

**Thinking Electronic Industrial Company
Limited and Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2025 and 2024
and Independent Auditors' Report**

TABLE OF CONTENTS

Item	Page	Number of Notes to Financial Statements
1. Cover Page	1	-
2. Table of Contents	2	-
3. Independent Auditors' Review Report	3-4	-
4. Consolidated Balance Sheets	5	-
5. Consolidated Statements of Comprehensive Income	6	-
6. Consolidated Statements of Changes in Equity	7	-
7. Consolidated Statements of Cash Flows	8-9	-
8. Notes to Consolidated Financial Statements		
a. Company History	10	1
b. Date of Authorization for Issuance of the Parent Company Only Financial Statements and Procedures for Authorization	10	2
c. Application of New and Amended Standards and Interpretations	10-12	3
d. Summary of Significant Accounting Policies	12-13	4
e. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions	13	5
f. Details of Significant Accounts	13-40	6~27
g. Transactions with Related Parties	42-44	28
h. Pledged Assets	44	29
i. Significant Contingent Liabilities and Unrecognized Commitments	44-45	30
j. Significant Disaster Loss	-	-
k. Significant Events after the Balance Sheet Date	-	-
l. Significant Assets and Liabilities Denominated in Foreign Currencies	45-46	31
m. Additional Disclosures		
1) Information on Significant Transactions	46, 48-52	32
2) Information on Invested Companies	46, 53	32
3) Information on investments in Mainland China	46-47, 54	32
4) Intercompany Relationships and Significant Intercompany Transactions	46, 55-56	32
n. Segment Information	47	33

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Thinking Electronic Industrial Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Thinking Electronic Industrial Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") as of September 30, 2025 and 2024, the related consolidated statements of comprehensive income for the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard No. 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

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2025 and 2024, its consolidated financial performance for the three months ended September 30, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard No. 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the audits resulting in this independent auditors' report are Chen-Li Chen and Yu-Hsiang Liu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 6, 2025

Notice to Readers

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

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

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

Assets	September 30, 2025		December 31, 2024		September 30, 2024	
	Amount	%	Amount	%	Amount	%
Current Assets						
Cash and cash equivalents (Note 6)	\$2,917,720	19	\$3,069,921	20	\$3,907,911	25
Financial assets at fair value through profit or loss - current (Notes 7 and 28)	1,074,654	7	1,142,471	7	1,099,353	7
Financial assets at amortized cost - current (Note 8)	601,050	4	480,242	3	45,222	-
Notes receivable (Notes 10 and 30)	513,012	3	658,417	4	681,072	4
Accounts receivable, net (Note 10)	2,341,771	15	2,349,081	15	2,138,229	13
Accounts receivables from related parties (Notes 10 and 29)	132	-	271	-	593	-
Other receivables (Note 29)	84,860	1	63,152	-	63,453	1
Current income tax assets	2,200	-	5,247	-	10,490	-
Inventories (Note 11)	1,494,768	9	1,455,448	9	1,528,119	10
Other financial assets - current (Notes 12 and 30)	160,560	1	200,389	1	203,009	1
Other current assets	143,423	1	231,209	2	222,458	1
Total current assets	<u>9,334,150</u>	<u>60</u>	<u>9,655,848</u>	<u>61</u>	<u>9,899,909</u>	<u>62</u>
Non-current assets						
Financial assets at fair value through other comprehensive income - non-current (Note 9)	30,641	-	27,903	-	28,414	-
Financial assets at amortized cost - non-current (Note 8)	1,558,362	10	1,356,518	9	1,347,457	9
Property, plant, and equipment (Notes 14, 30 and 31)	3,833,864	25	3,862,150	25	3,854,210	24
Right-of-use assets (Note 15)	464,887	3	516,616	3	517,871	3
Investment property, net (Note 16)	22,517	-	28,692	-	30,097	-
Computer software, net	34,244	-	34,987	-	38,481	-
Deferred tax assets	155,785	1	93,473	1	91,469	1
Prepayments for equipment (Note 29)	82,033	1	113,616	1	120,527	1
Net defined benefit assets - non-current (Notes 4 and 21)	45,474	-	44,292	-	32,087	-
Other financial assets - non-current (Notes 12 and 30)	13,276	-	14,759	-	15,270	-
Other non-current assets	42,087	-	43,675	-	43,020	-
Total non-current assets	<u>6,283,170</u>	<u>40</u>	<u>6,136,681</u>	<u>39</u>	<u>6,118,903</u>	<u>38</u>
Total assets	\$15,617,320	100	\$15,792,529	100	\$16,018,812	100
Liabilities and Equity						
Current Liabilities						
Short-term borrowings (Note 17)	\$ 590,000	4	\$ 415,000	3	\$ 1,335,140	8
Financial liabilities at fair value through profit or loss - current (Notes 7 and 28)	2,491	-	4,212	-	-	-
Notes payable (Note 18)	349,626	2	394,126	2	397,496	3
Accounts payable (Note 18)	491,524	3	446,649	3	467,269	3
Accounts payable - related parties (Note 18 and 29)	1,734	-	1,515	-	1,554	-
Other payables (Note 19)	591,209	4	702,275	5	636,754	4
Other payables - related parties (Note 29)	430	-	883	-	188	-
Current tax liabilities	294,623	3	147,836	1	112,550	1
Lease liabilities - current (Note 15)	23,262	-	30,592	-	30,254	-
Current portion of long-term borrowings (Note 17)	178,612	1	178,612	1	178,612	1
Refund liabilities - current (Note 20)	57,773	-	156,608	1	65,105	-
Other current liabilities (Note 17)	49,418	-	46,408	-	54,165	-
Total current liabilities	<u>2,630,702</u>	<u>17</u>	<u>2,524,716</u>	<u>16</u>	<u>3,279,087</u>	<u>20</u>
Non-current liabilities						
Long-term borrowings (Note 17)	549,031	4	680,030	4	723,589	5
Deferred tax liabilities	1,771,515	11	1,744,198	11	1,655,383	10
Lease liabilities - non-current (Note 15)	82,130	1	90,056	1	96,102	1
Long-term deferred revenue (Note 17)	27,199	-	30,482	-	26,378	-
Guarantee deposits received	6,110	-	6,483	-	6,442	-
Consolidated loans	5,175	-	5,175	-	5,175	-
Total non-current liabilities	<u>2,441,160</u>	<u>16</u>	<u>2,556,424</u>	<u>16</u>	<u>2,513,069</u>	<u>16</u>
Total liabilities	5,071,862	33	5,081,140	32	5,792,156	36
Equity attributable to owners of the Company (Note 22)						
Ordinary share	<u>1,281,127</u>	<u>8</u>	<u>1,281,127</u>	<u>8</u>	<u>1,281,127</u>	<u>8</u>
Capital surplus	<u>352,907</u>	<u>2</u>	<u>352,907</u>	<u>2</u>	<u>352,907</u>	<u>2</u>
Retained earnings						
Legal reserve	1,740,778	11	1,584,900	10	1,584,900	10
Special reserve	-	-	256,236	2	256,236	2
Unappropriated earnings	<u>7,382,626</u>	<u>47</u>	<u>6,983,444</u>	<u>44</u>	<u>6,573,760</u>	<u>41</u>
Total retained earnings	<u>9,123,404</u>	<u>58</u>	<u>8,824,580</u>	<u>56</u>	<u>8,414,896</u>	<u>53</u>
Other equity	(<u>321,712</u>)	(<u>2</u>)	<u>131,336</u>	<u>1</u>	<u>53,768</u>	<u>-</u>
Total equity attributable to owners of the Company	<u>10,435,726</u>	<u>66</u>	<u>10,589,950</u>	<u>67</u>	<u>10,102,698</u>	<u>63</u>
Non-controlling interests (Note 22)	109,732	1	121,439	1	123,958	1
Total Equity	10,545,458	67	10,711,389	68	10,226,656	64
Total liabilities and equity	\$15,617,320	100	\$15,792,529	100	\$16,018,812	100

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

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2025	%	2024	%	2025	%	2024	%
Operating revenue (Notes 23 and 29)	\$2,079,628	100	\$1,976,830	100	\$6,030,642	100	\$5,488,003	100
Operating costs (Notes 11, 24 and 29)	<u>1,238,173</u>	<u>60</u>	<u>1,193,305</u>	<u>60</u>	<u>3,587,980</u>	<u>59</u>	<u>3,262,928</u>	<u>59</u>
Gross profit	<u>841,455</u>	<u>40</u>	<u>783,525</u>	<u>40</u>	<u>2,442,662</u>	<u>41</u>	<u>2,225,075</u>	<u>41</u>
Operating expenses (Notes 10, 24 and 29)								
Selling and marketing expenses	88,298	4	94,968	5	261,911	5	266,056	5
General and administrative expenses	104,224	5	109,463	6	319,549	5	321,582	6
Research and development expenses	100,190	5	103,450	5	295,503	5	304,087	6
Expected credit loss (gain)	(<u>863</u>)	-	(<u>4,204</u>)	-	<u>932</u>	-	<u>1,567</u>	-
Total operating expenses	<u>291,849</u>	<u>14</u>	<u>303,677</u>	<u>16</u>	<u>877,895</u>	<u>15</u>	<u>893,292</u>	<u>17</u>
Profit from operations	<u>549,606</u>	<u>26</u>	<u>479,848</u>	<u>24</u>	<u>1,564,767</u>	<u>26</u>	<u>1,331,783</u>	<u>24</u>
Non-operating income and expenses (Notes 24 and 29)								
Interest income	17,627	1	17,672	-	82,540	1	103,146	2
Other income	27,667	2	17,064	1	68,672	1	73,016	1
Other gains and losses	43,997	2	(<u>6,150</u>)	-	(<u>108,033</u>)	(<u>2</u>)	46,071	1
Finance costs	(<u>4,405</u>)	-	(<u>8,152</u>)	-	(<u>16,340</u>)	-	(<u>15,679</u>)	-
Total Other Equity	<u>84,886</u>	<u>5</u>	<u>20,434</u>	<u>1</u>	<u>26,839</u>	-	<u>206,554</u>	<u>4</u>
Consolidated income before income tax	634,492	31	500,282	25	1,591,606	26	1,538,337	28
Income tax expense (Notes 4 and 25)	<u>227,202</u>	<u>11</u>	<u>132,260</u>	<u>7</u>	<u>523,001</u>	<u>8</u>	<u>403,312</u>	<u>7</u>
Net profit for the period	<u>407,290</u>	<u>20</u>	<u>368,022</u>	<u>18</u>	<u>1,068,605</u>	<u>18</u>	<u>1,135,025</u>	<u>21</u>
Other comprehensive income (loss) (Notes 22 and 25)								
Items that will not be reclassified subsequently to profit or loss								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	<u>8,943</u>	-	<u>-</u>	-	<u>2,738</u>	-	<u>732</u>	-
Total	<u>8,943</u>	-	<u>-</u>	-	<u>2,738</u>	-	<u>732</u>	-
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translation of foreign operations	\$ 496,709	24	(\$ 109,901)	(6)	(\$ 569,732)	(10)	\$ 386,591	7
Income tax related to items that may be reclassified subsequently to profit or loss	(<u>99,342</u>)	(5)	<u>21,980</u>	<u>1</u>	<u>113,946</u>	<u>2</u>	(<u>77,319</u>)	(1)
Other comprehensive income (loss) for the period, net of income tax	<u>397,367</u>	<u>19</u>	(<u>87,921</u>)	(<u>6</u>)	(<u>455,786</u>)	(<u>8</u>)	<u>309,272</u>	<u>6</u>
Total comprehensive income for the period	<u>406,310</u>	<u>19</u>	(<u>87,921</u>)	(<u>5</u>)	(<u>453,048</u>)	(<u>8</u>)	<u>310,004</u>	<u>6</u>
Total comprehensive income for the period	<u>\$ 813,600</u>	<u>39</u>	<u>\$ 280,101</u>	<u>13</u>	<u>\$ 615,557</u>	<u>10</u>	<u>\$1,445,029</u>	<u>27</u>
Net profit attributable to:								
Owners of the Company	\$ 410,309		\$ 378,588		\$ 1,080,312		\$ 1,149,104	
Non-controlling interests	(<u>3,019</u>)		(<u>10,566</u>)		(<u>11,707</u>)		(<u>14,079</u>)	
	<u>\$ 407,290</u>		<u>\$ 368,022</u>		<u>\$ 1,068,605</u>		<u>\$1,135,025</u>	
Total comprehensive income attributable to:								
Owners of the Company	\$ 816,619		\$ 290,667		\$ 627,264		\$ 1,459,108	
Non-controlling interests	(<u>3,019</u>)		(<u>10,566</u>)		(<u>11,707</u>)		(<u>14,079</u>)	
	<u>\$ 813,600</u>		<u>\$ 280,101</u>		<u>\$ 615,557</u>		<u>\$1,445,029</u>	
Earnings per share (Note 26)								
Basic	\$ 3.20		\$ 2.96		\$ 8.43		\$ 8.97	
Diluted	<u>\$ 3.20</u>		<u>\$ 2.95</u>		<u>\$ 8.41</u>		<u>\$ 8.94</u>	

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

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company											Other equity items			
	Capital stock - common shares	Retained earnings					Exchange differences on translation of foreign operations	Unrealized valuation gain (loss) on financial assets at FVTOCI	Total Other Equity	Total	Non-controlling interests				
		Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total retained earnings									
Balance at January 1, 2025	\$1,281,127	\$ 352,907	\$1,584,900	\$ 256,236	\$6,983,444	\$8,824,580	\$ 137,375	(\$ 6,039)	\$ 131,336	\$10,589,950	\$ 121,439		\$10,711,389		
Appropriation of 2024 earnings (Note22)															
Legal reserve	-	-	155,878	-	(155,878)	-	-	-	-	-	-	-	-		
Cash dividends distributed by the Company	-	-	-	-	(781,488)	(781,488)	-	-	-	(781,488)	-	-	(781,488)		
Reversal of special reserve	-	-	-	(256,236)	256,236	-	-	-	-	(781,488)	-	-	(781,488)		
	-	-	155,878	(256,236)	(681,130)	(781,488)	-	-	-	(781,488)	-	-	(781,488)		
Net profit (loss) For the Nine Months ended September 30, 2025	-	-	-	-	1,080,312	1,080,312	-	-	-	1,080,312	(11,707)	1,068,605			
Other comprehensive income (loss) For the Nine Months ended September 30, 2025	-	-	-	-	-	-	(455,786)	2,738	(453,048)	(453,048)	-	-	(453,048)		
Total comprehensive income (loss) For the Nine Months ended September 30, 2025	-	-	-	-	1,080,312	1,080,312	(455,786)	2,738	(453,048)	627,264	(11,707)	615,557			
Balance at September 30, 2025	\$1,281,127	\$ 352,907	\$1,740,778	\$ -	\$7,382,626	\$9,123,404	(\$ 318,411)	(\$ 3,301)	(\$ 321,712)	\$10,435,726	\$ 109,732		\$10,545,458		
Balance at January 1, 2024	\$1,281,127	\$ 352,907	\$1,454,089	\$ 140,627	\$6,337,262	\$7,931,978	(\$ 249,976)	(\$ 6,260)	(\$ 256,236)	\$ 9,309,776	\$ 138,037		\$ 9,447,813		
Appropriation of 2023 earnings (Note22)															
Legal reserve	-	-	130,811	-	(130,811)	-	-	-	-	-	-	-	-		
Special reserve	-	-	-	115,609	(115,609)	-	-	-	-	-	-	-	-		
Cash dividends distributed by the Company	-	-	-	(666,186)	(666,186)	-	-	-	-	(666,186)	-	-	(666,186)		
	-	-	130,811	115,609	(912,606)	(666,186)	-	-	-	(666,186)	-	-	(666,186)		
Net profit (loss) For the Nine Months ended September 30, 2024	-	-	-	-	1,149,104	1,149,104	-	-	-	1,149,104	(14,079)	1,135,025			
Other comprehensive income (loss) For the Nine Months ended September 30, 2024	-	-	-	-	-	-	309,272	732	310,004	310,004	-	-	310,004		
Total comprehensive income (loss) For the Nine Months ended September 30, 2024	-	-	-	-	1,149,104	1,149,104	309,272	732	310,004	1,459,108	(14,079)	1,445,029			
Balance at September 30, 2024	\$1,281,127	\$ 352,907	\$1,584,900	\$ 256,236	\$6,573,760	\$8,414,896	\$ 59,296	(\$ 5,528)	\$ 53,768	\$10,102,698	\$ 123,958		\$10,226,656		

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

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated income before income tax	\$ 1,591,606	\$ 1,538,337
Adjustments for		
Depreciation expense	321,803	298,583
Amortization expense	10,828	9,911
Expected credit loss recognized	932	1,567
Net loss on financial assets or liabilities at fair value through profit or loss	(1,323)	(3,915)
Finance costs	16,340	15,679
Interest income	(82,540)	(103,146)
Dividend income	(1,063)	-
Loss on disposal of property, plant, and equipment	6,843	3,814
Expenses transfer from property, plant, and equipment	5,245	-
Loss (gain) on inventories	38,019	(61,131)
Reversal of refund liability	(83,932)	-
Amortization of grants income	(2,535)	(1,573)
Others	- (2,360)	(2,360)
Changes in operating assets and liabilities		
Financial assets mandatorily measured at fair value through profit or loss	(384,725)	(31,825)
Notes receivable	145,405	(249,022)
Accounts receivable	7,171	(209,802)
Accounts receivable - related parties	139	27
Other receivables	(958)	(409)
Inventories	(68,177)	(240,877)
Other current assets	87,786	(51,565)
Net defined benefit assets	(1,182)	(1,051)
Notes payable	(44,500)	332,106
Accounts payable	44,875	60,241
Accounts payable - related parties	219	734
Other payables	(106,081)	(52,199)
Other payables - related parties	(453)	(1,169)
Other current liabilities	3,029	25,280
Refund liabilities	(9,374)	(11,237)
Cash generated from operations	1,493,397	1,264,998
Interest received	67,627	98,757
Interest paid	(13,343)	(11,587)
Income tax paid	(293,862)	(197,844)
Net cash flows generated from operating activities	<u>1,253,819</u>	<u>1,154,324</u>

(Continued)

	For the Nine Months Ended September 30	
	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(\$ 911,525)	(\$ 309,842)
Proceeds from disposal of financial assets at amortized cost	470,039	267,831
Acquisition of financial assets at fair value through profit or loss	(1,671,804)	(2,906,231)
Proceeds from disposal of financial assets at fair value through profit or loss	2,056,985	3,027,746
Acquisition of property, plant, and equipment	(368,488)	(368,733)
Proceeds from disposal of property, plant and equipment	2,014	19,477
Acquisition of intangible assets	(10,771)	(7,931)
Increase in other financial assets	-	(99,575)
Decrease in other financial assets	41,312	-
Increase in other non-current assets	-	(2,912)
Decrease in other non-current assets	1,588	-
Dividends received	<u>1,063</u>	<u>-</u>
Net cash flows used in investing activities	<u>(389,587)</u>	<u>(380,170)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	1,056,000	1,810,140
Decrease in short-term borrowings	(881,000)	(610,000)
Proceeds from long-term borrowings	-	43,700
Repayments of long-term borrowings	(133,959)	(174,467)
Increase in guarantee deposits received	-	4,358
Decrease in guarantee deposits received	(373)	-
Payments of lease liabilities	(13,653)	(62,053)
Cash dividends paid	<u>(781,488)</u>	<u>(666,186)</u>
Net cash flows from (used in) financing activities	<u>(754,473)</u>	<u>345,492</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(261,960)</u>	<u>188,949</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(152,201)</u>	<u>1,308,595</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	<u>3,069,921</u>	<u>2,599,316</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<u>\$ 2,917,720</u>	<u>\$ 3,907,911</u>

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

(Concluded)

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024 (Amount in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Thinking Electronic Industrial Co., Ltd. (the "Company") was incorporated in July 1979. The Company mainly engages in the manufacturing, processing, sales, and international trade of electronic components, thermistors, varistors, and various types of wires.

The Company's shares have been listed on the Taiwan Stock Exchange since September 2000.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on November 6, 2025.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

Amendment to IAS 21 "Lack of Exchangeability"

The amendment to IAS 21 regarding "Lack of Exchangeability" will not result in significant changes to the accounting policies of the consolidated Company.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11 IFRS 17 "Insurance Contracts" (including the 2020 and 2021 amendments to IFRS 17)	January 1, 2026
	January 1, 2023

Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"

1) The amendments to the application guidance of classification of financial assets

The primary amendment modifies the classification regulations for financial assets, including:

- a) If a financial asset includes a contingent item that can alter the timing or amount of contractual cash flows, and the nature of the contingent item is not directly related to changes in the fundamental lending risk and cost (such as whether the debtor achieves specific carbon emission reductions), then such financial asset's contractual cash flows will still consist entirely of payments of principal and interest on the outstanding principal amount when it meets the following two conditions:
 - All potential scenarios (whether before or after the occurrence of relevant events) generate contract cash flows that are entirely composed of interest on the principal amount and the outstanding principal amount.
 - There is no significant difference between the cash flows generated under all possible scenarios of the contract and the cash flows of financial instruments with the same contract terms but without or with certain characteristics.
- b) Financial assets characterized by the absence of recourse rights refer to the ultimate rights of an enterprise to receive cash flows, which are contractually limited to cash flows generated by specific assets.
- c) To clarify that the characteristics of contractually linked instruments include the prioritization of payments to holders of financial assets through multiple tranches established under a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool among the tranches.

2) The amendments to the application guidance of derecognition of financial liabilities

The amendments mainly stipulate that a financial liability is derecognized on the settlement date. However, when settling a financial liability in cash using an electronic payment system, the Group can choose to derecognize the financial liability before the settlement date if, and only if, the Group has initiated a payment instruction that resulted in:

- The Group having no practical ability to withdraw, stop or cancel the payment instruction;
- The Group having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system being insignificant.

An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note 2)
IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (including the 2025 amendments to IFRS 19)	January 1, 2027

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

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

c. Basis of consolidation

See Note 13, Table 6 and 7 for detailed information on subsidiaries (including shareholding ratios and business activities).

d. Other Significant Accounting Policies

Except for the following, please refer to the summary of material accounting policies in the consolidated financial statements for the year ended December 31, 2024.

1) Defined benefit post-employment benefits

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

2) Taxation

Income tax expenses represents the sum of the tax in the current period and deferred income tax. Income tax for the interim period is assessed on an annual basis and is calculated as per the interim pre-tax income at the tax rate applicable to the estimated total annual earnings.

5. PRIMARY SOURCES OF UNCERTAINTIES IN MATERIAL ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

In developing significant accounting estimates, the Group will take into account the potential impacts of the economic environment on related major estimates such as cash flow projections, growth rates, discount rates, and profitability. Management will continue to review these estimates and underlying assumptions.

The material accounting judgments and key sources of estimation uncertainty adopted by these interim consolidated financial statements is disclosed in the consolidated financial statements for the year ended December 31, 2024

6. CASH AND CASH EQUIVALENTS

	September 30, 2025	December 31, 2024	September 30, 2024
Cash on hand and petty cash	\$ 2,050	\$ 2,270	\$ 2,401
Bank check deposits	68	74	74
Bank demand deposits	2,463,506	2,860,230	2,614,150
Cash equivalents			
Time deposits with original maturity date within 3 months	<u>452,096</u>	<u>207,347</u>	<u>1,291,286</u>
	<u><u>\$2,917,720</u></u>	<u><u>\$3,069,921</u></u>	<u><u>\$3,907,911</u></u>

The financial institutions that the Group interacts with have a good credit quality, and the Company's dealings with multiple financial institutions help to diversify credit risk. Therefore, the assessment indicates no expected credit losses.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2025	December 31, 2024	September 30, 2024
Financial assets - current			
Mandatorily classified as at FVTPL			
Hybrid financial assets			
— Structured deposits (a)	\$ 705,866	\$ 1,142,471	\$ 1,091,885
Derivative instruments (not under hedge accounting)			
— Foreign exchange forward contracts (b)	-	-	7,468
Non-derivative financial assets			
— Domestic listed shares	235,114	-	-
— Fund beneficiary certificates	133,674	-	-
	<u>\$ 1,074,654</u>	<u>\$ 1,142,471</u>	<u>\$ 1,099,353</u>
Financial liabilities - current			
Mandatorily classified as at FVTPL			
Derivative instruments (not under hedge accounting)			
— Foreign exchange forward contracts (b)	<u>\$ 2,491</u>	<u>\$ 4,212</u>	<u>\$ -</u>

- a. Structured deposits include an embedded derivative that is not closely related to the main contract. Since the main contract included in this hybrid contract falls within the scope of IFRS 9, the entire hybrid contract is required to be classified as measured at fair value through profit or loss.
- b. At the end of the balance sheet date, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

September 30, 2025

	Currency	Express Period	Contract Amount (In thousand)
Forward foreign exchange sold	USD to TWD	2025.10	USD 39,000／NTD 1,185,570
Forward foreign exchange buy	EUR to USD	2025.10	EUR 1,000／USD 1,180
Forward foreign exchange buy	USD to CNY	2025.10	USD 1,000／CNY 7,139

December 31, 2024

	Currency	Express Period	Contract Amount (In thousand)
Forward foreign exchange sold	USD to TWD	2025.01	USD 33,000／NTD 1,079,640
Forward foreign exchange sold	USD to CNY	2025.01	USD 12,000／CNY 87,581

September 30, 2024

	Currency	Express Period	Contract Amount (In thousand)
Forward foreign exchange sold	USD to TWD	2024.07	USD 21,000／NTD 671,820

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

The gains and losses generated from financial instruments measured at fair value through profit or loss for the three months ended September 30, 2025 and 2024 and For the Nine Months ended September 30, 2025 and 2024 are detailed in Note 24.

8. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2025	December 31, 2024	September 30, 2024
Time deposits with original maturity over 3 months	<u>\$2,159,412</u>	<u>\$1,836,760</u>	<u>\$1,392,679</u>
Current	\$ 601,050	\$ 480,242	\$ 45,222
Non-current	<u>1,558,362</u>	<u>1,356,518</u>	<u>1,347,457</u>
	<u>\$2,159,412</u>	<u>\$1,836,760</u>	<u>\$1,392,679</u>
Annual interest rate (%)	1.55~3.30	1.7~3.55	2.65~3.55

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	September 30, 2025	December 31, 2024	September 30, 2024
Investments in equity instruments Domestic unlisted (OTC) stocks	<u>\$30,641</u>	<u>\$27,903</u>	<u>\$28,414</u>

The Group will invest in domestic company stocks in accordance with its medium- to long-term strategic objectives, and anticipates generating profits through long-term investments. The management chose to designate these investments to be measured at fair value through other comprehensive income as they believed that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

10. NOTES AND ACCOUNTS RECEIVABLE

	September 30, 2025	December 31, 2024	September 30, 2024
Notes receivable			
At amortized cost			
Gross carrying amount - operating	<u>\$ 513,012</u>	<u>\$ 658,417</u>	<u>\$ 681,072</u>
Accounts receivable - non-related parties			
At amortized cost			
Gross carrying amount - operating	\$ 2,360,562	\$ 2,367,938	\$ 2,160,151

(Continued)

	September 30, 2025	December 31, 2024	September 30, 2024
Less: Loss allowance	\$ 18,791	\$ 18,857	\$ 21,922
	<u>\$ 2,341,771</u>	<u>\$ 2,349,081</u>	<u>\$ 2,138,229</u>
Accounts receivable - related parties			
At amortized cost			
Gross carrying amount - operating	\$ 132	\$ 271	\$ 593

(Concluded)

Refer to Note 30 for information related to notes receivable pledged as security.

The Group's notes receivable and accounts receivable have been measured by amortized cost. Refer to Note 28 for information related to credit management policy.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

The Group writes off accounts receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

There were no notes receivable that were past due and not impaired at the end of the reporting years.

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

September 30, 2025

	Expected credit loss rate	Gross carrying amount	Loss allowance (Lifetime ECLs)	Amortized cost
Not Past Due	0~0.05	\$ 2,268,348	(\$ 1,053)	\$ 2,267,295
1 to 30 Days Past Due	0.5	63,484	(317)	63,167
31 to 60 Days Past Due	1	3,256	(33)	3,223
61 to 90 Days Past Due	30	4,983	(1,495)	3,488
91 to 180 Days Past Due	50	9,448	(4,718)	4,730
Over 180 Days Past Due	100	<u>11,175</u>	<u>(11,175)</u>	<u>-</u>
Total Other Equity		<u>\$ 2,360,694</u>	<u>(\$ 18,791)</u>	<u>\$ 2,341,903</u>

December 31, 2024

	Expected credit loss rate	Gross carrying amount	Loss allowance (Lifetime ECLs)	Amortized cost
Not Past Due	0~0.05	\$ 2,261,546	(\$ 1,023)	\$ 2,260,523
1 to 30 Days Past Due	0.5	16,756	(84)	16,672
31 to 60 Days Past Due	1	54,968	(550)	54,418
61 to 90 Days Past Due	30	16,686	(5,006)	11,680
91 to 180 Days Past Due	50	12,118	(6,059)	6,059
Over 180 Days Past Due	100	6,135	(6,135)	-
Total Other Equity		<u>\$ 2,368,209</u>	<u>(\$ 18,857)</u>	<u>\$ 2,349,352</u>

September 30, 2024

	Expected credit loss rate	Gross carrying amount	Loss allowance (Lifetime ECLs)	Amortized cost
Not Past Due	0~0.05	\$ 2,043,222	(\$ 1,046)	\$ 2,042,176
1 to 30 Days Past Due	0.5	78,984	(395)	78,589
31 to 60 Days Past Due	1	737	(7)	730
61 to 90 Days Past Due	30	19,717	(5,915)	13,802
91 to 180 Days Past Due	50	7,050	(3,525)	3,525
Over 180 Days Past Due	100	11,034	(11,034)	-
Total Other Equity		<u>\$ 2,160,744</u>	<u>(\$ 21,922)</u>	<u>\$ 2,138,822</u>

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

	For the Nine Months Ended September 30	
	2025	2024
Balance at beginning of the period	\$ 18,857	\$ 20,079
Remeasurement of loss allowance	932	1,567
	(205)	(334)
Foreign exchange gains and losses	(793)	610
Balance at end of period	<u>\$ 18,791</u>	<u>\$ 21,922</u>

11. INVENTORIES

	September 30, 2025	December 31, 2024	September 30, 2024
Finished goods	\$ 685,536	\$ 681,201	\$ 748,873
Work-in-process	253,891	265,844	285,074
Semi-finished	249,204	222,349	211,541
Raw materials	278,911	253,152	253,911
Supplies	27,226	28,729	28,720
Inventory in transit	-	4,173	-
	<u>\$ 1,494,768</u>	<u>\$ 1,455,448</u>	<u>\$ 1,528,119</u>

The cost of goods sold related to inventories includes the reversal of write-down of inventory and unallocated production overhead. The amounts were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
	<u>\$1,238,173</u>	<u>\$1,193,305</u>	<u>\$ 3,587,980</u>	<u>\$3,262,928</u>
Operating costs				
Loss of inventory scrapped	\$ 14,397	\$ 16,956	\$ 35,014	\$ 41,123
Inventory write-downs	13,378	(41,119)	3,005	(102,254)
Unallocated manufacturing overhead	<u>2,704</u>	<u>12,371</u>	<u>11,073</u>	<u>18,563</u>
	<u>\$ 30,479</u>	<u>(\$ 11,792)</u>	<u>\$ 49,092</u>	<u>(\$ 42,568)</u>

Unallocated fixed manufacturing overheads resulting from idle capacity and production below normal capacity are recognized as cost of goods sold in the period incurred.

12. OTHER FINANCIAL ASSETS

	September 30, 2025	December 31, 2024	September 30, 2024
Pledge demand deposits	\$143,858	\$ 94,869	\$127,895
Pledge time deposits	4,860	33,660	4,860
Deposits of banker's acceptance	11,842	71,860	61,991
Refundable deposits	<u>13,276</u>	<u>14,759</u>	<u>23,533</u>
	<u>\$173,836</u>	<u>\$215,148</u>	<u>\$218,279</u>
Current	\$160,560	\$200,389	\$203,009
Non-current	<u>13,276</u>	<u>14,759</u>	<u>15,270</u>
	<u>\$173,836</u>	<u>\$215,148</u>	<u>\$218,279</u>
The annual interest rate of pledge time deposits (%)	0.67	0.67	1.635

For other financial assets pledged information please refer to Note 30.

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

The entities involved in the preparation of the consolidated financial statements are listed as follows:

Name of Investor	Name of Subsidiary	Nature of Business	Percentage of Ownership (%)		
			September 30, 2025	December 31, 2024	September 30, 2024
The Company	Yenyo Technology Co., Ltd. (Yenyo)	Note 1	63.76	63.76	63.76
	Greenish Co., Ltd. (Greenish)	Note 2	100.00	100.00	100.00
	Thinking (Changzhou) Electronic Co., Ltd. (Thinking Changzhou)	Note 3	47.39	47.39	47.39
	Thinking Holding (Cayman) Co., Ltd. (Thinking Holding)	Note 2	100.00	100.00	100.00
	Thinking Electronic USA, Inc. (Thinking USA)	Note 4	100.00	100.00	100.00
	Thinking (Vietnam) Electronic Co., Ltd. (Thinking Vietnam)	Note 3	100.00	100.00	100.00

(Continued)

Name of Investor	Name of Subsidiary	Nature of Business	Percentage of Ownership (%)		
			September 30, 2025	December 31, 2024	September 30, 2024
Greenish Thinking Holding	Thinking Changzhou	Note 3	52.61	52.61	52.61
	Thinking International Co., Ltd. (Thinking International)	Note 2	100.00	100.00	100.00
	Thinking (HK) Enterprises Limited (Thinking HK)	Note 2	100.00	100.00	100.00
	View Full (Samoa) Ltd. (View Full Samoa)	Note 2	100.00	100.00	100.00
	Thinking Electronic (Samoa) Ltd. (Thinking Samoa)	Note 2	100.00	100.00	100.00
Thinking International	Thinking (Yichang) Electronic Co., Ltd. (Thinking Yichang)	Note 3	100.00	100.00	100.00
Thinking HK	Jiang Xi Thinking Electronic Co., Ltd. (Jiang Xi Thinking)	Note 5	100.00	100.00	100.00
View Full Samoa	Dong Guan Welkin Electronic Co., Ltd. (Dong Guan Welkin)	Note 6	64.96	64.96	64.96
Thinking Samoa	Dong Guan Welkin	Note 6	8.76	8.76	8.76
Thinking Changzhou	Dong Guan Welkin	Note 6	26.28	26.28	26.28
Dong Guan Welkin	Welkin Electronic Co., Ltd. (Zhongshan Welkin)	Note 3	100.00	100.00	100.00

(Concluded)

Note 1: Processing, selling and manufacturing diodes.

Note 2: International trading and investment.

Note 3: Manufacturing and selling thermistors, varistors and sensors.

Note 4: Electronic product design and marketing.

Note 5: Manufacturing and selling thermistors and sensors.

Note 6: Manufacturing and selling thermistors, varistors, sensors and equipment.

14. PROPERTY, PLANT, AND EQUIPMENT

a. Changes in costs and accumulated depreciation:

For the Nine Months Ended September 30, 2025

Cost	Land	Buildings	Machinery and Equipment	Leasehold improvements	Others	Construction in Progress and Equipment to be Inspected	Total Other Equity
Balance at January 1, 2025	\$ 195,719	\$2,100,307	\$2,916,230	\$ 150,858	\$1,002,966	\$ 112,842	\$6,478,922
Addition	-	40,246	156,349	3,289	76,711	121,390	397,985
Disposals	-	-	(46,850)	-	(42,413)	(5,245)	(94,508)
Effect of foreign currency exchange differences	-	(68,421)	(112,937)	(8,503)	(15,660)	495	(205,026)
Balance at September 30, 2025	<u>\$ 195,719</u>	<u>\$2,072,132</u>	<u>\$2,912,792</u>	<u>\$ 145,644</u>	<u>\$1,021,604</u>	<u>\$ 229,482</u>	<u>\$6,577,373</u>
Accumulated depreciation							
Balance at January 1, 2025	\$ -	\$ 459,103	\$1,612,837	\$ 131,188	\$ 413,644	\$ -	\$2,616,772
Depreciation expense	-	56,452	172,193	4,157	65,884	-	298,686
Disposals	-	-	(40,086)	-	(40,320)	-	(80,406)
Effect of foreign currency exchange differences	-	(17,454)	(56,779)	(7,397)	(9,913)	-	(91,543)
Balance at September 30, 2025	<u>\$ -</u>	<u>\$ 498,101</u>	<u>\$1,688,165</u>	<u>\$ 127,948</u>	<u>\$ 429,295</u>	<u>\$ -</u>	<u>\$2,743,509</u>
Net amount at December 31, 2024, and January 1, 2025	<u>\$ 195,719</u>	<u>\$1,641,204</u>	<u>\$1,303,393</u>	<u>\$ 19,670</u>	<u>\$ 589,322</u>	<u>\$ 112,842</u>	<u>\$3,862,150</u>
Net amount at September 30, 2025	<u>\$ 195,719</u>	<u>\$1,574,031</u>	<u>\$1,224,627</u>	<u>\$ 17,696</u>	<u>\$ 592,309</u>	<u>\$ 229,482</u>	<u>\$3,833,864</u>

For the Nine Months Ended September 30, 2024

Cost	Land	Buildings	Machinery and Equipment	Leasehold improvements	Others	Construction in Progress and Equipment to be Inspected	Total Other Equity
Balance at January 1, 2024	\$ 195,719	\$1,181,170	\$2,635,190	\$ 137,591	\$ 479,303	\$1,301,005	\$5,929,978
Addition	-	866,049	186,902	2,676	505,922	(1,201,717)	359,832
Disposals	-	(1,362)	(56,642)	-	(1,673)	-	(59,677)
Effect of foreign currency exchange differences	-	40,964	80,546	6,214	10,793	7,908	146,425
Balance at September 30, 2024	<u>\$ 195,719</u>	<u>\$2,086,821</u>	<u>\$2,845,996</u>	<u>\$ 146,481</u>	<u>\$ 994,345</u>	<u>\$ 107,196</u>	<u>\$6,376,558</u>
Accumulated depreciation							
Balance at January 1, 2024	\$ -	\$ 384,236	\$1,388,832	\$ 117,601	\$ 345,496	\$ -	\$2,236,165
Depreciation expense	-	43,567	168,332	5,744	42,481	-	260,124
Disposals	-	(1,362)	(33,471)	-	(1,553)	-	(36,386)
Effect of foreign currency exchange differences	-	11,458	39,042	5,355	6,590	-	62,445
Balance at September 30, 2024	<u>\$ -</u>	<u>\$ 437,899</u>	<u>\$1,562,735</u>	<u>\$ 128,700</u>	<u>\$ 393,014</u>	<u>\$ -</u>	<u>\$2,522,348</u>
Net amount at September 30, 2024	<u>\$ 195,719</u>	<u>\$1,648,922</u>	<u>\$1,283,261</u>	<u>\$ 17,781</u>	<u>\$ 601,331</u>	<u>\$ 107,196</u>	<u>\$3,854,210</u>

A reconciliation of the above-mentioned increase in property, plant and equipment and the amount paid in the consolidated statements of cash flows is as follows:

	For the Nine Months Ended September 30	
	2025	2024
Investing activities that affected both cash and non-cash items		
Additions to property, plant, and equipment	\$397,985	\$359,832
Decrease in payables for equipment (in other payables)	5,022	33,496
Decreases in prepayments for equipment	(31,583)	(21,552)
Capitalization of depreciation	(2,936)	(3,043)
Payments of acquisition of property, plant and equipment	<u>\$368,488</u>	<u>\$368,733</u>

b. Useful lives

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

Buildings	
Main plants	20-60 years
Improvement engineering	2-60 years
Machinery and Equipment	1-19 years
Leasehold improvements	10 years
Others	3-19 years

c. As of September 30, 2025, December 31, 2024, and September 30, 2024, the Group didn't provide property, plant and equipment as guarantee.

15. LEASE AGREEMENTS

a. Right-of-use assets

	September 30, 2025	December 31, 2024	September 30, 2024
Right-of-use assets			
Land	\$ 428,777	\$ 468,905	\$ 465,702
Buildings	<u>36,110</u>	<u>47,711</u>	<u>52,169</u>
	<u><u>\$464,887</u></u>	<u><u>\$516,616</u></u>	<u><u>\$517,871</u></u>
	For the Three Months Ended September 30 2025	For the Nine Months Ended September 30 2025	For the Nine Months Ended September 30 2024
Additions to right-of-use assets			
Depreciation charge for right-of-use assets			
Land	\$ 2,795	\$ 3,104	\$ 8,703
Buildings	<u>4,124</u>	<u>7,277</u>	<u>12,777</u>
	<u><u>\$ 6,919</u></u>	<u><u>\$ 10,381</u></u>	<u><u>\$ 21,480</u></u>

Except for the recognized depreciation and additions, the Group did not have impairment or subleasing of right-of-use assets for the periods ended September 30, 2025 and 2024.

b. Lease liabilities

	September 30, 2025	December 31, 2024	September 30, 2024
Carrying amount of lease liabilities			
Current	\$ 23,262	\$ 30,592	\$ 30,254
Non-current	<u>82,130</u>	<u>90,056</u>	<u>96,102</u>
	\$105,392	\$120,648	\$126,356

Range of discount rates for lease liabilities was as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Land	0.75～5.8	0.75～5.8	0.75～5.8
Buildings	1.35～4.7	1.35～4.7	3.72～4.7

c. Material leasing activities and terms

The Group leases land and buildings for the use of plants and offices.

1) Land

The land is located in Nanzih Export Processing Zone with the remaining useful life of 1 to 10 years, and the leases are renewable upon expiration. The government reserves the right to adjust rent according to the assessed land value.

The right-of-use land is located in mainland China with the remaining useful life of 29 to 47 years.

The right-of-use land is located in Vietnam with the remaining useful life of 33 years. The government of Vietnam adjusts rent annually according to the assessed land value per square meter.

2) Buildings

The building is located in Zuoying District, Kaohsiung City with the remaining useful life of 2 years. The Company is granted the right to renew the lease upon expiration.

The building is located in mainland China with the remaining useful life of 1 to 3 years. The lease payments will be adjusted every 3 years based on the changes in market rental rates.

The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease period. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Expenses relating to short-term leases	\$ 1,111	\$ 1,581	\$ 4,049	\$ 4,363
Expenses relating to low-value asset leases	\$ 129	\$ 410	\$ 961	\$ 950
Total cash outflow for leases			\$20,383	\$70,210

Lease arrangements under operating leases for the leasing out of investment properties are presented in Note 16.

16. INVESTMENT PROPERTIES

Cost	For the Nine Months Ended September 30	
	2025	2024
Balance at beginning of the period	\$119,093	\$113,190
Effect of foreign currency exchange differences	(6,769)	5,116
Balance at end of period	<u>\$112,324</u>	<u>\$118,306</u>

(Continued)

	For the Nine Months Ended September 30	
	2025	2024
Accumulated depreciation		
Balance at beginning of the period	\$ 90,401	\$ 79,815
Depreciation expense	4,573	4,704
Effect of foreign currency exchange differences	(5,167)	3,690
Balance at end of period	<u>\$ 89,807</u>	<u>\$ 88,209</u>

(Concluded)

	September 30, 2025	December 31, 2024	September 30, 2024
Net amount at end of period	<u>\$22,517</u>	<u>\$28,692</u>	<u>\$30,097</u>

Depreciation is provided on a straight-line basis over the estimated useful lives of 5-22 years.

The Group has buildings located in Beijing, Suzhou, and Nanchang, China with fair values that are not evaluated by an independent valuer but valued by the management using the valuation model that market participants would use in determining the fair value, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The calculated fair value was \$81,399 thousand as of December 31, 2024. Following an assessment by the Group's management, there has been no significant change in fair value as of September 30, 2025 and 2024.

17. BORROWINGS

a. Short-term borrowings

	September 30, 2025	December 31, 2024	September 30, 2024
Credit loans	<u>\$590,000</u>	<u>\$415,000</u>	<u>\$1,335,140</u>
The annual interest rate (%)	1.82~2.08	1.77~2.105	0.5~1.9

b. Long-term borrowings

	September 30, 2025	December 31, 2024	September 30, 2024
Credit loans	\$ 727,943	\$ 861,902	\$ 906,555
Less: Government grants discount	300	3,260	4,354
Current portion of long-term borrowings	<u>178,612</u>	<u>178,612</u>	<u>178,612</u>
	<u>\$ 549,031</u>	<u>\$ 680,030</u>	<u>\$ 723,589</u>

The annual interest rate (%) 1.225 1.225 1.225

The Company obtained borrowings under the “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan”, which have interest at prime rate and are used for capital expenditures and operating turnovers. Monthly installments start on the fourth year from the date of initial drawdown until October 2030. The borrowing interest rate is lower than the market rate due to government subsidy policies, as a result, a portion of the loan is classified as government grants, recognized as deferred revenue (other current liabilities) and long-term deferred revenue, and transferred to profit or loss over the useful lives of the related assets.

18. NOTES PAYABLE AND ACCOUNTS PAYABLE (INCLUDING RELATED PARTIES)

The Group's notes payable and accounts payable were from operating activities and were not secured by collaterals.

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms; therefore, no interest was charged on the outstanding accounts payable.

19. OTHER PAYABLES

	September 30, 2025	December 31, 2024	September 30, 2024
Payables for salaries and bonuses	\$336,426	\$417,451	\$366,249
Payable for purchase of equipment	21,221	26,243	30,897
Payable for employees' compensation	56,320	84,452	64,951
Payable for remuneration of directors	17,684	25,991	19,361
Others	<u>159,558</u>	<u>148,138</u>	<u>155,296</u>
	<u><u>\$591,209</u></u>	<u><u>\$702,275</u></u>	<u><u>\$636,754</u></u>

20. REFUND LIABILITIES

	For the Nine Months Ended September 30	
	2025	2024
Balance at beginning of the period	\$156,608	\$ 76,342
Reversal	(83,932)	-
Actual payment	(9,374)	(11,237)
Effect of foreign currency exchange differences	(<u>5,529</u>)	<u>-</u>
Balance at end of period	<u><u>\$ 57,773</u></u>	<u><u>\$ 65,105</u></u>

The discount on refund liabilities was based on historical experience, management's judgments and other known reasons to estimate sales compensation and offset refund liability when compensation actually occurs.

21. RETIREMENT BENEFIT PLANS

The defined benefit plan-related pension expenses recognized for the three months and nine months ended September 30, 2025 and 2024 were calculated based on the pension cost rate as actuarially determined at December 31, 2024 and 2023.

Defined benefit plans	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
	<u>\$ 1,058</u>	<u>(\$ 22)</u>	<u>\$ 793</u>	<u>\$ 2</u>

EQUITY

a. Capital stock - common shares

	September 30, 2025	December 31, 2024	September 30, 2024
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Share capital authorized	<u>\$2,000,000</u>	<u>\$2,000,000</u>	<u>\$2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>128,113</u>	<u>128,113</u>	<u>128,113</u>
Share capital issued	<u>\$1,281,127</u>	<u>\$1,281,127</u>	<u>\$1,281,127</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

May be used to offset a deficit, distributed as cash dividends, or <u>transferred to ordinary shares (Note)</u>	September 30, 2025	December 31, 2024	September 30, 2024
Premium on conversion of corporate bonds	\$265,446	\$265,446	\$265,446
Issuance of ordinary shares	59,168	59,168	59,168
Treasury share transactions	23,649	23,649	23,649
Difference between consideration and carrying amount of the subsidiaries acquired	<u>4,644</u>	<u>4,644</u>	<u>4,644</u>
	<u>\$352,907</u>	<u>\$352,907</u>	<u>\$352,907</u>

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

c. Retained earnings and dividend policy

Under the dividend policy in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the

Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders.

The Company's dividend policy is also designed to meet the current and future development plans and takes into consideration the investment environment, capital needs, domestic or international competitive conditions while simultaneously meeting shareholders' interests. The Company shall distribute the dividends at no less than 30% of the distributable earnings of the current year. The way to distribute dividends could be either through cash or shares, and cash dividends shall not be less than 20% of total dividends.

Items referred to under Rule No. 1090150022 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRS Accounting Standards" should be appropriated to or reversed from a special reserve by the Company. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

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

The appropriations of earnings for 2024 and 2023 were approved in the shareholders' meeting on June 17, 2025 and June 18, 2024, respectively. The appropriations of earnings for 2024 and 2023 were as follows:

	2024	2023
Legal reserve	\$155,878	\$130,811
Special reserve (reversed)	(256,236)	115,609
Cash dividends	<u>781,488</u>	<u>666,186</u>
	<u><u>\$681,130</u></u>	<u><u>\$912,606</u></u>
 Cash dividends per share (NT\$)	 <u>6.1</u>	 <u>5.2</u>

d. Other equity items

1) Exchange differences on translation of foreign operations

	For the Nine Months Ended September 30	
	2025	2024
Balance at beginning of the period	\$ 137,375	(\$ 249,976)
Exchange differences on translation of foreign operations	(569,732)	386,591
Income tax benefit (expenses) relating to exchange differences arising on translation of foreign operations	113,946	(77,319)
Balance at end of period	<u><u>(\$ 318,411)</u></u>	<u><u>\$ 59,296</u></u>

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	<u>For the Nine Months Ended September 30</u>	
	2025	2024
Balance at beginning of the period	(\$ 6,039)	(\$ 6,260)
Unrealized gain (loss) - equity instruments	<u>2,738</u>	<u>732</u>
Balance at end of period	<u>(\$ 3,301)</u>	<u>(\$ 5,528)</u>

e. Non-controlling interests

	<u>For the Nine Months Ended September 30</u>	
	2025	2024
Balance at beginning of the period	\$121,439	\$138,037
Net loss for the period	(11,707)	(14,079)
Balance at end of period	<u>\$109,732</u>	<u>\$123,958</u>

22. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Revenue from contracts with customers				
Revenue from sale of goods	\$ 2,079,601	\$ 1,976,778	\$ 6,030,580	\$ 5,487,929
Service revenue	27	52	62	74
	<u>\$ 2,079,628</u>	<u>\$ 1,976,830</u>	<u>\$ 6,030,642</u>	<u>\$ 5,488,003</u>

a. Contract balances

	September 30, 2025	December 31, 2024	September 30, 2024	January 1, 2024
Notes and accounts receivable (Note 10)	<u>\$2,854,915</u>	<u>\$3,007,769</u>	<u>\$2,819,894</u>	<u>\$2,363,274</u>

b. Breakdown of revenue from contracts with customers

For the Nine Months Ended September 30, 2025

Reporting Department	Income Type			Total Other Equity
	Product Revenue	Service revenue		
The Company	\$2,363,486	\$ 62		\$2,363,548
Thinking Changzhou	1,405,989	-		1,405,989
Thinking Yichang	398,548	-		398,548
Jiang Xi Thinking	29,069	-		29,069
Dong Guan Welkin and Zhongshan Welkin	1,675,799	-		1,675,799
Others	<u>157,689</u>	<u>-</u>	<u> </u>	<u>157,689</u>
	<u>\$6,030,580</u>	<u>\$ 62</u>	<u> </u>	<u>\$6,030,642</u>

For the Nine Months Ended September 30, 2024

Reporting Department	Income Type			Total Other Equity
	Product Revenue	Service revenue		
The Company	\$2,150,341	\$ 74		\$2,150,415
Thinking Changzhou	1,310,553	-		1,310,553
Thinking Yichang	288,326	-		288,326
Jiang Xi Thinking	32,386	-		32,386
Dong Guan Welkin and Zhongshan Welkin	1,567,778	-		1,567,778
Others	<u>138,545</u>	<u>-</u>		<u>138,545</u>
	<u><u>\$5,487,929</u></u>	<u><u>\$ 74</u></u>		<u><u>\$5,488,003</u></u>

23. NET PROFIT FOR THE PERIOD

The net profit for this period included the following items:

a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
	\$ 3,276	\$ 5,134	\$39,845	\$49,465
Bank deposits				
Financial assets at amortized cost	14,312	12,468	42,107	34,822
Others	<u>39</u>	<u>70</u>	<u>588</u>	<u>18,859</u>
	<u><u>\$17,627</u></u>	<u><u>\$17,672</u></u>	<u><u>\$82,540</u></u>	<u><u>\$103,146</u></u>

b. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
	\$21,569	\$12,221	\$56,612	\$59,036
Grants				
Rental income	1,626	2,181	4,618	5,720
Others	<u>4,472</u>	<u>2,662</u>	<u>7,442</u>	<u>8,260</u>
	<u><u>\$27,667</u></u>	<u><u>\$17,064</u></u>	<u><u>\$68,672</u></u>	<u><u>\$73,016</u></u>

c. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
	(\$ 18,819)	\$ 31,715	\$ 1,323	\$ 3,915
Net gain (loss) on financial assets at fair value through profit or loss	<u>67,153</u>	<u>(36,309)</u>	<u>(95,596)</u>	<u>50,688</u>
Foreign exchange gains, net				
Loss on disposal of property, plant, and equipment	(2,324)	(1,713)	(6,843)	(3,814)
Others	<u>(2,013)</u>	<u>157</u>	<u>(6,917)</u>	<u>(4,718)</u>
	<u><u>\$ 43,997</u></u>	<u><u>(\$ 6,150)</u></u>	<u><u>(\$108,033)</u></u>	<u><u>\$ 46,071</u></u>

d. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Interest on lease liabilities	\$ 520	\$ 747	\$ 1,720	\$ 2,844
Interest on bank loans	3,885	7,405	14,620	17,354
	4,405	8,152	16,340	20,198
Less: Amount included in the cost of qualifying assets	-	-	-	4,519
	<u>\$ 4,405</u>	<u>\$ 8,152</u>	<u>\$16,340</u>	<u>\$15,679</u>

Information on capitalized interest is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Capitalized interest amount	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,519</u>
Capitalization rate (%)	-	-	-	1.1~1.23

e. Depreciation and amortization expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Property, plant, and equipment	\$ 98,497	\$ 97,203	\$298,686	\$260,124
Right-of-use assets	6,919	10,381	21,480	36,798
Investment properties	1,475	1,588	4,573	4,704
Computer Software	3,765	4,044	10,828	9,911
	110,656	113,216	335,567	311,537
Less: Amount included in the cost of qualifying assets	<u>921</u>	<u>1,053</u>	<u>2,936</u>	<u>3,043</u>
	<u>\$109,735</u>	<u>\$112,163</u>	<u>\$332,631</u>	<u>\$308,494</u>
Depreciation expenses by function				
Operating costs	\$ 85,614	\$ 85,427	\$260,432	\$239,036
Operating expenses	18,881	21,104	56,798	54,843
Other gains and losses	1,475	1,588	4,573	4,704
	<u>\$105,970</u>	<u>\$108,119</u>	<u>\$321,803</u>	<u>\$298,583</u>
Amortization expenses by function				
Operating costs	\$ 694	\$ 714	\$ 1,968	\$ 1,717
Operating expenses	3,071	3,330	8,860	8,194
	<u>\$ 3,765</u>	<u>\$ 4,044</u>	<u>\$ 10,828</u>	<u>\$ 9,911</u>

f. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Short-term employee benefits				
Salary	\$ 426,487	\$ 460,474	\$1,300,852	\$1,320,161
Others	54,459	52,665	163,014	163,053
	<u>480,946</u>	<u>513,139</u>	<u>1,463,866</u>	<u>1,483,214</u>
Benefits after retirement				
Defined contribution plans	33,333	31,084	98,685	89,226
Defined benefit plans (Note 21)	1,058	(22)	793	2
	<u>34,391</u>	<u>31,062</u>	<u>99,478</u>	<u>89,228</u>
	<u>\$ 515,337</u>	<u>\$ 544,201</u>	<u>\$1,563,344</u>	<u>\$1,572,442</u>
By function				
Operating costs	\$ 348,957	\$ 368,722	\$1,063,062	\$1,036,003
Operating expenses	166,380	175,479	500,282	536,439
	<u>\$ 515,337</u>	<u>\$ 544,201</u>	<u>\$1,563,344</u>	<u>\$1,572,442</u>

g. Compensation of employees and remuneration of directors

The Company accrues compensation of employees and remuneration of directors at rates of no less than 2% and no higher than 2%, respectively, of net profit before income tax, compensation of employees and remuneration of directors.

Based on amendments to the Securities and Exchange Act in August 2024, the Company plans to propose an amendment to the Articles of Incorporation at the 2025 shareholders' meeting, stipulating that no less than 35% of the amount allocated for employee compensation in that year shall be designated for entry-level employee compensation. The appropriations of employees' compensation (including compensation for entry-level employees) and remuneration of directors for the three months and the nine months ended September 30, 2025 and 2024 were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
<u>Estimated percentage</u>				
Employees' compensation (%)	3.4	3.7	3.6	3.8
Remuneration of directors (%)	1.1	1.3	1.2	1.3
<u>Amount</u>				
Compensation of Employees	\$ 17,938	\$ 18,611	\$ 52,005	\$ 56,949
Remuneration of directors	6,100	6,327	17,684	19,361

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

The Company approved the cash distribution of employees' compensation and remuneration of directors for the 2024 and 2023 on February 20, 2025 and February 26, 2024, respectively, as resolved by the Board of Directors as follows:

	2024	2023
Compensation of Employees	\$ 76,450	\$ 66,157
Remuneration of directors	25,991	22,494

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2024 and 2023.

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

24. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Current income tax				
In respect of the current period	\$ 62,831	\$ 153,059	\$ 326,710	\$ 288,155
Income tax on unappropriated earnings	-	-	43,883	19,775
Adjustments from previous years	<u>75,834</u>	<u>(250)</u>	<u>73,103</u>	<u>(8,101)</u>
	<u>138,665</u>	<u>152,809</u>	<u>443,696</u>	<u>299,829</u>
Deferred income tax				
In respect of the current period	88,537	(20,549)	79,305	103,331
Adjustments for prior years	-	-	-	152
	<u>88,537</u>	<u>(20,549)</u>	<u>79,305</u>	<u>103,483</u>
Income tax expense recognized in profit or loss	<u>\$ 227,202</u>	<u>\$ 132,260</u>	<u>\$ 523,001</u>	<u>\$ 403,312</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Deferred income tax				
Exchange differences on translation of foreign operations recognized in other comprehensive income	(\$ 99,342)	\$ 21,980	\$ 113,946	(\$ 77,319)

c. Income tax assessment

The income tax returns of the Company and its subsidiary, Yenyo, have been assessed by the tax authorities through the 2023 and 2022 fiscal years, respectively.

25. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of EPS are as follows:

Net profit for the period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Profit for the year attributable to owners of the Company	\$ 410,309	\$ 378,588	\$1,080,312	\$1,149,104

Number of shares

	Unit: Thousand shares			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Weighted average number of ordinary shares used in the computation of basic earnings per share	128,113	128,113	128,113	128,113
Effect of potentially dilutive ordinary shares-Compensation of Employees	304	327	388	411
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>128,417</u>	<u>128,440</u>	<u>128,501</u>	<u>128,524</u>

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

26. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from the last 2 years.

The Group is not subject to any externally imposed capital requirements.

27. FINANCIAL INSTRUMENTS

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

The Group's management considers that the carrying amounts of financial assets and financial liabilities which are not measured at fair value approximate their fair values.

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

1) Fair value level

September 30, 2025

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
— Structured deposits	\$ -	\$ -	\$ 705,866	\$ 705,866
— Fund beneficiary certificates	133,674	-	-	133,674
— Domestic listed shares	235,114	-	-	235,114
	<u>\$ 368,788</u>	<u>\$ -</u>	<u>\$ 705,866</u>	<u>\$ 1,074,654</u>

Financial assets at fair value through other comprehensive income

— Domestic unlisted (OTC) stocks	\$ -	\$ -	\$ 30,641	\$ 30,641
----------------------------------	------	------	-----------	-----------

Financial liabilities at fair value through profit or loss

— Derivatives	\$ -	\$ 2,491	\$ -	\$ 2,491
---------------	------	----------	------	----------

December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
— Structured deposits	\$ -	\$ -	\$ 1,142,471	\$ 1,142,471
<u>Financial assets at fair value through other comprehensive income</u>				
— Domestic unlisted (OTC) stocks	\$ -	\$ -	\$ 27,903	\$ 27,903
<u>Financial liabilities at fair value through profit or loss</u>				
— Derivatives	\$ -	\$ 4,212	\$ -	\$ 4,212

September 30, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
— Structured deposits	\$ -	\$ -	\$ 1,091,885	\$ 1,091,885
— Derivatives	\$ -	7,468	\$ -	7,468
	<u>\$ -</u>	<u>\$ 7,468</u>	<u>\$ 1,091,885</u>	<u>\$ 1,099,353</u>
<u>Financial assets at fair value through other comprehensive income</u>				
— Domestic unlisted (OTC) stocks	\$ -	\$ -	\$ 28,414	\$ 28,414

There were no transfers between Level 1 and Level 2 for the Nine Months ended September 30, 2025 and 2024

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

For the Nine Months Ended September 30, 2025

	Debt instruments	Equity instruments	Measured at fair value through other comprehensive income	Total Other Equity
	Measured at FVTPL			
Financial assets				
Balance at beginning of the period	\$ 1,142,471	\$ 27,903	\$ 1,170,374	
Purchases	1,671,804	-	1,671,804	
Disposals	(2,037,228)	-	(2,037,228)	
Recognized in profit or loss	15,579	-	15,579	
Recognized in other comprehensive income	-	2,738	2,738	
Effect of foreign currency exchange differences	(86,760)	-	(86,760)	
Balance at end of period	<u>\$ 705,866</u>	<u>\$ 30,641</u>	<u>\$ 736,507</u>	

For the Nine Months Ended September 30, 2024

	Debt instruments	Equity instruments	Measured at fair value through other comprehensive income	Total Other Equity
	Measured at FVTPL			
Financial assets				
Balance at beginning of the period	\$ 1,127,549	\$ 27,682	\$ 1,155,231	
Purchases	2,906,231	-	2,906,231	
Disposals	(3,027,746)	-	(3,027,746)	
Recognized in profit or loss	35,069	-	35,069	
Recognized in other comprehensive income	-	732	732	
Effect of foreign currency exchange differences	50,782	-	50,782	
Balance at end of period	<u>\$ 1,091,885</u>	<u>\$ 28,414</u>	<u>\$ 1,120,299</u>	

3) Valuation techniques and inputs of Level 2 fair value measurement

Category of Financial Instruments	Valuation Technique and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow: future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and inputs of Level 3 fair value measurement

- a) The fair values of domestic unlisted shares are determined using the market approach where the inputs are categories of business, values of same type of company and operation of the company.
- b) The fair values of structured deposits mined using discounted cash flow method.
- c. Category of financial instruments

	September 30, 2025	December 31, 2024	September 30, 2024
Financial assets			
Measured at FVTPL			
Mandatorily classified as at FVTPL	\$ 1,074,654	\$ 1,142,471	\$ 1,099,353
Measured at amortized cost (Note 1)	8,187,883	8,190,415	8,398,214
Financial assets at fair value through other comprehensive income			
Investments in equity instruments	30,641	27,903	28,414
Financial liabilities			
Measured at FVTPL			
Mandatorily classified as at FVTPL	2,491	4,212	-
Measured at amortized cost (Note 2)	2,758,276	2,825,573	3,747,044

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (excluding income tax refund receivable) and other financial assets.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term borrowings, notes payable, accounts payable (including related parties), other payables (including related parties), long-term borrowings (including current portion) and guarantee deposits received.

- d. Financial risk management objectives and policies

Financial risks associated with the management and operations of the Group included market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal

auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The treasury function reports monthly to the Group's management.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rate risks.

a) Foreign currency risk

The Group has foreign currency denominated sales and purchases, which exposes the Group to foreign currency risk. The Group engaged in derivative financial instruments within the scope of the policy, including forward exchange contracts and swap contracts, to mitigate the risk exposures to exchange rates that may arise from non-functional currency denominated assets and liabilities and certain anticipated transactions, but the impact of foreign currency exchange rate changes cannot be completely ruled out.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities exposed to foreign currency risk at the end of the year are set out in Note 32.

Sensitivity analysis

The Group is mainly exposed to the risk from the fluctuations of the USD and the CNY, and the sensitivity rate used when reporting foreign currency risk internally to key management personnel in foreign exchange rates is 1%. The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies.

The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in currency rates. A positive number below indicates an increase in pre-tax profit associated with the functional currency. When the functional currency appreciates by 1% against each relevant foreign currency, the impact on the net profit will be the negative sum of the same amount.

	<u>For the Nine Months Ended September 30</u>	
	<u>2025</u>	<u>2024</u>
Impact of 1% change on profit and loss		
USD	\$ 10,916	\$ 25,062
CNY	513	6,219

b) Interest rate risk

The domestic individual companies of the Group currently borrow funds at both fixed and floating interest rates. These rates are calculated based on the New Taiwan Dollar (TWD) money market interest rate plus a margin. Furthermore, total amount of the Group's cash and cash equivalents are considerably greater than the amount of bank loans which can process repayment procedure spontaneously. Therefore, interest rate risk does not have significant impact to the Group.

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

	September 30, 2025	December 31, 2024	September 30, 2024
Fair value interest rate risk			
Financial assets	\$2,616,368	\$2,225,589	\$2,873,444
Financial liabilities	105,392	220,648	861,496
Cash flow interest rate risk			
Financial assets	3,323,699	4,036,367	3,734,835
Financial liabilities	1,317,643	1,173,642	1,502,201

Sensitivity analysis

The Group specializes in financial products with floating interest rates. Fluctuations in market interest rates will lead to variations in its effective interest rate, resulting in changes to future cash flows. If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit For the Nine Months ended September 30, 2025 and 2024 would have been higher/lower by \$15,045 thousand and by \$16,745 thousand, respectively.

c) Other price risk

The impact of equity price exposure on the equity securities investments held by the Group, measured at fair value through profit or loss and at fair value through other comprehensive income. If the equity price changes by 1% on the balance sheet date, the pre-tax net income For the Nine Months ended September 30, 2025, and 2024 will increase/decrease by \$3,688 thousand and \$0 thousand, respectively. The pre-tax other comprehensive income will increase/decrease by \$306 thousand and \$284 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As of the balance sheet date, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation provided due to the financial guarantees provided by the Group, could be the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group is continuously monitoring and spreading the aggregate transactions to each credit-qualified counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Group annually.

3) Liquidity risk

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

Bank loans are a major source of liquidity risk for the Group.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

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

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate as of the balance sheet date.

September 30, 2025

	On Demand or Less than				
	1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest-bearing liabilities	\$ 333,743	\$ 864,535	\$ 236,067	\$ -	\$ -
Lease liabilities	1,681	5,322	21,068	31,735	85,387
Variable interest rate instruments	216,702	112,523	452,092	574,777	39,677
	<u>\$ 552,126</u>	<u>\$ 982,380</u>	<u>\$ 709,227</u>	<u>\$ 606,512</u>	<u>\$ 125,064</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year					
	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years	
Lease liabilities	\$ 28,071	\$ 31,735	\$ 12,650	\$ 12,650	\$ 12,650	\$ 47,437
Variable interest rate instruments	<u>781,317</u>	<u>574,777</u>	<u>39,677</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 809,388</u>	<u>\$ 606,512</u>	<u>\$ 52,327</u>	<u>\$ 12,650</u>	<u>\$ 12,650</u>	<u>\$ 47,437</u>

December 31, 2024

	On Demand or Less than				
	1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest-bearing liabilities	\$ 346,949	\$ 869,417	\$ 328,943	\$ -	\$ -
Lease liabilities	2,219	5,699	21,336	37,650	91,403
Variable interest rate instruments	16,395	247,178	241,432	608,713	99,615
Fixed interest rate Instruments	<u>100,147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 465,710</u>	<u>\$ 1,122,294</u>	<u>\$ 591,711</u>	<u>\$ 646,363</u>	<u>\$ 191,018</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year					
	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years	
Lease liabilities	\$ 29,254	\$ 37,650	\$ 13,367	\$ 13,367	\$ 13,367	\$ 51,302
Variable interest rate instruments	<u>505,005</u>	<u>608,713</u>	<u>99,615</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 534,259</u>	<u>\$ 646,363</u>	<u>\$ 112,982</u>	<u>\$ 13,367</u>	<u>\$ 13,367</u>	<u>\$ 51,302</u>

September 30, 2024

	On Demand or Less than				
	1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest-bearing liabilities	\$ 343,803	\$ 905,406	\$ 253,271	\$ -	\$ -
Lease liabilities	2,194	5,672	21,265	43,796	91,721
Variable interest rate instruments	16,942	632,635	141,325	625,465	129,775
Fixed interest rate Instruments	<u>1,483</u>	<u>735,978</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 364,422</u>	<u>\$ 2,279,691</u>	<u>\$ 415,861</u>	<u>\$ 669,261</u>	<u>\$ 221,496</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year					
	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years	
Lease liabilities	<u>\$ 29,131</u>	<u>\$ 43,796</u>	<u>\$ 13,367</u>	<u>\$ 13,367</u>	<u>\$ 13,367</u>	<u>\$ 51,620</u>

b) Liquidity and interest rate risk tables for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the year. Liquidity of derivative financial instruments of the Group is paid on demand or less than 1 month.

	September 30, 2025	December 31, 2024	September 30, 2024
Gross settled			
Forward exchange contracts			
Inflows	\$ 1,254,253	\$ 1,468,413	\$ 671,820
Outflows	(<u>1,256,744</u>)	(<u>1,472,625</u>)	(<u>664,352</u>)
	<u>(\$ 2,491)</u>	<u>(\$ 4,212)</u>	<u>\$ 7,468</u>

e. Transfer of financial assets

The Group transferred a portion of its banker's acceptance bills in mainland China to some of its suppliers in order to settle the trade payables to these suppliers. As the Group has transferred substantially all risks and rewards relating to these bills receivable, it derecognized the full carrying amount of the bills receivable and the associated trade payables. However, if the derecognized bills receivable are not paid at maturity, the suppliers have the right to request that the Group pay the unsettled balance; therefore, the Group still has continuing involvement in these bills receivable.

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the face amounts of the transferred but unsettled bills receivable, and as of September 30, 2025, December 31, 2024, and September 30, 2024, the face amounts of these unsettled bills receivable were \$513,940 thousand, \$620,065 thousand, and \$564,327 thousand, respectively. All of the bills receivable will mature within 6 months after the balance sheet date. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair values of its continuing involvement are not significant.

During the nine months ended September 30, 2025 and 2024, the Group did not recognize any gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the current year or cumulatively.

28. TRANSACTIONS WITH RELATED PARTIES

Balances, transactions and revenues and expenses among the Group have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties were as follows:

a. Related party name and its relationship with the Group

Related Party Name	Relationship with the Group
Welkin Electronic Industrial Co., Ltd. (Pingtung Welkin)	Related party in substance
Boh Chin Investment Co., Ltd. (Boh Chin Investment)	Related party in substance
Honungxin Technology Co., Ltd. (Honungxin Technology)	Related party in substance
Thinking Education Foundation	Related party in substance

b. Sales

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Related party in substance				
-Pingtung Welkin	\$ 269	\$ 578	\$ 1,317	\$ 1,473

The sale prices and terms between the Group and its related parties were not significantly different from those of ordinary transactions.

c. Purchase of goods

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Related party in substance				
-Pingtung Welkin	\$ 1,506	\$ 2,003	\$ 5,844	\$ 6,308
-Hongxin Technology	673	31	923	115
	<u>\$ 2,179</u>	<u>\$ 2,034</u>	<u>\$ 6,767</u>	<u>\$ 6,423</u>

The purchase prices and terms between the Group and its related parties were not significantly different from those of ordinary transactions.

d. Receivables from related parties

Line Item	Related Party Category/Name	September 30, 2025	December 31, 2024	September 30, 2024
Accounts receivable -related parties	Related party in substance -Pingtung Welkin	\$ 132	\$ 271	\$ 593
Other receivable	Related party in substance -Hongxin Technology	\$ 1	\$ -	\$ -

The payment terms between the Group and the related parties were 60 days from the end of the month, and the outstanding payment receivables from related parties were unsecured and no impairment losses were recognized.

e. Payables to related parties

Line Item	Related Party Category/Name	September 30, 2025	December 31, 2024	September 30, 2024
Accounts payable - related parties	Related party in substance -Pingtung Welkin -Hongxin Technology	\$ 1,247 487 <u>\$ 1,734</u>	\$ 1,515 - <u>\$ 1,515</u>	\$ 1,522 32 <u>\$ 1,554</u>
Other payables - related parties	Related party in substance -Pingtung Welkin -Hongxin Technology	\$ 240 190 <u>\$ 430</u>	\$ 745 138 <u>\$ 883</u>	\$ - 188 <u>\$ 188</u>

The payment terms between the Group and the related parties were 60 days from the end of the month, and the outstanding amounts due to related parties are not guaranteed.

f. Prepayments (recorded as prepayments for equipment)

Related Party Category/Name	September 30,	December 31,	September 30,
	2025	2024	2024
Related party in substance	\$ 721	\$ 596	\$ 370
-Pingtung Welkin			
-Hongxin Technology	<u>7,382</u> <u>\$ 8,103</u>	<u>7,382</u> <u>\$ 7,978</u>	<u>8,132</u> <u>\$ 8,502</u>

g. Other transactions with related parties

1) Consigned processing

Line Item	Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2025	2024	2025	2024
Processing expense	Related party in substance -Pingtung Welkin -Hongxin Technology	\$ 265 120 <u>\$ 385</u>	\$ - 245 <u>\$ 245</u>	\$ 1,293 499 <u>\$ 1,792</u>	\$ 5 405 <u>\$ 410</u>

The prices and payment terms with substantial related parties were not comparable because the Group did not have other consigned processing businesses with non-related parties. The payment term was 60 days from the end of the month.

2) Lease arrangements

Line Item	Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2025	2024	2025	2024
Lease expense	Related party in substance -Boh Chin Investment	<u>\$ 120</u>	<u>\$ 120</u>	<u>\$ 360</u>	<u>\$ 360</u>

The lease contract between the Group and related parties in substance is based on the market rental agreement under the general payment terms.

3) Donation

For the promotion of cultural and educational activities, the Company made donations to a related party in substance, which were recognized in profit or loss for the respective periods.

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Related party in substance				
- Hsing Ching Education Foundation	<u>\$1,000</u>	<u>\$1,000</u>	<u>\$3,000</u>	<u>\$1,000</u>

h. Remuneration of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
	<u>\$17,783</u>	<u>\$14,296</u>	<u>\$47,971</u>	<u>\$51,751</u>
Short-term employee benefits	<u>267</u>	<u>259</u>	<u>824</u>	<u>838</u>
Benefits after retirement	<u><u>\$18,050</u></u>	<u><u>\$14,555</u></u>	<u><u>\$48,795</u></u>	<u><u>\$52,589</u></u>

The remuneration to directors and the management is determined by the Remuneration Committee based on personal performances and market trends.

29. PLEDGED ASSETS

The Group provided the following assets as performance guarantees for payment of goods, construction of facilities, and acquisition of government subsidies:

	September 30, 2025		December 31, 2024		September 30, 2024
	<u>\$190,904</u>	<u>\$160,560</u>	<u>\$297,197</u>	<u>200,389</u>	<u>\$272,919</u>
Notes receivable					
Other financial assets	<u><u>\$351,464</u></u>		<u><u>\$497,586</u></u>		<u><u>194,746</u></u>
					<u><u>\$467,665</u></u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Due to the construction of factory buildings and the acquisition of production equipment, the Group has the following unexecuted contractual commitments as of each balance sheet date:

	September 30, 2025		December 31, 2024		September 30, 2024
Acquisition of property, plant, and equipment	<u>\$25,890</u>		<u>\$807,651</u>		<u>\$150,847</u>

The Group is involved in disputes with suppliers regarding the settlement of construction costs for plant construction, which have entered court proceedings or pre-litigation mediation. The Group has assessed that these matters will not have a material impact on its financial position or operations.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following summary is presented in foreign currencies other than the functional currency. The exchange rate disclosed in the summary refers to the exchange rate of a foreign currency to the functional currency. The significant impact on assets and liabilities recognized in foreign currencies is as follows:

	Foreign Currency (In Thousand)	Exchange Rate	Carrying Amount
<u>September 30, 2025</u>			
Monetary financial assets			
USD	\$ 7,910	7.1089 (USD:CNY)	\$ 241,374
USD	31,012	30.515 (USD:TWD)	946,331
CNY	75,312	4.2925 (CNY:TWD)	323,277
Monetary financial liabilities			
USD	1,028	7.1089 (USD:CNY)	31,369
USD	2,121	30.515 (USD:TWD)	64,722
CNY	87,389	4.2925 (CNY:TWD)	375,117
<u>December 31, 2024</u>			
Monetary financial assets			
USD	9,600	7.1889 (USD:CNY)	314,160
USD	29,736	32.725 (USD:TWD)	973,111
CNY	180,269	4.5522 (CNY:TWD)	820,621
CNY	8,482	0.1391 (CNY:USD)	38,612
Monetary financial liabilities			
USD	203	7.1889 (USD:CNY)	6,643
USD	2,020	32.725 (USD:TWD)	66,105
CNY	73,895	4.5522 (CNY:TWD)	336,385
<u>September 30, 2024</u>			
Monetary financial assets			
USD	30,623	7.0101 (USD:CNY)	970,443
USD	61,894	31.69 (USD:TWD)	1,961,421
CNY	133,753	4.5206 (CNY:TWD)	604,644
CNY	8,479	0.1427 (CNY:USD)	38,330
Monetary financial liabilities			
USD	812	7.0101 (USD:CNY)	25,732
USD	12,621	31.69 (USD:TWD)	399,959
CNY	4,662	4.5206 (CNY:TWD)	21,075

Refer to Note 24 (c) for information related to the Group's realized and unrealized net foreign exchange loss. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group's entities.

32. ADDITIONAL DISCLOSURES

- a. Information on significant transactions and b. invested companies
 - 1) Financing provided for others: Table 1.
 - 2) Endorsement/guarantee provided: Table 2.
 - 3) Significant marketable securities held at the end of the period (excluding investments in subsidiaries): Table 3.
 - 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
 - 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5.
 - 6) Information on investees: Table 6.
 - 7) Intercompany relationships and significant intercompany transaction: Table 8.
- c. Information on investments in Mainland China
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China areas: Table 7.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: Table 4.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: Table 4.
 - c) The amount of property transactions and the amount of the resultant gains or losses: None.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

- e) The highest balance, the end of period balance, the interest rates range, and total current period interest with respect to financing of funds: None.
- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services: None.

33. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on type of goods or services delivered or provided. For details regarding the nature of the business operations of the Group's reporting department, please refer to Note 13. The analysis of revenue and operational results is as follows:

	The Company	Thinking Changzhou	Thinking Yichang	Jiang Xi Thinking	Dong Guan Welkin and Zhongshan Welkin	Others	Adjustment and Elimination	Total Other Equity
For the Nine Months Ended September 30, 2025								
Revenue from external customers	\$ 2,363,548	\$ 1,405,989	\$ 398,548	\$ 29,069	\$ 1,675,799	\$ 157,689	\$ -	\$ 6,030,642
Intersegment revenue	<u>779,329</u>	<u>1,053,076</u>	<u>780,004</u>	<u>837,153</u>	<u>2,047,279</u>	<u>2,185</u>	<u>(5,499,026)</u>	<u>-</u>
Segment revenue	<u><u>\$ 3,142,877</u></u>	<u><u>\$ 2,459,065</u></u>	<u><u>\$ 1,178,552</u></u>	<u><u>\$ 866,222</u></u>	<u><u>\$ 3,723,078</u></u>	<u><u>\$ 159,874</u></u>	<u><u>(\$ 5,499,026)</u></u>	<u><u>\$ 6,030,642</u></u>
Segment equity	<u><u>\$ 559,484</u></u>	<u><u>\$ 310,897</u></u>	<u><u>\$ 140,850</u></u>	<u><u>\$ 153,988</u></u>	<u><u>\$ 448,173</u></u>	<u><u>(\$ 35,391)</u></u>	<u><u>(\$ 13,234)</u></u>	<u><u>\$ 1,564,767</u></u>
Interest income								82,540
Other income								68,672
Other gains and losses								(108,033)
Finance costs								(16,340)
Net income before tax								1,591,606
Income tax expenses								523,001
Net income after tax								<u><u>\$ 1,068,605</u></u>
September 30, 2025								
Total segment assets	<u><u>\$ 4,670,066</u></u>	<u><u>\$ 3,725,030</u></u>	<u><u>\$ 1,738,991</u></u>	<u><u>\$ 1,385,136</u></u>	<u><u>\$ 4,731,998</u></u>	<u><u>\$ 1,040,813</u></u>	<u><u>(\$ 1,674,714)</u></u>	<u><u>\$ 15,617,320</u></u>
Total segment liabilities	<u><u>\$ 4,097,154</u></u>	<u><u>\$ 695,476</u></u>	<u><u>\$ 237,043</u></u>	<u><u>\$ 158,264</u></u>	<u><u>\$ 1,333,410</u></u>	<u><u>\$ 70,116</u></u>	<u><u>(\$ 1,519,601)</u></u>	<u><u>\$ 5,071,862</u></u>
For the Nine Months Ended September 30, 2024								
Revenue from external customers	\$ 2,150,415	\$ 1,310,553	\$ 288,326	\$ 32,386	\$ 1,567,778	\$ 138,545	\$ -	\$ 5,488,003
Intersegment revenue	<u>764,708</u>	<u>919,722</u>	<u>694,365</u>	<u>799,997</u>	<u>2,027,446</u>	<u>748</u>	<u>(5,206,986)</u>	<u>-</u>
Segment revenue	<u><u>\$ 2,915,123</u></u>	<u><u>\$ 2,230,275</u></u>	<u><u>\$ 982,691</u></u>	<u><u>\$ 832,383</u></u>	<u><u>\$ 3,595,224</u></u>	<u><u>\$ 139,293</u></u>	<u><u>(\$ 5,206,986)</u></u>	<u><u>\$ 5,488,003</u></u>
Segment equity	<u><u>\$ 516,730</u></u>	<u><u>\$ 266,959</u></u>	<u><u>\$ 95,025</u></u>	<u><u>\$ 161,631</u></u>	<u><u>\$ 388,083</u></u>	<u><u>(\$ 55,105)</u></u>	<u><u>(\$ 41,540)</u></u>	<u><u>\$ 1,331,783</u></u>
Interest income								103,146
Other income								73,016
Other gains and losses								46,071
Finance costs								(15,679)
Net income before tax								1,538,337
Income tax expenses								403,312
Net income after tax								<u><u>\$ 1,135,025</u></u>
September 30, 2024								
Total segment assets	<u><u>\$ 5,145,323</u></u>	<u><u>\$ 3,485,291</u></u>	<u><u>\$ 1,585,331</u></u>	<u><u>\$ 1,236,608</u></u>	<u><u>\$ 4,277,099</u></u>	<u><u>\$ 1,781,236</u></u>	<u><u>(\$ 1,492,076)</u></u>	<u><u>\$ 16,018,812</u></u>
Total segment liabilities	<u><u>\$ 4,789,290</u></u>	<u><u>\$ 549,833</u></u>	<u><u>\$ 233,891</u></u>	<u><u>\$ 143,819</u></u>	<u><u>\$ 1,313,085</u></u>	<u><u>\$ 125,677</u></u>	<u><u>(\$ 1,363,439)</u></u>	<u><u>\$ 5,792,156</u></u>

Segment profit represents the profit before tax earned by each segment without interest income, other income, other gains and finance costs. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

TABLE 1**THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES**

FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 2)	Note
													Item	Value			
1	Dong Guan Welkin	Zhongshan Welkin	Other receivables	Yes	\$ 399,150 (CNY 90,000 thousand)	\$ 386,325 (CNY 90,000 thousand)	\$ 115,923 (CNY 27,000 thousand)	2.7	Note 1	\$ -	For short -term working capital	\$ -	-	\$ -	\$ 1,019,348	\$ 1,359,131	

Note 1: For short-term financing necessities.

Note 2: The aggregate financing limit shall not exceed 40% of the net assets of the Company. The financing limit for the financing amount on each individual loan shall not exceed 30% of net assets. The financing amount on each individual loan shall not exceed 100% of the net asset of the Company for inter-company loans of funds between overseas subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares.

TABLE 2

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor Name of Company	Endorsee/Guarantee		Limit on Endorsement/Guarant ee Given on Behalf of Each Party (Note 2)	Maximum Endorsement/Guarante e Balance	Ending Balance	Actual Amount Drawn	Amount of Endorsements/Guarante es Collateralized by Property	Ratio of Accumulated Endorsements/Guarant ees to Net Worth per Latest Financial Statements (%)	Maximum Amount Endorsed/Guarant eed (Note 2)	Endorsement/Guarant ee Given by Parent on Behalf of Subsidiaries	Endorsement/Guarant ee Given by Subsidiaries on Behalf of Parent	Endorsement/Guarant ee Given on Behalf of Companies in Mainland China	Note
		Name of Company	Relationship (Note 1)											
0	The Company	Thinking Vietnam	2	\$ 3,130,717	\$ 331,000 (US\$10,000 thousand)	\$ 305,150 (US\$10,000 thousand)	\$ -	\$ -	2.92	\$ 5,217,863	Y	N	N	

Note 1: Types of relationships between endorsers and endorsees:

1. The companies with which it has business relations.
2. Subsidiaries in which the Company directly holds more than 50% of its total outstanding common stocks.
3. Companies in which the total outstanding common stocks held by the parent company and its subsidiaries, calculated on a combined basis, exceed 50%.
4. The parent company that directly or indirectly holds more than 50% of the total outstanding common stocks through its subsidiaries.
5. Companies in same type of business and providing mutual endorsements/guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
6. Shareholders making endorsements/guarantees for their mutually invested company in proportion to their shareholding ratio.

Note 2: The total amount of guarantee that may be provided by the Company shall not exceed 50% of the Company's net asset; the total amount of guarantee provided by the Company to any single entity shall not exceed 30% of the Company's net asset stated.

TABLE 3

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD AT THE END OF THE PERIOD

SEPTEMBER 30, 2025

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	End of Period				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Thinking Yichang	Renminbi Wealth Management Products Bank of China - Corporate Structured Deposits	-	Financial assets at fair value through profit or loss - current	-	CNY 60,302 thousand	-	CNY 60,302 thousand	
Dong Guan Welkin	Renminbi Wealth Management Products CTBC Bank - Hui Ji XinFu Structured Deposits	-	Financial assets at fair value through profit or loss - current	-	CNY 60,601 thousand	-	CNY 60,601 thousand	

TABLE 4

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

PURCHASES OR SALES WITH RELATED PARTIES AMOUNTING TO NT\$100 MILLION OR 20% OF PAID-UP CAPITAL OR MORE
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Receivable) Payable		Note	
			Purchases/Sales	Amount	Percentage of Total Purchases (Sales) (%)	Payment Terms			Ending Balance (Note)	% of Total		
						Unit Price	Payment Terms					
The Company	Thinking Changzhou	Subsidiaries	Sales	(\$ 332,699)	(11)	Monthly settlement: 60 Days	\$ -	-	(\$ 93,906)	(9)		
	Thinking Changzhou	Subsidiaries	Purchase of goods	734,019	40	Monthly settlement: 60 Days	-	-	180,394	40		
	Dong Guan Welkin	Subsidiaries	Purchase of goods	881,215	48	Monthly settlement: 60 Days	-	-	227,153	50		
	Zhongshan Welkin	Subsidiaries	Sales	(353,493)	(11)	Monthly settlement: 60 Days	-	-	(90,989)	(8)		
Thinking Changzhou	Thinking Yichang	Brother company	Sales	(114,643)	(5)	Monthly settlement: 60 Days	-	-	(37,633)	(4)		
	Thinking Yichang	Brother company	Purchase of goods	287,644	20	Monthly settlement: 60 Days	-	-	78,759	19		
	Jiang Xi Thinking	Brother company	Purchase of goods	183,397	13	Monthly settlement: 60 Days	-	-	34,760	8		
	Dong Guan Welkin	Brother company	Sales	(100,361)	(4)	Monthly settlement: 60 Days	-	-	(26,713)	(3)		
Thinking Yichang	Jiang Xi Thinking	Brother company	Purchase of goods	249,881	35	Monthly settlement: 60 Days	-	-	55,964	31		
	Dong Guan Welkin	Brother company	Sales	(358,409)	(30)	Monthly settlement: 60 Days	-	-	(65,560)	(14)		
Jiang Xi Thinking	Dong Guan Welkin	Brother company	Sales	(235,957)	(27)	Monthly settlement: 60 Days	-	-	(45,940)	(25)		
	Zhongshan Welkin	Brother company	Sales	(167,918)	(19)	Monthly settlement: 60 Days	-	-	(36,807)	(20)		
Dong Guan Welkin	Zhongshan Welkin	Subsidiaries	Purchase of goods	1,041,175	51	Monthly settlement: 60 Days	-	-	261,593	32		

Note: This has been offset in the preparation of the consolidated financial report.

TABLE 5**THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****SEPTEMBER 30, 2025****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Doubtful Accounts
					Amount	Actions Taken		
Thinking Changzhou	The Company	Parent company	\$180,394	5.56	\$ -	-	\$ 71,065	\$ -
Dong Guan Welkin	The Company	Parent company	227,153	5.45	-	-	90,869	-
Zhongshan Welkin	Dong Guan Welkin	Parent company	261,593	5.54	-	-	129,725	-

Note: This has been offset in the preparation of the consolidated financial report.

TABLE 6

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

INFORMATION OF INVESTEES
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		Ending Balance			Investee Company Net Income (Loss)	Recognized for this period Investment Profit (Loss)	Note
				Ending Balance for the Current Period	Ending Balance for the Previous Period	Number of shares	Percentage of ownership (%)	Carrying Amount			
The Company	Yenyo	Yilan County	Processing, sales and manufacturing of diodes	\$ 304,410	\$ 304,410	25,732,508	63.76	\$ 188,394	(\$ 32,302)	(\$ 20,596)	Note 1
	Greenish	British Virgin Islands	International trading and investment	242,300 (US\$ 7,375 thousand)	242,300 (US\$ 7,375 thousand)	7,374,997	100	2,497,335	192,913	189,186	Note 1
	Thinking Holding	Cayman	International trading and investment	792,506 (US\$25,476 thousand)	792,506 (US\$25,476 thousand)	25,476,302	100	5,140,328	617,577	608,530	Note 1
	Thinking USA	United States	Electronic product design and marketing	30,715 (US\$ 1,000 thousand)	30,715 (US\$ 1,000 thousand)	1,000,000	100	(537)	(1,587)	(1,587)	
	Thinking Vietnam	Vietnam	Manufacturing and selling thermistors, varistors and sensors	149,313 (US\$ 4,800 thousand)	149,313 (US\$ 4,800 thousand)	-	100	127,806	(843)	(843)	
Thinking Holding	Thinking International	Mauritius	International trading and investment	205,781 (US\$ 6,375 thousand)	205,781 (US\$ 6,375 thousand)	6,375,000	100	1,503,046	157,368	157,368	
	Thinking HK	Hong Kong	International trading and investment	311,753 (US\$10,040 thousand)	311,753 (US\$10,040 thousand)	10,040,000	100	1,227,336	145,680	145,680	
	View Full Samoa	Samoa	International trading and investment	155,108 (US\$ 5,055 thousand)	155,108 (US\$ 5,055 thousand)	5,055,000	100	2,209,180	277,141	277,141	
	Thinking Samoa	Samoa	International trading and investment	112,518 (US\$ 3,864 thousand)	112,518 (US\$ 3,864 thousand)	3,864,354	100	298,249	37,377	37,377	

Note 1: The share of profits or losses of investee includes the effect of unrealized gross profit on intercompany transaction.

Note 2: For the information of investees located in mainland China, refer to Table 7.

TABLE 7

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Business Activities	Paid-in Capital	Method of Investments	Accumulated Amount of Investments Remitted from Taiwan at Beginning of Period	Amount of Investments Remitted or Repatriated for the Period		Accumulated Amount of Investments Remitted from Taiwan at End of Period	Profit (Loss) of Investee for the Period	Ownership of Direct or Indirect Investment %	Investment Gain (Loss) Recognized (Note 6)	Carrying Amount as of September 30, 2025 (Note 6)	Accumulated Investment Income Repatriated at End of Period	Note
					Remitted	Repatriated							
Thinking Changzhou	Manufacturing and selling thermistors, varistors and sensors	\$ 1,008,050 (USD\$ 31,260 thousand)	Note 1	\$ 452,725	\$ -	\$ -	\$ 452,725	\$ 342,462	100	\$ 335,378	\$ 3,872,603	\$ 2,202,631 (US\$ 72,024 thousand)	Notes 9 and 10
Thinking Yichang	Manufacturing and selling thermistors, varistors and sensors	203,439 (USD\$ 6,300 thousand)	Note 2	203,439	-	-	203,439	157,381	100	157,381	1,501,948	-	Note 10
Jiang Xi Thinking	Manufacturing and selling thermistors and sensors	310,330 (USD\$ 10,000 thousand)	Note 3	310,330	-	-	310,330	145,782	100	145,782	1,226,872	-	Note 10
Dong Guan Welkin	Manufacturing and selling thermistors, varistors, sensors and equipment	868,640 (CNY\$194,782 thousand)	Note 4	265,306	-	-	265,306	426,625	100	426,625	3,404,886	-	Note 10
Zhongshan Welkin	Manufacturing and selling thermistors, varistors and sensors	658,145 (CNY\$150,000 thousand)	Note 5	-	-	-	-	106,106	100	106,106	911,228	-	Note 10

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2025	Investment Amounts Authorized by the Investment Commission, MOEA (Note 7)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 8)
\$ 1,231,800 (US\$38,774 thousand)	\$ 162,553 (US\$5,327 thousand)	\$ 6,261,435

Note 1: Indirectly invested in mainland China through Greenish which was registered in the third area. The Company increased the amount of indirect investments in mainland China through Greenish since 2003.

Note 2: Indirectly invested in mainland China through companies registered in the third area (Thinking International).

Note 3: Indirectly invested in mainland China through companies registered in the third area (Thinking HK).

Note 4: Indirectly invested in mainland China through companies registered in the third area, View Full Samoa and Thinking Samoa and the subsidiary, Thinking Changzhou.

Note 5: Indirectly invested in mainland China through subsidiary (Dongguan Welkin).

Note 6: The financial statements have been audited by the ultimate parent company's certified public accountant.

Note 7: The difference of US\$33,447 thousand between the MOEA-approved investment amount of US\$5,327 thousand and the accumulated amount of investment outflows from Taiwan of US\$38,774 thousand arose from (i) deducting the capitalization of retained earnings of US\$32,024 thousand by the subsidiary in mainland China, (ii) deducting liquidation proceeds of US\$176 thousand remitted to third jurisdictions pending approval, and (iii) adding back retained earnings of US\$65,598 thousand repatriated by the subsidiary in mainland China and exchange differences of US\$49 thousand arising from the remittance of funds. The balance as of September 30, 2025 was based on the exchange rate of US\$1=NT\$30.515.

Note 8: The upper limit on investment in mainland China is determined by 60% of the Company's consolidated net worth.

Note 9: The Company recognized share of profits of Thinking Changzhou was \$158,945 thousand, and Greenish recognized share of profits of Thinking Changzhou was \$176,433 thousand. Total amount of share of profits was \$335,378 thousand. The difference between total amount of share of profits and the net income of Thinking Changzhou resulted from unrealized gross profit on intercompany transactions.

Note 10: All intercompany transactions have been eliminated upon consolidation.

TABLE 8**THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025
(In Thousands of New Taiwan Dollars)**

No.	Company	Counterparty	Relationship (Note)	Description of Transactions			Percentage of Consolidated Total Revenue or Total Assets (%)
				Ledger Account	Amount	Transaction Term	
0	The Company	Thinking Changzhou	1	Sales	\$ 332,699	Cost-plus pricing	6
		Thinking Changzhou	1	Purchase of goods	734,019	Cost-plus pricing	12
		Thinking Changzhou	1	Accounts receivable	93,906	Monthly settlement: 60 Days	1
		Thinking Changzhou	1	Accounts payable	180,394	Monthly settlement: 60 Days	1
		Thinking Yichang	1	Sales	5,646	Cost-plus pricing	-
		Thinking Yichang	1	Purchase of goods	68,497	Cost-plus pricing	1
		Thinking Yichang	1	Accounts receivable	1,836	Monthly settlement: 60 Days	-
		Thinking Yichang	1	Accounts payable	15,489	Monthly settlement: 60 Days	-
		Dong Guan Welkin	1	Sales	87,441	Cost-plus pricing	1
		Dong Guan Welkin	1	Purchase of goods	881,215	Cost-plus pricing	15
		Dong Guan Welkin	1	Accounts receivable	28,502	Monthly settlement: 60 Days	-
		Dong Guan Welkin	1	Accounts payable	227,153	Monthly settlement: 60 Days	1
		Dong Guan Welkin	1	Other payable	513	Monthly settlement: 60 Days	-
		Yenyo	1	Purchase of goods	2,183	Cost-plus pricing	-
		Zhongshan Welkin	1	Sales	353,493	Cost-plus pricing	6
		Zhongshan Welkin	1	Accounts receivable	90,989	Monthly settlement: 60 Days	1
1	Thinking Changzhou	Thinking Yichang	2	Sales	114,643	Cost-plus pricing	2
		Thinking Yichang	2	Purchase of goods	287,644	Cost-plus pricing	5
		Thinking Yichang	2	Accounts receivable	37,633	Monthly settlement: 60 Days	-
		Thinking Yichang	2	Accounts payable	78,759	Monthly settlement: 60 Days	1
		Jiang Xi Thinking	2	Sales	74,193	Cost-plus pricing	1
		Jiang Xi Thinking	2	Purchase of goods	183,397	Cost-plus pricing	3
		Jiang Xi Thinking	2	Accounts receivable	28,692	Monthly settlement: 60 Days	-
		Jiang Xi Thinking	2	Accounts payable	34,760	Monthly settlement: 60 Days	-
		Dong Guan Welkin	2	Sales	100,361	Cost-plus pricing	2
		Dong Guan Welkin	2	Purchase of goods	50,525	Cost-plus pricing	1
		Dong Guan Welkin	2	Accounts receivable	26,713	Monthly settlement: 60 Days	-
		Dong Guan Welkin	2	Accounts payable	10,417	Monthly settlement: 60 Days	-
		Dong Guan Welkin	2	Other payable	2,219	Monthly settlement: 60 Days	-
		Dong Guan Welkin	2	Advance payment	713	Monthly settlement T/T	-
		Zhongshan Welkin	2	Sales	29,860	Cost-plus pricing	-
		Zhongshan Welkin	2	Purchase of goods	10,341	Cost-plus pricing	-
		Zhongshan Welkin	2	Accounts receivable	7,820	Monthly settlement: 60 Days	-
		Zhongshan Welkin	2	Accounts payable	2,989	Monthly settlement: 60 Days	-

(Continued on the next page)

(Continued from the previous page)

No.	Company	Counterparty	Relationship (Note)	Description of Transactions			
				Ledger Account	Amount	Transaction Term	Percentage of Consolidated Total Revenue or Total Assets (%)
2	Thinking Yichang	Jiang Xi Thinking	2	Sales	\$ 11,275	Cost-plus pricing	-
		Jiang Xi Thinking		Purchase of goods	249,881	Cost-plus pricing	4
		Jiang Xi Thinking		Accounts receivable	1,908	Monthly settlement: 60 Days	-
		Jiang Xi Thinking		Accounts payable	55,964	Monthly settlement: 60 Days	-
		Dong Guan Welkin		Sales	358,409	Cost-plus pricing	6
		Dong Guan Welkin		Purchase of goods	10,636	Cost-plus pricing	-
		Dong Guan Welkin		Accounts receivable	65,560	Monthly settlement: 60 Days	-
		Dong Guan Welkin		Accounts payable	1,548	Monthly settlement: 60 Days	-
		Dong Guan Welkin		Other payables	3,704	Monthly settlement: 60 Days	-
		Dong Guan Welkin		Advance payment	1,460	Monthly settlement T/T	-
		Zhongshan Welkin		Sales	54,179	Cost-plus pricing	1
		Zhongshan Welkin		Purchase of goods	1,079	Cost-plus pricing	-
		Zhongshan Welkin		Accounts receivable	19,278	Monthly settlement: 60 Days	-
3	Jiang Xi Thinking	Dong Guan Welkin	2	Sales	235,957	Cost-plus pricing	4
		Dong Guan Welkin		Purchase of goods	13,700	Cost-plus pricing	-
		Dong Guan Welkin		Accounts receivable	45,940	Monthly settlement: 60 Days	-
		Dong Guan Welkin		Accounts payable	987	Monthly settlement: 60 Days	-
		Dong Guan Welkin		Other payables	4,299	Monthly settlement: 60 Days	-
		Dong Guan Welkin		Advance payment	167,918	Monthly settlement T/T	3
		Zhongshan Welkin		Sales	2,652	Cost-plus pricing	-
		Zhongshan Welkin		Purchase of goods	36,807	Cost-plus pricing	-
		Zhongshan Welkin		Accounts receivable	2,057	Monthly settlement: 60 Days	-
4	Dong Guan Welkin	Zhongshan Welkin	1	Sales	35,956	Cost-plus pricing	1
		Zhongshan Welkin		Purchase of goods	1,041,175	Cost-plus pricing	17
		Zhongshan Welkin		Accounts receivable	18,404	Monthly settlement: 60 Days	-
		Zhongshan Welkin		Other receivable	115,923	Financing, contractually repayable	1
		Zhongshan Welkin		Accounts payable	261,593	Monthly settlement: 60 Days	2

Note: Relationship

1. Parent company to subsidiaries
2. Subsidiaries to subsidiaries