount</u>	<u>Expected credit loss rate</u>	<u>Loss allowance</u>
Not past due	\$ 6,126,572	0.01%	390
Overdue 90 days or less	430,360	10.43%	44,896
Overdue 91 to 180 days	15,226	61.38%	9,345
Overdue 181 days or more	<u>34,944</u>	100%	<u>34,944</u>
	<u>\$ 6,607,102</u>		<u>89,575</u>
	<u>September 30, 2023</u>		
	<u>Carrying amount</u>	<u>Expected credit loss rate</u>	<u>Loss allowance</u>
Not past due	\$ 6,558,705	0.01%	777
Overdue 90 days or less	467,352	3.73%	17,421
Overdue 91 to 180 days	<u>42,602</u>	54.52%	<u>23,228</u>
	<u>\$ 7,068,659</u>		<u>41,426</u>

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the nine months ended September 30, 2024 and 2023, the movements in the allowance for notes and accounts receivable of the Group were as follows:

	For the nine months ended September 30,	
	2024	2023
Balance at January 1	\$ 143,963	94,699
Impairment losses recognized (reversal gains)	7,990	(6,316)
Amounts written off	-	(739)
Effect of changes in foreign exchange rates	3,005	3,012
Balance at September 30	\$ 154,958	90,656

The Group entered into accounts receivable factoring agreements with banks. According to the factoring agreement, the Group does not bear the loss if the account debtor does not have the ability to make payments upon the transfer of the accounts receivable factoring. The Group has not provided other guarantees except for the promissory notes, which have the same amount with the factoring, used as the guarantee for the sales return and discount. The Group received the proceeds from the discounted accounts receivable determined by agreements on the selling date. Interest is calculated and paid based on the duration and interest rate of the agreement, and the remaining amounts are received when the accounts receivable are paid by the customers. In addition, the Group has to pay a service charge based on a certain rate.

The Group derecognized the above accounts receivable because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement by them. The amounts receivable from the financial institutions were recognized as “other receivables” upon the derecognition of those accounts receivable.

As of September 30, 2024, December 31 and September 30, 2023, the information of accounts receivable sold without recourse was as follows:

September 30, 2024						
Purchaser	Amount Derecognized	Amount Paid	Advanced Unpaid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Financial institutions	\$ 4,764,607	4,289,536	-	475,071	5.39%~6.68%	None
December 31, 2023						
Purchaser	Amount Derecognized	Amount Paid	Advanced Unpaid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Financial institutions	\$ 3,372,394	3,035,553	-	336,841	6.06%~6.69%	None
September 30, 2023						
Purchaser	Amount Derecognized	Amount Paid	Advanced Unpaid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Financial institutions	\$ 3,936,250	3,543,050	-	393,200	5.97%~6.65%	None

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As of September 30, 2024, December 31 and September 30, 2023, the Group did not provide any receivables as collaterals for its loans.

Please refer to note (6)(s) for further credit risk information.

(e) Inventories

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Merchandise inventories	\$ 16,781,651	18,613,949	17,260,057
Goods in transit	1,955,823	1,903,050	3,293,026
	<u>\$ 18,737,474</u>	<u>20,516,999</u>	<u>20,553,083</u>

The details of the cost of sales were as follows:

	<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>
Inventory that has been sold	\$ 22,700,692	17,358,025	61,142,793	49,083,735
Inventory valuation loss and obsolescence	4,682	77,280	56,462	279,730
Loss on disposal of inventory	443	1,621	9,828	3,964
	<u>\$ 22,705,817</u>	<u>17,436,926</u>	<u>61,209,083</u>	<u>49,367,429</u>

As of September 30, 2024, December 31 and September 30, 2023, the Group did not provide any inventories as collaterals for its loans.

(f) Property, plant and equipment

	<u>Land</u>	<u>Buildings and construction</u>	<u>Transportation equipment</u>	<u>Machinery equipment</u>	<u>Office and other facilities equipment</u>	<u>Total</u>
Carrying amounts:						
Balance on January 1, 2024	\$ <u>77,377</u>	<u>27,476</u>	<u>7,555</u>	<u>20,109</u>	<u>14,231</u>	<u>146,748</u>
Balance on September 30, 2024	\$ <u>77,377</u>	<u>26,828</u>	<u>9,455</u>	<u>22,592</u>	<u>13,849</u>	<u>150,101</u>
Balance on January 1, 2023	\$ <u>77,377</u>	<u>28,339</u>	<u>3,613</u>	<u>8,288</u>	<u>12,149</u>	<u>129,766</u>
Balance on September 30, 2023	\$ <u>77,377</u>	<u>27,691</u>	<u>6,322</u>	<u>9,276</u>	<u>12,232</u>	<u>132,898</u>

The Group's property, plant and equipment have no significant additions, disposals, impairments or reversals during the nine months ended September 30, 2024 and 2023. Information on depreciation for the period is disclosed in note (12)(a). For other related information, please refer to note (6)(f) of the 2023 annual consolidated financial statements.

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Right-of-use assets

	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Carrying amount:			
Balance on January 1, 2024	\$ <u>281,328</u>	<u>4,892</u>	<u>286,220</u>
Balance on September 30, 2024	\$ <u>186,299</u>	<u>6,241</u>	<u>192,540</u>
Balance on January 1, 2023	\$ <u>277,665</u>	<u>6,584</u>	<u>284,249</u>
Balance on September 30, 2023	\$ <u>313,792</u>	<u>4,588</u>	<u>318,380</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of buildings and transportation equipments that are held as right-of-use assets during the nine months ended September 30, 2024 and 2023. Please refer to note (6)(g) of the 2023 annual consolidated financial statements for other related information.

(h) Short-term borrowings

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Unsecured loans	\$ 13,686,916	13,673,644	14,796,707
Short-term notes and bills payable, net	<u>1,156,920</u>	<u>1,028,429</u>	<u>1,058,218</u>
	<u>\$ 14,843,836</u>	<u>14,702,073</u>	<u>15,854,925</u>
Unused short-term credit lines	<u>\$ 7,103,937</u>	<u>5,579,350</u>	<u>4,592,537</u>
Range of interest rates	<u>1.83%~6.49%</u>	<u>1.72%~6.82%</u>	<u>1.75%~6.78%</u>

(i) Issuance and repayment of borrowings

The Group's incremental amounts in loans for the nine months ended September 30, 2024 and 2023 were \$27,792,916 and \$30,993,129, respectively, with maturities from October, 2024 to August, 2025 and from October, 2023 to August, 2024, respectively; and the repayments were \$27,651,153 and \$29,786,102, respectively.

(ii) For information on the Group's interest risk, foreign currency risk and liquidity risk, please refer to note (6)(s).

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Convertible bonds payable

(i) Non-guaranteed convertible bonds:

	September 30, 2024	December 31, 2023	September 30, 2023
Aggregate principal amount	\$ 4,500,000	2,000,000	2,000,000
Bond discount	(324,770)	(92,884)	(99,504)
Cumulative repurchased amount	(1,700)	(1,700)	(1,700)
Cumulative converted amount	<u>(1,087,300)</u>	<u>(137,300)</u>	<u>(137,300)</u>
	3,086,230	1,768,116	1,761,496
Less: Convertible bonds payable – could be repaid with one year	<u>875,317</u>	<u>-</u>	<u>-</u>
Bonds payable at end of period	<u>\$ 2,210,913</u>	<u>1,768,116</u>	<u>1,761,496</u>
Embedded derivative – put and call options			
Included in current financial liabilities at fair value through profit or loss	<u>\$ 1,367</u>	<u>-</u>	<u>-</u>
Included in non-current financial assets at fair value through profit or loss	<u>\$ 25,750</u>	<u>14,144</u>	<u>19,168</u>
Equity component – conversion options (included in capital surplus – conversion options)	<u>\$ 311,300</u>	<u>106,369</u>	<u>106,369</u>

- (ii) The effective interest rate of the sixth convertible bonds was 1.51%. The interest expenses on convertible bonds for the three months and nine months ended September 30, 2024 and 2023, were \$3,840, \$6,674, \$17,090 and \$20,713, respectively.
- (iii) The net gain or loss on the recognition of financial assets and liabilities for the three months and nine months ended September 30, 2024 and 2023, amounted to a gain of \$2,797, a loss of \$8,188, a gain of \$11,454 and a gain of \$10,770, respectively.
- (iv) As the sixth convertible bonds have issued for three years, the bondholders may request the Company to repurchase the bonds. Therefore, based on the conservative principles, the sixth convertible bonds were recognized as current liabilities since June 1, 2024. However, it does not indicate that the Company would repay all the liabilities within a year.
- (v) There were no issuances, repurchases and repayments of bonds payable for the nine months ended September 30, 2023. Please refer to note (6)(j) to the 2023 annual consolidated financial statements for the related information.

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (vi) The Company issued the seventh domestic unsecured convertible bonds, with a face value of \$2,500,000 on September 11, 2024. The Company separated the convertible option from the liability and recognized it as equity and liability, respectively. The relevant information was as follows:

	The Seventh
The compound interest present values of the convertible bonds' face value at issuance	\$ 2,212,250
The embedded derivative financial liabilities at issuance – redemption rights and put options	28,000
The equity components at issuance	259,750
The total amounts of the convertible bonds at issuance	\$ 2,500,000

The equity components were recorded in capital surplus-conversion options. In accordance with IFRSs, the issue cost of the seventh domestic unsecured convertible bonds was allocated at \$519 to the decrease of capital surplus-conversion options.

The effective interest rate of the seventh convertible bonds was 2.52%; while the interest expenses on convertible bonds for the three months and nine months ended September 30, 2024 were both \$3,087.

- (vii) The main terms of issuance of the seventh convertible bonds were as follows:
- 1) Duration: five years (September 11, 2024 to September 11, 2029).
 - 2) Interest rate: 0%.
 - 3) Redemption clause: The Company may redeem the bonds under the following circumstances:
 - a) Within the period between three months after the issuance date and 40 days before the end of duration, the Company may redeem the bonds at their principal amount if the closing prices of the Company's common stock on the Taiwan Stock Exchange for a period of 30 consecutive trading days has been 30% more than the conversion price in effect on each such trading day.
 - b) If at least 90% of the principal amount of the bonds has been converted, redeemed, or purchased and cancelled, the Company may redeem the bonds at their principal amount within the period between three months after the issuance date and 40 days before the end of duration.
 - 4) Redemption at the option of the bondholders:

The bondholders have the right to request the Company to repurchase the bonds at a price equal to the face value in the third and fourth year after the issuance date.

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 5) Conversion clause:
- a) Bondholders may request to have the bonds converted into the common stock of the Company in accordance with conversion clause from December 12, 2024 to September 11, 2029.
- b) Conversion price: NT\$36.67 per share.

(j) Lease liabilities

The details of Group's lease liabilities were as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Current	\$ <u>102,794</u>	<u>140,303</u>	<u>146,391</u>
Non-current	\$ <u>92,414</u>	<u>156,868</u>	<u>182,326</u>

For the maturity analysis, please refer to note (6)(s) of financial instruments.

The amounts recognized in profit or loss were as follows:

	<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>
Interest expenses on lease liabilities	\$ <u>1,380</u>	<u>2,117</u>	<u>4,879</u>	<u>6,752</u>
Expenses relating to short-term leases	\$ <u>1,371</u>	<u>1,382</u>	<u>4,158</u>	<u>4,349</u>

The amounts recognized in the consolidated statements of cash flows were as follows:

	<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Total cash outflow for leases	\$ <u>134,233</u>	<u>128,735</u>

(i) Real estate leases

The Group leases buildings for its office space, warehouses and dormitories. The leases of office space typically run for a period of 1 to 4 years, of warehouses for 1 to 4 years, and of dormitories for 3 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases of office buildings contain extension or cancellation options exercisable by the Group before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. When the lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period will not be included within lease liabilities.

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other leases

The Group leases transportation equipment typically run for a period of 3 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

The Group leases office space, dormitories, transportation equipment and parking space with lease terms of one year. Since these leases are short term, the Group elected not to recognize its right-of-use assets and lease liabilities for these leases.

(k) Operating lease — as lessor

There were no significant leases contracts for the nine months ended September 30, 2024 and 2023. Please refer to note (6)(1) of the 2023 annual consolidated financial statements for other related information.

(l) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material onetime events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2023 and 2022.

The Company makes defined benefit plan contributions to the pension fund account at the Bank of Taiwan that provides pensions for employees upon retirement. The plans entitle a retired employee to receive a payment based on years of service and average salary for the six months prior to retirement.

The expenses recognized in profit or loss for the Group were as follows:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Operating expenses	\$ 266	424	797	1,274

(ii) Defined contribution plans

The Company and WKZ allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company and WKZ allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Company and WKZ expenses for the pension plan contributions to the Bureau of Labor Insurance amounted to \$6,159, \$6,280, \$18,412 and \$18,797 for the three months and nine months ended September 30, 2024 and 2023, respectively.

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Other subsidiaries recognized the pension expense, basic endowment insurance expense, and social welfare expenses amounting to \$20,946, \$20,591, \$61,642 and \$62,106 for the three months and nine months ended September 30, 2024 and 2023, respectively.

(m) Income taxes

(i) Income tax expenses

The amounts of income tax for the three months and nine months ended September 30, 2024 and 2023 were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
	Current tax expenses	\$ 93,414	58,189	243,761

The amounts of income tax recognized in other comprehensive income for the three months and nine months ended September 30, 2024 and 2023 were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
	Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements	\$ (36,804)	53,000	47,588	71,740

(ii) Income tax assessment

The Company's and WKZ's income tax returns have been examined and approved by the R.O.C. tax authorities until year 2022, respectively.

(n) Capital and other equities

As of September 30, 2024, December 31 and September 30, 2023, the total number of authorized ordinary shares were 600,000 thousand shares, with par value of TWD 10 per share. The total value of authorized ordinary shares amounted to \$6,000,000. As of that date, 462,403 thousand shares, 428,072 thousand shares and 428,072 thousand shares of ordinary shares were issued, respectively. All issued shares were paid up upon issuance.

(i) Common stock

The Company issued 34,332 thousand and 4,528 thousand new ordinary shares, with a par value of NT\$10 per share, amounting to \$343,316 and \$45,283, due to the conversion of convertible bonds for the nine months ended September 30, 2024 and 2023, respectively. The relevant statutory registration procedures have been completed.

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Capital surplus

Balances on capital surplus of the Company were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Additional paid in capital	\$ 2,005,573	1,381,129	1,381,129
Treasury share transactions	37,662	37,662	37,662
Donation from shareholders	712	712	712
Convertible bonds – conversion options	311,300	106,369	106,369
Others	<u>253</u>	<u>253</u>	<u>253</u>
	<u>\$ 2,355,500</u>	<u>1,526,125</u>	<u>1,526,125</u>

For the nine months ended September 30, 2024 and 2023, the capital surplus deriving from those convertible bonds, which were converted to common stock, amounted to \$570,144 and \$85,479, respectively (including the capital surplus-conversion options transferred to the capital surplus additional paid-in capital of \$54,300 and \$7,847, respectively).

In accordance with the Company Act, realized capital surplus can be utilized for issuing new shares or be distributed as cash dividends only after offsetting losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital surplus to be utilized for issuing new shares shall not exceed 10 percent of paid-in capital every year. Capital surplus increased by transferring from paid-in capital in excess of par value shall not be capitalized until the next fiscal year after the competent authority for company registrations approves registration of the capital increase.

(iii) Retained earnings

The Company's Article of Incorporation stipulate that the Company's earnings should first be estimated and retained to cover taxable contributions, losses, legal reserve, special reserve, or reversal of special reserve, and the remaining balance should be the distributable earnings for the current year; the Board of Directors may prepare a proposal for the distribution of earnings by combining the unappropriated earnings of the previous year. In accordance with the Company Act, if the distribution of earnings or reserves is to be made through the issuance of new shares, the Board of Directors shall prepare a proposal and submit it to the shareholders' meeting for resolution; if the distribution is to be made through the issuance of cash, the Board of Directors is authorized to report to the shareholders' meeting with the attendance of at least two-thirds of the directors and the resolution of a majority of the directors present. The Board of Directors shall determine the proportion of stock dividends and cash dividends to be distributed among the stockholders' dividends with reference to the Company's corporate profitability, future capital expenditure plans, expansion plans, capital planning, cash flow requirements, laws and regulations, and the degree of dilution of earnings per share, and shall prepare a resolution on the appropriation of earnings for submission to the shareholders' meeting for resolution, and the amount to be distributed shall be no less than 50 % of the Company's distributable earnings for the current year, and with the amount proposed to be distributed in cash dividends to be no less than 20% of the total amount of the dividends to be distributed to the shareholders.

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Earnings distribution

The amounts for cash dividends of the Company's earnings distribution for 2023 and 2022 decided by the meetings of directors held on April 18, 2024 and April 28, 2023 were as follows:

	2023		2022	
	Amount per share (in dollars)	Total amount	Amount per share (in dollars)	Total amount
Dividends distributed to ordinary shareholders:				
Cash dividends	\$ 1.89489000	870,000	3.06721661	1,312,988

(o) Share-based payment

Employee share options

Based on the resolution made by the Board of Directors on May 6, 2024 and the issuance rules of employee stock options reported on the annual shareholders' meeting held on June 20, 2024, the Company will issue a total of 10,000 units employee stock options, with each unit having the right to subscribe 1,000 shares of the Company's ordinary shares. In light of the above matter, the Company proposes to either issue the options at once or several times, depending on the actual demand, within two years from the date of the effective notification obtained from the authorities, with the actual date of issuance to be determined by the Chairman of the Company. The related procedures have yet to be filed as of September 30, 2024.

(p) Earnings per share

The Group basic earnings per share and diluted earnings per share are calculated as follows:

(i) Basic earnings per share

1) Profit attributable to ordinary shareholders of the Company

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
	Profit attributable to ordinary shareholders of the Company	\$ 346,739	253,893	876,679

2) Weighted-average number of ordinary shares (thousands)

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
	Weighted-average number of ordinary shares	456,744	427,551	437,770

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
3) Basic earnings per share (TWD)	\$ <u>0.76</u>	<u>0.59</u>	<u>2.00</u>	<u>1.32</u>
(ii) Diluted earnings per share				
1) Profit attributable to ordinary shareholders of the Company (diluted)				
	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Profit attributable shareholders of the Company (basic)	\$ 346,739	253,893	876,679	559,473
Convertible bonds payable	<u>4,096</u>	<u>14,819</u>	<u>8,604</u>	<u>9,809</u>
Profit attributable to ordinary shareholders of the Company (diluted)	<u>\$ 350,835</u>	<u>268,712</u>	<u>885,283</u>	<u>569,282</u>
2) Weighted-average number of ordinary shares (thousands, diluted)				
	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Weighted-average number of ordinary shares (basic)	456,744	427,551	437,770	424,894
Effect of convertible bonds	53,524	65,164	62,367	65,657
Effect of employee stock remuneration	<u>2,829</u>	<u>2,417</u>	<u>3,569</u>	<u>4,168</u>
Weighted-average number of ordinary shares (diluted) on September 30	<u>513,097</u>	<u>495,132</u>	<u>503,706</u>	<u>494,719</u>
	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
3) Diluted earnings per share (TWD)	\$ <u>0.68</u>	<u>0.54</u>	<u>1.76</u>	<u>1.15</u>

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Primary geographical markets:				
Taiwan	\$ 4,069,369	2,288,603	9,917,416	6,399,775
China	18,688,523	15,230,569	51,716,538	42,921,653
Others	<u>1,252,665</u>	<u>1,145,704</u>	<u>3,357,679</u>	<u>3,378,694</u>
	<u>\$ 24,010,557</u>	<u>18,664,876</u>	<u>64,991,633</u>	<u>52,700,122</u>
Major products/services lines				
Chipset/memory components	\$ 11,971,200	8,717,483	31,557,891	24,472,115
Mixed and other components	12,039,006	9,946,351	33,432,397	28,226,453
Others	<u>351</u>	<u>1,042</u>	<u>1,345</u>	<u>1,554</u>
	<u>\$ 24,010,557</u>	<u>18,664,876</u>	<u>64,991,633</u>	<u>52,700,122</u>

(ii) Contract balance

	September 30, 2024	December 31, 2023	September 30, 2023
Notes and accounts receivable (included related parties)	\$ 16,840,163	13,730,929	13,842,038
Less: loss allowance	<u>(154,958)</u>	<u>(143,963)</u>	<u>(90,656)</u>
	<u>\$ 16,685,205</u>	<u>13,586,966</u>	<u>13,751,382</u>
Contract liabilities	<u>\$ 218,245</u>	<u>1,053,924</u>	<u>1,091,481</u>

For the details on accounts receivable and loss allowance, please refer to note (6)(d).

The amounts of revenue recognized for the nine months ended September 30, 2024 and 2023 that were included in the contract liability balance at the beginning of the periods were \$344,191 and \$403,764, respectively.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Remuneration to employees and directors

The Company's Articles of Incorporation require that earning shall first be offset against any deficit, then, 6% to 10% of profit before tax (before deducting remuneration to employees and directors) will be distributed as employee remuneration and a maximum of 2.5% will be allocated as directors' remuneration. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees of the subsidiaries of the Company who meet certain specific requirements. Actual distribution should be determined in the Board of Directors' meeting, with no less than two-thirds of directors present, and approved by more than half of the directors attending the meeting, then shall be report to the meeting of shareholders.

For the three months and nine months ended September 30, 2024 and 2023, the accrued remuneration of the Company's employees were \$41,983, \$28,501, \$101,057 and \$66,351, as well as directors were \$9,663, \$7,126, \$24,431 and \$16,588, respectively. These amounts were calculated by using the Company's profit before tax for the period before deducting the amount of the remuneration to employees and directors, multiplied by the distribution ratio of remuneration to employees and directors under the Company's Articles of Incorporation, and expensed under operating expenses. If the Board of Directors resolved to distribute employees' remuneration in the form of shares, the numbers of shares to be distributed were calculated based on the closing price of the Company's ordinary shares one day before the date of the meeting of the Board of Directors.

The accrued remuneration of the Company's employees was \$91,731 and \$189,923, as well as remuneration of directors was \$22,933 and \$47,481 for the years ended December 31, 2023 and 2022, respectively. There were no differences between the distributed amounts and the accrued amounts in the consolidated financial statements. Related information would be available at the Market Observation Post System website.

(s) Financial Instruments

Except for those mentioned below, there were no significant changes in the fair value of the Group's financial instruments and degree of exposure to credit risk. Please refer to the note (6)(s) of the consolidated financial statements for the year ended December 31, 2023.

(i) Credit risk

For credit risk exposure of notes and accounts receivable, please refer to note (6)(d).

The amount of other financial assets at amortized cost includes other receivables which had been impaired.

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>Over 1 year</u>
September 30, 2024				
Non-derivative financial liabilities				
Unsecured loans	\$ 13,686,916	(13,867,711)	(13,867,711)	-
Short-term bills payable	1,156,920	(1,160,000)	(1,160,000)	-
Lease liabilities	195,208	(202,390)	(106,189)	(96,201)
Accounts payable	8,132,722	(8,132,722)	(8,132,722)	-
Other payables	818,708	(818,708)	(818,708)	-
Bonds payable	3,086,230	(3,411,000)	(911,000)	(2,500,000)
Derivative financial liabilities				
Convertible bonds payable – embedded derivatives	27,117	-	-	-
	<u>\$ 27,103,821</u>	<u>(27,592,531)</u>	<u>(24,996,330)</u>	<u>(2,596,201)</u>
December 31, 2023				
Non-derivative financial liabilities				
Unsecured loans	\$ 13,673,644	(13,855,890)	(13,855,890)	-
Short-term bills payable	1,028,429	(1,030,000)	(1,030,000)	-
Lease liabilities	297,171	(303,814)	(144,805)	(159,009)
Accounts payable	9,592,848	(9,592,848)	(9,592,848)	-
Other payables	846,652	(846,652)	(846,652)	-
Bonds payable	1,768,116	(1,861,000)	-	(1,861,000)
Derivative financial liabilities				
Convertible bonds payable – embedded derivatives	14,144	-	-	-
	<u>\$ 27,221,004</u>	<u>(27,490,204)</u>	<u>(25,470,195)</u>	<u>(2,020,009)</u>
September 30, 2023				
Non-derivative financial liabilities				
Unsecured loans	\$ 14,796,707	(15,003,941)	(15,003,941)	-
Short-term bills payable	1,058,218	(1,060,000)	(1,060,000)	-
Lease liabilities	328,717	(337,284)	(150,588)	(186,696)
Accounts payable	8,514,611	(8,514,611)	(8,514,611)	-
Other payables	786,467	(786,467)	(786,467)	-
Bonds payable	1,761,496	(1,861,000)	-	(1,861,000)
Derivative financial liabilities				
Convertible bonds payable – embedded derivatives	19,168	-	-	-
	<u>\$ 27,265,384</u>	<u>(27,563,303)</u>	<u>(25,515,607)</u>	<u>(2,047,696)</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amount.

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(iii) Market risk

1) Currency risk

The Group's significant financial assets and liabilities exposure to foreign currency risk was as follows:

	September 30, 2024			December 31, 2023			September 30, 2023		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets									
Monetary items									
USD	\$ 314,302	USD/TWD 31.69	9,960,230	283,479	USD/TWD 30.705	8,704,223	260,077	USD/TWD 32.2700	8,392,685
USD	6,719	USD/CNY 7.1307	212,925	5,903	USD/CNY 7.1752	181,252	3,991	USD/CNY 7.1986	128,790
Financial liabilities									
Monetary items									
USD	204,859	USD/TWD 31.69	6,491,982	234,303	USD/TWD 30.705	7,194,274	238,470	USD/TWD 32.2700	7,695,427
USD	30,205	USD/CNY 7.1307	957,196	5,428	USD/CNY 7.1752	166,667	5,886	USD/CNY 7.1986	189,941

2) Currency risk sensitivity analysis

The Group's monetary items exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. A change of 5% in the exchange rate of TWD against foreign currency for the nine months ended September 30, 2024 and 2023 would have increased (decreased) the net profit before tax as follows. The analysis is performed on the same basis for both periods.

	For the nine months ended September 30,	
	2024	2023
USD (against the TWD)		
Appreciating 5%	\$ 173,412	34,863
Depreciating 5%	(173,412)	(34,863)
USD (against the CNY)		
Appreciating 5%	(37,214)	(3,058)
Depreciating 5%	37,214	3,058

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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3) Exchange gains and losses of monetary items

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months and nine months ended September 30, 2024 and 2023, the foreign exchange gain (loss), including both realized and unrealized, amounted to a gain of \$90,665, a loss of \$11,743, a gain of \$5,592 and a loss of \$30,435, respectively.

4) Interest rate analysis

The details of financial assets and liabilities exposed to interest rate risk were as follows:

	Carrying amount	
	September 30, 2024	September 30, 2023
Variable rate instruments:		
Financial assets	\$ 1,432,732	1,738,770
Financial liabilities	(13,686,916)	(14,796,707)

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is based on the assumption that the amount of assets and liabilities outstanding at the reporting date were outstanding throughout the year. The rate of change is expressed as the interest rate increase or decrease by 0.25% when reporting to management internally, which also represents the Group's management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25%, the Group's net profit before tax would have decreased or increased by \$22,977 and \$24,484 for the nine months ended September 30, 2024 and 2023, respectively, which would be mainly resulting from demand deposits, and unsecured loans with variable interest rates.

(iv) Fair value

1) Categories and the fair value of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income are measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2024				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss					
Stocks listed on domestic markets	\$ 775	775	-	-	775
Financial assets at fair value through other comprehensive income					
Notes and accounts receivable, net	1,783,252	-	-	-	-
Emerging market stocks	207	207	-	-	207
Domestic and overseas unlisted stocks	67,992	-	-	67,992	67,992
Overseas unlisted convertible promissory note	9,056	-	-	9,056	9,056
Subtotal	<u>1,860,507</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	2,080,282	-	-	-	-
Notes and accounts receivable, net	14,901,953	-	-	-	-
Other receivables	491,315	-	-	-	-
Guarantee deposits	183,774	-	-	-	-
Subtotal	<u>17,657,324</u>				
	<u>\$ 19,518,606</u>				
Financial liabilities at fair value through profit or loss					
Convertible bonds – embedded derivatives	\$ 27,117	-	27,117	-	27,117
Financial liabilities measured at amortized cost					
Short term borrowings	14,843,836	-	-	-	-
Lease liabilities	195,208	-	-	-	-
Accounts payable	8,132,722	-	-	-	-
Other payables	818,708	-	-	-	-
Bonds payable	3,086,230	-	3,069,086	-	3,069,086
Subtotal	<u>27,076,704</u>				
	<u>\$ 27,103,821</u>				

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	December 31, 2023				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss					
Stocks listed on domestic markets	\$ 850	850	-	-	850
Financial assets at fair value through other comprehensive income					
Notes and accounts receivable, net	2,485,651	-	-	-	-
Emerging market stocks	237	237	-	-	237
Domestic and overseas unlisted stocks	67,992	-	-	67,992	67,992
Overseas unlisted convertible promissory note	9,056	-	-	9,056	9,056
Subtotal	<u>2,562,936</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	2,410,732	-	-	-	-
Notes and accounts receivable, net	11,101,315	-	-	-	-
Other receivables	352,853	-	-	-	-
Guarantee deposits	118,767	-	-	-	-
Subtotal	<u>13,983,667</u>				
	<u>\$ 16,547,453</u>				
Financial liabilities at fair value through profit or loss					
Convertible bonds – embedded derivatives	\$ 14,144	-	14,144	-	14,144
Financial liabilities measured at amortized cost					
Short term borrowings	14,702,073	-	-	-	-
Lease liabilities	297,171	-	-	-	-
Accounts payable	9,592,848	-	-	-	-
Other payables	846,652	-	-	-	-
Bonds payable	1,768,116	-	1,764,228	-	1,764,228
Subtotal	<u>27,206,860</u>				
	<u>\$ 27,221,004</u>				

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2023				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets mandatorily measured at fair value through profit or loss					
Stocks listed on domestic markets	\$ 891	891	-	-	891
Financial assets at fair value through other comprehensive income					
Notes and accounts receivable, net	2,256,321	-	-	-	-
Emerging market stocks	293	293	-	-	293
Domestic and overseas unlisted stocks	67,992	-	-	67,992	67,992
Overseas unlisted convertible promissory note	9,056	-	-	9,056	9,056
Subtotal	<u>2,333,662</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	2,308,237	-	-	-	-
Notes and accounts receivable, net	11,495,061	-	-	-	-
Other receivables	415,621	-	-	-	-
Guarantee deposits	162,517	-	-	-	-
Subtotal	<u>14,381,436</u>				
	<u>\$ 16,715,989</u>				
Financial liabilities at fair value through profit or loss					
Convertible bonds – embedded derivatives	\$ 19,168	-	19,168	-	19,168
Financial liabilities measured at amortized cost					
Short-term borrowings	15,854,925	-	-	-	-
Lease liabilities	328,717	-	-	-	-
Accounts payable	8,514,611	-	-	-	-
Other payables	786,467	-	-	-	-
Bonds payable	1,761,496	-	-	-	-
Subtotal	<u>27,246,216</u>				
	<u>\$ 27,265,384</u>				

There were no transfers of financial instruments between any levels during the nine months ended September 30, 2024 and 2023.

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation technique of financial instruments measured at fair value

a) Non-derivative financial instruments

If the financial instrument has a public quoted price in an active market, the public quoted price will be determined as the fair value. The measurements on fair value of the financial instruments without an active market are determined using the valuation technique or the quoted market price of its counterparts. Fair value measured using the valuation technique can be extrapolated from similar financial instruments, discounted cash flow method, or other valuation techniques which include the model used in calculating the observable market data at the consolidated balance sheet date.

The Group holds the unquoted equity investments and debt instruments that do not have an active market. The fair value of unquoted equity instruments and debt instruments is estimated using the guideline company method. The main assumptions of the method are based on the guideline company's price to sales ratio, price to net worth ratio, and the discount for lack of market liquidity. The estimation has been adjusted by the effect resulting from the discount of the lack of market liquidity of the equity securities and debt investments.

b) Derivative financial instruments

Measurement of fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. For instance, discount method or option pricing models. Fair value of forward currency exchange is usually determined by using the forward currency rate.

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Reconciliations of Level 3 fair values

	<u>Fair value through other comprehensive income</u>		<u>Total</u>
	<u>Unquoted equity instruments</u>	<u>Unquoted debt investments</u>	
Ending balance, September 30, 2024 (the same \$ as the ending balance at January 1, 2024)	<u>67,992</u>	<u>9,056</u>	<u>77,048</u>
Opening balance, January 1, 2023	\$ 65,592	15,150	80,742
Total gains and losses recognized:			
In other comprehensive income	4,800	(15,150)	(10,350)
Purchased	-	9,056	9,056
Capital refunded	<u>(2,400)</u>	<u>-</u>	<u>(2,400)</u>
Ending balance, September 30, 2023	<u>\$ 67,992</u>	<u>9,056</u>	<u>77,048</u>

5) Quantified information of significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value are classified as financial assets at fair value through other comprehensive income (including investments in equity securities and debt instruments).

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationships between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income	Guideline Company method	<ul style="list-style-type: none"> · Price-book ratio as of September 30, 2024, December 31 and September 30, 2023 were 2.22~2.23, 0.95~2.57 and 0.92~2.59, respectively. · Market liquidity discount rate as of September 30, 2024, December 31 and September 30, 2023 were 15.70%, 15.70% and 15.80%, respectively. 	<ul style="list-style-type: none"> · The higher the price-book ratio, and the enterprise value to sale ratio, the higher the fair value · The higher the market liquidity discount rate, the lower the fair value
Financial assets at fair value through other comprehensive income	Net Asset Value Method	<ul style="list-style-type: none"> · Net asset value 	<ul style="list-style-type: none"> · Not applicable

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Financial risk management

There was no significant changes in the Group's financial risk management and policies as disclosed in the note (6)(t) of the consolidated financial statements for the year ended December 31, 2023.

(u) Capital management

The Group's objectives, policies and processes of capital management are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2023. In addition, there were no significant differences between the summary quantitative data of the items of capital management in the consolidated financial statements and those disclosed in the consolidated financial statements for the year ended December 31, 2023. Please refer to note (6)(u) of the consolidated financial statements for the year ended December 31, 2023 for further details.

(v) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow for the nine months ended September 30, 2024 and 2023, were as follows:

(i) For the acquisition of right-of-use assets from leases, please refer to note (6)(g).

(ii) The reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2024	Cash flows	Non-cash changes			September 30, 2024
			Acquisition	Reduction	Foreign exchange movement	
Short-term borrowings	\$ 14,702,073	141,763	-	-	-	14,843,836
Deposits received	193	-	-	-	-	193
Lease liabilities	297,171	(125,196)	28,018	(10,562)	5,777	195,208
Bonds payable	<u>1,768,116</u>	<u>2,500,000</u>	<u>-</u>	<u>(1,181,886)</u>	<u>-</u>	<u>3,086,230</u>
Total liabilities from financing activities	<u>\$ 16,767,553</u>	<u>2,516,567</u>	<u>28,018</u>	<u>(1,192,448)</u>	<u>5,777</u>	<u>18,125,467</u>
			Non-cash changes			
	January 1, 2023	Cash flows	Acquisition	Reduction	Foreign exchange movement	September 30, 2023
Short-term borrowings	\$ 14,647,898	1,207,027	-	-	-	15,854,925
Deposits received	181	12	-	-	-	193
Lease liabilities	293,421	(117,634)	146,054	-	6,876	328,717
Bonds payable	<u>1,870,309</u>	<u>-</u>	<u>-</u>	<u>(108,813)</u>	<u>-</u>	<u>1,761,496</u>
Total liabilities from financing activities	<u>\$ 16,811,809</u>	<u>1,089,405</u>	<u>146,054</u>	<u>(108,813)</u>	<u>6,876</u>	<u>17,945,331</u>

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(7) Related-party transactions

- (a) Name of related parties and their relationships with related parties

The following are related parties that have had transactions with the Group during the periods covered in the consolidated financial statements:

<u>Related-party</u>	<u>Relationship</u>
Weiji Investment Co., Ltd.	The same chairman
Genlog Industrial Co., Ltd.	Substantial related-party

- (b) Significant transactions with related parties

- (i) Processing fee and consultancy fees from related Parties

Other related parties were commissioned to provide processing services and consulting services to the Group. The amounts were as follows:

	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Other related parties	\$ <u>50</u>	<u>50</u>	<u>150</u>	<u>1,114</u>

- (ii) Lease

The Group leased a portion of its building to its subsidiaries and related parties for office use purpose. The rentals collected monthly. The details were as follows:

	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Other related parties	\$ <u>42</u>	<u>46</u>	<u>132</u>	<u>381</u>

- (c) Key management personnel compensation

Key management personnel compensation comprised:

	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 50,746	55,768	140,451	153,997
Post-employment benefits	172	211	515	635
	<u>\$ 50,918</u>	<u>55,979</u>	<u>140,966</u>	<u>154,632</u>

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) **Assets Pledged as security: None.**

(9) **Significant commitments and contingencies:**

The balances of L/Cs for deferred payment of import value added tax and the purchase of merchandise were as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
\$	<u>393,590</u>	<u>367,755</u>	<u>384,970</u>

(10) **Losses due to major disasters: None.**

(11) **Subsequent events: None.**

(12) **Other:**

(a) A summary of employee benefits, depreciation and amortization by function, is as follows:

		For the three months ended September 30,	
		2024	2023
By item	By function	Operating expenses	Operating expenses
Employee benefits			
Salary		378,611	350,598
Labor and health insurance		31,529	35,775
Pension		27,371	27,295
Remuneration of directors		12,244	6,982
Others		19,052	17,134
Depreciation		43,058	42,944
Amortization		2,100	2,647

		For the nine months ended September 30,	
		2024	2023
By item	By function	Operating expenses	Operating expenses
Employee benefits			
Salary		1,026,760	1,041,968
Labor and health insurance		89,504	96,354
Pension		80,851	82,177
Remuneration of directors		27,738	16,881
Others		56,772	54,507
Depreciation		129,556	127,734
Amortization		6,117	8,955

(b) **Seasonality of operations:**

The Group's operation were not affected by seasonality or cyclically factors.

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transaction:

The following were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the nine months ended September 30, 2024:

- (i) Lending to other parties: None.
- (ii) Guarantees and endorsements for other parties:

(In thousands of new Taiwan dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/guarantees to third parties on behalf of subsidiary (note 2)	Subsidiary endorsements/guarantees to third parties on behalf of parent company (note 2)	Endorsements/guarantees to third parties on behalf of companies in Mainland China (note 2)
		Name	Relationship with the Company										
0	The Company	WKI	100% owned subsidiary	15,203,871	9,827,454	8,892,542	6,496,795	-	87.73 %	30,407,742	Y	N	N
"	"	WTP	100% owned subsidiary	15,203,871	1,346,260	1,251,755	236,391	-	12.35 %	30,407,742	Y	N	N
"	"	WKS	100% owned subsidiary	15,203,871	2,644,016	2,409,142	1,507,996	-	23.77 %	30,407,742	Y	N	Y

Note 1 : The total amount of the guarantee provided by the Company shall not exceed three hundred percent (300%) of the higher amount between the Company's capital amount and net worth. However, for any individual entity whose voting shares are 50% or more owned, directly or indirectly, by the Company shall not exceed fifty percent (50%) of the maximum amount for guarantee on recent audited or reviewed financial statements.

Note 2 : For those entities as the guarantor to the subsidiary, subsidiary as the guarantor to the company, or the guarantor that located in China, were filled in "Y".

(iii) Securities held as of September 30, 2024 (excluding investment in subsidiaries, associates and joint ventures):

(Shares/units (thousands))

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying amount	Percentage of ownership (%)	Fair value	
The Company	EBM Technologies Inc.	-	Current financial assets mandatorily measured at fair value through profit or loss	34	775	- %	775	
"	Clientron Corp.	-	Non-current financial assets at fair value through other comprehensive income	15	207	0.02 %	207	
"	Paradigm I Venture Capital Company (Paradigm I)	-	"	750	7,458	6.79 %	7,458	
"	Paradigm Venture Capital Corporation (PVC Corp.)	-	"	230	2,301	10.49 %	2,301	
"	InnoBridge Venture Fund I, L.P. (InnoBridge)	-	"	-	-	9.90 %	-	
"	Shin Kong Global Venture Capital Corp. (SKGVC)	-	"	720	7,200	12.00 %	7,200	
"	Vision Wide Technology Co., Ltd. (VTEC)	-	"	800	9,033	1.57 %	9,033	
"	Winsheng Material Technology Co., Ltd. (Winsheng Material)	-	"	1,400	42,000	4.31 %	42,000	
"	SiTune Corporation Convertible Promissory Note (SiTune)	-	"	-	9,056	- %	9,056	

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

(In thousands)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchases/(Sales)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	WKI	100% owned subsidiary	(Sales)	(331,648) (USD(10,360))	(1.03)%	OA30	No significant difference with other customers	No significant difference with other customers	155,750 (USD4,915)	1.86 %	
WKI	The Company	Parent Company	Purchases	331,648 (USD10,360)	1.34 %	"	No significant difference with other suppliers	No significant difference with other suppliers	(155,750) (USD(4,915))	(3.39) %	
"	WKS	Subsidiary	(Sales)	(3,851,773) (USD(120,271))	(13.46)%	OA60	No significant difference with other customers	No significant difference with other customers	902,933 (USD28,493)	13.56 %	
WKS	WKI	Parent company	Purchases	3,851,773 (USD120,271)	59.09 %	"	No significant difference with other suppliers	No significant difference with other suppliers	(902,933) (USD(28,493))	(72.71) %	

Note: The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

- (viii) Receivables from related parties with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

(In thousands)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note)	Allowance for bad debts	Note
					Amount	Action taken			
The Company	WKI	100% owned subsidiary	Account receivable 155,750 (USD4,915)	2.79	-	-	USD2,276	-	The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.
"	"	"	Other receivable 182,041 (USD5,744)	-	-	-	USD2,309	-	The amounts of the transaction and the ending balance had been offset in the consolidated financial statements. (Note 2)
WKI	WKS	Subsidiary	Account receivable 902,933 (USD28,493)	9.46	-	-	USD17,264	-	The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.
WKS	WKI	Parent Company	Account receivable 206,991 (USD6,532)	1.63	-	-	USD2,652	-	"

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note1: Information as of November 4, 2024.

Note 2: Other receivables arising from credit and service management revenue received from subsidiaries.

(ix) Trading in derivative instruments: Please refer to notes (6)(b).

(x) Business relationships and significant intercompany transactions:

(In Thousands)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	WKI	1	Sales Revenue	331,648	The price is marked up based on operating cost, and the receivables depend on OA30 after offsetting the accounts payable.	0.51%
"	"	"	"	Accounts Receivable	155,750	"	0.40%
"	"	"	"	Management and Credit Service Revenue	287,294	The price is set by percentage of the contract and the receivable is received quarterly.	0.44%
"	"	"	"	Other Receivable	182,041	The price is set by percentage of the contract and the receivable is received quarterly.	0.47%
"	WKI	WKS	3	Sales Revenue	3,851,773	The price is market up based on operating cost, and the receivable depend on funding demand and OA60.	5.93%
"	"	"	"	Accounts Receivable	902,933	"	2.31%
2	WKS	WKI	3	Service Revenue	241,924	The price is set by percentage of the contract OA30.	0.37%
"	"	"	"	Accounts Receivable	206,991	"	0.53%

Note 1: The numbers filled in as follows:

1. 0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Relationship with the transactions labeled as follows:

- 1 represents the transactions from the parent company to its subsidiaries.
- 2 represents the transactions from the subsidiaries to the parent company.
- 3 represents the transactions between subsidiaries.

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Information on investments:

The following are the information on investees for the nine months ended September 30, 2024 (excluding information on investments in Mainland China):

(In thousands)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Shares (In Thousands)	Highest Percentage of Ownership		Carrying amount	Net income (losses) of investee	Investment income (losses) of investor	Note
				September 30, 2024	December 31, 2023							
The Company	WKI	Hong Kong	Electronic components computer peripherals products distribution and technical support	\$ 1,620,445	1,620,445	552,450	100%	\$ 7,121,956	88,846	\$ 88,846	Subsidiary	
"	WKZ	Taiwan	Electronic components and technical support	12,983	12,983	1,589	100%	27,377	589	589	"	
"	WTP	Singapore	"	293,327	293,327	12,413	100%	489,197	(27,331)	(27,331)	"	
	Total			\$ 1,926,755	1,926,755			\$ 7,638,530		\$ 62,104		
WKI	Weitech	Hong Kong	Import and export trade of electronic components	0.41 (HKD0.1)	0.41 (HKD0.1)	-	100%	3,204 (USD101)	292 (USD9)	292 (USD9)	"	

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In thousands)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2024	Net income (losses) of the investee (Note 2)	Percentage of ownership	Investment income (losses) of investor (Note 2)	Book value (Note 3)	Accumulated remittance of earnings in current period
					Outflow (Note 3)	Inflow						
WKS	Electronic components computer peripherals products distribution and technical support	786,647 (USD25,000)	Note 1, 4	304,594 (USD9,800)	-	-	304,594 (USD9,800)	3,988 (USD125)	100%	3,988 (USD125)	655,139 (USD20,673)	-
SiU (Note 1)	Electronic technology development and technical advisory	5,067 (CNY1,000)	Note 1, 5	-	-	-	-	(26) (USD1)	100%	(26) (USD1)	7,090 (USD224)	-

Note 1: Weikeng Electronic Technology (Shanghai) Co., Ltd. was renamed to SiUltra Electronic Technology (Shanghai) Co., Ltd. on July 27, 2023.

(ii) Upper limit on investment in Mainland China:

Accumulated Investment in Mainland China as of September 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA (note 3)	Upper Limit on Investment
304,594 (USD9,800)	792,250 (USD25,000)	6,081,548

Note 1: Investment in Mainland China was through a company in the third area.

Note 2: The investment gains and losses of the current period are recognized according to the financial statements, which have been reviewed by the Company's independent auditors, and were translated into New Taiwan Dollars at the average exchange rates.

Note 3: The currency was translated into New Taiwan Dollars at the exchange rate of USD 1 to TWD 31.69 at the end of reporting period.

Note 4: The difference was due to Weikeng International Co. Ltd.'s investment of USD15,200 thousand on Weikeng International (Shanghai) Co. Ltd. using its own funds.

Note 5: The difference was due to Weikeng International (Shanghai) Co. Ltd.'s investment of CNY1,000 thousand on SiUltra Electronic Technology (Shanghai) Co., Ltd. using its own funds.

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Significant transactions:

Please refer to Information on significant transactions for the information on significant direct or indirect transactions, which were eliminated in the preparation of consolidated financial statements, between the Group and the investee companies in Mainland China for the nine months ended September 30, 2024.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Weiji Investment Co., Ltd.		30,006,876	6.49 %

Note (i): The information of major shareholders is based on the last business day of the end of each quarter set by Taiwan Depository & Clearing Corporation, wherein the shareholders hold more than 5% of the Company's ordinary shares, which have been completely registered non-physically (including treasury shares). There may be differences between the share capital recorded in the Company's financial statements and the actual number of the delivered shares, which have been completely registered non-physically due to the different methods used in their calculation.

Note (ii): In the case of the above information, if the shareholder delivers the shares to the trust, the shares will be disclosed as a personal account under the trust account of the principal opened by the trustee. As for the shareholders' declaration of more than 10% of the insider's shareholdings under the Securities and Exchange Act, the shareholders' stocks should be include in their own shareholdings, plus, the shares delivered to the trust, wherein the shareholders have the right of decision on using the trust property. For information on insider's equity declaration, please refer to market observation post system.

(14) Segment information:

The Group has only one operating segment, which is the electronic components segment, of which, the major activities are the purchase and sales of electronic components and computer peripherals, technical service, as well as the import/export trade business. The Group's details and reconciliations of operating segment are consistent with the consolidated financial statements. Please refer to the consolidated statements of comprehensive income and the consolidated balance sheets for the segment profit and assets, respectively.