

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION

Consolidated Financial Statements

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

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Independent Auditors' Report

To the Board of Directors of Lien Hwa Industrial Holdings Corporation:

Introduction

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

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(2), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$8,289,768 thousand and \$5,770,265 thousand, constituting 9.53% and 7.41% of consolidated total assets as of September 30, 2024 and 2023, respectively, total liabilities amounting to \$2,077,410 thousand and \$1,268,073 thousand, constituting 10.99% and 7.45% of consolidated total liabilities as of September 30, 2024 and 2023 respectively, and total comprehensive income amounting to \$67,896 thousand, \$197,154 thousand, \$654,669 thousand and \$379,357 thousand, constituting 17.10%, 3.93%, 12.21% and 3.84% of consolidated total comprehensive income for the three months and nine months ended September 30, 2024 and 2023, respectively.

Furthermore, as stated in Note 6(7), certain investments of LHIHC Group which is accounted for using equity method is based on the financial statements prepared by these investee companies, not reviewed by independent auditors. The balance amount are \$15,066,987 thousand and \$14,388,557 thousand as of September 30, 2024 and 2023, respectively, and the shares profits of associates and joint ventures which is accounted for using equity method are \$384,695 thousand, \$476,117 thousand, \$1,042,278 thousand and \$1,260,110 thousand for the three months and nine months ended September 30, 2024 and 2023.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity method investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of LHIHC Group as of September 30, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months and nine months ended September 30, 2024 and 2023, as well as its consolidated cash flows for the nine months ended September 30, 2024 and 2023 in Accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

KPMG

Taipei, Taiwan (Republic of China)

November 13, 2024

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

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

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

Reviewed only, not audited in accordance with Standards on Auditing

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2024, December 31 and September 30, 2023

Unit: NT\$ Thousands

		2024.9.30		2023.12.31		2023.9.30				2024.9.30		2023.12.31		2023.9.30	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets :								Current liabilities :							
1100	Cash and cash equivalent (note 6(1))	\$ 5,047,110	6	4,686,205	6	4,622,419	6	2100	Short-term loan (note 6(13))	\$ 8,879,000	10	7,787,000	10	8,344,000	11
1110	Financial assets measured at fair values through profit or loss – current(note 6(2))	182,233	-	554,907	-	149,761	-	2110	Short-term notes payable (note 6(14))	658,160	1	1,298,464	2	1,267,772	2
1120	Financial assets measured at fair values through other comprehensive income – current (note 6(3) and 8)	826,091	1	836,658	1	646,790	1	2130	Contract liabilities– current (note 6(23))	2,817,801	3	1,874,557	2	1,138,619	1
1140	Contract assets – current (note 6(23))	6,294,696	7	4,993,031	6	4,552,700	6	2150	Notes payable (note 7)	14,220	-	64,730	-	10,911	-
1150	Notes receivable, net (note 6(4))	188,070	-	282,401	-	265,268	-	2170	Accounts payable (note 7)	1,525,006	2	2,455,020	3	1,286,634	2
1170	Accounts receivable, net (note 6(4) and 7)	1,697,771	2	3,054,969	4	1,532,898	2	2200	Other payables (note 6(21) and 7)	627,011	1	739,418	1	535,382	1
1200	Other receivables (note 6(5) and 7)	99,052	-	68,159	-	69,244	-	2230	Current income tax liabilities	115,142	-	118,453	-	103,505	-
1210	Other receivables due from related parties (note 6(5) and 7)	294,698	-	4,952	-	3,322	-	2280	Lease liabilities – current (note 6(17) and 7)	68,852	-	51,780	-	57,320	-
1220	Current income tax assets	3,712	-	3,589	-	3,551	-	2320	Long-term liabilities, current portion (note 6(15))	100,000	-	309,166	-	307,439	-
130X	Net inventory (note 6(6))	1,552,996	2	1,565,551	2	1,665,571	2	2300	Other current liabilities	46,398	-	125,252	-	44,636	-
1470	Other current assets (note 7 and 8)	409,197	1	561,676	1	692,970	1								
		<u>16,595,626</u>	<u>19</u>	<u>16,612,098</u>	<u>20</u>	<u>14,204,494</u>	<u>18</u>			<u>14,851,590</u>	<u>17</u>	<u>14,823,840</u>	<u>18</u>	<u>13,096,218</u>	<u>17</u>
Non-current assets:								Non-current liabilities:							
1510	Financial assets at fair value through profit or loss – non-current (note 6(2) and 8)	108,124	-	52,877	-	27,445	-	2530	Bonds payable (note 6(16))	2,497,561	3	2,496,866	3	2,496,634	3
1517	Financial assets at fair value through other comprehensive income – non-current (note 6(3))	38,511,500	44	37,224,457	44	34,293,983	44	2540	Long-term loan (note 6(15))	800,000	1	1,129,590	2	681,713	1
1550	Investment under the equity method (note 6(7))	23,430,133	27	22,645,341	27	21,738,723	28	2570	Deferred income tax liabilities	156,235	-	158,936	-	157,605	-
1600	Property, plant and equipment (note 6(10) and 8)	5,149,943	6	4,991,649	6	4,610,823	6	2580	Lease liabilities – non-current (note 6(17) and 7)	420,158	1	415,980	-	427,787	1
1755	Right-of-use assets (note 6(11) and 7)	536,809	1	515,427	1	534,015	1	2640	Net defined benefit liabilities – non-current	6,366	-	7,014	-	7,039	-
1760	Net investment property (note 6(12) and 8)	2,094,651	3	1,944,313	2	1,967,983	3	2645	Deposits received(note 7)	74,394	-	90,977	-	75,643	-
1780	Intangible assets	232,568	-	245,878	-	135,566	-	2670	Other non-current liabilities – other(note 7)	89,868	-	92,454	-	89,101	-
1840	Deferred income tax assets	77,496	-	83,039	-	104,595	-			<u>4,044,582</u>	<u>5</u>	<u>4,391,817</u>	<u>5</u>	<u>3,935,522</u>	<u>5</u>
1920	Guaranteed deposits paid (note 8)	153,559	-	149,062	-	123,993	-		Total liabilities	<u>18,896,172</u>	<u>22</u>	<u>19,215,657</u>	<u>23</u>	<u>17,031,740</u>	<u>22</u>
1975	Net defined benefit assets – non-current	36,099	-	35,985	-	37,674	-		Equity attributable to the owners of the parent company						
1995	Other non-current assets-others (note 8)	41,875	-	83,194	-	42,254	-		(note 6(21)):						
		<u>70,372,757</u>	<u>81</u>	<u>67,971,222</u>	<u>80</u>	<u>63,617,054</u>	<u>82</u>	3110	Common stock share capital	17,104,388	20	15,837,396	19	15,837,396	20
								3150	Additional paid-in capital	1,153,359	1	1,163,321	1	1,152,741	1
								3200	Retained earnings	15,190,530	17	15,308,863	18	14,523,220	19
								3300	Other equities	14,536,624	17	13,432,597	16	11,578,887	15
								3400	Treasury stock	(136,868)	-	(136,868)	-	(136,868)	-
								3500	Total equity attributable to the owners of the parent company	47,848,033	55	45,605,309	54	42,955,376	55
									Non-controlling interests	<u>20,224,178</u>	<u>23</u>	<u>19,762,354</u>	<u>23</u>	<u>17,834,432</u>	<u>23</u>
								36XX	Total equity	<u>68,072,211</u>	<u>78</u>	<u>65,367,663</u>	<u>77</u>	<u>60,789,808</u>	<u>78</u>
Total assets		<u>\$ 86,968,383</u>	<u>100</u>	<u>84,583,320</u>	<u>100</u>	<u>77,821,548</u>	<u>100</u>	Total liabilities and equity		<u>\$ 86,968,383</u>	<u>100</u>	<u>84,583,320</u>	<u>100</u>	<u>77,821,548</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

Reviewed only, not audited in accordance with Standards on Auditing

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2024 and 2023

Unit: NT\$ Thousands

		For the three months ended September 30				For the nine months ended September 30			
		2024		2023		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (note 6(23) and 7)	\$ 2,784,395	100	2,775,712	100	9,774,038	100	9,286,745	100
5000	Operating cost (note 6(6) and 7)	2,355,490	85	2,368,418	86	7,613,864	78	7,276,295	78
	Operating gross profit	428,905	15	407,294	14	2,160,174	22	2,010,450	22
	Operating expenses:								
6100	Marketing expense(note 7)	173,757	6	197,528	7	518,125	5	574,338	6
6200	Management expense	165,832	6	133,048	5	450,157	5	364,742	4
6300	R&D expenses	20,710	1	12,388	-	58,242	-	37,045	1
6450	Estimate credit reversal gain (note 6(4))	(71)	-	(16)	-	(745)	-	(1,924)	-
		360,228	13	342,948	12	1,025,779	10	974,201	11
	Net operating profit	68,677	2	64,346	2	1,134,395	12	1,036,249	11
	Non-operating income and expenses:								
7100	Interest revenues (note 6(25))	66,535	2	32,133	1	137,533	1	90,751	1
7010	Other revenues (note 6(25))	63,674	2	33,451	2	439,887	5	435,632	5
7020	Other profit and loss (note 6(25))	75,855	3	(4,144)	-	161,423	2	(1,268)	-
7050	Financial cost (note 6(25))	(56,653)	(2)	(51,790)	(2)	(163,497)	(2)	(149,520)	(2)
7060	Shareholding in the profit or loss of the affiliated companies and joint ventures under the equity method (note 6(7))	628,779	23	1,048,365	38	2,276,092	23	2,708,189	29
		778,190	28	1,058,015	39	2,851,438	29	3,083,784	33
	Net income before tax	846,867	30	1,122,361	41	3,985,833	41	4,120,033	44
7951	Less: Income tax expenses (note 6(20))	66,950	2	30,371	1	152,165	2	114,487	1
	Net income	779,917	28	1,091,990	40	3,833,668	39	4,005,546	43
8300	Other comprehensive income:								
8310	Titles not reclassified into income								
8316	Unrealized valuation gains and losses from the equity instrument investment measured at fair value through other comprehensive income	(262,821)	(10)	3,066,015	110	851,472	9	4,277,129	46
8320	Share of other comprehensive income of affiliates and joint ventures under equity method	(91,196)	(3)	240,533	9	2,522	-	1,308,228	14
8349	Less: Income tax related to items not reclassified	-	-	-	-	-	-	-	-
	Total items not reclassified into profit or loss	(354,017)	(13)	3,306,548	119	853,994	9	5,585,357	60
8360	Titles potentially reclassified into income subsequently								
8361	Exchange difference in the financial statements of foreign operations	70,511	3	263,662	8	364,788	4	81,788	1
8370	Share of other comprehensive income of affiliates and joint ventures under equity method	(99,353)	(4)	351,435	13	311,448	3	208,963	2
8399	Less: Income tax related to items not reclassified	-	-	-	-	-	-	-	-
	Total items not reclassified into profit or loss	(28,842)	(1)	615,097	21	676,236	7	290,751	3
8300	Other comprehensive income in current period (net amount after tax)	(382,859)	(14)	3,921,645	140	1,530,230	16	5,876,108	63
	Total comprehensive income	<u>\$ 397,058</u>	<u>14</u>	<u>5,013,635</u>	<u>180</u>	<u>5,363,898</u>	<u>55</u>	<u>9,881,654</u>	<u>106</u>
	Net profit attributable to:								
8610	Parent company shareholders	\$ 754,860	27	1,070,961	39	3,200,998	33	3,383,428	36
8620	Non-controlling interests	25,057	1	21,029	1	632,670	6	622,118	7
	Net income	<u>\$ 779,917</u>	<u>28</u>	<u>1,091,990</u>	<u>40</u>	<u>3,833,668</u>	<u>39</u>	<u>4,005,546</u>	<u>43</u>
	Total comprehensive income attributable to:								
8710	Parent company shareholders	\$ 508,029	18	3,648,326	131	4,311,547	44	7,526,968	81
8720	Non-controlling interests	(110,971)	(4)	1,365,309	49	1,052,351	11	2,354,686	25
	Total comprehensive income	<u>\$ 397,058</u>	<u>14</u>	<u>5,013,635</u>	<u>180</u>	<u>5,363,898</u>	<u>55</u>	<u>9,881,654</u>	<u>106</u>
	EPS (unit: \$NTD) (note 6(22))								
9750	Basic earnings per share	<u>\$ 0.44</u>		<u>0.63</u>		<u>1.88</u>		<u>1.99</u>	
9850	Diluted earnings per share	<u>\$ 0.44</u>		<u>0.63</u>		<u>1.88</u>		<u>1.99</u>	

See accompanying notes to consolidated financial statements.

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

Reviewed only, not audited in accordance with Standards on Auditing

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statement of Changes in Shareholders' Equity

For the nine months ended September 30, 2024 and 2023

Unit: NT\$ Thousands

	Equity attributable to the owners of parent company										
						Other equities					
						Exchange difference in the financial statements of foreign operations	Unrealized loss and profit of financial assets at fair value calculated through other comprehensive income	Treasury stocks	Total equity attributed to parent company shareholders	Non-controlling interests	Total equities
	Share capital	Retained earnings									
	Common stock share capital	Additional paid- in capital	Legal reserve	Special reserve	Undistributed earnings						
Balance on January 1, 2023	\$ 14,801,305	1,101,041	4,219,316	141,843	9,732,138	26,492	7,435,280	(136,868)	37,320,547	16,111,576	53,432,123
Net income	-	-	-	-	3,383,428	-	-	-	3,383,428	622,118	4,005,546
Other comprehensive income	-	-	-	-	-	281,798	3,861,742	-	4,143,540	1,732,568	5,876,108
Total comprehensive income	-	-	-	-	3,383,428	281,798	3,861,742	-	7,526,968	2,354,686	9,881,654
Allocation and distribution of earnings:											
Legal reserve appropriated	-	-	397,220	-	(397,220)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(1,924,170)	-	-	-	(1,924,170)	-	(1,924,170)
Stock dividends on ordinary shares	1,036,091	-	-	-	(1,036,091)	-	-	-	-	-	-
Changes of affiliates and joint ventures under equity method	-	10,228	-	-	750	-	(750)	-	10,228	-	10,228
Changes in Other Capital Surplus	-	380	-	-	-	-	-	-	380	-	380
Adjustments to Capital Surplus from Dividends Distributed to Subsidiaries	-	7,756	-	-	-	-	-	-	7,756	-	7,756
Changes in Ownership Interests in Subsidiaries	-	33,336	-	-	(19,669)	-	-	-	13,667	-	13,667
Increase/decrease in non-controlling equity	-	-	-	-	-	-	-	-	-	(631,830)	(631,830)
)Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	25,675	-	(25,675)	-	-	-	-
Balance on September 30, 2023	\$ 15,837,396	1,152,741	4,616,536	141,843	9,764,841	308,290	11,270,597	(136,868)	42,955,376	17,834,432	60,789,808
Balance on January 1, 2024	\$ 15,837,396	1,163,321	4,616,536	141,843	10,550,484	(187,471)	13,620,068	(136,868)	45,605,309	19,762,354	65,367,663
Net income	-	-	-	-	3,200,998	-	-	-	3,200,998	632,670	3,833,668
Other comprehensive income	-	-	-	-	-	662,057	448,492	-	1,110,549	419,681	1,530,230
Total comprehensive income	-	-	-	-	3,200,998	662,057	448,492	-	4,311,547	1,052,351	5,363,898
Allocation and distribution of earnings:											
Legal reserve appropriated	-	-	417,583	-	(417,583)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(2,058,861)	-	-	-	(2,058,861)	-	(2,058,861)
Stock dividends on ordinary shares	1,266,992	-	-	-	(1,266,992)	-	-	-	-	-	-
Changes of affiliates and joint ventures under equity method	-	(18,445)	-	-	6,522	-	(6,522)	-	(18,445)	-	(18,445)
Changes in Other Capital Surplus	-	209	-	-	-	-	-	-	209	-	209
Adjustments to Capital Surplus from Dividends Distributed to Subsidiaries	-	8,298	-	-	-	-	-	-	8,298	-	8,298
Changes in Ownership Interests in Subsidiaries	-	(24)	-	-	-	-	-	-	(24)	-	(24)
Increase/decrease in non-controlling equity	-	-	-	-	-	-	-	-	-	(590,527)	(590,527)
Balance on September 30, 2024	\$ 17,104,388	1,153,359	5,034,119	141,843	10,014,568	474,586	14,062,038	(136,868)	47,848,033	20,224,178	68,072,211

See accompanying notes to consolidated financial statements.

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

Reviewed only, not audited in accordance with Standards on Auditing

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash flows

For the nine months ended September 30, 2024 and 2023

Unit: NT\$ Thousands

	For the nine months ended September 30	
	2024	2023
Cash flows from operating activities:		
Net income before tax	\$ 3,985,833	4,120,033
Adjustments:		
Income/expenses		
Depreciation expense	283,053	282,351
Amortization expense	27,987	25,968
Estimate credit (reversal gain) impairment loss	(745)	(1,924)
Net earnings of financial assets and liabilities measured at fair value through (profit) or loss	(77,352)	1,544
Interest expense	163,497	149,520
Interest income	(137,533)	(90,751)
Dividend income	(1,427,157)	(1,559,775)
Shareholding in the profit of the affiliated companies and joint ventures under the equity method	(2,288,787)	(2,720,776)
Loss (Gain) from the disposal and scrap of property, plants and equipment	(2,770)	2,553
Gain on disposal of investment properties	(68,540)	(2,696)
Impairment Losses on Non-Financial Assets	-	4,607
Gain on lease modification	(11)	(153)
Total adjustments to reconcile profit (loss)	(3,528,358)	(3,909,532)
Changes in operating activities related assets and liabilities:		
Net changes in assets relating to operating activities:		
Contract assets	(1,301,665)	489,005
Notes receivable	94,331	39,494
Accounts receivable	1,359,021	150,913
Other receivable	8,583	(22,429)
Other receivable - related parties	(100)	(113)
Inventory	1,570	65,181
Other current assets	199,486	(229,681)
Net defined benefit assets	(762)	(12,409)
Net changes in liabilities relating to operating activities:	360,464	479,961
Net changes in operating liabilities:		
Contract liabilities	943,244	(648,376)
Notes payable	(50,510)	3,573
Accounts payable	(930,220)	(255,048)
Other payable	(74,417)	(7,554)
Other current liabilities	(79,350)	4,119
Net changes in liabilities relating to operating activities	(191,253)	(903,286)
Changes in operating activities related assets and liabilities	169,211	(423,325)
Total adjustments	(3,359,147)	(4,332,857)
Cash inflow(outflow) from operating activities	626,686	(212,824)
Interest received	98,170	76,566
Dividend received	3,160,444	3,363,898
Interest paid	(173,333)	(156,977)
Income tax paid	(153,154)	(93,980)
Net cash inflow from operating activities	3,558,813	2,976,683

See accompanying notes to consolidated financial statements.

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LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash flows (continued)

For the nine months ended September 30, 2024 and 2023

Unit: NT\$ Thousands

	For the nine months ended September 30	
	2024	2023
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	\$ (335,964)	(2,500)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	60,167
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	37,809	46,113
Acquisition of financial assets at fair value through profit or loss	(1,356,410)	(991,271)
Proceeds from disposal of financial assets at fair value through profit or loss	1,756,611	917,440
Acquisition of investments using the equity method	(681)	-
Acquisition of property, plant and equipment	(578,339)	(290,024)
Proceeds from disposal of property, plant and equipment	3,470	2,214
Refundable deposits	(3,943)	(4,117)
Acquisition of intangible assets	(17,573)	(20,711)
Acquisition of investment properties	(4,276)	(17,949)
Proceeds from disposal of investment properties	72,914	8,722
Other non-current assets	(38,185)	(9,070)
Net cash outflow from investing activities	(464,567)	(300,986)
Cash flows from financing activities:		
Short-term loans	1,092,000	1,136,000
Short-term notes payable	(640,304)	209,575
Borrowing of long-term loan	-	400,000
Retirement of long-term loan	(538,756)	(235,136)
Guarantee deposits received	(18,165)	(2,260)
Payments of lease liabilities	(41,642)	(47,637)
Other non-current liabilities	(2,272)	(2,571)
Cash dividend distribution	(2,056,064)	(1,916,414)
Changes in Non-Controlling Interests	(584,029)	(618,362)
Other financing activities	(145)	578
Net cash outflow from financing activities	(2,789,377)	(1,076,227)
Effect of foreign exchange rate change	56,036	108,903
Current cash and cash equivalents increase	360,905	1,708,373
Opening balance of cash and cash equivalents	4,686,205	2,914,046
Closing balance of cash and cash equivalents	\$ 5,047,110	4,622,419

See accompanying notes to consolidated financial statements.

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

Reviewed only, not audited in accordance with Standards on Auditing

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the nine months ended September 30, 2024 and 2023

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

I. Company history

Lien Hwa Industrial Holdings Corporation (hereinafter referred to as “the Company”) was approved by the Ministry of Economic Affairs and founded in July, 1955. The Company merged with China Chemical Corporation on December 1, 2002. To become more competitive and improve the business performance, the Company performed organizational reconstructing and established a professional division system. It was resolved that September 1, 2019 was the base date of company spinoff. The flour business and the rental business were split in the form of surviving spin-off and transferred to the subsidiaries, Lien Hwa Milling Corporation and Lien Hwa Property Development Corporation, respectively. After the spinoff and transformation, the main business became general investment. And was registered at 10F, No. 209, Sec.1, Nangang Rd., Nangang Dist., Taipei City, Taiwan, R.O.C.

The main business of the Company and subsidiaries (hereinafter referred to as “consolidated company”) includes production and sale of flour, real estate rental, integrated system service, automatic system and other electronic business.

In order to integrate group resources, expand the scope of operations and business activities, and enhance overall company efficiency, on May 27, 2024, the company’s annual shareholders’ meeting resolved to change its name from “Lien Hwa Industrial Investment Holdings Corporation” to “Lien Hwa Industrial Holdings Corporation”. The share certificates is changed name and exchange on August 16, 2024, as the record date.

II. Financial report approval date and procedures

The consolidated financial statements were approved and published by the Board of Directors on November 13, 2024.

III. New standards and interpretations not yet adopted

(I) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

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

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

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

(II) The impact of not yet adopting the IFRSs recognized by the FSC

The Consolidated Company has assessed the applicability of the new and revised IFRSs, which will take effect from January 1, 2025, and concluded that they will not have a significant impact on the consolidated financial statements.

- Amendments to IAS21 "Lack of Exchangeability"

(III) The impact of IFRSs issued by IASB but not yet endorsed by the FSC

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

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

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

The Consolidated Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Consolidated Company completes its evaluation.

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- IFRS 19 "Subsidiaries not publicly accountable: Disclosure"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and measurement of Financial Instruments"
- Annual Improvements to IFRS Accounting Standards

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

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

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

(II) Basis of consolidation

1. List of subsidiaries in the consolidated financial statements

List of subsidiaries in the consolidated financial statements were as follows:

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

Name of investor	Name of the Subsidiary	Business Nature	Proportion of Ownership (%)			Description
			2024.9.30	2023.12.31	2023.9.30	
The Company	Hua Cheng Investment Co., Ltd.	General investment	100.00%	100.00%	100.00%	(Note7)
"	Lien Rui Investment Corp.	"	100.00%	100.00%	100.00%	(Note7)
"	Fortune Dragon Holding Inc.	"	100.00%	100.00%	100.00%	
"	MiTAC Inc.	"	35.89%	35.89%	35.89%	
"	MiTAC Information Technology Corp.	Integrated system service, automatic system, applied software design and sale of industrial computer	38.77%	38.77%	38.76%	(Note 1)
"	Lien Hwa Property Development Corporation	Rental and leasing business	100.00%	100.00%	100.00%	
"	Asia Hydrogen Energy Corporation	Manufacture of machinery and equipment for power generation, transmission and distribution, and energy technology service.	50.927%	50.927%	-%	(Note 2and 7)
"	Lien Hwa Milling Corporation	Flour production and sale	74.999%	74.999%	74.999%	
"	Lien Hwa Industrial Corporation	General investment	100.00%	100.00%	100.00%	(Note 7)
Hua Cheng Investment Co., Ltd.	Jian Foods Incorporation	Wholesaling and retailing business	0.001%	0.001%	0.001%	Hua Cheng Investment Co., Ltd. and Lien Rui Investment Corp. hold 97.091% of the shares of the company. It is therefore deemed as a subsidiary.(Note 7)

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

Name of investor	Name of the Subsidiary	Business Nature	Proportion of Ownership (%)			Description
			2024.9.30	2023.12.31	2023.9.30	
Hua Cheng Investment Co., Ltd.	Camel Ring International Company	Wholesaling and retailing business	0.16%	0.16%	0.16%	Hua Cheng Investment Co., Ltd. and Lien Rui Investment Corp. hold 100% of the shares of the company. It is therefore deemed as a subsidiary.(Note 7)
"	MiTAC Inc.	General investment	1.95%	1.95%	1.95%	
"	MiTAC Information Technology Corp	Integrated system service, automatic system, applied software design and sale of industrial computer	5.30%	5.30%	5.30%	(Note1)
"	Lien Hwa Milling Corporation	Flour production and sale	0.001%	0.001%	0.001%	Hua Cheng Investment Co., Ltd. and the company hold 75% of the shares of the company. It is therefore deemed as a subsidiary.
"	Asia Hydrogen Energy Corporation	Manufacture of machinery and equipment for power generation, transmission and distribution, and energy technology service.	0.007%	0.007%	-%	Hua Cheng Investment Co., Ltd. and the company hold 50.934% of the shares of the company. It is therefore. (Note 7)

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

Name of investor	Name of the Subsidiary	Business Nature	Proportion of Ownership (%)			Description
			2024.9.30	2023.12.31	2023.9.30	
Lien Rui Investment Corp.	Jian Foods Incorporation	Wholesaling and retailing business	97.09%	97.09%	97.09%	(Note 3 and 7)
"	Oggi Restaurant Group Co., Ltd.	Restaurant business	100.00%	100.00%	100.00%	(Note 7)
"	Camel Ring International Company	Wholesaling and retailing business	99.84%	99.84%	99.84%	(Note 7)
Fortune Dragon Holding Inc.	Pacific Gateway Holdings Inc.	General investment	100.00%	100.00%	100.00%	
"	Hifood Co., Ltd.	"	65.81%	65.81%	65.81%	(Note 7)
"	Sun Lead International Limited	"	100.00%	100.00%	100.00%	(Note 7)
Pacific Gateway Holdings Inc.	Yantai Taihwa Food Industrial Co., Ltd.	Flour production and sale	100.00%	100.00%	100.00%	
Hifood Co., Ltd.	Hifood (Shanghai) Co., Ltd.	Rental and leasing business	100.00%	100.00%	100.00%	(Note 7)
MiTAC Inc.	Mix System Holdings Ltd. (MIX)	General investment	100.00%	100.00%	100.00%	(Note 7)
"	Ho Li Investment Co., Ltd.	"	100.00%	100.00%	100.00%	(Note 7)
"	MiTAC Hikari Corp.	System integration service	50.00%	50.00%	50.00%	(Note 7)
"	MiTAC Information Technology Corp	Integrated system service, automatic system, applied software design and sale of industrial computer	33.22%	33.18%	33.16%	(Note 4)
"	MiTAC Advance Technology Corp.	Information Software Services, Computer and Peripheral Equipment Manufacturing, Other Electrical Engineering and Electronic Machinery Equipment Manufacturing	11.05%	11.05%	-	MiTAC Inc. and MiTAC Information Technology Corp. hold 70.5% of the shares of the company. It is therefore deemed as a subsidiary. (Note 5)

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

Name of investor	Name of the Subsidiary	Business Nature	Proportion of Ownership (%)			Description
			2024.9.30	2023.12.31	2023.9.30	
MIX	Mitac Investment China Co., Ltd. (MICCL)	General investment	100.00%	100.00%	100.00%	(Note7)
MICCL	Mitac (Shanghai) Business Management Consulting Co., Ltd	Business management consulting, business information consulting and system integration services	100.00%	100.00%	100.00%	(Note7)
Mitac (Shanghai) Business	Claridy Solutions (Wuxi), Inc.	Research and development of Radio Frequency	6.33%	6.33%	10.31%	Mitac (Shanghai) Business and Aidixun hold 100% of the shares of the company. It is therefore deemed as a subsidiary.(Note 7)
MiTAC Information Technology Corp.	MiTAC Communication Co., Ltd.	Sale, rental and maintenance of telephone switching systems and data communication products, communication system project contracting	100.00%	100.00%	100.00%	(Note7)
"	Samoa Mitac Information Holding Ltd. (MiTAC Information Holding Co., Ltd.)	General investment	100.00%	100.00%	100.00%	(Note7)
"	Mitac Information Technology (Singapore) Pte. Ltd	Semiconductor Facility Monitoring and Control System engineering, Network Communication System engineering	100.00%	100.00%	100.00%	(Note7)
"	General Resources Co.	Railway E&M system engineering 、 Environmental protection solutions engineering (exhaust gas system treatment)	100.00%	100.00%	100.00%	(Note7)

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

Name of investor	Name of the Subsidiary	Business Nature	Proportion of Ownership (%)			Description
			2024.9.30	2023.12.31	2023.9.30	
MiTAC Information Technology Corp.	MiTAC Advance Technology Corp.	Information Software Services, Computer and Peripheral Equipment Manufacturing, Other Electrical Engineering and Electronic Machinery Equipment Manufacturing	59.45%	59.45%	100.00%	(Note 5)
General Resources Co.	General Resources Company (HK) Limited	Railway E&M system engineering	100.00%	100.00%	100.00%	(Note 7)
"	GENERAL RESOURCES VIETNAM COMPANY LIMITED	Railway E&M system engineering	100.00%	100.00%	100.00%	(Note 7)
MiTAC Information Holding Co., Ltd.	Aidixun Investment Co., Ltd.(Aidixun)	General investment	100.00%	100.00%	100.00%	(Note 7)
Aidixun	Claridy Solutions (Wuxi), Inc.	Research and development of Radio Frequency Identification (RFID) technology; production and sale of the products	93.67%	93.67%	89.69%	(Note 6 、 7)
"	Claridy Solutions (Nanjing), Inc.	Software research and development and software design	-	-	100.00%	(Note 6)

Note 1. MiTAC Information Technology Corp. carried out a cash capital increase of NT\$ 240,000 thousand on August 18, 2023. The company and Hua Cheng Investment Co., Ltd. relinquished their subscription shares on September 21, 2023.

Note 2. The consolidated company invested in Asia Hydrogen Energy Corporation on November 30, 2023, with a total investment amount of NT\$303,958 thousand and shareholding ratio of 50.934%.

Note 3. Jian Foods Incorporation conducted a cash capital increase of NT\$36,000 thousand on August 22, 2023, all of which were subscribed by Lien Rui Investment Corp.

Note 4. MiTAC Information Technology Corp. carried out a cash capital increase of NT\$240,000 thousand on August 18, 2023, with MiTAC Inc. subscribed for NT\$237,054 thousand.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

Note 5. MiTAC Information Technology Corp. invested in the establishment of MiTAC Advance Technology Corp. on July 27, 2023, with a total investment of NT\$1,000 thousand and shareholding ratio is 100%. Additionally, the board of directors decided to spin off its Innovation Technology business group to MiTAC Advance Technology Corp. on August 18, 2023, the board of directors approved the division of its innovative technology business group to MiTAC Advance Technology Corp. were exchanged for 50,000 thousand shares of common stock at NT\$10 per share, totaling 50,100 thousand shares. The record date of the division is November 1, 2023. MiTAC Advance Technology Corp. conducted cash capital increase of 4,900 thousand shares on November 24, 2023 and 35,000 thousand shares on December 6, 2023. MiTAC Information Technology Corp. subscribed for a total of 3,410 thousand shares. , MiTAC Inc. subscribed for a total of 9,943 thousand shares.

Note 6. The consolidated company conducted an investment structure adjustment in October 2023 and merged Claridy Solutions (Wuxi), Inc. and Claridy Solutions (Nanjing), Inc. After the merger, Claridy Solutions (Nanjing), Inc. became an eliminated company, and Claridy Solutions (Wuxi), Inc. as the surviving company. The adjusted shareholding ratio in Claridy Solutions (Wuxi), Inc. increased from 89.69% to 93.67% .

Note 7. Non-significant subsidiary, whose financial statements have not been reviewed by auditors.

2. The subsidiaries that are not included in the consolidated financial statements: None.

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

An asset is classified as current by the consolidated company under one of the following criteria, and all other assets not classified as current are classified as non-current.

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle.
2. It is held primarily for the purpose of trading.
3. It is expected to be realized within twelve months after the reporting date, or
4. The asset is cash or a cash equivalent (as defined in IAS 7), unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current by the consolidated company under one of the following criteria, and all other liabilities not classified as current are classified as non-current.

1. It is expected to be settled in the normal operating cycle.
2. It is held primarily for the purpose of trading.
3. It is due to be settled within twelve months after the reporting period, or
4. At the end of the reporting period, there is no right to defer settlement of the liability for at least twelve months after the reporting period.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

(IV) Income Tax

The consolidated company measures and discloses the income tax expenses of the interim period in accordance with the provisions of paragraph B12 of the International Accounting Standard No. 34 "Interim Financial Reporting" recognized by the FSC. Income in period tax expenses are measured by multiplying the net profit before tax during the reporting period by the management's best estimate of the estimated effective tax rate for the whole year, and are fully recognized as current income tax expenses. Income tax expenses that are directly recognized in equity items or other comprehensive profit and loss items are measured at the applicable tax rate when the book value of the relevant assets and liabilities for financial reporting purposes and their tax bases are temporarily different.

(V) Employee

Pension cost for an inter period is calculated on a year-to-basis by using the actuarially determined pension cost tare at the end of the prior fiscal year plus any adjustments for significant post-market fluctuation, curtailment, settlements, or other one-time evets.

V. The Primary Sources of Uncertainties in Major Accounting Judgements, Estimates, and Assumptions

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

Except for the following disclosures, the preparation of the consolidated interim financial statements, estimates and underlying assumptions are received on an ongoing basis which is in conformity with the consolidated interim financial statements for the year ended December 31, 2023. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2023.

The accounting policies involve significant judgments and have no material impact on the recognized amounts in these consolidated financial statements (such as the assessment of whether the subsidiary is under substantive control). The information is as follows:

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

The consolidated company holds 32.34% of the voting shares of UPC Technology Corporation. Although the remaining 67.66% of the shares of UPC Technology Corporation are not concentrated in any specific shareholder, the consolidated company still cannot obtain a majority of the board seats of UPC Technology Corporation. After evaluation, it has been determined that the consolidated company does not have the rights associated with a majority of the voting shares, and therefore cannot direct the decisions related to the activities of its board of directors and shareholders' meetings. Consequently, the consolidated company is deemed not to have control over UPC Technology Corporation but rather to have significant influence.

VI. Descriptions of Material Accounting Subjects

Except for the following, there are no significant differences in description of significant accounts from consolidated financial statements as December 31, 2023. For relevant information, please refer to Note 6 of the consolidated financial statements for the year ended December 31, 2023.

(I) Cash and cash equivalent

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Cash	\$ 1,444	2,045	2,469
Demand deposits	1,752,280	1,899,227	1,155,770
Time deposits	3,293,386	2,784,933	3,414,180
Cash equivalent	-	-	50,000
	<u><u>\$ 5,047,110</u></u>	<u><u>4,686,205</u></u>	<u><u>4,622,419</u></u>

For the interest rate risk and sensitivity analysis disclosure of the consolidated company's financial assets and liabilities, please refer to Note 6(26).

(II) Financial assets at fair value through profit and loss

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Financial assets at fair value enforced through profit or loss			
Stock warrants	\$ 108,124	52,877	27,445
Fund benefit certificates	76,949	520,391	30,000
Structured deposits	105,284	34,516	119,761
	<u><u>\$ 290,357</u></u>	<u><u>607,784</u></u>	<u><u>177,206</u></u>

The financial assets stated above are not used as long-term loan or financing collateral.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

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

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Equity instruments at fair value through other comprehensive income :			
Stock listed in domestic markets	\$ 35,773,399	34,865,769	31,585,578
Stock listed in foreign markets	899,994	551,406	390,848
Stock unlisted in domestic markets	1,611,281	1,477,728	1,541,991
Stock unlisted in foreign markets	1,052,917	1,166,212	1,422,356
	<u><u>\$ 39,337,591</u></u>	<u><u>38,061,115</u></u>	<u><u>34,940,773</u></u>

The equity instrument investment held by the consolidated company is for strategic investment instead of trading purposes, and therefore is designated to be measured at fair value through other comprehensive income.

The Group sold financial assets at fair value through other comprehensive income from January 1 to September 30, 2023. At the time of their disposal, the fair values were NT\$60,167 thousand, and the aggregated incomes from the disposals were NT\$25,675 thousand. Therefore, the aforesaid aggregated incomes from disposals were transferred to the retained earnings from other equity.

For the credit risk and market risk information, please refer to Note 6(26).

For information of the partial financial assets provided as collaterals stated above, please refer to Note 8.

(IV) Notes and accounts receivable

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Notes receivable	\$ 188,070	282,401	265,268
Accounts receivable	1,705,299	3,063,182	1,542,023
Less: Loss allowance	(7,528)	(8,213)	(9,125)
	<u><u>\$ 1,885,841</u></u>	<u><u>3,337,370</u></u>	<u><u>1,798,166</u></u>

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

For the flour business, rental business and other departments of the consolidated company, the consolidated company applies simplified method to estimate the expected credit losses of all notes and accounts receivable, i.e. using the expected credit losses throughout the duration for measurement. For this measurement purpose, the notes and accounts receivable is classified according to the common credit risk features concerning the representative customers' capacity of paying all amount due on the contract and is included in the forward-looking information. For the expected credit losses of the notes and accounts receivable in relation to the flour business, rental business and other departments of the consolidated company, the analysis is as follows:

2024.9.30			
	Book value of notes and accounts receivable	Weighted- average expected credit loss rate	Expected credit loss
Current	\$ 843,509	0.00%~0.01%	64
Under 30 days past due	1,011	0.02%	-
Overdue for 91~120 days	1,988	0.20%	-
	<u>\$ 846,508</u>		<u>64</u>
2023.12.31			
	Book value of notes and accounts receivable	Weighted- average expected credit loss rate	Expected credit loss
Current	\$ 956,238	0.00%~0.01%	2
Under 30 days past due	15,947	0.02%~1.35%	8
Overdue for 31~60 days	5,777	0%	-
Overdue for 61~90 days	5,240	0%	-
	<u>\$ 983,202</u>		<u>10</u>
2023.9.30			
	Book value of notes and accounts receivable	Weighted- average expected credit loss rate	Expected credit loss
Current	\$ 944,259	0.00%~0.01%	2
Under 30 days past due	7,249	0%	-
Overdue for 61~90 days	13,796	0%	-
	<u>\$ 965,304</u>		<u>2</u>

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

The consolidated company's business entity of integrated system service recognizes the loss allowance of the receivables for all notes and accounts receivable based on the expected credit losses throughout the duration. The expected credit losses throughout the duration takes the past default record of the customer, the present financial status and the economic situation of the industry into consideration and applies different customer's credit ratings of the receivables to establish the rate of expected credit losses. 100% of loss allowance shall be recognized if there is evidence showing that the trading counterpart is facing serious financial difficulty and the recoverable amount cannot be reasonably expected.

For the expected credit losses of the notes and accounts receivable in relation to the system integration business of the consolidated company, the analysis is as follow:

	2024.9.30	
	Book value of notes and accounts receivable	Expected credit loss
Individual-evaluation–undue	\$ 879,858	-
Individual-evaluation–overdue	167,003	7,464
	<u>\$ 1,046,861</u>	<u>7,464</u>

	2023.12.31	
	Book value of notes and accounts receivable	Expected credit loss
Individual-evaluation–undue	\$ 2,043,768	148
Individual-evaluation–overdue	318,613	8,055
	<u>\$ 2,362,381</u>	<u>8,203</u>

	2023.9.30	
	Book value of notes and accounts receivable	Expected credit loss
Individual-evaluation–undue	\$ 712,485	148
Individual-evaluation–overdue	129,502	8,975
	<u>\$ 841,987</u>	<u>9,123</u>

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

The statement of changes in the loss allowance for the notes and accounts receivable of the consolidated company is as follows:

	2024 January to September	2023 January to September
Beginning balance	\$ 8,213	13,436
Reversal of impairment loss	(745)	(1,924)
Amounts irrecoverable and written off in the current period	(86)	(2,566)
Effect of changes in foreign exchange rates	146	179
Ending balance	<u>\$ 7,528</u>	<u>9,125</u>

The financial assets stated above are not used as long-term loan or financing collateral.

(V) Other receivable

	2024.9.30	2023.12.31	2023.9.30
Other receivables - related parties	\$ 294,698	4,952	3,322
Others	99,052	68,159	69,244
Less: Loss allowance	-	-	-
	<u>\$ 393,750</u>	<u>73,111</u>	<u>72,566</u>

According to the historical experience, other receivables stated above is estimated to have no expected credit losses generated since there are no defaults throughout the duration, therefore the rate of its expected credit losses is estimated to be zero.

(VI) Inventory

	2024.9.30	2023.12.31	2023.9.30
Raw material and consumables	\$ 1,070,690	1,055,686	1,032,231
Work in progress	57,028	77,395	84,631
Finished goods	176,633	195,075	209,284
System integration products	248,645	237,395	339,425
	<u>\$ 1,552,996</u>	<u>1,565,551</u>	<u>1,665,571</u>

From January 1 to September 30, 2024, an inventory write-down to net realizable value resulted in an inventory valuation loss of NT\$675 thousand.

From July 1 to September 30, 2024, and 2023, as well as from January 1 to September 30, 2023, the increase in net realizable value of inventories due to the disappearance of factors that previously caused the net realizable value to fall below cost was recognized as a reduction in operating costs, amounting to NT\$7,073 thousand, NT\$2,986 thousand, and NT\$9,742 thousand, respectively.

As of September 30, 2024, December 31 and September 30, 2023, the consolidated company had not pledged its inventory as collateral.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

(VII) Investment under the equity method

The consolidated company's investment under the equity method on the reporting date is as follows:

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Affiliates	<u>\$ 23,430,133</u>	<u>22,645,341</u>	<u>21,738,723</u>

1. Affiliated enterprises

The information about affiliates important to the consolidated company is stated as follows:

Name of Affiliate	Nature of relationship with consolidated company	Principal business place/country where the company is registered	Proportion of ownership and voting right		
			2024.9.30	2023.12.31	2023.9.30
UPC Technology Corporation and its subsidiaries	The affiliate of the consolidated company which primarily engaged in producing and selling organic acid, acid anhydride and its derivatives, plastic toughened.	Taiwan	32.34%	32.43%	32.59%
Linde LienHwa Industrial Gases Co., Ltd. and its subsidiaries	The affiliate of the consolidated company which primarily engaged in manufacturing liquid and industrial gases such as helium, hydrogen and ethane.	Taiwan	50.00%	50.00%	50.00%

For listed affiliates important to the consolidated company, its fair value is stated as follows:

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
UPC Technology Corporation and its subsidiaries	\$ 5,305,715	6,530,111	6,379,746

The summarized financial information of affiliates important to the consolidated company is shown below. The financial information has adjusted the amounts included in each affiliate's consolidated financial statements adopting the IFRSs to reflect the fair value adjustment made by the consolidated company upon the acquisition of the affiliate stock and adjustment made according to the accounting policy differences.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

(1) Summarized financial information of the UPC Technology Corporation and its subsidiaries

	2024.9.30	2023.12.31	2023.9.30
Current assets	\$ 20,924,049	20,812,329	22,472,019
Non-current assets	35,619,384	34,844,340	34,364,499
Current liabilities	(10,008,449)	(8,263,676)	(16,211,304)
Non-current liabilities	(17,785,143)	(17,343,462)	(10,577,550)
Net assets	<u>\$ 28,749,841</u>	<u>30,049,531</u>	<u>30,047,664</u>
Net assets attributable to investee	<u>\$ 28,749,841</u>	<u>30,049,531</u>	<u>30,047,664</u>

	2024 July to September	2023 July to September	2024 January to September	2023 January to September
Operating revenue	<u>\$ 17,004,413</u>	<u>19,856,440</u>	<u>55,211,413</u>	<u>53,343,275</u>
Net (loss) profit from continuing operations	\$ (726,350)	519,665	(2,078,670)	(91,395)
Other comprehensive income	(493,526)	1,510,732	1,021,398	4,221,701
Total comprehensive income	<u>\$ (1,219,876)</u>	<u>2,030,397</u>	<u>(1,057,272)</u>	<u>4,130,306</u>
Total comprehensive income attributable to investee	<u>\$ (1,219,876)</u>	<u>2,030,397</u>	<u>(1,057,272)</u>	<u>4,130,306</u>

Consolidated company's shares of the affiliate's net assets at the beginning	\$ 9,601,434	9,024,188	9,654,806	8,430,216
Total comprehensive income attributable to the consolidated company in current period	(393,739)	677,639	(361,188)	1,357,534
Dividend acquired from affiliates in current period	-	-	(85,923)	(85,923)
Book value concerning the consolidated company's equity in affiliates at the ending	<u>\$ 9,207,695</u>	<u>9,701,827</u>	<u>9,207,695</u>	<u>9,701,827</u>

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

(2) Summarized financial information of Linde LienHwa Industrial Gases Co., Ltd. and its subsidiaries

	2024.9.30	2023.12.31	2023.9.30	
Current assets	\$ 16,728,927	14,100,755	14,329,551	
Non-current assets	42,730,411	40,574,086	40,174,397	
Current liabilities	(23,610,022)	(20,865,255)	(23,156,911)	
Non-current liabilities	(4,816,113)	(5,515,673)	(4,634,829)	
Net assets	<u>\$ 31,033,203</u>	<u>28,293,913</u>	<u>26,712,208</u>	
Net assets attributable to non-controlling equity	<u>\$ 4,126,048</u>	<u>4,082,843</u>	<u>3,864,786</u>	
Net assets attributable to investee	<u>\$ 26,907,155</u>	<u>24,211,070</u>	<u>22,847,422</u>	
	2024 July to September	2023 July to September	2024 January to September	2023 January to September
Operating revenue	<u>\$ 11,953,331</u>	<u>8,997,292</u>	<u>29,878,885</u>	<u>26,826,463</u>
Net profit from continuing operations	\$ 1,911,603	1,949,799	6,944,653	6,145,650
Other comprehensive income	261,634	344,125	(1,397,877)	(8,025)
Total comprehensive income	<u>\$ 2,173,237</u>	<u>2,293,924</u>	<u>5,546,776</u>	<u>6,137,625</u>
Total comprehensive income attributable to non-controlling equity	<u>\$ 200,764</u>	<u>196,375</u>	<u>750,690</u>	<u>703,904</u>
Total comprehensive income attributable to investee	<u>\$ 1,972,472</u>	<u>2,097,548</u>	<u>4,796,086</u>	<u>5,433,721</u>
Consolidated company’s shares of the affiliate’s net assets at the beginning	\$ 12,360,529	10,400,222	12,174,685	9,825,496
Total comprehensive income attributable to the consolidated company in current period	1,070,299	934,827	3,118,094	2,559,553
Dividend acquired from affiliates in current period	(3,393)	-	(1,865,344)	(1,050,000)
Book value concerning the consolidated company’s equity in affiliates at the ending	<u>\$ 13,427,435</u>	<u>11,335,049</u>	<u>13,427,435</u>	<u>11,335,049</u>

Notes to the Consolidated Financial Statement

	2024.9.30	2023.12.31	2023.9.30
Summarized book value of equity in individually unimportant affiliate at the ending	\$ 795,003	815,850	701,847

2. Collateral

(VIII) Subsidiaries with significant non-controlling equity

Name of subsidiary	Principal business place/country where the company is registered	Ownership and voting right proportion of non-controlling equity		
		2024.9.30	2023.12.31	2023.9.30
MiTAC Inc.	Taiwan	62.16%	62.16%	62.16%

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

The summarized financial information of the above subsidiaries is listed as follows. The financial information is prepared in accordance with the IFRSs approved by FSC and reflects the fair value adjustment made upon the acquisition date of the consolidated company and adjustment made according to the accounting policy differences. Also, the financial information refers to the amount of the inter-company transactions before canceling.

Summarized financial information of the MiTAC Inc. and its subsidiaries:

	2024.9.30	2023.12.31	2023.9.30	
Current assets	\$ 1,427,184	2,327,831	2,145,863	
Non-current assets	29,474,653	28,451,359	26,171,431	
Current liabilities	(564,362)	(1,166,712)	(966,118)	
Non-current liabilities	(71,376)	(76,398)	(74,297)	
Net assets	<u>\$ 30,266,099</u>	<u>29,536,080</u>	<u>27,276,879</u>	
Book value of non-controlling equity at the ending	<u>\$ 18,826,023</u>	<u>18,371,448</u>	<u>16,967,141</u>	
	2024 July to September	2023 July to September	2024 January to September	2023 January to September
Revenue	<u>\$ 105,207</u>	<u>54,410</u>	<u>1,101,031</u>	<u>1,143,218</u>
Net income	\$ 66,839	27,203	999,661	1,040,428
Other comprehensive income /loss	(220,324)	2,151,011	670,450	2,782,753
Total comprehensive income	<u>\$ (153,485)</u>	<u>2,178,214</u>	<u>1,670,111</u>	<u>3,823,181</u>
Net profit attributable to non-controlling equity	<u>\$ 41,710</u>	<u>16,928</u>	<u>622,184</u>	<u>646,729</u>
Total comprehensive income attributable to non-controlling equity	<u>\$ (95,243)</u>	<u>1,353,996</u>	<u>1,038,936</u>	<u>2,376,488</u>
Cash flows from operating activities	\$ 8,081	(149,794)	(8,404)	5,541
Cash flows from investment activities	652,649	910,627	1,507,526	879,956
Cash flows from financing activity	(632,507)	(771,068)	(1,568,754)	(1,061,461)
Foreign exchange rate effect	(932)	8,293	13,359	7,180
Increase (decrease in) cash and cash equivalents	<u>\$ 27,291</u>	<u>(1,942)</u>	<u>(56,273)</u>	<u>(168,784)</u>

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

(IX) Acquisition of subsidiaries and non-controlling equity

The consolidated company acquired 50.934% equity of Asia Hydrogen Energy Corporation on November 30, 2023 (acquisition date) for NT\$ 505,022 thousand (including non-controlling interests) and gained control over the company.

There were no significant changes between January 1 and September 30, 2024. For related information, please refer to Note 6(9) of the consolidated financial statements for the year ended December 31, 2023.

(X) Property, plant and equipment

The details of changes in the property, plant, and equipment of the consolidated company are as follows:

	Land	Building and structure	Machine & equipment	Transportat ion equipment	Office equipment	Other equipment	Construction in progress	Total
Cost or identified cost:								
Balance as at Jan. 1, 2024	\$ 2,148,505	2,783,714	1,460,789	48,030	64,749	666,842	666,486	7,839,115
Additions	-	2,497	826	5,031	104	32,769	463,262	504,489
Transfer in	-	8,830	127,234	-	-	12,822	1,397	150,283
Transfer out	-	(304,417)	-	-	(62)	-	(134,616)	(439,095)
Disposal	-	-	(6,156)	(4,697)	(1,106)	(26,698)	-	(38,657)
Effect of foreign exchange rate change	-	21,590	24,066	491	1,267	2,275	-	49,689
Balance as at Sep. 30, 2024	<u>\$ 2,148,505</u>	<u>2,512,214</u>	<u>1,606,759</u>	<u>48,855</u>	<u>64,952</u>	<u>688,010</u>	<u>996,529</u>	<u>8,065,824</u>
Balance as at Jan. 1, 2023	\$ 2,148,505	2,786,017	1,276,400	50,094	70,090	685,110	236,447	7,252,663
Additions	-	6,098	5,274	2,350	3,143	17,353	238,512	272,730
Transfer in	-	6,605	193,153	-	-	17,473	13	217,244
Transfer out	-	-	(36)	-	-	-	(224,568)	(224,604)
Disposal	-	(1,512)	(20,418)	(3,545)	(11,013)	(40,894)	-	(77,382)
Effect of foreign exchange rate change	-	883	818	25	64	112	3	1,905
Balance as at Sep. 30, 2023	<u>\$ 2,148,505</u>	<u>2,798,091</u>	<u>1,455,191</u>	<u>48,924</u>	<u>62,284</u>	<u>679,154</u>	<u>250,407</u>	<u>7,442,556</u>

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

	Land	Building and structure	Machine & equipment	Transportat ion equipment	Office equipment	Other equipment	Construction in progress	Total
Depreciation and impairment loss: :								
Balance as at Jan. 1, 2024	\$ -	1,315,209	1,002,398	29,580	42,752	457,527	-	2,847,466
Current depreciation	-	56,746	65,710	2,266	6,327	50,510	-	181,559
Transfer in	-	-	-	-	-	30	-	30
Transfer out	-	(112,485)	-	-	(30)	-	-	(112,515)
Disposal	-	-	(5,900)	(4,607)	(1,088)	(26,362)	-	(37,957)
Effect of foreign exchange rate change	-	10,948	23,396	407	964	1,583	-	37,298
Balance as at Sep. 30, 2024	<u>\$ -</u>	<u>1,270,418</u>	<u>1,085,604</u>	<u>27,646</u>	<u>48,925</u>	<u>483,288</u>	<u>-</u>	<u>2,915,881</u>
Balance as at Jan. 1, 2023	\$ -	1,248,488	961,232	29,225	44,717	444,857	-	2,728,519
Current depreciation	-	57,498	51,347	2,874	6,273	56,463	-	174,455
Disposal	-	(1,512)	(20,304)	(3,420)	(9,726)	(37,653)	-	(72,615)
Effect of foreign exchange rate change	-	469	809	15	28	53	-	1,374
Balance as at Sep. 30, 2023	<u>\$ -</u>	<u>1,304,943</u>	<u>993,084</u>	<u>28,694</u>	<u>41,292</u>	<u>463,720</u>	<u>-</u>	<u>2,831,733</u>
Book value :								
Balance as at Jan. 1, 2024	<u>\$ 2,148,505</u>	<u>1,468,505</u>	<u>458,391</u>	<u>18,450</u>	<u>21,997</u>	<u>209,315</u>	<u>666,486</u>	<u>4,991,649</u>
Balance as at Sep. 30, 2024	<u>\$ 2,148,505</u>	<u>1,241,796</u>	<u>521,155</u>	<u>21,209</u>	<u>16,027</u>	<u>204,722</u>	<u>996,529</u>	<u>5,149,943</u>
Balance as at Jan. 1, 2023	<u>\$ 2,148,505</u>	<u>1,537,529</u>	<u>315,168</u>	<u>20,869</u>	<u>25,373</u>	<u>240,253</u>	<u>236,447</u>	<u>4,524,144</u>
Balance as at Sep. 30, 2023	<u>\$ 2,148,505</u>	<u>1,493,148</u>	<u>462,107</u>	<u>20,230</u>	<u>20,992</u>	<u>215,434</u>	<u>250,407</u>	<u>4,610,823</u>

1. Collateral

As of September 30, 2024, December 31 and September 30, 2023 please refer to Note 8 for the details of financing collateral.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

(XI) Right-of-use assets

The details of changes in the cost and depreciation of the land, buildings and transportation equipment rented by the consolidated company are as follows:

	<u>Land</u>	<u>Building and structure</u>	<u>Machine & equipment</u>	<u>Transporta tion equipment</u>	<u>Total</u>
Book value:					
Balance as at Jan. 1, 2024	<u>\$ 65,318</u>	<u>208,377</u>	<u>231,560</u>	<u>10,172</u>	<u>515,427</u>
Balance as at Sep. 30, 2024	<u>\$ 116,393</u>	<u>193,705</u>	<u>220,046</u>	<u>6,665</u>	<u>536,809</u>
Balance as at Jan. 1, 2023	<u>\$ 66,035</u>	<u>236,322</u>	<u>246,912</u>	<u>3,934</u>	<u>553,203</u>
Balance as at Sep. 30, 2023	<u>\$ 67,735</u>	<u>221,418</u>	<u>235,398</u>	<u>9,464</u>	<u>534,015</u>

During the periods from January 1 to September 30, 2024, and 2023, there were no significant additions, impairments, or reversals recognized for right-of-use assets related to leased land, buildings, and transportation equipment by the consolidated company. Please refer to Note 6(11) of the consolidated financial statements for the year ended December 31, 2023.

(XII) Investment property

Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 5 years. Subsequent renewals are negotiable with the lessee, and no contingent rents are charged.

The details of investment property of the consolidated company are as follows:

	<u>Self-owned assets</u>	
	<u>Land</u>	<u>Building and structure</u>
	<u>Total</u>	
Book value:		
Balance as at Jan. 1, 2024	<u>\$ 633,307</u>	<u>1,311,006</u>
Balance as at Sep. 30, 2024	<u>\$ 630,406</u>	<u>1,464,245</u>
Balance as at Jan. 1, 2023	<u>\$ 624,918</u>	<u>1,377,452</u>
Balance as at Sep. 30, 2023	<u>\$ 635,095</u>	<u>1,332,888</u>

The fair value of the consolidated company's investment property is not significantly different from the information disclosed in Note 6(12) of the 2023 consolidated financial report.

As of September 30, 2024, December 31 and September 30, 2023, please refer to Note 8 for the details of the long-term loan and financing collateral.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

(XIII) Short-term loan

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Unsecured bank loans	\$ 6,279,000	6,069,000	6,626,000
Secured bank loans	2,600,000	1,718,000	1,718,000
Total	<u>\$ 8,879,000</u>	<u>7,787,000</u>	<u>8,344,000</u>
Unused credit facilities	<u>\$ 10,942,134</u>	<u>10,835,880</u>	<u>9,624,539</u>
Interest rate interval	<u>1.78%~2.08%</u>	<u>1.65%~2.30%</u>	<u>1.65%~2.30%</u>

For the consolidated company's assets pledged as collateral for bank loans, please refer to Note 8.

(XIV) Sort-term notes payable

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Commercial paper payable	\$ 660,000	1,300,000	1,270,000
Unamortized discount	(1,840)	(1,536)	(2,228)
	<u>\$ 658,160</u>	<u>1,298,464</u>	<u>1,267,772</u>
Unused credit facilities	<u>\$ 2,400,000</u>	<u>1,860,000</u>	<u>2,070,000</u>
Interest rate interval	<u>1.47%~2.45%</u>	<u>1.35%~2.34%</u>	<u>1.35%~2.25%</u>

For the loan term less than one year, please refer to note 6(25) for relevant interest expense.

(XV) Long-term loan

The long-term loan details of the consolidated company are as follows:

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Unsecured bank loans	\$ 900,000	1,403,000	950,000
Secured bank loans	-	35,756	39,152
Less : current portion	(100,000)	(309,166)	(307,439)
	<u>\$ 800,000</u>	<u>1,129,590</u>	<u>681,713</u>
Unused credit facilities	<u>\$ 3,800,000</u>	<u>3,300,000</u>	<u>4,150,000</u>
Interest rate interval	<u>1.85%~2.01%</u>	<u>1.70%~3.24%</u>	<u>1.70%~3.24%</u>
Expiry date	<u>2025.05.16~2026.09.06</u>	<u>2024.05.06~2029.05.23</u>	<u>2024.05.06~2029.05.23</u>

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

(XVI) Bonds payable

The bonds payable details of the consolidated are as follows:

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Domestic guaranteed non-convertible corporate bonds	\$ <u>2,497,561</u>	<u>2,496,866</u>	<u>2,496,634</u>

The domestic guaranteed corporate bonds issuance conditions of the consolidated are as follows:

	<u>Domestic guaranteed corporate bonds of 2022</u>
Total issuance	2,500,000
Ending balance	2,500,000
Due within one year	-
Release date	May 17, 2022
Issue period	5 years
Coupon rate	1.30%
Bond Interest Base Date	May 17, 2022
Repayment situation	Bullet repayment.

(XVII) Lease liabilities

The book value of the consolidated company's lease liabilities is as follows:

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Current	\$ <u>68,852</u>	<u>51,780</u>	<u>57,320</u>
Noncurrent	\$ <u>420,158</u>	<u>415,980</u>	<u>427,787</u>

Please refer to Note 6(26) Financial Instruments for maturity analysis.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

The amount of lease recognized in profit or loss is as follows:

	2024 July to September	2023 July to September	2024 January to September	2023 January to September
Interest expense of lease liabilities	<u>\$ 2,251</u>	<u>2,180</u>	<u>6,701</u>	<u>6,937</u>
Variable lease payments not included in the measurement of lease liabilities.	<u>\$ -</u>	<u>-</u>	<u>10</u>	<u>5</u>
Income from the sublease of right-of-use assets	<u>\$ 240</u>	<u>469</u>	<u>720</u>	<u>1406</u>
Expense of short-term loan	<u>\$ (3,514)</u>	<u>1,862</u>	<u>3,819</u>	<u>7,139</u>
Expense of low-value lease assets (excluding low-value lease of short-term lease)	<u>\$ 70</u>	<u>71</u>	<u>211</u>	<u>212</u>

Amount recognized in the statement of Cash flows is as follows:

	2024 January to September	2023 January to September
Total cash outflow of lease	<u>\$ 52,383</u>	<u>61,930</u>

1. Lease of Land, Buildings, and Structures

The consolidated company leases land, buildings, and structures required for operations. The lease terms for land typically range from five to fifty years, while leases for buildings and structures range from one to eighteen years. Certain leases include options to extend the lease for a period equal to the original term upon expiration.

Some lease payments are tied to changes in local land price indices. Additionally, certain contracts stipulate that the consolidated company shall advance payments for property-related taxes and insurance costs on behalf of the lessor, which are generally incurred annually.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

The consolidated company subleases part of its right-of-use assets under operating and finance leases. For further details, please refer to Note 6(18).

2. Lease of Machinery and Equipment

The consolidated company leases machinery and equipment required for operations. Lease terms for machinery and equipment generally range from three to eighteen years. Certain leases include options to extend the lease for a period equal to the original term upon expiration.

3. Other Leases

The consolidated company leases parking spaces and office equipment. These leases are classified as short-term or low-value asset leases. The consolidated company has elected to apply exemption rules and does not recognize the associated right-of-use assets or lease liabilities.

(XVIII) Operating lease

There were no significant new operating lease contracts from January 1 to September 30, 2024, and 2023. Please refer to Note 6(19) of the consolidated financial statements for the year ended December 31, 2023.

(XIX) Employee benefits

1. Defined benefit plan

In the prior fiscal year, there was no material volatility of the market, material reimbursement and settlement or other material one-time events. As a result, pension cost in the condensed consolidated interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate as of December 31, 2023 and 2022.

The details of expenses recognized in profit or loss by the consolidated company:

	2024 July to September	2023 July to September	2024 January to September	2023 January to September
Operating cost	\$ 7	8	25	37
Marketing expense	(47)	55	(137)	161
Management expense	38	(59)	114	(176)
R&D expenses	17	17	51	46
	\$ 15	21	53	68

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

2. Defined contribution plan

The pension expenses under the defined contribution plan of the consolidated company are as follows and have been contributed to the Bureau of Labor Insurance:

	2024 July to September	2023 July to September	2024 January to September	2023 January to September
Operating cost	\$ 9,670	8,702	29,088	25,705
Marketing expense	5,381	5,128	15,655	15,618
Management expense	2,017	1,903	6,337	5,474
R&D expenses	468	307	1,342	955
	\$ 17,536	16,040	52,422	47,752

3. The details of pension expenses contributed by the foreign consolidated company pursuant to the local laws are as follows:

	2024 July to September	2023 July to September	2024 January to September	2023 January to September
Operating cost	\$ 1,995	2,039	6,356	6,499
Marketing expense	227	314	690	939
Management expense	994	1,383	3,822	4,211
R&D expenses	107	101	323	306
	\$ 3,323	3,837	11,191	11,955

(XX) Income tax

The details of income tax expenses of the consolidated company are as follows:

	2024 July to September	2023 July to September	2024 January to September	2023 January to September
Current tax expenses				
Accrued in current year	\$ 65,590	32,984	158,137	115,740
Adjustments for prior periods	(4,355)	-	(6,917)	(520)
	61,235	32,984	151,220	115,220
Deferred income tax expense				
Origination and reversal of temporary	5,715	(2,613)	945	(733)
Income tax expenses	\$ 66,950	30,371	152,165	114,487

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

From January 1 to September 30, 2024, and 2023, the Consolidated Company did not recognize any income tax in equity or other comprehensive income.

The income tax returns of the Company's profit-seeking business have been audited by the tax authorities up to 2022.

(XXI) Capital and other equity

Except as described below, there were no significant changes in the legal reserve and special reserve of the Consolidated Company from January 1 to September 30, 2024, and 2023. For related information, please refer to Note 6(22) of the 2023 consolidated financial statements.

1. Issuance of Common Shares

The Consolidated Company approved, at the shareholders' meetings held on May 27, 2024, and May 31, 2023, the distribution of stock dividends to shareholders in the amounts of NT\$1,266,992 thousand and NT\$1,036,091 thousand, respectively, from undistributed earnings. These capital increase proposals were approved by the Financial Supervisory Commission on July 4, 2024, and July 6, 2023, respectively. The effective dates of the capital increases were set for August 3, 2024, and August 1, 2023, and all relevant legal procedures have been completed.

2. Capital reserve

The details of the company's capital surplus are as follows:

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Issuance of stock premium	\$ 289,318	289,318	289,318
Treasury stock transactions	100,089	91,791	91,791
Differences between actual acquisition or disposal of subsidiary equity and book value	899	899	899
Changes in equity of associates and joint ventures accounted for using the equity method	424,431	442,876	482,632
Recognized changes in ownership interests in subsidiaries	337,335	337,359	287,023
Others	1,287	1,078	1,078
	<u>\$ 1,153,359</u>	<u>1,163,321</u>	<u>1,152,741</u>

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

According to the Company Act, the capital surplus should be used to cover losses first before being distributed as new shares or cash dividends to shareholders in proportion to their original shareholdings from realized capital surplus. Realized capital surplus includes the premiums on issuance of stock exceeding the face value and the income from donations received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital surplus that can be used for capital increase each year should not exceed 10% of the paid-in capital.

3. Retained earnings

Pursuant to the Company's Articles of Incorporation, if the Company has annual earnings, it shall first pay taxes, make up any losses from past years and then appropriate 10% as legal reserves, unless the legal reserve reaches the amount of the Company's share capital; if necessary, make provision of special reserves according to the laws and the needs of company operation. The residual earnings shall be added to undistributed earnings at the beginning. The Board of Directors shall draft a motion for the distribution of the residual earnings and submit to the shareholders' meeting for distribution.

The Company is now at the stable growth stage and most of the earnings are from the investees recognized under the equity method. For the sustainable operation and long-term development of the company, the Company shall first use the earning to offset accumulated losses and pay tax, then appropriate 10% of the earnings as legal reserve and appropriate or reverse the special reserve according to laws. When distributing the remaining earnings with the accumulated earnings undistributed, the Board of Directors shall propose a motion for the distribution. When distributing in the form of new shares, a motion shall be submitted to the shareholders' meeting for approval before distribution. In accordance with Article 240 Paragraph 5 of the Company Act, if the aforementioned earnings are distributed in the form of cash, approval for such distribution should be passed by at least half of the Directors in attendance in a Board meeting attended by no less than two-thirds of all Board members. The results should then be reported in the shareholders' meeting.

The directors' meeting shall consider the financial structure of the Company, future funding demand and profit-seeking conditions to plan the ratio of the earning distribution and shareholder's cash dividends and the cash dividends shall not be less than 10% of the total dividends.

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
Consolidated Financial Statement**

(1) Distribution of earnings

The Board of Directors resolved on March 8, 2024, to distribute cash dividends from the earnings of the fiscal year 2023. Subsequently, on May 27, 2024, the Annual General Meeting of Shareholders approved other earnings distribution items for the fiscal year 2023. Additionally, the Annual General Meeting of Shareholders on May 31, 2023, approved the earnings distribution plan for the fiscal year 2022, as detailed below:

	2023		2022	
	Share distribution rate (NT\$)	Amount	Share distribution rate (NT\$)	Amount
Dividend distributed to common stock shareholders:				
Cash	\$ 1.30	2,058,861	1.30	1,924,170
Stocks	0.80	<u>1,266,992</u>	0.70	<u>1,036,091</u>
Total		<u>\$ 3,325,853</u>		<u>2,960,261</u>

4. Treasury stock

The Company's stocks held by the subsidiaries of the consolidated company on September 30, 2024, December 31 and September 30, 2023 are stated as follows:

Ledger account	2024.9.30			2023.12.31			2023.9.30		
	Number of shares(in thousand)	Cost	market price	Number of shares(in thousand)	Cost	market price	Number of shares(in thousand)	Cost	market price
Financial assets measured at fair values through other comprehensive income- non-current	6,894	136,868	425,367	6,383	136,868	425,776	6,383	136,868	398,327

Pursuant to the Securities and Exchange Act, the treasury stocks held by the subsidiaries cannot be pledged. And before the transfer, the shareholder's right is not permitted.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

5. Other equity (net amount after tax)

	Exchange difference in the financial statements of foreign operations	Unrealized profit or loss of the financial assets measured at fair values through other comprehensive income	Non-controlling interests
Balance as at January 1, 2024	\$ (187,471)	13,620,068	19,762,354
Exchange difference gathered for the calculation of net assets of foreign operations	350,609	-	14,179
Share of the exchange difference of affiliated companies using the equity method	311,448	-	-
Unrealized profit or loss of the financial assets measured at fair values through other comprehensive income	-	443,842	407,630
Unrealized profit or loss of the financial assets measured at fair values through other comprehensive income of affiliated companies using the equity method	-	4,650	(2,128)
Disposal of equity instrument at fair value through other comprehensive income by affiliates	-	(6,522)	-
Others	-	-	42,143
Balance as at September 30, 2024	<u><u>\$ 474,586</u></u>	<u><u>14,062,038</u></u>	<u><u>20,224,178</u></u>
Balance as at January 1, 2023	\$ 26,492	7,435,280	16,111,576
Exchange difference gathered for the calculation of net assets of foreign operations	72,835	-	8,953
Share of the exchange difference of affiliated companies using the equity method	208,963	-	-
Unrealized profit or loss of the financial assets measured at fair values through other comprehensive income	-	2,599,162	1,677,967
Disposal of equity instrument measured at fair value through other comprehensive income	-	(13,026)	(13,540)
Unrealized profit or loss of the financial assets measured at fair values through other comprehensive income of affiliated companies using the equity method	-	1,262,580	45,648
Disposal of equity instrument measured at fair value through other comprehensive income	-	(13,399)	(7,858)
Others	-	-	11,686
Balance as at September 30, 2023	<u><u>\$ 308,290</u></u>	<u><u>11,270,597</u></u>	<u><u>17,834,432</u></u>

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

(XXII) Earnings per share

The calculation of basic EPS and diluted EPS of the consolidated company are as follows.

	2024 July to September	2023 July to September	2024 January to September	2023 January to September
Basic EPS				
Net income attributable to the Company's common stock shareholders	<u>\$ 754,860</u>	<u>1,070,961</u>	<u>3,200,998</u>	<u>3,383,428</u>
Weighted average outstanding shares of common stocks (thousand shares)	<u>1,703,545</u>	<u>1,703,545</u>	<u>1,703,545</u>	<u>1,703,545</u>
Basic earnings per share (NTD)	<u>\$ 0.44</u>	<u>0.63</u>	<u>1.88</u>	<u>1.99</u>
Diluted EPS				
Net income attributable to the Company's common stock shareholders:	<u>\$ 754,860</u>	<u>1,070,961</u>	<u>3,200,998</u>	<u>3,383,428</u>
Weighted average outstanding shares of common stocks (thousand shares)	1,703,545	1,703,545	1,703,545	1,703,545
Effect of potentially dilutive ordinary share				
Effect of employee stock compensation	57	11	73	72
Weighted average outstanding shares of balance common stocks (diluted)	<u>1,703,602</u>	<u>1,703,556</u>	<u>1,703,618</u>	<u>1,703,617</u>
Diluted earnings per share (NTD)	<u>\$ 0.44</u>	<u>0.63</u>	<u>1.88</u>	<u>1.99</u>

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

(XXIII) Revenue from customer contracts

1. Revenue details

	2024 July to September					
	Rental business	Flour business	Flour business overseas	System integration business	All other departments	Total
Main area and market						
Taiwan	\$ 86,299	1,246,443	-	952,883	150,911	2,436,536
China	8,719	-	49,296	33,598	613	92,226
Other countries	-	50,361	995	204,277	-	255,633
	\$ 95,018	1,296,804	50,291	1,190,758	151,524	2,784,395

Main product/service line							
Product sale	\$	-	1,296,804	50,291	305,348	101,162	1,753,605
Investment property and rental revenue		95,018	-	-	901	894	96,813
Construction revenue		-	-	-	724,952	-	724,952
Maintenance revenue		-	-	-	153,221	-	153,221
Investment revenue		-	-	-	-	47,195	47,195
Others		-	-	-	6,336	2,273	8,609
	\$	95,018	1,296,804	50,291	1,190,758	151,524	2,784,395

	2023 July to September					
	Rental business	Flour business	Flour business overseas	System integration business	All other departments	Total
Main area and market						
Taiwan	\$ 75,244	1,272,609	-	999,864	113,199	2,460,916
China	9,455	-	128,649	40,165	600	178,869
Other countries	-	51,346	1,521	83,060	-	135,927
	\$ 84,699	1,323,955	130,170	1,123,089	113,799	2,775,712

Main product/service line							
Product sale	\$	-	1,323,955	130,170	388,726	68,225	1,911,076
Investment property and rental revenue		84,699	-	-	853	895	86,447
Construction revenue		-	-	-	577,340	-	577,340
Maintenance revenue		-	-	-	146,796	-	146,796
Investment revenue		-	-	-	-	41,245	41,245
Others		-	-	-	9,374	3,434	12,808
	\$	84,699	1,323,955	130,170	1,123,089	113,799	2,775,712

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

	2024 January to September					
	Rental business	Flour business	Flour business overseas	System integration business	All other departments	Total
Main area and market						
Taiwan	\$ 256,437	3,835,653	-	3,294,946	1,225,510	8,612,546
China	24,671	-	236,221	74,473	2,434	337,799
Other countries	-	148,892	3,984	670,817	-	823,693
	\$ 281,108	3,984,545	240,205	4,040,236	1,227,944	9,774,038

Main product/service line							
Product sale	\$	-	3,984,545	240,205	929,482	220,938	5,375,170
Investment property and rental revenue		281,108	-	-	2,703	2,688	286,499
Construction revenue		-	-	-	2,621,041	-	2,621,041
Maintenance revenue		-	-	-	452,345	-	452,345
Investment revenue		-	-	-	-	1,000,920	1,000,920
Others		-	-	-	34,665	3,398	38,063
	\$	281,108	3,984,545	240,205	4,040,236	1,227,944	9,774,038

	2023 January to September					
	Rental business	Flour business	Flour business overseas	System integration business	All other departments	Total
Main area and market						
Taiwan	\$ 230,201	3,869,183	-	2,901,412	1,356,717	8,357,513
China	28,394	-	359,962	108,579	1,802	498,737
Other countries	-	148,928	4,893	276,674	-	430,495
	\$ 258,595	4,018,111	364,855	3,286,665	1,358,519	9,286,745

Main product/service line							
Product sale	\$	-	4,018,111	364,855	1,118,290	213,755	5,715,011
Investment property and rental revenue		258,595	-	-	2,558	2,692	263,845
Construction revenue		-	-	-	1,680,926	-	1,680,926
Maintenance revenue		-	-	-	453,362	-	453,362
Investment revenue		-	-	-	-	1,137,480	1,137,480
Others		-	-	-	31,529	4,592	36,121
	\$	258,595	4,018,111	364,855	3,286,665	1,358,519	9,286,745

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

2. Contract balance

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Contract assets - System engineering	\$ 5,229,257	3,996,704	3,510,385
Contract assets - Maintenance and trading	<u>1,065,439</u>	<u>996,327</u>	<u>1,042,315</u>
	<u>\$ 6,294,696</u>	<u>4,993,031</u>	<u>4,552,700</u>
Contract liabilities - System engineering	\$ 2,126,993	1,301,678	610,652
Contract liabilities - Maintenance and trading	<u>690,808</u>	<u>572,879</u>	<u>527,967</u>
	<u>\$ 2,817,801</u>	<u>1,874,557</u>	<u>1,138,619</u>

The disclosure of the notes and accounts receivable and the impairment are detailed in note 6(4).

The balances of contract liabilities on January 1, 2024 and 2023 that were recognized as revenue from January 1 to September 30, 2024 and 2023 were NT\$439,550 thousand and NT\$391,852 thousand, respectively.

(XXIV) Remuneration to employees and directors

According to the Articles of Incorporation, the annual profits concluded by the Company shall be subject to employee remuneration of no less than 0.1% from July 1 to September 30, and January 1 to September 30, 2024 and 2023, and director remuneration of no more than 1%. However, profits must first be taken to offset against cumulative losses if any. Employees' remuneration, as mentioned above, can be paid in shares or cash to employees of affiliated companies that satisfy certain criteria.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

The employee remuneration of the Consolidated Company from July 1 to September 30, and January 1 to September 30, 2024 and 2023, were NT\$829 thousand, NT\$706 thousand, NT\$3,514 thousand and NT\$3,274 thousand, respectively, and the amounts of director remuneration were NT\$2,500 thousand, NT\$2,500 thousand, NT\$7,500 thousand and NT\$7,500 thousand, respectively. These estimates were made by applying the Company's before-tax profits with the deduction of the remunerations to employees and directors, and subject to the appropriate percentages for the remuneration to employees and directors set based on the Articles of Incorporation, then estimated based on the historical experience and stated as operating cost or operating expenses. If there is a difference between the actual distribution amount and the estimated amount, it shall be treated as a change in accounting estimate, and the difference shall be recognized as profit or loss for the next year.

For the years ended December 31, 2023 and 2022, the employee remuneration of the Consolidated Company were NT\$4,207 thousand and NT\$3,915 thousand, respectively, and the amounts of director remuneration were NT\$9,420 thousand and NT\$8,000 thousand, respectively, there were no differences between these accrued amounts and the actual distributions. For more information, please visit the Market Observation Post System.

(XXV) Non-operating revenue and expense

1. Interest income

The consolidated company's interest income is stated as follows:

	2024 July to September	2023 July to September	2024 January to September	2023 January to September
Interest on bank deposits	\$ 39,193	31,666	109,103	88,498
Other interest income	27,342	467	28,430	2,253
Total interest income	<u>\$ 66,535</u>	<u>32,133</u>	<u>137,533</u>	<u>90,751</u>

2. Other revenue

The consolidated company's other revenues is stated as follows:

	2024 July to September	2023 July to September	2024 January to September	2023 January to September
Dividend income	\$ 63,544	33,321	439,498	435,243
Labor service revenue	130	130	389	389
	<u>\$ 63,674</u>	<u>33,451</u>	<u>439,887</u>	<u>435,632</u>

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

3. Other profits and losses

The consolidated company's other profits and losses is stated as follows:

	2024 July to September	2023 July to September	2024 January to September	2023 January to September
Gain (loss) from the disposal and scrap of property, plants	\$ 2,873	(588)	2,770	(2,553)
Gains on disposals of investment property	68,540	-	68,540	2,696
Foreign exchange (loss) gain	15,609	3,358	28,762	10,509
Financial assets measured at fair values through (loss) profit	(8,848)	(449)	77,496	(1,905)
Impairment loss	-	(4,607)	-	(4,607)
Other expense	(16,716)	(10,762)	(40,539)	(27,433)
Other revenue	14,397	8,904	24,394	22,025
	\$ 75,855	(4,144)	161,423	(1,268)

4. Financial cost

The consolidated company's financial cost is stated as follows:

	2024 July to September	2023 July to September	2024 January to September	2023 January to September
Interest expense	\$ 56,653	51,790	163,497	149,520

(XXVI) Financial instruments

Except for the following, there has been no major change in the type, fair value, and exposure to credit risk, liquidity risk, and market risk of the consolidated company's financial instruments. For relevant information, please refer to the Note 6(27) of the consolidated financial statements for the year ended December 31, 2023.

1. Liquidity risk

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

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Notes to the Consolidated Financial Statement

	Book value	Contractual Cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 Year
September 30, 2024							
Non-derivative financial liabilities							
Short-term notes payable	\$ 658,160	660,000	660,000	-	-	-	-
Unsecured bank loans	7,179,000	7,257,132	2,873,424	3,578,326	805,382	-	-
Secured bank loans	2,600,000	2,643,595	23,336	2,620,259	-	-	-
Notes payable and accounts payable	1,539,226	1,539,226	1,539,226	-	-	-	-
Other payable	627,011	627,011	627,011	-	-	-	-
Lease liabilities	489,010	548,145	39,134	38,528	66,745	123,738	280,000
Bonds payable	2,497,561	2,585,301	16,206	16,294	32,500	2,520,301	-
	<u>\$ 15,589,968</u>	<u>15,860,410</u>	<u>5,778,337</u>	<u>6,253,407</u>	<u>904,627</u>	<u>2,644,039</u>	<u>280,000</u>
December 31, 2023							
Non-derivative financial liabilities							
Short-term notes payable	\$ 1,298,464	1,303,050	1,202,309	100,741	-	-	-
Unsecured bank loans	7,472,000	7,548,422	3,438,703	2,995,658	1,114,061	-	-
Secured bank loans	1,753,756	1,773,801	138,445	1,612,157	9,789	12,845	565
Notes payable and accounts payable	2,519,750	2,519,750	2,519,750	-	-	-	-
Other payable	739,418	739,418	739,418	-	-	-	-
Lease liabilities	467,760	515,471	30,934	29,432	53,552	99,053	302,500
Bonds payable	2,496,866	2,609,699	16,205	16,384	32,500	2,544,610	-
	<u>\$ 16,748,014</u>	<u>17,009,611</u>	<u>8,085,764</u>	<u>4,754,372</u>	<u>1,209,902</u>	<u>2,656,508</u>	<u>303,065</u>
September 30, 2023							
Non-derivative financial liabilities							
Short-term notes payable	\$ 1,267,772	1,272,227	1,272,227	-	-	-	-
Unsecured bank loans	7,576,000	7,659,191	2,773,116	4,223,720	662,355	-	-
Secured bank loans	1,757,152	1,785,549	139,056	1,618,976	11,515	15,086	916
Notes payable and accounts payable	1,297,545	1,297,545	1,297,545	-	-	-	-
Other payable	535,382	535,382	535,382	-	-	-	-
Lease liabilities	485,107	549,345	33,302	32,215	57,183	116,645	310,000
Bonds payable	2,496,634	2,617,889	16,294	16,294	32,500	2,552,801	-
	<u>\$ 15,415,592</u>	<u>15,717,128</u>	<u>6,066,922</u>	<u>5,891,205</u>	<u>763,553</u>	<u>2,684,532</u>	<u>310,916</u>

The Consolidated Company does not expect that the occurrence timing of Cash flows analyzed on due date would arrive significantly earlier, or the actual amount would significantly vary.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

2. Market Risk

(1) Exchange rate risk exposure

The consolidated company's financial assets and liabilities exposed to significant foreign exchange rate risk is as follows:

September 30, 2024				
	Foreign currency (thousand)		Rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 11,458	USD : TWD	31.6500	362,646
HKD	5,541	HKD : TWD	4.0750	22,580
EUR	88	EUR : TWD	35.3800	3,113
RMB	5,931	RMB : TWD	4.5230	26,826
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	1,039	USD : TWD	31.6500	32,884

December 31, 2023				
	Foreign currency (thousand)		Rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 21,237	USD : TWD	30.7050	652,082
HKD	3,603	HKD : TWD	3.9290	14,156
EUR	113	EUR : TWD	33.9800	3,840
RMB	6,570	RMB : TWD	4.3270	28,428
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	10,288	USD : TWD	30.7050	315,893

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

September 30, 2023				
	Foreign currency (thousand)		Rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 8,036	USD : TWD	32.2700	259,322
HKD	3,805	HKD : TWD	4.1230	15,688
EUR	69	EUR : TWD	33.9100	2,340
RMB	7,097	RMB : TWD	4.4150	31,333
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	32	USD : TWD	32.2700	1,033
RMB	75	USD : TWD	4.4150	331

The exchange rate risk of the monetary account of the consolidated company is mainly from foreign currency denominated cash and cash equivalent as well as accounts receivable. Foreign exchange gain and loss arise from the translation. If the main accounting currency used for preparing the reports on September 30, 2024 and 2023 appreciated or depreciated by 1%, under the condition that all other factors stayed unchanged, The increase or decrease in net profit after tax from January 1 to September 30, 2024 and 2023 was NT\$3,321 thousand and NT\$2,469 thousand, respectively.

In consideration of multiple functional currencies types used by the consolidated company, the information about exchange gains or losses of monetary items is disclosed by summarization. The foreign currency exchange gain (including the realized and unrealized) was NT\$28,762 thousand and NT\$10,509 thousand for the periods from January 1 to September 30, 2024 and 2023.

3. Interest rate analysis

Please refer to the Note regarding liquidity risk management for the interest rate risk exposure of the consolidated company's financial assets and financial liabilities.

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The following sensitivity analyzes are based on the interest rate risk exposure of the derivative and non-derivative instruments on the reporting date. The analysis of floating rate liabilities is by assuming the outstanding liability amount on the reporting date stays outstanding the entire year. The rate of change used in the consolidated company's internal report to the management was the interest rate with an increase or decrease of 0.5% bps. In addition, the interest rate is assessed within the reasonable and possible range of change by the management.

If interest rate increased or decreased by 0.5%, with all other variables remaining unchanged, the consolidated company's net profit would decrease by NT\$20,740 thousand and increase by NT\$14,949 thousand for the periods from January 1 to September 30, 2024 and 2023, respectively.

4. Other pricing risks

The effect of the changes in equity price on the reporting date (the analysis of two terms is completed by using the same basis, and assuming all other variables held constant) on the comprehensive income is as follows:

Stock price on the reporting date	2024 January to September		2023 January to September	
	Other comprehensive income after tax	Profit or loss after tax	Other comprehensive income after tax	Profit or loss after tax
Increased by 3%	\$ 1,100,202	-	959,293	-
Decreased by 3%	(1,100,202)	-	(959,293)	-

5. Information about fair value

(1) Type and fair value of the financial instrument

Financial assets measured at fair values through other comprehensive income by the consolidated company is based on repetition and measured at fair value. The book value and fair value of different financial assets and liabilities (including fair value level information but financial instruments not measured at fair value level but with a book value close to the reasonable amount of fair value and leasing liabilities are not required for the disclosure of fair value according to the regulations) are listed down below:

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Notes to the Consolidated Financial Statement

		2024.9.30			
		Fair value			
	Book value	Class I	Class II	Class III	Total
Financial assets at fair value through profit or loss					
Stock warrants	\$ 108,124	108,124	-	-	108,124
Structured deposit	105,284	-	105,284	-	105,284
Fund Beneficiary Certificate	76,949	76,949	-	-	76,949
Subtotal	290,357	185,073	105,284	-	290,357
Financial assets at fair value through other comprehensive income					
Stocks listed in domestic and foreign markets	36,673,394	36,673,394	-	-	36,673,394
Stocks unlisted in domestic and foreign markets	2,664,197	-	838,116	1,826,081	2,664,197
Subtotal	39,337,591	36,673,394	838,116	1,826,081	39,337,591
Financial assets measured at amortized cost					
Cash and cash equivalent	5,047,110	-	-	-	-
Notes and accounts receivable	1,885,841	-	-	-	-
Other receivable	393,750	-	-	-	-
Guarantee deposits paid	153,559	-	-	-	-
Other current assets-current	65,492	-	-	-	-
Other current assets-non-current	9,178	-	-	-	-
Subtotal	7,554,930	-	-	-	-
Total	\$ 47,182,878	36,858,467	943,400	1,826,081	39,627,948
Financial liabilities measured at amortized cost					
Short-term loans	\$ 8,879,000	-	-	-	-
Short-term notes payable	658,160	-	-	-	-
Notes payable	14,220	-	-	-	-
Accounts payable	1,525,006	-	-	-	-
Other payable	627,011	-	-	-	-
Long-term loan	900,000	-	-	-	-
Deposits received	74,394	-	-	-	-
Lease liabilities	489,010	-	-	-	-
Bonds payable	2,497,561	-	-	-	-
Total	\$ 15,664,362	-	-	-	-

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Notes to the Consolidated Financial Statement

2023.12.31					
		Fair value			
	Book value	Class I	Class II	Class III	Total
Financial assets at fair value through profit or loss					
Stock warrants	\$ 52,877	52,877	-	-	52,877
Structured deposit	34,516	-	34,516	-	34,516
Fund Beneficiary Certificate	520,391	520,391	-	-	520,391
Subtotal	607,784	573,268	34,516	-	607,784
Financial assets at fair value through other comprehensive income					
Stocks listed in domestic and foreign markets	35,417,175	35,417,175	-	-	35,417,175
Stocks unlisted in domestic and foreign markets	2,643,940	-	944,919	1,699,021	2,643,940
Subtotal	38,061,115	35,417,175	944,919	1,699,021	38,061,115
Financial assets measured at amortized cost					
Cash and cash equivalent	4,686,205	-	-	-	-
Notes and accounts receivable	3,337,370	-	-	-	-
Other receivable	73,111	-	-	-	-
Guarantee deposits paid	149,062	-	-	-	-
Other current assets-current	30,664	-	-	-	-
Other current assets-non-current	10,714	-	-	-	-
Subtotal	8,287,126	-	-	-	-
Total	\$ 46,956,025	35,990,443	979,435	1,699,021	38,668,899
Financial liabilities measured at amortized cost					
Short-term loans	\$ 7,787,000	-	-	-	-
Short-term notes payable	1,298,464	-	-	-	-
Notes payable	64,730	-	-	-	-
Accounts payable	2,455,020	-	-	-	-
Other payable	739,418	-	-	-	-
Long-term loan	1,438,756	-	-	-	-
Deposits received	90,977	-	-	-	-
Lease liabilities	467,760	-	-	-	-
Bonds payable	2,496,866	-	-	-	-
Total	\$ 16,838,991	-	-	-	-

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2023.9.30					
		Fair value			
	Book value	Class I	Class II	Class III	Total
Financial assets at fair value through profit or loss					
Stock warrants	\$ 27,445	27,445	-	-	27,445
Structured deposit	119,761	-	119,761	-	119,761
Fund Beneficiary Certificate	30,000	30,000	-	-	30,000
Subtotal	177,206	57,445	119,761	-	177,206
Financial assets at fair value through other comprehensive income					
Stocks listed in domestic and foreign markets	31,976,426	31,976,426	-	-	31,976,426
Stocks unlisted in domestic and foreign markets	2,964,347	-	1,192,273	1,772,074	2,964,347
Subtotal	34,940,773	31,976,426	1,192,273	1,772,074	34,940,773
Financial assets measured at amortized cost					
Cash and cash equivalent	4,622,419	-	-	-	-
Notes and accounts receivable	1,798,166	-	-	-	-
Other receivable	72,566	-	-	-	-
Guarantee deposits paid	123,993	-	-	-	-
Other current assets-current	31,948	-	-	-	-
Other current assets-non-current	9,325	-	-	-	-
Subtotal	6,658,417	-	-	-	-
Total	\$ 41,776,396	32,033,871	1,312,034	1,772,074	35,117,979
Financial liabilities measured at amortized cost					
Short-term loans	\$ 8,344,000	-	-	-	-
Short-term notes payable	1,267,772	-	-	-	-
Notes payable	10,911	-	-	-	-
Accounts payable	1,286,634	-	-	-	-
Other payable	535,382	-	-	-	-
Long-term loan	989,152	-	-	-	-
Deposits received	75,643	-	-	-	-
Lease liabilities	485,107	-	-	-	-
Bonds payable	2,496,634	-	-	-	-
Total	\$ 15,491,235	-	-	-	-

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Notes to the Consolidated Financial Statement

(2) Fair value evaluation technology for the financial instrument measured at fair value

(2.1) Non-derivative financial instrument

If a financial instrument has a quoted price in the active market, the quoted price will be the fair value. The market price announced by the Taiwan Stock Exchange Corporation is the basis for listed companies' equity instrument.

If the financial instrument possessed by the consolidated company is in the active market, its fair value is listed by category and attribute below:

The fair value of financial assets and liabilities and listed company stocks with standard terms/conditions and traded in the active market shall be decided subject to the market quotation.

Except for the financial instrument in the active market, the fair value of other financial instruments is based on the evaluation technology or the quotation of the counterparty. The fair value acquired through the evaluation technology can take reference from other substantial conditions and the evaluation technology used on similar financial instruments, including the market information that can be acquired on the date of preparing the consolidated balance sheet. The information is then used on a calculation model.

If the financial instrument possessed by the consolidated company is an equity instrument that does not have an open quotation, its fair value is measured using the Cash flows discount model. The main assumption is to apply the expected Cash flows estimated by the investee to reflect the time value of money and the risk and rate of return on investment and measure with the discount. When adopting the market approach to measure the fair value, the main assumption uses the quotation of the listed company to calculate the P/S ratio and applies it on the measurement. The discount effect resulting from the lack of market liquidity of the equity security is considered and the estimated number has been adjusted.

(2.2) Derivative financial instruments

The forward foreign exchange contracts are usually valued based on the current forward foreign exchange rate.

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Notes to the Consolidated Financial Statement

(3) Details of change in Class III

	Measuring at fair values through other comprehensive income	
	Equity instrument with no open quotation	
January 1, 2024	\$	1,699,021
Total profit or loss		
Recognized in other comprehensive income		(25,462)
Reclassification		50,000
Purchase		133,000
Refunds from decapitalization		(37,809)
Foreign exchange rate effect		7,331
September 30, 2024	\$	<u>1,826,081</u>
January 1, 2023	\$	1,871,442
Total profit or loss		
Recognized in other comprehensive income		(34,433)
Reclassification		6,188
Purchase		2,500
Refunds from decapitalization		(46,113)
Disposal		(38,661)
Foreign exchange rate effect		11,151
September 30, 2023	\$	<u>1,772,074</u>

The above total profits or losses are stated in “unrealized valuation gain (loss) of financial assets measured at fair value through other comprehensive income”. Items related to the assets possessed on September 30, 2024 and 2023 were as follows:

	2024 July to September	2023 July to September	2024 January to September	2023 January to September
Total profit or loss				
Recognized in other comprehensive income	\$ <u>(24,935)</u>	<u>(129,550)</u>	<u>(25,462)</u>	<u>(34,433)</u>

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Notes to the Consolidated Financial Statement

(4) Quantitative information on significant unobservable inputs (Class III) used in fair value measurement

The consolidated company's item that is measured at fair value and classified as Class III includes financial assets measured at fair value through other comprehensive income- equity security investment.

Most of the fair value of the consolidated company has only one unobservable major input. Only the equity instrument investment that is not in an active market has multiple unobservable major inputs, the unobservable major inputs of the equity instrument investment that is not in an active market are separated from one another. They are not relevant to each other.

For some of the consolidated company's equity investment instruments that do not have an active market quotation and with the purpose not for short-term trading, the management will refer to the recent financial report of the invested company, evaluate the industry development and examine the information that is available to the public. Based on the information, the Company assesses the operating status and future operating performance of the invested company to estimate the fair value of the invested company. The change in the industry and future of the market is in highly positive correlation with the change of the invested company's operation and future performance.

The quantitative data of the unobservable major input are as follow:

Item	Evaluation techniques	Significant Unobservable Inputs	Relationship Between Significant Unobservable Inputs and Fair Value
Financial assets at fair value through other comprehensive income – Investments in equity instruments without an active market	Comparable company method	·P/B ratio (1.31 as of Sep. 30, 2024; 1.14 as of Dec. 31, 2023; 1.27 as of Sep. 30, 2023) ·Discount for lack of marketability (25% as of Sep. 30, 2024, Dec. 31, 2023, and Sep. 30, 2023)	·The higher the P/B ratio, the higher the fair value ·The higher the discount for lack of marketability, the lower the fair value

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Notes to the Consolidated Financial Statement

Item	Evaluation techniques	Significant Unobservable Inputs	Relationship Between Significant Unobservable Inputs and Fair Value
Financial assets at fair value through other comprehensive income - Investments in equity instruments without an active market	Net asset value method	Non-controlling discount (22.06% as of Sep. 30, 2024; 22.06% as of Dec. 31, 2023; 21.63% as of Sep. 30, 2023)	The higher the non-controlling discount is, the lower the fair value is.

- (5) For the fair value Class III measurement, the fair value is used for the sensitivity analysis of reasonably possible alternative.

The fair value measurement of the consolidated company's financial instrument is reasonable. If different valuation model or valuation parameter is used, it might result in different valuation results. When the valuation parameter of the financial instrument classified as Class III is changed, it will have effect on other comprehensive income. The effect is as follows:

			Fair value changes recognized in other comprehensive income	
	Input	Increase or decrease	Advantageous change	Disadvantageous change
September 30, 2024				
Financial assets at fair value through other comprehensive income				
Equity instruments without an active market	Discount rate	0.50%	\$ 226	(226)
December 31, 2023				
Financial assets at fair value through other comprehensive income				
Equity instruments without an active market	Discount rate	0.50%	\$ 226	(226)
September 30, 2023				
Financial assets at fair value through other comprehensive income				
Equity instruments without an active market	Discount rate	0.50%	\$ 409	(409)

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Notes to the Consolidated Financial Statement

The advantageous and disadvantageous change of the consolidated company is the change in fair value. The fair value is based on unobservable input parameters of different levels and calculated using the evaluation technology. The fair value of the financial instrument might be affected by more than 1 input value. The above table only reflects the effect resulting from a single input value change. The relevance between and variability in the input values are not taken into account.

(XXVII) Financial risk management

The consolidated company's financial risk management objectives and policies have not changed significantly from those disclosed in Note 6(28) of the consolidated financial statements for the year ended December 31, 2023.

(XXVIII) Capital management

The capital management objectives, policies, and procedures of the consolidated company are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2023; and the aggregated quantitative data of capital management items have not changed significantly from those disclosed in the consolidated financial statements for the year ended December 31, 2023. For relevant information, please refer to Note 6(29) of the consolidated financial statements for the year ended December 31, 2023.

(XXIX) Investing and financing activities not affecting current Cash flows

The adjustment of liabilities from financing activities of the consolidated company from January 1 to September 30, 2024 and 2023, were as follows :

	2024.1.1	Cash flows	Non-cash changes		2024.9.30
			Exchange rate change	Other changes	
Long-term loan (include expiry within one year)	\$ 1,438,756	(538,756)	-	-	900,000
Short-term loans	7,787,000	1,092,000	-	-	8,879,000
Lease liabilities	467,760	(41,642)	-	62,892	489,010
Short-term notes payable	1,298,464	(640,304)	-	-	658,160
Bonds payable	2,496,866	-	-	695	2,497,561
Total liabilities from financing activities	<u>\$ 13,488,846</u>	<u>(128,702)</u>	<u>-</u>	<u>63,587</u>	<u>13,423,731</u>

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Notes to the Consolidated Financial Statement

			Non-cash changes		
	2023.1.1	Cash flows	Exchange rate change	Other changes	2023.9.30
Long-term loan (include expiry within one year)	\$ 824,216	164,864	72	-	989,152
Short-term loans	7,208,000	1,136,000	-	-	8,344,000
Lease liabilities	502,589	(47,637)	-	30,155	485,107
Short-term notes payable	1,058,197	209,575	-	-	1,267,772
Bonds payable	2,495,939	-	-	695	2,496,634
Total liabilities from financing activities	\$ 12,088,941	1,462,802	72	30,850	13,582,665

VII. Related-party Transactions

(I) Names and relationship with related parties

The followings are related parties that have had transactions with the Consolidated Company during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the consolidated company</u>
Linde Lienhwa Industrial Gases Co., Ltd.	Affiliated companies of the consolidated company
UPC Technology Corp.	Affiliated companies of the consolidated company
Lienhwa United LPG Co., Ltd.	Affiliated companies of the consolidated company
Boc Lienhwa (B.V.I) Holding Co., Ltd.	Affiliated companies of the consolidated company
Tung Bao Corp.	Subsidiaries of affiliated companies of the consolidated company
United Industrial Gases Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
Lien Hwa Cryo Equipment Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
Asia Union Electronic Chemical Corp.	Subsidiaries of affiliated companies of the consolidated company
Far Eastern Industrial Gases Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
Yuan Rong Industrial Gases Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
Lien Fung Precision Technology Development Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company

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Name of related party	Relationship with the consolidated company
Lien Tong Gases Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
Lien Quan Industrial Gases Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
Yih Yuan Investment Corp	Other related party of the consolidated company
MiTAC International Corporation	Other related party of the consolidated company
Harbinger Venture Management Co., Ltd.	Other related party of the consolidated company
Getac Technology Corp.	Other related party of the consolidated company
MiTAC Computing Technology Corporation	Other related party of the consolidated company
MiTAC Digital Technology Corp.	Other related party of the consolidated company
Synnex Technology International Corp.	Other related party of the consolidated company
MiTAC Holdings Corp.	Other related party of the consolidated company
EasyCard Corporation	Other related party of the consolidated company
Mei Feng Investment Co., Ltd.	Other related party of the consolidated company
Ares International Corp.	Other related party of the consolidated company
Chiao Thai Hsing Enterprise Co., Ltd.	Other related party of the consolidated company
Atemitech Corporation	Other related party of the consolidated company
Getac Holdings Corporation	Other related party of the consolidated company
Yu Shiu Educational Foundation	Other related party of the consolidated company
Pao Hwa Trading Co., Ltd.	Other related party of the consolidated company
Mei An Investment Co., Ltd.	Other related party of the consolidated company
Mei An Culture and Education Foundation	Other related party of the consolidated company
Far Eastern Electronic Toll Collection Co., Ltd.	Other related party of the consolidated company
Harbinger VII Venture Capital Corp.	Other related party of the consolidated company
Confederate Technology Co., Ltd.	The subsidiary of the affiliated company of the consolidated company
Union Welfare Committee of Lien Hwa Industrial Holdings Co., Ltd.	Other related party of the consolidated company

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(II) Material transactions with related parties

1. Operating revenue

The amount of material transactions between the consolidated company and related parties is as follows.

	<u>2024 July to September</u>	<u>2023 July to September</u>	<u>2024 January to September</u>	<u>2023 January to September</u>
Affiliates	\$ 21,103	7,273	56,830	35,844
Other related parties	29,646	20,165	88,761	48,697
	<u>\$ 50,749</u>	<u>27,438</u>	<u>145,591</u>	<u>84,541</u>

The consolidated company's sales terms to related parties are not significantly different from its general selling prices. The payment terms are on a monthly basis, with a collection period of 60 to 90 days. No collateral is collected for the accounts receivable of related parties. After assessment, not bad debt shall be recognized.

2. Lease to related parties

The revenue of leased assets collected from related parties by the consolidated company is as follow.

	<u>2024 July to September</u>	<u>2023 July to September</u>	<u>2024 January to September</u>	<u>2023 January to September</u>
Affiliates:				
Linde Lienhwa Industrial Gases Co., Ltd.	\$ 15,571	12,096	46,532	36,289
Other affiliated enterprise	7,509	7,687	23,185	23,057
Other related parties:				
Getac Technology Corp.	13,749	11,182	41,246	32,301
Atemitech Corp.	5,085	4,632	15,248	13,904
Other related parties	2,831	2,340	7,837	7,865
	<u>\$ 44,745</u>	<u>37,937</u>	<u>134,048</u>	<u>113,416</u>

The lease commences from May 15, 2017 until December 31, 2024. The rent of said leased assets was decided through negotiation in reference to the assessed present value or predetermined value of land/buildings. Meanwhile, the consolidated company collected lease deposits, NT\$18,012 thousand and NT\$14,750 thousand, from said related parties on September 30, 2024 and 2023.

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3. Purchase

The consolidated company's purchase value to related parties are stated as follows.

	<u>2024 July to September</u>	<u>2023 July to September</u>	<u>2024 January to September</u>	<u>2023 January to September</u>
Other related parties:				
Affiliates	\$ 8	-	16	5
Other related parties:				
Chiao Thai Hsing	186,151	198,774	490,898	541,692
Enterprise Co., Ltd.				
Other related parties	<u>16,820</u>	<u>18,108</u>	<u>43,320</u>	<u>46,532</u>
	<u>\$ 202,979</u>	<u>216,882</u>	<u>534,234</u>	<u>588,229</u>

The purchased conditions for the related party required by the consolidated company are the same as general transaction conditions. The payment term is 1 to 2 months.

4. Receivables-related parties

The consolidated company's receivable accounts-related parties are stated as follows.

<u>Item</u>	<u>Type</u>	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Accounts receivable	Affiliates	\$ 52,867	32,454	12,329
	Other related party	18,736	29,294	8,798
Other receivable	Affiliated enterprise :			
	BOC Lienhwa (BVI) Holding Co., Ltd.	291,023	-	-
	Other affiliated	1,637	1,372	1,459
	Other related parties :			
	Other related party	<u>2,038</u>	<u>3,580</u>	<u>1,863</u>
		<u>\$ 366,301</u>	<u>66,700</u>	<u>24,449</u>

Said accounts receivable include the rent of the Nangang building, out-of-pocket expenses and cash dividends.

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5. Payables-related parties

The consolidated company's payable accounts-related parties are stated as follows.

Item	Type	2024.9.30	2023.12.31	2023.9.30
Notes payable	Other related parties :			
	Other related party	\$ 336	448	318
Accounts payable	Affiliates	8	-	-
	Other related parties :			
	Other related party	16,644	24,055	18,130
Other payable	Affiliates	63	86	77
	Other related party	1,113	2,219	1,324
		\$ 18,164	26,808	19,849

6. Prepayment (stated as other current assets)

The details of the Company's prepaid transactions with related parties are as follows.

	2024.9.30	2023.12.31	2023.9.30
Affiliates	\$ -	-	26
Other related party	33	195	250
	\$ 33	195	276

7. Property Transactions

Purchase of equipment

The total amounts spent on the purchase of equipment from other related party from January 1 to September 30, 2024 and 2023, were NT\$3,144 thousand and NT\$3,053 thousand, respectively.

8. Operating expenses

Type	2024 July to September	2023 July to September	2024 January to September	2023 January to September
Other related party	\$ 2,850	2,945	8,623	8,389

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9. Lease

The consolidated company rented the plant, machinery, and equipment from Chiao Thai Hsing Enterprise Co., Ltd. in August 2021. The lease contract is for 210 months. The total contract amount was NT\$442,730 thousand, and the contract was recognized as a right-of-use asset by the consolidated company.

For the three months and nine months ended September 30, 2024 and 2023, the interest expenses recognized NT\$1,892 thousand, NT\$2,003 thousand, NT\$5,760 thousand, and NT\$6,093 thousand, respectively. As of September 30, 2024, December 31, 2023, and September 30, 2023, the lease liabilities were NT\$373,737 thousand, NT\$390,477 thousand, and NT\$396,001 thousand, respectively.

10. Others

The consolidated company sold factory land to Lienhwa Industrial Gases Co., Ltd. in 1985 and 1998. The sales revenue was NT\$71,934 thousand. Since Lienhwa Industrial has not yet sold the land, the consolidated company stated the sales revenue as the deferred loans-gains on inter-affiliate accounts (stated as other noncurrent liabilities-others).

The consolidated company purchased 25,000 thousand shares of subsidiary from other related party in 2023, the total amount was NT\$400,000 thousand.

(III) Key management personnel transactions

Remuneration to key management personnel includes the follows.

	<u>2024 July to September</u>	<u>2023 July to September</u>	<u>2024 January to September</u>	<u>2023 January to September</u>
Short-term employee benefits \$	9,611	8,146	28,823	23,748
Post-employment benefits	148	158	437	473
Other long-term employee benefits	15	15	45	47
	<u>\$ 9,774</u>	<u>8,319</u>	<u>29,305</u>	<u>24,268</u>

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VIII. Pledged Assets

The book value of the consolidated company's pledged assets is as follows :

Pledged assets	Object	2024.9.30	2023.12.31	2023.9.30
Other current assets and other noncurrent assets-others	Bank loan	\$ 22,124	25,990	28,623
Financial assets at fair value through other comprehensive income	"	1,735,000	1,681,425	1,535,425
Property, plant and equipment	"	212,974	220,028	222,380
Investment property	"	1,072,206	1,366,538	1,373,884
Guarantee deposits paid		153,559	149,062	123,993
		\$ 3,195,863	3,443,043	3,284,305

IX. Significant contingent liabilities and unrecognized contractual commitments

Significant unrecognized contractual commitments

(I) The consolidated company's letter of credit that is issued but not used

	2024.9.30	2023.12.31	2023.9.30
Letter of credit issued but not used			
USD	\$ 3,639	5,994	6,339

(II) The consolidated company executed the co-construction contract and real estate lease contract with Ally Logistic Property (ALP) in October 2021. In order to undertake the "Lien Hwa and Fugang Logistic Center Asset Development and Co-construction Project," the consolidated company contracted the design, planning and construction to ALP. However, in order to carry out follow-up engineering and contract performance matters, the total contract amount was revised to NT\$2,200,000 thousand. As of September 30, 2024, the consolidated company has been paid NT\$907,444 thousand.

X. Losses due to major disasters: None.

XI. Significant post events: None.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

XII. Others

(I) Classification of employee benefits, depreciation, depletion and amortization expenses by function is summarized as follows:

By function	2024 July to September			2023 July to September		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
By nature						
Employee benefits						
Expenses						
Salary expenses	215,675	175,706	391,381	207,741	172,305	380,046
Labor and health insurance expenses	19,607	16,283	35,890	20,258	15,864	36,122
Pension expenses	11,672	9,202	20,874	10,749	9,149	19,898
Other employee Benefits expenses	10,232	10,577	20,809	10,406	10,403	20,809
Depreciation expenses	78,118	18,709	96,827	70,900	24,169	95,069
Amortization expenses	1,592	8,526	10,118	1,115	9,212	10,327

By function	2024 January to September			2023 January to September		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
By nature						
Employee benefits						
Expenses						
Salary expenses	647,488	524,400	1,171,888	593,228	502,279	1,095,507
Labor and health insurance expenses	59,286	49,150	108,436	60,395	48,168	108,563
Pension expenses	35,469	28,197	63,666	32,241	27,534	59,775
Other employee Benefits expenses	29,477	31,499	60,976	26,148	28,597	54,745
Depreciation expenses	224,467	58,586	283,053	205,765	76,586	282,351
Amortization expenses	5,017	22,970	27,987	3,347	22,621	25,968

(II) Seasonality of operation

Consolidated Company's operations are not affected by seasonal or cyclical factors.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

XIII. Supplementary Disclosures

(I) Information on Significant Transactions

From January 1 to September 30, 2024, the Consolidated Company complied with the Financial Reporting Standards for Securities Issuers, and the relevant information on major transactions that should be disclosed is as follows :

1. Loans to other parties :

Unit: NT\$ Thousands

No.	Lender	Borrowing company	Account titles	Related party	Current maximum amount	Ending balance	Actual amount draw down	Interest rate interval	Nature of loaning of funds (Note 1)	Business transaction amount	Reasons of necessary short-term financing	Amount recognized in loss allowance	Collateral		Limit of loans to individual borrowers	Limit of total loans
													Item	Value		
0	Lien Hwa Industrial Holdings Corporation	Lien Hwa Property Development Corporation	Other receivable	Yes	600,000	600,000	-	1.67%	2	-	Operating Capital	-	-	-	4,784,803	9,569,607
1	Fortune Dragon Holding Inc.	Yantai Taihwa Food Industrial Co.,Ltd.	"	"	361,185	221,550	221,550	-	2	-	"	-	-	-	9,297,210	13,016,094
1	"	Hifood Co., Ltd	"	"	45,969	22,155	21,206	5.37%~5.56%	2	-	"	-	-	-	3,718,884	13,016,094
2	MiTAC Inc.	MiTAC Advance Technology Corp.	"	"	1,000,000	-	-	1.90%	2	-	"	-	-	-	2,891,600	5,783,200
3	MiTAC Information Technology Corp.	General Resources Co.,Ltd.	"	"	300,000	300,000	120,000	1.95%~2.07%	2	-	"	-	-	-	634,359	634,359
3	"	MiTAC Advance Technology Corp.	"	"	300,000	300,000	-	-	2	-	"	-	-	-	634,359	634,359
4	MiTAC Communication Co., Ltd.	General Resources (Hong Kong) Co.,Ltd.	"	"	32,835	31,650	-	2.5%	2	-	"	-	-	-	45,332	45,332
5	Lien Rui Investment Corp.	Jian Foods Incorporation	"	"	7,700	-	-	-	2	-	"	-	-	-	47,916	47,916

Note 1: 1. A business associate.

2. Needs for short-term financing.

Note 2: The limit amount of loans to each borrower shall not exceed 10% of the net value of the recent financial statements audited or reviewed by the CPA, and the total limit of loans shall not exceed 20% of that.

Note 3: The limit amount of loans to each borrower and the total limit of loans of Lien Hwa Property Development Corporation shall not exceed 40% of the net value of the recent financial statements audited or reviewed by the CPA.

Note 4: If both the borrower and lender are the foreign company that the parent company owns directly or indirectly with 100% of voting rights, the limit amount for the Fortune Dragon Holding Inc. to loan to each borrower and the limit amount of total loans shall not exceed 100% of the net value of the recent financial statements audited or reviewed by the CPA. If the borrower and lender do not meet said criteria, the amount shall not exceed 40%. Said amount loaned shall not exceed 140% in total.

Note 5: The limit amount of loans of MiTAC Inc. to each borrower shall not exceed 10% of the net value of the recent financial statements audited or reviewed by the CPA, and the total limit of loans shall not exceed 20% of that.

Note 6: MiTAC Information Technology Corp.'s limit for loans to each borrower and all borrowers in aggregate shall not exceed 40% of the latest financial statements audited or reviewed by the CPA

Note 7: MiTAC Communication Co., Ltd. limit for loans to each borrower and all borrowers in aggregate shall not exceed 40% of the latest financial statements audited or reviewed by the CPA

Note 8: Lian-Rui Investment Co., Ltd.'s limit for loans to each borrower and all borrowers in aggregate shall not exceed 40% of the latest financial

Note 9: The transactions had been eliminated in the consolidated financial statements.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

2. Guarantees and endorsements for other parties :

Unit: NT\$ Thousands

No.	Endorsing/ guaranteeing company	Endorsed/ guaranteed company		Limit amount of endorsement / guarantee to a single enterprise	Current maximum endorsement/ guarantee balance	Current endorsement/ guarantee - ending	Actual amount drawn down	Endorsement / guarantee amount secured with property as collateral	Ratio of the cumulative endorsement/ guarantee amount to the net worth in the most recent financial statements	Maximum endorsements/ guarantees	Endorsement / guarantee made by the parent company for its subsidiaries	Endorsement / guarantee made by the subsidiaries for its parent company	Endorsement / guarantee made for the operations in Mainland China
		Company name	Relationship (Note 1)										
0	Lien Hwa Industrial Holdings Corporation	Pacific Gateway Holdings Inc.	2	47,848,033	197,010	189,900	-	-	0.40%	47,848,033	Y	N	N
0	"	Fortune Dragon Holding Inc.	2	47,848,033	377,603	363,975	-	-	0.76%	47,848,033	Y	N	N
0	"	Lien Hwa Milling Corporation	2	47,848,033	3,678,350	3,666,500	824,867	-	7.66%	47,848,033	Y	N	N
0	"	Lien Hwa Property Development Corporation	2	47,848,033	100,000	100,000	-	-	0.21%	47,848,033	Y	N	N
1	Lien Hwa Property Development Corporation	Lien Hwa Industrial Holdings Corporation	3	8,249,708	4,024,390	4,024,390	3,024,390	4,024,390	146.35%	8,249,708	N	Y	N
2	MiTAC Inc.	MiTAC Information Technology Corp.	1	28,916,001	2,168,925	1,918,975	1,004,025	850,000	6.64%	28,916,001	N	N	N
3	MiTAC Information Technology Corp.	General Resources Co., Ltd.	2	1,585,898	450,000	410,000	330,000	-	25.85%	1,585,898	N	N	N
3	"	MiTAC Advance Technology Corp.	2	1,585,898	93,394	93,394	93,394	-	5.89%	1,585,898	N	N	N
3	"	General Resources (Hong Kong) Co., Ltd.	2	1,585,898	52,620	52,620	52,620	-	3.32%	1,585,898	N	N	N
4	MiTAC Communication Co., Ltd.	MiTAC Information Technology Corp	2	200,000	4,322	4,322	-	-	2.16%	200,000	N	N	N

Note 1: The relationship between the endorsing/guarantying subject and the endorsed/guaranteed subject is classified into 3 categories as follows:

1. A business associate.
2. A company that directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50% of the voting shares.

Note 2: The total endorsement and guarantee amount made by the Company for others shall not exceed 100% of the net value in the most recent financial statements. The endorsement and guarantee amount made by the Company to a single subsidiary shall not exceed 100% of the net value in the most recent financial statements.

Note 3: The limit of the endorsement and guarantee amount made by Lien Hwa Property Development Corporation to a single company and the total limit of endorsement and guarantee shall not exceed 300% of the net value in the most recent financial statements of Lien Hwa Property Development Corporation audited or reviewed by the CPA.

Note 4: The limit of the endorsement and guarantee amount made by MiTAC Inc. to a single company and the total limit of endorsement and guarantee shall not exceed 100% of the net value in the most recent financial statements of MiTAC Inc. audited or reviewed by the CPA.

Note 5: The limit of the endorsement and guarantee amount made by MiTAC Information Technology Corp. to a single company and the total limit of endorsement and guarantee shall not exceed 100% of the net value in the most recent financial statements of MiTAC Information Technology Corp. audited or reviewed by the CPA.

Note 6: The limit of the endorsement and guarantee amount made by MiTAC Communication Co., Ltd. for MiTAC Information Technology Corp shall not exceed 30% of the net value in the most recent financial statements of MiTAC Information Technology Corp audited or reviewed by the CPA, or NT\$200,000 thousand, whichever is lower. The maximum limit is set at NT\$200,000 thousand.

Note 7: The transactions had been eliminated in the consolidated financial statements.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

3. Securities held at the end of period (excluding investment in subsidiaries, affiliates and joint ventures):

Unit: NT\$ Thousands/ Thousand shares

Company in possession	Type and name of marketable securities	Relationship with the security issuer	Ledger account	Ending Balance				Note
				No. of shares/Unit	Book value	%	Fair value (Notes 1 and 3)	
Lien Hwa Industrial Holdings Corporation	Great Wall Enterprise Co., Ltd.	The Company is the juridical person director of the company	Financial assets at fair value through other comprehensive income-non-current	19,013	979,159	2.12%	979,159	
"	MiTAC Holdings Corp	The chairman of the company is the one of the Company	"	105,941	4,767,342	8.78%	4,767,342	
"	Synnex Technology International Corp.	"	"	59,526	4,315,644	3.57%	4,315,644	
"	Pao Long International Co., Ltd.	-	"	2,365	37,610	1.57%	37,610	
"	Getac Holdings Corporation	The chairman of the Company is the representative of the juridical person director of the company	"	7,210	803,915	1.18%	803,915	
"	Formosa Golf and Country Club Corp.	-	"	2	340	0.01%	340	
"	Hsin Yu Energy Development Co., Ltd.	-	"	6,076	-	2.44%	-	
"	Harbinger Venture Capital Corp.	The Company is the juridical person chairman of the company	"	7	39	3.35%	39	
"	Global Investment Holdings Co., Ltd.	The Company is the juridical person director of the company	"	1,404	21,019	3.33%	21,019	
"	Shihlien Fine Chemicals Co., Ltd.	"	"	24,384	35,291	9.38%	35,291	
Hua Cheng Investment Co., Ltd.	Lien Hwa Industrial Holdings Corporation	Parent company	"	188	11,610	0.01%	11,610	Note 2
"	Waffer Technology Corp.	-	"	2	119	- %	119	
"	Great Wall Enterprise Co., Ltd.	-	"	3,550	182,825	0.40%	182,825	
"	Shihlien Fine Chemicals Co., Ltd.	-	"	11,001	15,922	4.23%	15,922	
"	Harbinger Venture Management Co., Ltd.	-	"	863	20,905	19.99%	20,905	
"	B Current Impact Investment Fund 5	-	"	-	6,944	3.13%	6,944	
"	Taian Insurance Co., Ltd.	-	"	921	26,946	0.31%	26,946	
"	China Trade and Development Corp.	-	"	50	1,251	0.08%	1,251	
"	Harbinger VI Venture Capital Corp.	-	"	2,410	29,399	9.96%	29,399	
"	Harbinger VII Venture Capital Corp.	-	"	5,333	79,635	9.39%	79,635	
"	B Current Impact Investment Fund 2	-	"	500	4,265	6.25%	4,265	
"	Harbinger VIII Venture Capital Corp.	-	"	13,149	146,102	11.57%	146,102	
"	Harbinger IX Venture Capital Corp.	-	"	2,500	23,374	9.70%	23,374	
"	LUCKY ROYAL CO., LTD.	-	"	500	30,500	0.71%	30,500	
Fortune Dragon Holding Inc.	Budworth Investment Limited	-	"	30	-	3.33%	-	
"	Asia Global Venture Capital Co., Ltd	-	"	446	15,715	10.00%	15,715	
"	Harbinger Ruyi Venture Limited	-	"	500	12,199	14.29%	12,199	
"	Asia Global Venture Capital II Co., Ltd	-	"	159	5,394	3.00%	5,394	
"	Ever Victory Global Limited.	-	"	72,810	838,116	11.76%	838,116	
"	eT Capital, L.P.	-	"	-	95,884	10.43%	95,884	
"	Acorn Accelerator Fund I, L.P.	-	"	-	39,138	7.41%	39,138	
Sun Lead International Limited	Kelington Group Berhad	-	"	39,635	899,994	5.76%	899,994	
"	Kelington Group Berhad- Warrants B	-	Financial assets at fair value through profit or loss-non-current	8,725	108,124	-%	108,124	

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

Company in possession	Type and name of marketable securities	Relationship with the security issuer	Ledger account	Ending Balance				Note
				No. of shares/Unit	Book value	%	Fair value (Notes 1 and 3)	
MiTAC Inc.	Lien Hwa Industrial Holdings Corporation	Parent company	Financial assets at fair value through other comprehensive income-non-current	6,706	413,757	0.39%	413,757	Note2
"	Ares International Corp.	The Company is the juridical person director of the company	"	1,000	49,370	2.12%	49,370	
"	Synnex Technology International Corp.	The chairman of the company is the one of the Company	"	260,521	18,887,776	15.62%	18,887,776	Note4
"	MiTAC Holdings Corp.	"	"	101,431	4,564,399	8.41%	4,564,399	Note5
"	EasyCard Investment Holding Co., Ltd.	The Company is the supervisor of the company.	"	4,184	200,913	6.28%	200,913	
"	Far Eastern Electronic Toll Collection Co, Ltd.	The Company is the juridical person director of the company	"	27,723	316,463	9.24%	316,463	
"	Digital economy limited partnership	-	"	-	28,293	6.29%	28,293	
"	Harbinger VII Venture Capital Corp.	-	"	5,333	78,010	9.39%	78,010	
"	Harbinger III Venture Capital Corp.	The Company is the juridical person director of the company	"	6	86	6.00%	86	
"	Harbinger Venture Capital Corp.	The chairman of the company is the one of the Company	"	19	120	9.50%	120	
"	Lian Jie Er Investment Co. Ltd.	The Company is the supervisor of the company	"	1,625	21,652	16.25%	21,652	
"	Harbinger VIII Venture Capital Corp.	The Company is the juridical person director of the company	"	8,766	96,998	7.71%	96,998	
"	ProMOS Technologies Inc.	-	"	44	-	0.10%	-	
"	General Motors corporate bond	-	"	10,000	100,000	17.21%	100,000	
"	Renaissance Capital I Limited Partnership	-	"	-	103,220	12.82%	103,220	
"	CTCI Corporation	-	"	7,593	359,149	0.94%	359,149	
"	EasyCard	The Company is the juridical person director of the company	"	1,759	115,998	2.51%	115,998	
"	Harbinger IX Venture Capital Corp.	-	"	2,500	23,911	9.70%	23,911	
Mix System Holdings	Budworth Investment Limited	-	"	91	-	10.00%	-	
"	DynaComware Corp.	-	"	21	1,486	0.97%	1,486	
"	Harbinger Ruyi II Venture Limited	-	"	5	40,916	16.13%	40,916	
"	Temple of Light Limited	-	"	153	435	1.19%	435	
Ho Li Investment Co., Ltd.	MiTAC Inc.	Parent company	"	2,561	183,024	0.63%	183,024	Note2
"	MiTAC Information Technology Corp.	Fellow subsidiary of the parent company	"	-	2	- %	2	
"	Harbinger VI Venture Capital Corp.	The Company is the juridical person director of the company	"	1,607	20,681	6.64%	20,681	
"	Far Eastern Electronic Toll Collection Co, Ltd.	The parent company is the juridical person director of the company	"	5,256	59,969	1.75%	59,969	
"	UPC Technology Corp.	The chairman of the parent company is its chairman	Financial assets at fair value through other comprehensive income-current	8,467	104,571	0.62%	104,571	
"	Synnex Technology International Corp.	"	"	460	33,350	0.03%	33,350	
"	Getac Holdings Corporation	The parent company is the juridical person director of the company	"	5,358	597,417	0.88%	597,417	
"	Waffer Technology Corp.	-	"	1	79	- %	79	
"	CTCI Corporation	-	"	1,917	90,674	0.24%	90,674	
"	PGIM Money Market Fund	-	Financial assets at fair value through profit or loss-current	276	4,540	- %	4,540	

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

Company in possession	Type and name of marketable securities	Relationship with the security issuer	Ledger account	Ending Balance				Note
				No. of shares/Unit	Book value	%	Fair value (Notes 1 and 3)	
Shen Tong International Management Consulting Co., Ltd.	Mitac (Shanghai) Computer Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	-	3,634	10.00%	3,634	
"	SPDB Wealth Management Products	-	Financial assets at fair value through profit or loss-current	-	88,706	-%	88,706	
MiTAC Communication Co., Ltd.	Fubon Chi-Hsiang Money Market Fund	-	"	4,466	72,409	-%	72,409	
Claridy Solutions (Wuxi), Inc.	Suyin Wealth OpenSource Cash 1	"	"	-	16,578	-%	16,578	

Note 1: For the TWSE/TPEX-listed Company with a public market price, the closing price on the last transaction date in the accounting period shall apply.

Note 2: The parent company's stocks possessed by subsidiaries have been deducted from the book value and these stocks were deemed as treasury stocks.

Note 3: The market price listed by the non-TWSE/TPEX-listed company refers to the equity net value. Some of it is listed in the financial statements of the same period that is prepared by the invested company or audited by the CPA.

Note 4: Among the other things, 23,000 thousand shares were pledged to the bank as the collateral to secure the application of MiTAC Information Technology Corp. for the facility under the bank's project.

Note 5: Among the other things, 1,500 thousand shares were pledged to the bank as the collateral to secure the application of MiTAC Information Technology Corp. for the facility under the bank's project.

Note 6: The transactions had been eliminated in the consolidated financial statements.

4. The amount of the accumulated purchase or sale of the same securities is over NT\$300 million or 20% of the paid-in capital:

Unit: NT\$ Thousands/ Thousand shares

Buying/selling company	Type and name of marketable securities	Ledger account	Trading counterpart	Relationship	Beginning of the period		Buy		Sell				Ending Balance	
					Number of shares	Amount	Number of shares	Amount (Note1)	Number of shares	Selling price	Book cost	Disposal gain or loss	Number of shares	Amount
MiTAC Advance Technology Corp.	Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss-current			29,826	480,300	5,572	89,700	35,398	572,682	570,000	2,682	-	-
MiTAC Inc.	"	"			-	-	41,176	668,000	41,176	668,526	668,000	526	-	-

Note1: Including the adjustments for change in the recognized amount.

Note2: Please refer to Basis for consolidation Note 6.

Note3: The transactions had been eliminated in the consolidated financial statements.

5. Acquisition of individual real estate with amounts exceeding the lower of NT\$300 million or 20% of the paid-in capital:

Unit: NT\$ thousands

Company Acquiring of Property	Property Name	Transaction Date	Transaction Amount	Payment Status	Counterparty	Relationship with Counterparty	Previous Transaction Details for Related Parties				Price Determination Basis	Purpose of Acquisition	Other Agreements
							Previous Owner	Relationship with Previous Owner	Previous Transfer Dates	Amount			
MiTAC Inc.	Three locations: Zhongxiao East Road, Da'an District, Taipei; Nanjing East Road, Neihu District, Taipei; and Xinhua 1st Road, Neihu District, Taipei.	August 21, 2024	300,100	Fully paid	General Resources Co., Ltd.	Related party	Individual	Unrelated party	February 1989, July 1991, August 1991, and January 2010	182,480	Professional appraisal reports and market prices	To optimize group asset utilization, reduce operational costs(), and implement professional division of labor to enhance overall operational efficiency.	

Note1 : The transactions had been eliminated in the consolidated financial statements.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

6. Disposal of individual real estate with amounts exceeding the lower of NT\$300 million or 20% of the paid-in capital:

Unit: NT\$ thousands

Company Disposing of Property	Property Name	Transaction Date	Original Acquisition Date	Book Value	Transaction Amount	Payment Status	Gain or Loss on Disposal	Counterparty	Relationship with Counterparty	Purpose of Disposal	Price Determination Basis	Other Agreements
General Resources Co., Ltd.	Three locations: Zhongxiao East Road, Da'an District, Taipei; Nanjing East Road, Neihu District, Taipei; and Xinhua 1st Road, Neihu District, Taipei	August 21, 2024	March 2, 1989 ~ September 10, 1991 ~ February 8, 2010	157,412	300,100	Fully received	142,688	MiTAC Inc.	Related party	To optimize group asset utilization, reduce operational costs, and implement professional division of labor to enhance overall operational efficiency.	Professional appraisal reports and market prices	

Note1 : The transactions had been eliminated in the consolidated financial statements.

7. Purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital :

Unit: NT\$ thousands

Name of Company	Name of the trading counterpart	Relationship	Transaction details				Status and reason for deviation from arm's-length transaction		Accounts/notes receivable (payable)		Note
			Purchase (sale)	Amount	Percentage of total purchases /sales	Credit period	Unit price	Credit period	Balance	Percentage of accounts/ notes receivable (payable)	
Lien Hwa Milling Corporation	Chiao Thai Hsing Enterprise Co., Ltd.	Other related party	Purchase	490,817	8%	on demand	-	No significant differences	-	- %	

8. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital :

Unit: NT\$ thousands

Name of related parties	Counter-party	Relationship	Balance of receivables from related parties	Turnover rate	Overdue amount		Amounts received in Subsequent period	Allowance for bad debt
					Amount	Action taken		
Fortune Dragon Holding Inc.	Yantai Taihwa Food Industrial Co., Ltd.	Parent-subsidiary	221,550	-	-		-	-
"	Boc Lienhwa (B.V.I) Holding Co., Ltd.	affiliates	291,023	-	-		-	-
MiTAC Information Technology Corp.	General Resources Co., Ltd.	Parent-subsidiary	120,000	-	-		-	-

Note: The transactions had been eliminated in the consolidated financial statements.

9. Engaging in derivatives trading : Please refer to Note 6(2) and (26).

10. Parent-subsidiary company business relation and important transactions :

From January 1 to September 30, 2024, there were no material transaction between the parent company and subsidiaries other than the loan funding. Details about the loan funding are provided in Note 13(1).

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

(II) Information on Invested Companies :

From January 1 to September 30, 2024, the reinvestment business information of the Consolidated Company is as follows (excluding information on investees in Mainland China) :

Unit: NT\$ thousands/ Thousand shares

Name of investor	Name of invested company	Location	Main business	Original investment amount		Held at the end of the period			Profit or loss of invested company in the current period	Investment profit or loss recognized in the current period	Note
				End of the period	End of last year	Shares	Ratio	Book value			
Lien Hwa Industrial Holdings Corporation	UPC Technology Corp.	Taipei	Organic acid, acid anhydride and its derivatives, plastic toughened, etc.	3,142,213	3,142,213	424,881	31.98%	9,104,196	(2,078,670)	(665,590)	
"	Linde Lienhwa Industrial Gases Co., Ltd.	"	Production of liquid nitrogen, nitrogen, hydrogen, acetylene and other industrial gases.	400,000	400,000	1,886	50.00%	9,629,790	3,703,358	1,851,679	
"	MiTAC Inc.	"	General investment	731,636	731,636	143,480	35.89%	10,436,491	1,008,201	349,952	Subsidiary Note 1 and 2
"	MiTAC Information Technology Corp.	"	Integrated system service, automatic system, applied software design and sale of industrial computer	1,289,599	1,289,599	65,900	38.77%	636,268	(36,230)	(23,606)	Subsidiary Note 3
"	Hua Cheng Investment Co., Ltd.	"	General investment	1,122,116	827,116	136,420	100.00%	1,787,721	38,785	38,558	Subsidiary Note 1
"	Lienhwa United LPG Co., Ltd.	"	Installation, purchase/sale and technical maintenance of the equipment for propane, butane and the mixture.	62,253	62,253	7,694	24.04%	98,468	38,113	9,164	
"	Lien Rui Investment Corp.	"	General investment	623,500	623,500	21,000	100.00%	112,253	(7,539)	(7,549)	Subsidiary Note 3
"	Fortune Dragon Holding Inc.	B.V.I.	"	3,737,817	3,737,817	120,155	100.00%	9,297,210	1,166,107	1,166,107	Subsidiary
"	Lien Hwa Milling Corporation	Taipei	Manufacturing and sale of flour	913,563	913,563	74,999	74.999%	1,349,167	147,929	111,312	Subsidiary Note 3
"	Lien Hwa Property Development Corporation	"	Rental and leasing business	2,201,000	2,201,000	200,100	100.00%	2,749,903	117,697	117,697	Subsidiary
"	Lien Hwa Industrial Co., Ltd.	"	General investment	1,000	1,000	2,400	100.00%	23,981	(20)	(20)	Subsidiary
"	Asia Hydrogen Energy Corporation	Hsinchu	Manufacture of machinery and equipment for power generation, transmission and distribution, and energy technology service.	303,918	303,918	7,465	50.927%	287,903	(20,486)	(11,823)	Subsidiary

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

Name of investor	Name of invested company	Location	Main business	Original investment amount		Held at the end of the period			Profit or loss of invested company in the current period	Investment profit or loss recognized in the current period	Note
				End of the period	End of last year	Shares	Ratio	Book value			
Hua Cheng Investment Co., Ltd.	UPC Technology Corp.	Taipei	Organic acid, acid anhydride and its derivatives, plastic toughened, etc.	54,933	54,933	4,732	0.36%	103,499	(2,078,670)	(7,483)	
"	MiTAC Inc.	"	General investment	84,354	84,354	7,807	1.95%	589,828	1,008,201	19,452	Subsidiary Note 2
"	MiTAC Information Technology Corp.	"	Integrated system service, automatic system, applied software design and sale of industrial computer	140,128	140,128	9,004	5.30%	86,816	(36,230)	(3,361)	Subsidiary
"	Jian Foods Incorporation	"	Wholesaling and retailing business	10	10	-	-%	-	(4,793)	-	Subsidiary
"	Camel Ring International Company	"	"	10	10	1	0.16%	11	(16)	-	Subsidiary
"	Lien Yung Investment Corp.	"	General investment	87,969	87,969	9,217	19.99%	197,795	40,648	8,125	
"	Tung Da Investment Co., Ltd.	"	"	72,699	72,699	4,848	19.99%	148,676	25,104	5,018	
"	Lien Hwa Milling Corporation	"	Manufacturing and sale of flour	14	14	1	-%	18	147,929	1	Subsidiary
"	Asia Hydrogen Energy Corporation	Hsinchu	Manufacture of machinery and equipment for power generation, transmission and distribution, and energy technology service.	40	40	1	0.007%	38	(20,486)	(2)	Subsidiary
Lien Rui Investment Corp.	Jian Foods Incorporation	"	Wholesaling and retailing business	417,000	417,000	11,789	97.09%	18,603	(4,793)	(4,653)	Subsidiary
"	Oggi Restaurant Group Co., Ltd.	"	Restaurant business	35,000	35,000	3,500	100.00%	19,836	(3,395)	(3,395)	"
"	Farmdirect Corp.	Taoyuan	Wholesaling and retailing business	13,500	13,500	-	- %	-	-	-	Subsidiary
"	Camel Ring International Company	Taipei	"	6,465	6,465	642	99.84%	7,029	(16)	(16)	Subsidiary
Fortune Dragon Holding Inc.	Pacific Gateway Holdings Inc.	B.V.I.	General investment	1,186,793	1,186,793	39,461	100.00%	275,579	(96,677)	(96,677)	Subsidiary
"	Boc Lienhwa (B.V.I.) Holding Co., Ltd	"	"	1,744	1,744	50	50.00%	3,797,645	2,490,432	1,075,179	
"	Hifood Co., Ltd	Cayman	"	470,630	470,630	14,150	65.81%	178,526	6,926	4,558	Subsidiary
"	Sun Lead International Limited	B.V.I.	"	73,525	73,525	3	100.00%	1,067,161	95,121	95,121	"
MiTAC Inc.	Mix System Holdings Ltd.	"	"	268,342	268,342	8,610	100.00%	471,213	9,554	9,554	"
"	Ho Li Investment Co., Ltd.	Taipei	"	564,035	564,035	82,234	100.00%	1,392,180	51,520	45,502	Subsidiary Note1
"	MiTAC Hikari Corp.	"	System integration service	30,000	30,000	3,000	50.00%	4,021	4,205	2,102	Subsidiary
"	MiTAC Information Technology Corp.	"	Integrated system service, automatic system, applied software design and sale of industrial computer	605,107	604,086	56,480	33.22%	526,834	(36,230)	(12,036)	Subsidiary
"	MiTAC Advance Technology Corp.	"	Information Software Services, Computer and Peripheral Equipment Manufacturing, Other Electrical Engineering and Electronic Machinery Equipment Manufacturing	159,084	159,084	9,943	11.05%	161,489	20,658	2,283	Subsidiary

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

Name of investor	Name of invested company	Location	Main business	Original investment amount		Held at the end of the period			Profit or loss of invested company in the current period	Investment profit or loss recognized in the current period	Note
				End of the period	End of last year	Shares	Ratio	Book value			
Mix System Holdings Ltd.	Mitac Investment China Co. Ltd.	B.V.I.	General investment	166,065	166,065	5,450	100.00%	262,860	4,722	4,722	Subsidiary
Ho Li Investment Co., Ltd.	Lien Yung Investment Corp.	Taipei	"	87,969	87,969	9,217	19.99%	199,916	40,648	7,700	
"	Tung Da Investment Co., Ltd.	"	"	72,691	72,691	4,848	19.99%	150,148	25,104	4,995	
MiTAC Information Technology Corp.	MiTAC Communication Co., Ltd.	"	Sale, rental and maintenance of telephone switching systems and data communication products, communication system project contracting	201,312	201,312	10,731	100.00%	120,725	7,395	7,395	Subsidiary
"	Samoa Mitac Information Holding Ltd.	Samoa	General investment	166,915	166,915	5,395	100.00%	125,614	(9,829)	(9,829)	Subsidiary
"	Mitac Information Technology (Singapore) Pte. Ltd.	Singapore	Engineering of factory affair monitoring for semiconductor factories and network communication system engineering	15,794	15,794	500	100.00%	94,984	38,154	38,154	Subsidiary
"	MiTAC Advance Technology Corp.	Taipei	Information Software Services, Computer and Peripheral Equipment Manufacturing, Other Electrical Engineering and Electronic Machinery Equipment Manufacturing	535,100	535,100	53,510	59.45%	677,261	20,658	12,281	Subsidiary
"	General Resources Co., Ltd.	Taipei	Engineering of network signal communication system for railways and rapid transit, engineering of environmental protection (engineering of systematic treatment for waste gas)	337,548	337,548	18,000	100.00%	151,029	103,514	(19,272)	Subsidiary Note2
General Resources Co., Ltd.	General Resources (Hong Kong) Co., Ltd.	Hong Kong	Engineering of network signal communication system for railways and rapid transit	263,894	263,894	65,663	100.00%	18,523	998	998	Subsidiary
"	GENERAL RESOURCES VIETNAM COMPANY LIMITED	Vietnam	Engineering of network signal communication system for railways and rapid transit	12,185	12,185	-	100.00%	8,484	(1,026)	(1,026)	"
Samoa Mitac Information Holding Ltd.	Aidixun Investment Co., Ltd.	Samoa	General investment	163,512	163,512	8,165	100.00%	125,336	(9,656)	(9,656)	"

Note 1: The parent company's stocks possessed by subsidiaries have been deducted from the book value and these stocks were deemed as treasury stocks.

Note 2: The variance refers to the amortization of the difference in equity net value.

Note 3: The variance between the book value and the investment income recognized in the current period and invested company refers to the side stream transaction.

Note 4: The transactions had been eliminated in the consolidated financial statements.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

(III) Information on investment in Mainland China :

1. Information on investment in Mainland China :

Unit: NT\$ thousands

Name of the invested company in China (Note 2)	Main business	Paid-in capital amount	Invest ment method (Note 1)	Accumulated amount investment remitted from Taiwan at the beginning of the current period.	Investment amount remitted or recovered in the current period		Accumulate d investment amount remitted from Taiwan at the end of current period	Investee income recogni zed in the current period	Direct and indirect sharehold ing of the Company	Investment income recognized in the current period	Investment book value at year end	Investment revenue received in the current period
					Remit tance	Repat riation						
Yantai Taihwa Food Industrial Co., Ltd. (II).1	Manufacturing and sale of flour and flour processed food	1,232,224	(II)	1,232,224	-	-	1,232,224	(96,664)	100.00%	(96,664)	269,493	-
Hifood(Shanghai) Co., Ltd. (II).2	Rental and leasing business	656,700	(II)	408,880	-	-	408,880	7,967	65.81%	5,243	192,355	-
Fujian Fuhua Gases Co., Ltd. (II).2 and 3	Research and development of industrial gases, development and technical service of electronics industrial gases	824,911	(II)	-	-	-	-	241,373	25.00%	62,782	339,450	-
BOCLH Industrial Gases (Shanghai) Co., Ltd (II). 2 and 3	Mainly in the business of gas production	580,438	(II)	1,744	-	-	1,744	332,940	50.00%	166,470	622,946	-
Lien Xiong Investment (Shanghai) Co., Ltd. (II). 2 and 3	General investment	5,725,631	(II)	-	-	-	-	780,274	50.00%	390,137	3,569,911	-
Shengpin Precision Gas (Shanghai) Co., Ltd. (II). 2 and 3	Mainly in the business of gas production	729,024	(II)	-	-	-	-	443,367	50.00%	221,684	875,098	-
Lien Hwa Precision Gas (Chengdu) Co., Ltd. (II). 2 and 3	"	501,638	(II)	-	-	-	-	60,406	50.00%	30,203	368,900	-
Lien Hwa Precision Gas (Dalian) Co., Ltd. (II). 2 and 3	"	478,312	(II)	-	-	-	-	143,505	50.00%	71,753	500,607	-
Linde Lienhwa Gases (Wuhan) Co., Ltd. (II).2 and 3	"	629,663	(II)	-	-	-	-	572,365	50.00%	286,182	1,196,728	-
Linde Lienhwa Gases (Chengdu) Co., Ltd. (II).2 and 3	"	718,696	(II)	-	-	-	-	88,269	50.00%	44,135	490,746	-
BOCLH Industrial Gases (Beijing) Co., Ltd. (II).2 and 3	Mainly in the business of production and manufacturing of chemical raw materials	437,394	(II)	-	-	-	-	(29,409)	50.00%	(14,705)	190,793	-
BOCLH Industrial Gases (Lianxiong Gases) Co., Ltd. (II).2 and 3	Mainly in the business of in the fields of electronic technology, industrial gases and sales of chemical products	245,969	(II)	-	-	-	-	71,551	50.00%	35,775	170,700	-
Mitac (Shanghai) Business Management Consulting Co., Ltd. (II).2	Business management consulting, business information consulting and system integration services	82,898	(II)	31,708	-	-	31,708	(645)	100.00%	(645)	148,194	-
Claridy Solutions (Wuxi), Inc. (II).2	Research and development of Radio Frequency Identification (RFID) technology; production and sale of the products	86,695	(II)	32,439	-	-	32,439	(10,273)	100.00%	(10,273)	132,403	-

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

2. Limits on reinvestments in Mainland China :

Company name	Accumulated amount of remittance from Taiwan to Mainland China at the end of period	Investment amount approved by the Investment Commission of the MOEA	Upper limit on investment authorized by MOEAIC (Note 3)
The Company	3,720,683	3,879,439	28,708,820
MiTAC Inc.	49,114	189,212	17,349,601
MiTAC Information Technology Corp.	161,191	161,191	951,539

Note 1: Investment is divided into the following three categories:

- (I) Engaged in direct investment in Mainland China;
- (II) Investment in Mainland China through a third country company.
- (III) Others.

Note 2: In the column of the investment income recognized in the current period:

- (I) It should be specified if the investment is in preparation without any investment gain or loss resulted.
- (II) The base for the recognition of investment income can be classified into three categories and it shall be specified.
 - (1) The financial statements audited and attested by the CPA Firms of the parent company in Taiwan;
 - (2) Other- Self-prepared financial statement
 - (3) The investment income is recognized based on the shareholding of that company as held by Fortune Dragon Holding Inc. indirectly.

Note 3: According to the regulation in the "Principle of Review on Investment and Technical Cooperation in Mainland China" issued by the Investment Commission on August 29, 2008, 60% of the net value is used for the calculation.

Note 4: The numbers in said table are stated in New Taiwan Dollars.

Note 5: The Company invested in Quan Ye Trading Co., Ltd indirectly. The original investment cost was US\$1,000 thousand. The equity was disposed of and US\$486 thousand of the investment amount was collected and settled in May 2017. It was reported to the Investment Commission of the Ministry of Economic Affairs for future reference and cancellation as of September 30, 2024. After the capital is remitted back to Taiwan, the amount will be deducted from the used amount of the approved limit in Mainland China.

Note6: The transactions had been eliminated in the consolidated financial statements.

3. Material transactions: None.

(IV) Information on major shareholders :

Name of major shareholder	Shares	No. of shares held	Shareholding percentage
UPC Technology Corp.		165,553,175	9.68%
Yih Yuan Investment Corp.		156,389,206	9.14%

Note: The major shareholders in this table are shareholders holding more than 5% of the common and preference shares that have completed delivery of non-physical registration (including treasury shares) on the last business day of September 30, 2024 calculated by the Taiwan Depository & Clearing Corporation. However, the share capital recorded in the Company's financial report and the number of shares actually delivered by the company without physical registration may differ due to calculation basis.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

XIV. Department information

(I) General information

The consolidated company has 5 reportable segments: Rental business, Flour business, Flour business overseas, administrative resource center and system integration service business. The rental business provides real property rental and development services. The Flour business manufactures and sells all kinds of Flour and processed foods. The Flour business overseas is the subsidiary, Yantai Taihwa Food Industrial Co., Ltd. Its performance is evaluated independently. The company is located in China and is a flour manufacturing and sale company. The system integration service business provides the system integration service, automatic system, applied software design and sale of industrial computer. The administrative resource center is responsible for the management of domestic/foreign investment business.

The reportable segments of the consolidated company are strategic business departments that provide different products and laboring services. Since different technologies and marketing strategies are required for individual strategic business departments, they need to be managed separately. Most of the business departments were acquired respectively. Their initial management teams were retained.

The business decision maker of the consolidated company was not provided with the measured asset amount of the consolidated company. Therefore, the measured asset amount that should be disclosed was zero.

(II) Information about the income, assets and liabilities, and measurement basis and reconciliation of the reportable segment

The consolidated company mainly uses the department income before tax (excluding extraordinary gain or loss and exchange gain or loss) in the internal management report that is reviewed by the business decision maker to be the basis for resource distribution and performance evaluation for the management. Since the income tax, extraordinary gain or loss and exchange gain or loss were managed based on the Group, the consolidated company did not distribute the income tax expense (profit), extraordinary gain or loss and exchange gain or loss to the reportable segment. In addition, material non-cash item other than depreciation and amortization is not included in the income of every reportable segment. The reported amount shall be consistent with the amount in the report used by the business decision maker.

Except for that the pension expense of every business department is recognized and measured based on the pension scheme paid in cash, the accounting strategy of the business department is the same as what's stated in Note 4 "Summary of Significant Accounting Policies".

The consolidated company deems the sale and transfer between departments as third-party transactions. And the transaction is measured at current market price.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

The consolidated company's operating segments and adjustment are as follows.

2024 July to September	Rental business	Flour business	Flour business overseas	Administrat ive resource center	System integration business	All other departments	Adjustment and elimination	Total
Revenue:								
Revenue from external customers	\$ 95,018	1,296,804	50,291	97,280	1,190,758	54,244	-	2,784,395
Inter-segment income	11,585	42	-	519,232	1,332	571	(532,762)	-
Total revenue	\$ 106,603	1,296,846	50,291	616,512	1,192,090	54,815	(532,762)	2,784,395
Reportable segment profit or loss	\$ 49,271	60,036	(28,247)	853,833	(10,043)	466,677	(544,660)	846,867
2023 July to September								
Revenue:								
Revenue from external customers	\$ 84,699	1,323,955	130,170	46,566	1,123,089	67,233	-	2,775,712
Inter-segment income	10,810	84	-	422,554	108	10	(433,566)	-
Total revenue	\$ 95,509	1,324,039	130,170	469,120	1,123,197	67,243	(433,566)	2,775,712
Reportable segment profit or loss	\$ 40,335	75,398	(30,129)	1,111,117	(51,924)	385,802	(408,238)	1,122,361
2024 January to September								
Revenue:								
Revenue from external customers	\$ 281,108	3,984,545	240,205	1,062,600	4,040,236	165,344	-	9,774,038
Inter-segment income	33,844	123	-	1,779,058	3,599	774	(1,817,398)	-
Total revenue	\$ 314,952	3,984,668	240,205	2,841,658	4,043,835	166,118	(1,817,398)	9,774,038
Reportable segment profit or loss	\$ 153,485	184,911	(98,398)	4,272,431	(510)	1,267,745	(1,793,831)	3,985,833
2023 January to September								
Revenue:								
Revenue from external customers	\$ 258,595	4,018,111	364,855	1,147,670	3,286,665	210,849	-	9,286,745
Inter-segment income	32,514	729	-	1,570,577	601	297	(1,604,718)	-
Total revenue	\$ 291,109	4,018,840	364,855	2,718,247	3,287,266	211,146	(1,604,718)	9,286,745
Reportable segment profit or loss	\$ 146,331	105,380	(105,571)	4,498,073	(197,701)	1,215,895	(1,542,374)	4,120,033