

Tongtai Machine & Tool Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2021 and 2020 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Tongtai Machine & Tool Co., Ltd.

The Board of Directors and Shareholders

Introduction

We have reviewed the accompanying consolidated balance sheets of Tongtai Machine & Tool Co., Ltd. (the "Company") and its subsidiaries as of September 30, 2021 and 2020, the consolidated statements of comprehensive income for the three months and nine months ended September 30, 2021 and 2020, and the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2021 and 2020, and related notes, 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

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Modified Conclusion

As disclosed in Note 11 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated statements were not reviewed. As of September 30, 2021 and 2020, the combined total assets of these non-significant subsidiaries were NT\$5,606,906 thousand and NT\$6,583,650 thousand, representing 34% and 39%, respectively, of the consolidated total assets; the combined total liabilities of these non-significant subsidiaries were NT\$3,860,667 thousand and NT\$4,181,422 thousand, representing 36% and 38%, respectively, of the consolidated total liabilities. For the three months and nine months ended September 30, 2021 and 2020, the amounts of the combined comprehensive income (loss) of these non-significant subsidiaries were NT\$(28,176) thousand, NT\$(14,051) thousand, NT\$(180,353) thousand and NT\$(37,476) thousand, representing 23%, 38%, 130% and 31%, respectively, of the consolidated total comprehensive income. In addition, as disclosed in Note 12 to the consolidated financial statements, the total carrying amounts of the investments accounted for using the equity method were NT\$7,108 thousand and NT\$17,282 thousand as of September 30, 2021 and 2020, respectively; the share of loss of associates accounted for using the equity method were NT\$35 thousand, NT\$395 thousand, NT\$663 thousand and NT\$2,223 thousand for the three months and nine months ended September 30, 2021 and 2020, respectively. The amounts of the related equity-method investments were based on the equity-method investees' unreviewed financial statements for the same reporting periods.

Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and other equity-method investees' as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the financial position of the Company and its subsidiaries as of September 30, 2021 and 2020, its consolidated financial performance for the three months and nine months ended September 30, 2021 and 2020, and its consolidated cash flows for nine months ended September 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the audit resulting in this independent auditors' report are Jui-Hsuan Hsu and Chao-Chun Wang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 4, 2021

Notice to Readers

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

The English version of independent auditors' review report and consolidated financial statements are not reviewed nor audited by independent auditors.

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

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2021 (Reviewed)		December 31, 2020 (Audited)		September 30, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 1,517,249	9	\$ 1,703,291	11	\$ 1,528,356	9
Financial assets at fair value through profit or loss - current (Note 7)	71,680	1	113,843	1	98,741	1
Notes receivable, net (Note 9)	447,913	3	363,182	2	442,045	3
Accounts receivable, net (Note 9)	2,996,037	18	2,857,406	18	3,210,151	19
Accounts receivable - related parties (Notes 9 and 32)	4,851	-	5,178	-	7,237	-
Other receivables (Note 32)	111,627	1	230,558	1	159,785	1
Current tax assets	13,549	-	8,372	-	1,784	-
Inventories (Note 10)	5,750,305	35	5,015,672	31	5,345,911	32
Other financial assets - current (Notes 13 and 33)	189,479	1	313,317	2	570,214	3
Other current assets	389,519	2	350,752	2	325,248	2
Total current assets	11,492,209	70	10,961,571	68	11,689,472	70
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	196,500	1	146,203	1	133,862	1
Investments accounted for using the equity method (Note 12)	7,108	-	7,771	-	17,282	-
Property, plant and equipment (Notes 14 and 33)	3,189,769	20	3,323,037	21	3,280,911	20
Right-of-use assets (Note 15)	581,213	4	624,337	4	625,887	4
Investment properties (Notes 16 and 33)	218,693	2	228,931	2	234,217	1
Intangible assets (Note 17)	47,346	-	59,228	-	78,389	-
Deferred tax assets	462,300	3	511,357	3	449,781	3
Refundable deposits	25,163	-	23,613	-	36,879	-
Long-term notes and accounts receivable (Note 9)	51,117	-	4,097	-	3,765	-
Net defined benefit assets (Note 4)	1,490	-	1,490	-	1,465	-
Other financial assets - non-current (Notes 13 and 33)	41,441	-	73,056	1	154,553	1
Other non-current assets (Note 9)	47,005	-	44,374	-	77,180	-
Total non-current assets	4,869,145	30	5,047,494	32	5,094,171	30
TOTAL	\$ 16,361,354	100	\$ 16,009,065	100	\$ 16,783,643	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 18 and 33)	\$ 2,533,672	15	\$ 2,567,753	16	\$ 3,100,136	19
Short-term bills payable (Note 18)	289,994	2	249,816	2	334,880	2
Financial liabilities at fair value through profit or loss - current (Note 7)	1,598	-	11,372	-	6,189	-
Contract liabilities - current (Note 24)	1,338,393	8	1,330,503	8	1,309,225	8
Notes payable (Notes 19 and 32)	166,932	1	59,754	-	113,884	1
Accounts payable (Note 19)	1,909,046	12	1,362,224	9	1,150,872	7
Accounts payable - related parties (Notes 19 and 32)	85,889	-	64,825	-	51,533	-
Other payables (Notes 20 and 32)	745,165	5	718,441	5	748,639	5
Current tax liabilities	2,963	-	38,187	-	21,934	-
Provisions - current (Note 21)	96,690	1	102,527	1	113,900	1
Lease liabilities - current (Note 15)	23,852	-	47,364	-	45,774	-
Current portion of long-term bank borrowings (Notes 18 and 33)	684,921	4	1,888,558	12	1,917,756	11
Other current liabilities	36,190	-	35,037	-	52,778	-
Total current liabilities	7,915,305	48	8,476,361	53	8,967,500	54
NON-CURRENT LIABILITIES						
Long-term bank borrowings (Notes 18 and 33)	2,125,428	13	1,320,736	8	1,327,590	8
Deferred tax liabilities	71,442	-	70,785	-	71,068	-
Lease liabilities - noncurrent (Note 15)	565,292	4	581,102	4	582,420	3
Net defined benefit liabilities (Note 4)	91,932	1	99,350	1	86,928	1
Guarantee deposits received	6,855	-	57	-	1,839	-
Total non-current liabilities	2,860,949	18	2,072,030	13	2,069,845	12
Total liabilities	10,776,254	66	10,548,391	66	11,037,345	66
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)						
Ordinary shares	2,548,265	16	2,548,265	16	2,548,265	15
Capital surplus	1,194,240	7	1,194,096	7	1,194,096	7
Retained earnings						
Legal reserve	731,144	4	731,144	5	731,144	4
Special reserve	89,749	1	89,749	-	89,749	-
Unappropriated earnings	497,137	3	350,103	2	614,261	4
Total retained earnings	1,318,030	8	1,170,996	7	1,435,154	8
Other equity	(10,970)	-	(30,440)	-	(73,525)	-
Total equity attributable to owners of the Company	5,049,565	31	4,882,917	30	5,103,990	30
NON-CONTROLLING INTERESTS (Note 23)	535,535	3	577,757	4	642,308	4
Total equity	5,585,100	34	5,460,674	34	5,746,298	34
TOTAL	\$ 16,361,354	100	\$ 16,009,065	100	\$ 16,783,643	100

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' reviewed report dated November 4, 2021)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Loss Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Notes 24 and 32)	\$2,506,005	100	\$1,828,992	100	\$7,239,036	100	\$5,748,912	100
OPERATING COSTS (Notes 10, 25 and 32)	<u>1,984,159</u>	<u>80</u>	<u>1,496,007</u>	<u>82</u>	<u>5,807,761</u>	<u>80</u>	<u>4,675,072</u>	<u>81</u>
GROSS PROFIT	<u>521,846</u>	<u>20</u>	<u>332,985</u>	<u>18</u>	<u>1,431,275</u>	<u>20</u>	<u>1,073,840</u>	<u>19</u>
OPERATING EXPENSES (Notes 9, 25 and 32)								
Selling and marketing expenses	183,124	7	167,598	9	562,858	8	544,419	9
General and administrative expenses	148,569	6	158,655	9	483,036	7	457,568	8
Research and development expenses	58,303	2	65,476	3	177,279	2	232,218	4
Expected credit loss (gain)	(<u>11,338</u>)	<u>-</u>	(<u>81</u>)	<u>-</u>	<u>872</u>	<u>-</u>	<u>51,148</u>	<u>1</u>
Total operating expenses	<u>378,658</u>	<u>15</u>	<u>391,648</u>	<u>21</u>	<u>1,224,045</u>	<u>17</u>	<u>1,285,353</u>	<u>22</u>
PROFIT (LOSS) FROM OPERATIONS	<u>143,188</u>	<u>5</u>	(<u>58,663</u>)	(<u>3</u>)	<u>207,230</u>	<u>3</u>	(<u>211,513</u>)	(<u>3</u>)
NON-OPERATING INCOME AND EXPENSES (Notes 12, 25 and 32)								
Interest income	3,949	-	3,854	-	9,893	-	18,329	-
Other income	57,129	3	81,646	4	142,800	2	205,076	3
Other gains and losses	(<u>19,614</u>)	(<u>1</u>)	15,507	1	(<u>122,987</u>)	(<u>2</u>)	(<u>73,180</u>)	(<u>1</u>)
Finance costs	(<u>22,739</u>)	(<u>1</u>)	(<u>24,511</u>)	(<u>1</u>)	(<u>68,432</u>)	(<u>1</u>)	(<u>78,202</u>)	(<u>1</u>)
Share of loss of associates	(<u>35</u>)	<u>-</u>	(<u>395</u>)	<u>-</u>	(<u>663</u>)	<u>-</u>	(<u>2,223</u>)	<u>-</u>
Total non-operating income and expenses	<u>18,690</u>	<u>1</u>	<u>76,101</u>	<u>4</u>	(<u>39,389</u>)	(<u>1</u>)	<u>69,800</u>	<u>1</u>
PROFIT (LOSS) BEFORE INCOME TAX	161,878	6	17,438	1	167,841	2	(<u>141,713</u>)	(<u>2</u>)
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 26)	<u>57,151</u>	<u>2</u>	(<u>10,082</u>)	<u>-</u>	<u>47,918</u>	<u>-</u>	(<u>61,209</u>)	(<u>1</u>)
NET PROFIT (LOSS) FOR THE PERIOD	<u>104,727</u>	<u>4</u>	<u>27,520</u>	<u>1</u>	<u>119,923</u>	<u>2</u>	(<u>80,504</u>)	(<u>1</u>)

(Continued)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 23 and 26)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	\$ 23,841	1	(\$ 14,604)	(1)	\$ 50,297	1	(\$ 28,077)	(1)
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	(5,090)	-	29,947	2	(39,000)	(1)	(14,051)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>1,019</u>	<u>-</u>	<u>(5,955)</u>	<u>-</u>	<u>7,706</u>	<u>-</u>	<u>2,732</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>19,770</u>	<u>1</u>	<u>9,388</u>	<u>1</u>	<u>19,003</u>	<u>-</u>	<u>(39,396)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 124,497</u>	<u>5</u>	<u>\$ 36,908</u>	<u>2</u>	<u>\$ 138,926</u>	<u>2</u>	<u>(\$ 119,900)</u>	<u>(2)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 117,630		\$ 21,688		\$ 147,034		(\$ 94,441)	
Non-controlling interests	(12,903)		<u>5,832</u>		(27,111)		<u>13,937</u>	
	<u>\$ 104,727</u>		<u>\$ 27,520</u>		<u>\$ 119,923</u>		<u>(\$ 80,504)</u>	
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 137,393		\$ 30,902		\$ 166,504		(\$ 133,447)	
Non-controlling interests	(12,896)		<u>6,006</u>		(27,578)		<u>13,547</u>	
	<u>\$ 124,497</u>		<u>\$ 36,908</u>		<u>\$ 138,926</u>		<u>(\$ 119,900)</u>	
EARNINGS (LOSS) PER SHARE (Note 27)								
Basic	\$ 0.46		\$ 0.09		\$ 0.58		(\$ 0.37)	
Diluted	0.46		0.09		0.58		(0.37)	

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' reviewed report dated November 4, 2021)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company										
	Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on Translating Equity Operations	Other Equity		Total Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity			
BALANCE AT JANUARY 1, 2021	\$ 2,548,265	\$ 1,194,096	\$ 731,144	\$ 89,749	\$ 350,103	(\$ 118,098)	\$ 87,658	(\$ 30,440)	\$ 4,882,917	\$ 577,757	\$ 5,460,674
Net profit (loss) for the nine months ended September 30, 2021	-	-	-	-	147,034	-	-	-	147,034	(27,111)	119,923
Other comprehensive income (loss) for the nine months ended September 30, 2021, net of income tax	-	-	-	-	-	(30,827)	50,297	19,470	19,470	(467)	19,003
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	147,034	(30,827)	50,297	19,470	166,504	(27,578)	138,926
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Notes 23 and 28)	-	144	-	-	-	-	-	-	144	(6,231)	(6,087)
Adjustment of non-controlling interests (Note 23)	-	-	-	-	-	-	-	-	-	(8,413)	(8,413)
BALANCE AT SEPTEMBER 30, 2021	\$ 2,548,265	\$ 1,194,240	\$ 731,144	\$ 89,749	\$ 497,137	(\$ 148,925)	\$ 137,955	(\$ 10,970)	\$ 5,049,565	\$ 535,535	\$ 5,585,100
BALANCE AT JANUARY 1, 2020	\$ 2,548,265	\$ 1,190,258	\$ 725,249	\$ 133,443	\$ 775,619	(\$ 137,912)	\$ 49,642	(\$ 88,270)	\$ 5,284,564	\$ 707,483	\$ 5,992,047
Appropriation of 2019 earnings (Note 23)											
Legal reserve	-	-	5,895	-	(5,895)	-	-	-	-	-	-
Special reserve	-	-	-	(43,694)	43,694	-	-	-	-	-	-
Cash dividends	-	-	-	-	(50,965)	-	-	-	(50,965)	-	(50,965)
	-	-	5,895	(43,694)	(13,166)	-	-	-	(50,965)	-	(50,965)
Net profit (loss) for the nine months ended September 30, 2020	-	-	-	-	(94,441)	-	-	-	(94,441)	13,937	(80,504)
Other comprehensive income (loss) for the nine months ended September 30, 2020, net of income tax	-	-	-	-	-	(10,929)	(28,077)	(39,006)	(39,006)	(390)	(39,396)
Total comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	-	(94,441)	(10,929)	(28,077)	(39,006)	(133,447)	13,547	(119,900)
Changes in percentage of ownership interests in subsidiaries (Note 28)	-	3,838	-	-	-	-	-	-	3,838	-	3,838
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	(78,722)	(78,722)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(53,751)	-	53,751	53,751	-	-	-
BALANCE AT SEPTEMBER 30, 2020	\$ 2,548,265	\$ 1,194,096	\$ 731,144	\$ 89,749	\$ 614,261	(\$ 148,841)	\$ 75,316	(\$ 73,525)	\$ 5,103,990	\$ 642,308	\$ 5,746,298

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

(With Deloitte & Touche auditors' reviewed report dated November 4, 2021)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	\$ 167,841	(\$ 141,713)
Adjustments for:		
Depreciation expense	228,145	235,051
Amortization expense	31,451	40,045
Expected credit loss	872	51,148
Net loss (gain) on fair value change of financial assets at fair value through profit or loss	(910)	4,597
Finance costs	68,432	78,202
Interest income	(9,893)	(18,329)
Dividend income	(2,461)	(9,432)
Share of loss of associates	663	2,223
Gain (loss) on disposal of property, plant and equipment	900	(1,077)
Impairment loss recognized on nonfinancial assets	18,804	71,978
Recognition of provisions	130,981	122,487
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	33,299	(86,950)
Notes receivable and long-term notes and accounts receivable	(130,581)	(256,452)
Accounts receivable	(136,153)	433,009
Accounts receivable - related parties	327	(1,734)
Other receivables	31,556	(61,176)
Inventories	(772,867)	192,142
Other current assets	(38,767)	25,190
Contract liabilities	7,890	307,989
Notes payable	107,178	(4,993)
Accounts payable	546,822	(323,325)
Accounts payable - related parties	21,064	(21,815)
Other payables	25,994	31,877
Provisions	(134,499)	(120,867)
Advance received	1,153	(34,765)
Net defined benefit liabilities	(7,418)	(2,746)
Cash generated from operations	189,823	510,564
Interest received	10,409	22,047
Dividend received	1,091	8,281
Interest paid	(68,554)	(81,979)
Income taxes paid	(30,899)	(16,865)
Net cash generated from operating activities	<u>101,870</u>	<u>442,048</u>

(Continued)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through other comprehensive income	\$ 16,989	\$ -
Acquisition of property, plant and equipment	(67,376)	(173,922)
Proceeds from disposal of property, plant and equipment	62,297	2,247
Increase in refundable deposits	(1,550)	(3,186)
Acquisition of intangible assets	(4,875)	(9,266)
Acquisition of investment properties	-	(299)
Proceeds from disposal of investment properties	13,494	-
Decrease in other financial assets	155,453	174,529
Increase in other non-current assets	(14,999)	(7,430)
Net cash generated from (used in) investing activities	<u>159,433</u>	<u>(17,327)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,169,343	1,802,069
Repayments of short-term borrowings	(1,116,860)	(1,905,977)
Increase in short-term bills payable	40,178	93,198
Proceeds from long-term bank borrowings	1,380,231	1,409,936
Repayments of long-term bank borrowings	(1,811,094)	(1,232,994)
Proceeds from guarantee deposits received	6,798	48
Repayment of principle of lease liabilities	(35,789)	(36,039)
Dividends paid	-	(50,965)
Acquisition of percentage of ownership interests in subsidiaries	(6,087)	-
Decrease in non-controlling interests	(8,413)	(74,884)
Net cash generated from (used in) financing activities	<u>(381,693)</u>	<u>4,392</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(65,652)</u>	<u>9,554</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(186,042)</u>	<u>438,667</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,703,291</u>	<u>1,089,689</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 1,517,249</u>	<u>\$ 1,528,356</u>

(Concluded)

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

(With Deloitte & Touche auditors' reviewed report dated November 4, 2021)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Tongtai Machine & Tool Co., Ltd. (the “Company”) was incorporated in January 1969. It is mainly engaged in the manufacturing and selling of machine tools, computer components, computer numerical control lathes and cutting centers.

The Company’s shares have been listed on the Taiwan Stock Exchange since September 15, 2003.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on November 4, 2021.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company and its subsidiaries’ accounting policies:

Amendment to IFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021”

The Company and its subsidiaries elected to apply the amendment that extends the availability of the practical expedient to lease payments due on or before June 30, 2022. Refer to the Summary of Significant Accounting Policies in the consolidated financial statements for the year ended December 31, 2020 for the relevant accounting policies of the practical expedient.

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were approved by the Company’s board of directors and authorized for issue, the Company and its subsidiaries are in the process of assessing the impact of the impending initial application of the aforementioned and other standards and the amendments to interpretations on their financial position and results of operations. Disclosures will be provided after a detailed review of the impact has been completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were approved by the Company's board of directors and authorized for issue, the Company and its subsidiaries are in the process of assessing the impact of the impending initial application of the aforementioned and other standards and the amendments to interpretations on their financial position and results of operations. Disclosures will be provided after a detailed review of the impact has been completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. The consolidated financial statements do not present full disclosures required for a complete set of IFRSs annual financial statements.

b. Basis of preparation

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

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

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

c. Basis of preparation

Refer to Note 11, Table 7 and Table 8 for the detail information of subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

Except for the following, refer to the summary of significant accounting policy and basis of preparation in the consolidated financial statements for the year ended December 31, 2020.

1) Retirement benefits

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

2) Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Company and its subsidiaries considers the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and underlying assumptions are reviewed on an ongoing basis. The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as those applied in the preparation of the consolidated financial statements for the year ended December 31, 2020.

6. CASH AND CASH EQUIVALENTS

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Cash on hand	\$ 6,764	\$ 6,113	\$ 6,184
Checking accounts and demand deposits	1,383,967	1,637,041	1,497,369
Cash equivalents			
Time deposits with original maturities of less than three months	<u>126,518</u>	<u>60,137</u>	<u>24,803</u>
	<u>\$ 1,517,249</u>	<u>\$ 1,703,291</u>	<u>\$ 1,528,356</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets			
Cross-currency swap contracts	\$ 690	\$ -	\$ -
Swap contracts	-	3,332	1,344
Foreign exchange forward contracts	-	509	-
Non-derivative financial assets			
Mutual funds	70,990	16,683	15,061
CNY floating rate financial products	-	<u>93,319</u>	<u>82,336</u>
	<u>\$ 71,680</u>	<u>\$ 113,843</u>	<u>\$ 98,741</u>
<u>Financial liabilities at FVTPL - current</u>			
Financial liabilities held for trading			
Derivative financial liabilities			
Cross-currency swap contracts	\$ 1,532	\$ 11,280	\$ 6,017
Swap contracts	66	-	45
Foreign exchange forward contracts	-	<u>92</u>	<u>127</u>
	<u>\$ 1,598</u>	<u>\$ 11,372</u>	<u>\$ 6,189</u>

- a. At the balance sheet date, outstanding cross-currency swap contracts not accounted for by hedge accounting were as follows:

Notional Amounts (In Thousands)	Maturity Date	Range of interest Rates Paid (%)	Range of Interest Rates Received
<u>September 30, 2021</u>			
CNY10,000 / NTD43,400	2021.10	-	2.71
CNY8,000 / NTD34,720	2021.10	-	2.55
USD2,000 / NTD56,300	2021.02	0.90	1MLibor+0.55
CNY9,000 / NTD39,015	2021.10	-	2.70
USD2,000 / NTD55,980	2022.05	0.93	1MLibor+0.55
USD2,000 / NTD55,980	2022.05	0.93	1MLibor+0.55
CNY10,000 / NTD43,200	2021.10	-	1.50
<u>December 31, 2020</u>			
USD2,000 / NTD60,140	2021.02	0.92	1M Libor+0.48
USD2,000 / NTD60,000	2021.05	0.80	1M Libor+1
USD2,000 / NTD59,600	2021.05	0.80	1M Libor+0.95
<u>September 30, 2020</u>			
USD2,000 / NTD60,140	2021.02	0.92	1M Libor+0.48
USD2,000 / NTD60,000	2021.05	0.80	1M Libor+1
USD2,000 / NTD59,600	2021.05	0.80	1M Libor+0.95

- b. At the balance sheet date, outstanding swap contracts and foreign exchange forward contracts not accounted for by hedge accounting were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>September 30, 2021</u>			
Swap contracts	NTD/USD	2021.11	NTD26,524 / USD950
<u>December 31, 2020</u>			
Swap contracts	NTD/CNY	2021.06	NTD80,119 / CNY19,500
Foreign exchange forward	USD/NTD	2021.04	USD4,000 / NTD113,888
Foreign exchange forward	USD/CNY	2021.01 ~ 2021.03	USD8,230 / CNY53,749
<u>September 30, 2020</u>			
Swap contracts	CNY/NTD	2020.12 ~ 2021.06	CNY26,000 / NTD107,663
Foreign exchange forward	MYR/USD	2020.10	MYR441 / USD100

The Company and its subsidiaries entered into cross-currency swap contracts, swap contracts and foreign exchange forward contracts to manage exposures to exchange rate and interest rate fluctuations of foreign currency denominated assets and liabilities. For the three months and nine months ended September 30, 2021 and 2020, the Company and its subsidiaries recognized gain (loss) on cross-currency swap contracts, swap contracts and foreign exchange forward contracts not accounted for by hedge accounting in the amounts of NT\$1,944 thousand, NT\$(413) thousand, NT\$3,216 thousand and NT\$(5,852) thousand, respectively, included in gain (loss) on financial instruments at fair value through profit or loss.

For the three months and nine months ended September 30, 2021 and 2020, the Company entered into mutual funds financial products and recognized gain (loss) in the amounts of NT\$(922) thousand, NT\$416 thousand, NT\$(3,257) thousand and NT\$416 thousand, respectively, included in gain (loss) on financial instruments at fair value through profit or loss.

For the three months and nine months ended September 30, 2021 and 2020, the subsidiaries entered into CNY floating rate financial products and recognized gain (loss) in the amounts of NT\$(362) thousand, NT\$456 thousand, NT\$951 thousand and NT\$839 thousand, respectively, included in gain (loss) on financial instruments at fair value through profit or loss.

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Investment in equity instruments</u>			
Domestic investments			
Listed shares	\$ 161,307	\$ 113,838	\$ 102,964
Unlisted shares	<u>35,193</u>	<u>32,365</u>	<u>30,898</u>
	<u>\$ 196,500</u>	<u>\$ 146,203</u>	<u>\$ 133,862</u>

9. NOTES AND ACCOUNTS RECEIVABLE, LONG-TERM NOTES AND ACCOUNTS RECEIVABLE, AND OVERDUE RECEIVABLE, NET

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Notes receivable (operating)			
Gross carrying amount at amortized cost	\$ 450,209	\$ 368,017	\$ 447,298
Less: Unrealized interest revenue	<u>2,296</u>	<u>4,835</u>	<u>5,253</u>
	<u>\$ 447,913</u>	<u>\$ 363,182</u>	<u>\$ 442,045</u>
Accounts receivable			
Gross carrying amount at amortized cost	\$ 3,409,261	\$ 3,294,974	\$ 3,613,953
Less: Allowance for impairment loss	<u>413,224</u>	<u>437,568</u>	<u>403,802</u>
	<u>\$ 2,996,037</u>	<u>\$ 2,857,406</u>	<u>\$ 3,210,151</u>
Accounts receivable - related parties			
Gross carrying amount at amortized cost	<u>\$ 4,851</u>	<u>\$ 5,178</u>	<u>\$ 7,237</u>

(Continued)

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Long-term notes and accounts receivable (operating)			
Gross carrying amount at amortized cost	\$ 51,117	\$ 16,994	\$ 16,943
Less : Allowance for impairment loss	<u>-</u>	<u>12,897</u>	<u>13,178</u>
	<u>\$ 51,117</u>	<u>\$ 4,097</u>	<u>\$ 3,765</u>
Overdue receivable (included in other noncurrent assets)			
Gross carrying amount at amortized cost	\$ 31,942	\$ 73,088	\$ 72,552
Less : Allowance for impairment loss	<u>31,942</u>	<u>73,088</u>	<u>72,552</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Concluded)

Accounts receivable

The credit period of the Company and its subsidiaries' receivables depends on customer classification and product category. The Company and its subsidiaries make prudent assessment of all their customers. The counterparties are creditworthy companies; as a result, the significant credit risk is unexpected. In order to minimize credit risk, the management of the Company and its subsidiaries have delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company and its subsidiaries review the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company and its subsidiaries' credit risk were significantly reduced.

The Company and its subsidiaries apply the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all notes and accounts receivables. The expected credit losses on notes and accounts receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Company and its subsidiaries' historical credit loss experience do not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company and its subsidiaries' different customer base.

The Company and its subsidiaries write off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery after the recourse procedures. For accounts receivable that have been written off, the Company and its subsidiaries continue to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes and accounts receivables based on the Company and its subsidiaries' provision matrix. :

September 30, 2021

	<u>Not Past Due</u>	<u>1 to 90 Days</u>	<u>91 to 180 Days</u>	<u>181 to 270 Days</u>	<u>271 to 365 Days</u>	<u>366 to 720 Days</u>	<u>Over 721 Days</u>	<u>Individual Identification</u>	<u>Total</u>
Gross carrying amount	\$ 2,673,302	\$ 334,777	\$ 157,629	\$ 31,805	\$ 75,788	\$ 142,654	\$ 193,086	\$ 336,043	\$ 3,945,084
Loss allowance (Lifetime ECL)	(15,641)	(27,208)	(14,356)	(3,746)	(9,922)	(60,839)	(167,324)	(146,130)	(445,166)
Amortized cost	<u>\$ 2,657,661</u>	<u>\$ 307,569</u>	<u>\$ 143,273</u>	<u>\$ 28,059</u>	<u>\$ 65,866</u>	<u>\$ 81,815</u>	<u>\$ 25,762</u>	<u>\$ 189,913</u>	<u>\$ 3,499,918</u>

December 31, 2020

	<u>Not Past Due</u>	<u>1 to 90 Days</u>	<u>91 to 180 Days</u>	<u>181 to 270 Days</u>	<u>271 to 365 Days</u>	<u>366 to 720 Days</u>	<u>Over 721 Days</u>	<u>Individual Identification</u>	<u>Total</u>
Gross carrying amount	\$ 2,199,800	\$ 418,765	\$ 160,649	\$ 106,933	\$ 128,488	\$ 245,745	\$ 218,648	\$ 274,388	\$ 3,753,416
Loss allowance (Lifetime ECL)	(13,981)	(33,625)	(14,468)	(12,114)	(11,734)	(89,225)	(162,842)	(185,534)	(523,553)
Amortized cost	<u>\$ 2,185,819</u>	<u>\$ 385,140</u>	<u>\$ 146,181</u>	<u>\$ 94,819</u>	<u>\$ 116,754</u>	<u>\$ 156,490</u>	<u>\$ 55,806</u>	<u>\$ 88,854</u>	<u>\$ 3,229,863</u>

September 30, 2020

	<u>Not Past Due</u>	<u>1 to 90 Days</u>	<u>91 to 180 Days</u>	<u>181 to 270 Days</u>	<u>271 to 365 Days</u>	<u>366 to 720 Days</u>	<u>Over 721 Days</u>	<u>Individual Identification</u>	<u>Total</u>
Gross carrying amount	\$ 2,563,120	\$ 460,743	\$ 183,271	\$ 156,593	\$ 124,371	\$ 266,932	\$ 211,961	\$ 185,739	\$ 4,152,730
Loss allowance (Lifetime ECL)	(13,090)	(30,801)	(16,811)	(14,612)	(9,181)	(100,576)	(136,551)	(167,910)	(489,532)
Amortized cost	<u>\$ 2,550,030</u>	<u>\$ 429,942</u>	<u>\$ 166,460</u>	<u>\$ 141,981</u>	<u>\$ 115,190</u>	<u>\$ 166,356</u>	<u>\$ 75,410</u>	<u>\$ 17,829</u>	<u>\$ 3,663,198</u>

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

	<u>For the Nine Months Ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Balance, beginning of period	\$ 523,553	\$ 456,718
Recognition	872	51,148
Written off	(74,739)	(18,457)
Effects of foreign currency exchange differences	(4,520)	123
Balance, end of period	<u>\$ 445,166</u>	<u>\$ 489,532</u>

10. INVENTORIES

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Raw materials	\$ 2,579,410	\$ 1,775,063	\$ 1,960,864
Supplies	195,966	185,211	194,360
Work-in-progress	1,971,308	2,027,666	2,406,300
Finished goods	852,514	927,632	714,663
Merchandise	49,434	68,731	54,959
Inventory in transit	<u>101,673</u>	<u>31,369</u>	<u>14,765</u>
	<u>\$ 5,750,305</u>	<u>\$ 5,015,672</u>	<u>\$ 5,345,911</u>

The cost of inventories recognized as operating costs for the three months and nine months ended September 30, 2021 and 2020 was NT\$1,984,159 thousand, NT\$1,496,007 thousand, NT\$5,807,761 thousand and NT\$4,675,072 thousand, respectively, which included write-downs of inventories and unallocated manufacturing overhead as follows.

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Inventory write-downs	\$ 19,270	\$ 10,881	\$ 18,804	\$ 71,978
Unallocated manufacturing overhead	-	-	-	2,787

Unallocated production overhead included the related expenses incurred during the shutdown period due to the impact of COVID-19.

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			September 30, 2021	December 31, 2020	September 30, 2020	
Tongtai Machine & Tool Co., Ltd.	Union Top Industrial (Samoa) Limited (Union Top)	General investment	100	100	100	Important subsidiary
	Honor Seiki Co., Ltd. (Honor Seiki)	Sales and manufacturing of equipment	54	54	54	Notes 1 and 2
	Quick-Tech Machinery Co., Ltd. (Quick-Tech)	Sales and manufacturing of equipment	52	52	52	Note 2
	Chin-Jig Technology Co., Ltd. (Chin-Jig)	Sales of mold and equipment	70	70	70	Note 2
	Tongfong Auto Tech Co., Ltd. (Tongfong)	Sales of electric automation equipment	100	99	99	Note 2
	Asia Pacific Elite Corp. (APEC)	Sales and manufacturing of equipment	100	99	99	Note 2
	Tongtai Europe B.V. (TTE)	Sales of merchandise	100	100	100	
	Tong-Yeh Precision Co., Ltd. (Tong-Yeh)	Manufacturing and processing of metal part	60	60	60	Note 2
	Tong-Tai Seiki USA, Inc. (TSU)	Sales of equipment	100	100	100	
	Tongtai Machine Tool (MFG) Sdn. Bhd. (TMM)	Sales and manufacturing of equipment	100	100	100	
	Tong Tai Machinery Co., Ltd. (TTM)	Sales of customized machine	100	100	100	
	Tongtai Seiki Vietnam Co., Ltd. (TTVN)	Sales of customized machine	100	100	100	
	Tongtai Machine Tool (SEA) Sdn. Bhd. (TTS)	Sales of customized machine	52	52	52	
	Tongtai Machine & Tool Japan Co., Ltd. (TTJP)	Sales and manufacturing of equipment	100	100	100	
	Process Conception Ingenierie-Societe de Construction D'equipments, De Mecanisations Et De Machines (PCI-SCEMM)	Sales, manufacturing and maintenance of equipment	100	100	100	
	Tongan GmbH (Tongan)	General investment	100	100	100	
	Tongtai Mexico S.A.DE C.V. (TTGMx)	Sales and maintenance of machine tools	100	100	100	
Union Top	Suzhou Tongyu Machine Tool Co., Ltd. (Suzhou Tongyu)	Manufacturing of digital control machine and system	100	100	100	Important subsidiary
	Shanghai Tong-Tai-Shin Trading Co., Ltd. (Shanghai Tong-Tai-Shin)	International trade	100	100	100	
	Tong-Yu Machine Tool (Shanghai) Co., Ltd. (Shanghai Tong-Yu)	Sales and maintenance of machine tools	100	100	100	
Great Pursuit Limited	Great Pursuit Limited	General investment	55	55	55	
	Hao-Tern-Shin Electronics (Shenzhen) Co., Ltd. (Hao-Tern-Shin)	Sales and manufacturing of printed circuit board	100	100	100	
Chin-Jig	Time Trade International Limited	General investment	100	100	100	
Time Trade	Chin-Jig Precision Machine (Shanghai) Co., Ltd. (Shanghai Chin-Jig)	Sales of mold and equipment	100	100	100	
PCI-SCEMM	TTGroup France	Sales of merchandise	100	100	100	
Tongan	Mbi-group Beteiligung GmbH (MBI)	General investment	100	100	100	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			September 30, 2021	December 31, 2020	September 30, 2020	
MBI	HPC Produktions GmbH (HPC)	Sales, manufacturing and maintenance of machine tools	100	100	100	
	Anger Machining GmbH (Anger)	Sales, manufacturing and maintenance of equipment	100	100	100	
Anger	Anger Machining Inc. (Anger - US)	Sales and maintenance of machine tools	100	100	100	
	Anger Service Deutschland GmbH (Anger - DE)	Sales and maintenance of machine tools	100	100	100	
TTJP	SKTD Co., Ltd. (SKTD)	Sales and maintenance of machine tools	98.73	98.73	98.73	

(Concluded)

Note 1: In March 2020, Honor Seiki purchased treasury shares which resulted in the changes in the Company's percentage of ownership interests in Honor Seiki. (Refer to Note 28)

Note 2: In August 2021, the Company acquired partial shares from non-controlling interest. (Refer to Note 28)

The financial statements of the non-significant subsidiaries were based on the subsidiaries' financial statements which have not been reviewed for the same periods.

b. Details of subsidiaries that have material non-controlling interests

Name of subsidiary	Percentage of Ownership and Voting Rights of Non-controlling Interests		
	September 30, 2021	December 31, 2020	September 30, 2020
Honor Seiki	46%	46%	46%

Names, locations, and related information of investees Honor Seiki please refer to Table 7.

Name of subsidiary	Profit (Loss) Allocated to Non-controlling Interests				Accumulated, Non-controlling Interests		
	For the Three Months Ended September 30		For the Nine Months Ended September 30		September 30, 2021	December 31, 2020	September 30, 2020
	2021	2020	2021	2020			
Honor Seiki	\$ 12,797	\$ 9,807	\$ 14,289	\$ 22,013	\$ 549,081	\$ 548,641	\$ 549,306

Honor Seiki's financial information below represents amounts before intragroup eliminations.

	September 30, 2021	December 31, 2020	September 30, 2020
Current assets	\$ 1,363,779	\$ 1,396,872	\$ 1,724,347
Non-current assets	874,068	886,669	831,908
Current liabilities	(755,018)	(758,981)	(1,048,000)
Non-current liabilities	(276,932)	(332,797)	(315,048)
Equity	\$ 1,205,897	\$ 1,191,763	\$ 1,193,207
Equity attributable to			
Owner of the Company	\$ 656,816	\$ 643,122	\$ 643,901
Non-controlling interests	549,081	548,641	549,306
	\$ 1,205,897	\$ 1,191,763	\$ 1,193,207

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Revenue	<u>\$ 393,303</u>	<u>\$ 336,430</u>	<u>\$ 913,958</u>	<u>\$ 786,682</u>
Profit for the period	\$ 27,806	\$ 21,302	\$ 31,047	\$ 45,984
Other comprehensive income for the period	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
Total comprehensive income for the period	<u>\$ 27,806</u>	<u>\$ 21,302</u>	<u>\$ 31,047</u>	<u>\$ 45,984</u>
Profit and total comprehensive income attributable to				
Owners of the Company	\$ 15,009	\$ 11,495	\$ 16,758	\$ 23,971
Non-controlling interests	<u>12,797</u>	<u>9,807</u>	<u>14,289</u>	<u>22,013</u>
	<u>\$ 27,806</u>	<u>\$ 21,302</u>	<u>\$ 31,047</u>	<u>\$ 45,984</u>

	For the Nine Months Ended September 30	
	2021	2020
Net cash inflow (outflow) from		
Operating activities	(\$ 50,842)	\$ 79,689
Investing activities	262,440	(129,023)
Financing activities	(191,220)	<u>5,907</u>
Net cash inflow (outflow)	<u>\$ 20,378</u>	<u>(\$ 43,427)</u>
Dividends paid to non-controlling interests	<u>(\$ 7,701)</u>	<u>(\$ 15,572)</u>

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2021	December 31, 2020	September 30, 2020
Associates that are not individually material			
Printin3d DigiTech Co., Ltd.	\$ 7,108	\$ 7,771	\$ 8,102
Cyber Laser Taiwan Co., Ltd. (“Cyber”)	-	-	8,239
SOLIDCAMTAIWAN CO., LTD.	-	-	<u>941</u>
	<u>\$ 7,108</u>	<u>\$ 7,771</u>	<u>\$ 17,282</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
The Company and its subsidiaries’ share of				
Net loss for the period	(\$ 35)	(\$ 395)	(\$ 663)	(\$ 2,223)
Other comprehensive income	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
Total comprehensive income	<u>(\$ 35)</u>	<u>(\$ 395)</u>	<u>(\$ 663)</u>	<u>(\$ 2,223)</u>

The Company recognized impairment loss amounted of NT\$7,841 thousand of the associate, Cyber, due to the recoverable amount was lower than the carrying amount for the year ended December 31, 2020.

The subsidiary Quick-Tech has disposed the investment, SOLIDCAMTAIWAN CO., LTD., in December, 2020 with the sale price amounted of NT\$1,000 thousand and recognized the disposal gain with NT\$58 thousand.

Names, locations, and related information of associates please refer to Table 7.

The investments accounted for using the equity method and the share of loss and other comprehensive income of those investments for the three months and nine months ended September 30, 2021 and 2020 were based on the associates' financial statements which have not been reviewed for the same periods.

13. OTHER FINANCIAL ASSETS

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Current</u>			
Pledged deposits and time deposits	\$ 159,924	\$ 264,437	\$ 550,408
Time deposits with original maturities more than three months	27,850	38,794	-
Restricted deposits	1,001	9,352	19,082
Restricted time deposits	<u>704</u>	<u>734</u>	<u>724</u>
	<u>\$ 189,479</u>	<u>\$ 313,317</u>	<u>\$ 570,214</u>
<u>Non-current</u>			
Pledged deposits and time deposits	\$ 25,068	\$ 53,156	\$ 135,528
Deposits for projects	<u>16,373</u>	<u>19,900</u>	<u>19,025</u>
	<u>\$ 41,441</u>	<u>\$ 73,056</u>	<u>\$ 154,553</u>

Refer to Note 33 for information relating to other financial assets pledged as collateral.

14. PROPERTY, PLANT AND EQUIPMENT

For the Nine Months Ended September 30, 2021

Cost	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Balance at January 1, 2021	\$ 968,825	\$ 2,940,903	\$ 1,294,819	\$ 171,846	\$ 185,019	\$ 552,061	\$ 1,068	\$ 6,114,541
Additions	-	19,963	30,155	2,821	4,347	6,220	1,745	65,251
Disposals	-	(938)	(61,008)	(5,406)	(393)	(42,249)	-	(109,994)
Reclassifications	-	-	22,913	-	3	61	-	22,977
Effects of foreign currency exchange difference	(4,407)	(33,343)	(37,130)	(2,105)	(10,496)	(8,546)	(115)	(96,142)
Balance at September 30, 2021	<u>964,418</u>	<u>2,926,585</u>	<u>1,249,749</u>	<u>167,156</u>	<u>178,480</u>	<u>507,547</u>	<u>2,698</u>	<u>5,996,633</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2021	-	1,220,324	923,501	134,263	156,796	356,620	-	2,791,504
Depreciation	-	80,173	53,136	6,647	10,031	29,784	-	179,771
Disposals	-	(833)	(56,717)	(4,736)	(393)	(41,864)	-	(104,543)
Reclassifications	-	-	-	-	3	-	-	3
Effects of foreign currency exchange difference	-	(10,958)	(31,045)	(1,699)	(9,272)	(6,897)	-	(59,871)
Balance at September 30, 2021	<u>-</u>	<u>1,288,706</u>	<u>888,875</u>	<u>134,475</u>	<u>157,165</u>	<u>337,643</u>	<u>-</u>	<u>2,806,864</u>
Carrying amount at December 31, 2020	<u>\$ 968,825</u>	<u>\$ 1,720,579</u>	<u>\$ 371,318</u>	<u>\$ 37,583</u>	<u>\$ 28,223</u>	<u>\$ 195,441</u>	<u>\$ 1,068</u>	<u>\$ 3,323,037</u>
Carrying amount at September 30, 2021	<u>\$ 964,418</u>	<u>\$ 1,637,879</u>	<u>\$ 360,874</u>	<u>\$ 32,681</u>	<u>\$ 21,315</u>	<u>\$ 169,904</u>	<u>\$ 2,698</u>	<u>\$ 3,189,769</u>

For the Nine Months Ended September 30, 2020

Cost	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Balance at January 1, 2020	\$ 908,875	\$ 2,966,157	\$ 1,190,170	\$ 170,291	\$ 174,592	\$ 514,216	\$ 2,758	\$ 5,927,059
Additions	84,643	8,735	31,893	2,078	4,394	7,406	-	139,149
Disposals	-	(38,690)	(8,336)	(1,151)	(617)	(10,146)	-	(58,940)
Reclassifications	-	(7,913)	(3,535)	-	577	-	-	(10,871)
Effects of foreign currency exchange difference	(343)	(4,761)	4,259	(639)	1,425	16	17	(26)
Balance at September 30, 2020	<u>993,175</u>	<u>2,923,528</u>	<u>1,214,451</u>	<u>170,579</u>	<u>180,371</u>	<u>511,492</u>	<u>2,775</u>	<u>5,996,371</u>
Accumulated depreciation and impairment								
Balance at January 1, 2020	-	1,143,956	861,612	124,870	137,185	318,330	-	2,585,953
Depreciation	-	86,859	43,647	7,467	11,983	34,174	-	184,130
Disposals	-	(38,625)	(7,880)	(798)	(590)	(9,877)	-	(57,770)
Reclassifications	-	(1,116)	(413)	-	332	-	-	(1,197)
Effects of foreign currency exchange difference	-	(928)	3,908	(298)	1,162	500	-	4,344
Balance at September 30, 2020	-	<u>1,190,146</u>	<u>900,874</u>	<u>131,241</u>	<u>150,072</u>	<u>343,127</u>	-	<u>2,715,460</u>
Carrying amount at September 30, 2020	<u>\$ 993,175</u>	<u>\$ 1,733,382</u>	<u>\$ 313,577</u>	<u>\$ 39,338</u>	<u>\$ 30,299</u>	<u>\$ 168,365</u>	<u>\$ 2,775</u>	<u>\$ 3,280,911</u>

The subsidiary Anger evaluated that the estimated future cash inflows from machinery and equipment had declined due to unsatisfactory operating conditions, and the estimated recoverable amount was lower than the carrying amount. As a result, the subsidiary Anger has been recognized impairment loss in previous years. The accumulated impairment as of September 30, 2021, December 31, 2020 and September 30, 2020 was NT\$27,514 thousand, NT\$29,812 thousand and NT\$29,072 thousand, respectively.

The following items of property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Buildings

Main structure	35-60 years
Mechanical and electrical facilities	5-35 years
Engineering system, Air conditioning system and decoration	2-35 years
Machinery and equipment	2-12 years
Transportation equipment	2-15 years
Office equipment	3-10 years
Other equipment	2-15 years

Property, plant and equipment pledged by the Company and its subsidiaries as collateral for bank borrowings are described in Note 33.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

Carrying amounts	September 30, 2021	December 31, 2020	September 30, 2020
Land	\$ 477,047	\$ 489,464	\$ 493,963
Buildings	80,036	100,894	96,924
Machinery	13,550	18,900	19,815
Transportation equipment	<u>10,580</u>	<u>15,079</u>	<u>15,185</u>
	<u>\$ 581,213</u>	<u>\$ 624,337</u>	<u>\$ 625,887</u>

	For the Nine Months Ended September 30			
	2021		2020	
Additions to right-of-use assets	<u>\$ 5,302</u>		<u>\$ 951</u>	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Depreciation charge for right-of-use assets				
Land	\$ 4,095	\$ 2,886	\$ 12,285	\$ 12,281
Buildings	4,723	4,380	14,638	12,849
Machinery	1,319	1,444	4,046	5,546
Transportation equipment	<u>2,696</u>	<u>4,847</u>	<u>8,470</u>	<u>11,578</u>
	<u>\$ 12,833</u>	<u>\$ 13,557</u>	<u>\$ 39,439</u>	<u>\$ 42,254</u>

Except for the aforementioned addition and recognized depreciation, the Company and its subsidiaries did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2021 and 2020.

b. Lease liabilities

	September 30, 2021	December 31, 2020	September 30, 2020
Carrying amounts			
Current	<u>\$ 23,852</u>	<u>\$ 47,364</u>	<u>\$ 45,774</u>
Non-current	<u>\$ 565,292</u>	<u>\$ 581,102</u>	<u>\$ 582,420</u>

Range of discount rate for lease liabilities (%) was as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Land	2.16~2.48	2.16~2.48	2.16~2.48
Buildings	1.17~2.88	1.17~2.88	1.42~2.88
Machinery	1.45~2.88	1.45~2.88	1.45~2.88
Transportation equipment	1.05~4.10	1.05~4.10	1.05~5.65

c. Material lease activities and terms

The Company is leasing the land of Kaohsiung Luke plant from the management of Southern Taiwan Science Park. The lease period will expire in June 2039. The Company does not have a bargain purchase option to acquire the leased land at the expiration of the lease period.

The subsidiary Suzhou Tong-Yu is leasing land from the China government. The lease is recorded as land use rights with useful life of 50 years until July 2059.

The subsidiary Shanghai Chin-Jig is leasing its location from non-related parties. The lease period will expire in December 2020.

The subsidiary PCI is leasing its location from non-related parties. The lease period will expire in December 2027.

The Company and its subsidiaries did not enter into significant lease contracts during the nine months ended September 30, 2021 and 2020. Because of the market conditions severely affected by COVID-19 in 2020, the Company negotiated with the lessor, the management of Southern Taiwan Science Park, for rent concessions for land lease. The lessor agreed to provide unconditional 20% rent reduction from January 1, 2020 to September 30, 2020. The Company recognized in profit or loss the impact of rent concessions of NT\$1,535 thousand (presented in other income for the nine months ended September 30, 2020).

d. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Expenses relating to short-term leases and low-value asset leases	<u>\$ 6,706</u>	<u>\$ 6,055</u>	<u>\$ 22,452</u>	<u>\$ 23,206</u>
Total cash outflow for leases			<u>(\$ 68,748)</u>	<u>(\$ 70,371)</u>

The Company and its subsidiaries lease certain buildings, transportation equipment and office equipment which qualify as short-term leases and low-value asset leases. The Company and its subsidiaries have elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

16. INVESTMENT PROPERTIES

For the Nine Months Ended September 30, 2021

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Cost</u>			
Balance at January 1, 2021	\$ 77,550	\$ 226,927	\$ 304,477
Effects of foreign currency exchange differences	<u>-</u>	<u>(1,671)</u>	<u>(1,671)</u>
Balance at September 30, 2021	<u>77,550</u>	<u>225,256</u>	<u>302,806</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2021	-	75,546	75,546
Depreciation	-	8,935	8,935
Effects of foreign currency exchange differences	<u>-</u>	<u>(368)</u>	<u>(368)</u>
Balance at September 30, 2021	<u>-</u>	<u>84,113</u>	<u>84,113</u>
Balance at December 31, 2020	<u>\$ 77,550</u>	<u>\$ 151,381</u>	<u>\$ 228,931</u>
Carrying amount at September 30, 2021	<u>\$ 77,550</u>	<u>\$ 141,143</u>	<u>\$ 218,693</u>

For the Nine Months Ended September 30, 2020

<u>Cost</u>	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Balance at January 1, 2020	\$ 81,840	\$ 217,045	\$ 298,885
Additions	-	299	299
Reclassification	-	7,913	7,913
Effects of foreign currency exchange differences	-	(835)	(835)
Balance at September 30, 2020	<u>81,840</u>	<u>224,422</u>	<u>306,262</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2020	\$ -	\$ 62,384	\$ 62,384
Depreciation	-	8,667	8,667
Reclassification	-	1,116	1,116
Effects of foreign currency exchange differences	-	(122)	(122)
Balance at September 30, 2020	<u>-</u>	<u>72,045</u>	<u>72,045</u>
Carrying amount at September 30, 2020	<u>\$ 81,840</u>	<u>\$ 152,377</u>	<u>\$ 234,217</u>

The abovementioned investment properties were leased out for 2 to 15 years. The leases do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	<u>September 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>September 30,</u> <u>2020</u>
Year 1	\$ 10,023	\$ 9,826	\$ 9,943
Year 2	5,542	8,748	9,566
Year 3	5,490	5,400	5,540
Year 4	5,610	5,520	5,490
Year 5	5,730	5,640	5,610
Year 6 onwards	<u>45,120</u>	<u>49,440</u>	<u>50,850</u>
	<u>\$ 77,515</u>	<u>\$ 84,574</u>	<u>\$ 86,999</u>

The above items of investment properties are depreciated on a straight-line basis over the following estimated useful lives:

Buildings

Main structure	10-35 years
Engineering system	10 years

The investment properties of the Company and its subsidiaries are located at Hunei District in Kaohsiung City and Shanghai City in China. The fair value of the investment properties was assessed by the management of the Company and its subsidiaries based on the actual price registration information of nearby area or market evidence of transaction prices categorized as Level 3 input. Professional independent valuers were not involved in the fair value assessment. The fair value as of September 30, 2021, December 31, 2020 and September 30, 2020 are NT\$448,162 thousand, NT\$448,162 thousand and NT\$427,659 thousand.

All of the Company and its subsidiaries' investment properties are held under freehold interests.

Investment properties pledged by the Company and its subsidiaries as collateral for bank borrowings are described in Note 33.

17. INTANGIBLE ASSETS

For the Nine Months Ended September 30, 2021

	Computer Software	Goodwill	Patents	Others	Total
Cost					
Balance at January 1, 2021	\$ 272,545	\$ 13,731	\$ 3,907	\$ 8,297	\$ 298,480
Additions	4,875	-	-	-	4,875
Disposals	(10,770)	-	-	-	(10,770)
Effects of foreign currency exchange differences	(8,171)	-	(301)	(814)	(9,286)
Balance at September 30, 2021	<u>258,479</u>	<u>13,731</u>	<u>3,606</u>	<u>7,483</u>	<u>283,299</u>
Accumulated amortization and impairment					
Balance at January 1, 2021	216,255	11,989	3,563	7,445	239,252
Amortization expenses	15,648	-	113	600	16,361
Disposals	(10,770)	-	-	-	(10,770)
Effects of foreign currency exchange differences	(7,858)	-	(278)	(754)	(8,890)
Balance at September 30, 2021	<u>213,275</u>	<u>11,989</u>	<u>3,398</u>	<u>7,291</u>	<u>235,953</u>
Balance at December 31, 2020	<u>\$ 56,290</u>	<u>\$ 1,742</u>	<u>\$ 344</u>	<u>\$ 852</u>	<u>\$ 59,228</u>
Carrying amount at September 30, 2021	<u>\$ 45,204</u>	<u>\$ 1,742</u>	<u>\$ 208</u>	<u>\$ 192</u>	<u>\$ 47,346</u>

For the Nine Months Ended September 30, 2020

	Computer Software	Goodwill	Patents	Others	Total
Cost					
Balance at January 1, 2020	\$ 259,768	\$ 13,731	\$ 3,748	\$ 8,278	\$ 285,525
Additions	9,266	-	-	-	9,266
Reclassification	(577)	-	-	-	(577)
Disposals	(1,156)	-	-	-	(1,156)
Effects of foreign currency exchange differences	1,554	-	62	(8)	1,608
Balance at September 30, 2020	<u>268,855</u>	<u>13,731</u>	<u>3,810</u>	<u>8,270</u>	<u>294,666</u>

(Continued)

Accumulated amortization and impairment	Computer Software	Goodwill	Patents	Others	Total
Balance at January 1, 2020	187,335	-	2,672	5,743	195,750
Amortization expenses	18,671	-	560	1,270	20,501
Reclassification	(332)	-	-	-	(332)
Disposals	(1,156)	-	-	-	(1,156)
Effects of foreign currency exchange differences	<u>1,472</u>	<u>-</u>	<u>55</u>	<u>(13)</u>	<u>1,514</u>
Balance at September 30, 2020	<u>205,990</u>	<u>-</u>	<u>3,287</u>	<u>7,000</u>	<u>216,277</u>
Carrying amount at September 30, 2020	<u>\$ 62,865</u>	<u>\$ 13,731</u>	<u>\$ 523</u>	<u>\$ 1,270</u>	<u>\$ 78,389</u> (Concluded)

The Company acquired Quick-Tech in previous year and recognized goodwill of NT\$11,989 thousand. Due to the performance of Quick-Tech did not turn out as expected, and the recoverable amount was lower than the carrying amount, impairment losses of NT\$11,989 thousand was recognized for the year ended December 31, 2020.

The recoverable amount of Quick-Tech was determined based on a value in use calculation that used the cash flow projections in the financial budgets approved by management covering a 5-year period; the discount rate was 4.85%. Other key assumptions included budgeted revenue and budgeted gross margin. Such assumptions were based on the past performance of the cash-generating unit and management's expectations of market development.

The above items of intangible assets are amortized on a straight-line basis over the following estimated useful lives:

Computer software	1-10 years
Patents	3-8 years
Others	5-8 years

18. BORROWINGS

a. Short-term borrowings

	September 30, 2021	December 31, 2020	September 30, 2020
Revolving bank loans	\$ 2,109,929	\$ 2,294,199	\$ 2,747,053
Secured borrowings	359,841	233,111	313,000
Letters of credit	<u>63,902</u>	<u>40,443</u>	<u>40,083</u>
	<u>\$ 2,533,672</u>	<u>\$ 2,567,753</u>	<u>\$ 3,100,136</u>
Annual interest rate (%)	0.00~4.35	0.54~4.79	0.55~4.79

b. Short-term bills payable

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Commercial paper	\$ 290,000	\$ 250,000	\$ 335,000
Less: Unamortized discounts	<u>6</u>	<u>184</u>	<u>120</u>
	<u>\$ 289,994</u>	<u>\$ 249,816</u>	<u>\$ 334,880</u>
Annual interest rate (%)	0.92~1.00	0.90~1.10	0.90~1.11

The above commercial paper was secured by Mega Bills Finance Corporation, International Bills Finance Corporation, Taching Bill Finance Ltd., Dah Chung Bills Finance Corp. and China Bills Finance Corporation.

c. Long-term borrowings

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Revolving bank loans			
Due on various dates through April 2030	\$ 982,528	\$ 1,351,291	\$ 1,376,215
Mortgage loans			
Due on various dates through May 2040	<u>1,827,821</u>	<u>1,858,003</u>	<u>1,869,131</u>
	2,810,349	3,209,294	3,245,346
Less: Current portion	<u>684,921</u>	<u>1,888,558</u>	<u>1,917,756</u>
	<u>\$ 2,125,428</u>	<u>\$ 1,320,736</u>	<u>\$ 1,327,590</u>
Annual interest rate (%)	0.45~2.75	0.45~2.75	0.45~2.75

- 1) The subsidiaries MBI and Anger entered into a loan agreement with CTBC Bank. The loan agreement stipulated that the net worth of subsidiaries, Tongan, MBI and Anger included in the reviewed consolidated financial statements for six months ended June 30 and audited annual consolidated financial statements for the year ended December 31 should meet certain amount. The bank will check compliance with the loan agreement every six months.
- 2) The subsidiaries MBI and Anger entered into a loan agreement with Taipei Fubon Bank. The loan agreement stipulated that specified financial ratios and amounts should be met based on the Company and the subsidiaries audited annual consolidated financial statements. The subsidiaries MBI and Anger should meet certain amount of net worth based on the audited annual consolidated financial statements. The bank will check compliance with the loan agreement annually. If the subsidiaries breach the contract, the bank management could increase the interest rate by 0.25% on the first time of breach, and immediately terminate the credit line on the second time of breach in accordance with the agreement. The subsidiaries MBI and Anger have entered a new loan agreement with Taipei Fubon Bank in August 2020, and there is no longer stipulated specified financial ratio and amount as abovementioned.
- 3) The Company entered into a facility agreement of NT\$1 billion with O-Bank for medium and long-term loans and guarantee the issuance of commercial paper until July 2023. The Company might not change the chairman during the contract period and the facility agreement stipulated that specified financial ratios and amounts should be met based on the Company and its subsidiaries' reviewed consolidated financial statements for six months ended June 30 and audited annual consolidated financial statements.

The consolidated financial statements for the six months ended June 30, 2021, 2020 and for the year ended December 31, 2020 breached the contract; therefore, the long-term borrowings were all classified as current portion of long-term bank borrowings. The Company has obtained the waiver letter from O-Bank in September, 2021, therefore, the long-term borrowings and current portion of long-term bank borrowings are accounted separately according to the original maturity date.

19. NOTES PAYABLE AND ACCOUNTS PAYABLE

All of the Company and its subsidiaries' notes payable and accounts payable (included related parties) are generated from operating and unsecured to the creditors.

The Company and its subsidiaries have financial risk management policies to ensure that all payables are paid within the agreed credit terms.

20. OTHER PAYABLES

	September 30, 2021	December 31, 2020	September 30, 2020
Salaries and incentive bonus	\$ 254,836	\$ 250,722	\$ 241,704
Commission and service fee	112,830	168,448	136,004
Insurance	91,046	74,025	73,449
Employee compensation and remuneration of directors	69,063	55,805	73,478
Purchases of equipment	31,926	31,074	32,624
Pension	28,130	28,959	29,495
VAT payable	20,580	6,600	45,913
Others	<u>136,754</u>	<u>102,808</u>	<u>115,972</u>
	<u>\$ 745,165</u>	<u>\$ 718,441</u>	<u>\$ 748,639</u>

21. PROVISIONS

Current	September 30, 2021	December 31, 2020	September 30, 2020
Warranties	<u>\$ 96,690</u>	<u>\$ 102,527</u>	<u>\$ 113,900</u>

	For the Nine Months Ended September 30	
	2021	2020
Balance, beginning of period	\$ 102,527	\$ 111,884
Recognized	130,981	122,487
Paid	(134,499)	(120,867)
Effects of foreign currency exchange differences	<u>(2,319)</u>	<u>396</u>
Balance, end of period	<u>\$ 96,690</u>	<u>\$ 113,900</u>

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company and its subsidiaries' obligations for warranties under local sale of goods legislation. The estimate was made on the basis of historical warranty trends and may vary with actual as a result of new materials, altered manufacturing processes or other events affecting product quality.

22. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Company and its subsidiaries' defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate as of December 31, 2020 and 2019, the amounts was NT\$144 thousand, NT\$740 thousand, NT\$1,527 thousand and NT\$2,263 thousand for the three months and nine months ended September 30, 2021 and 2020, respectively.

23. EQUITY

a. Ordinary Shares

	September 30, 2021	December 31, 2020	September 30, 2020
Numbers of shares authorized (in thousands)	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>
Amount of shares authorized	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>
Numbers of shares issued and fully paid (in thousands)	<u>254,827</u>	<u>254,827</u>	<u>254,827</u>
Amount of shares issued	<u>\$ 2,548,265</u>	<u>\$ 2,548,265</u>	<u>\$ 2,548,265</u>

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

b. Capital surplus

	September 30, 2021	December 31, 2020	September 30, 2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)			
Additional paid-in capital	\$ 960,854	\$ 960,854	\$ 960,854
Conversion of bonds	222,593	222,593	222,593
Interest compensation	5,577	5,577	5,577
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>144</u>	<u>-</u>	<u>-</u>
	<u>1,189,168</u>	<u>1,189,024</u>	<u>1,189,024</u>

(Continued)

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
May be used to offset a deficit only			
Expired employee stock warrants	\$ 1,234	\$ 1,234	\$ 1,234
Changes in percentage of ownership interests in subsidiaries	<u>3,838</u>	<u>3,838</u>	<u>3,838</u>
	<u>5,072</u>	<u>5,072</u>	<u>5,072</u>
	<u>\$ 1,194,240</u>	<u>\$ 1,194,096</u>	<u>\$ 1,194,096</u>
			(Concluded)

Note: The capital surplus could be used to offset a deficit and distributed as cash dividends or transferred to capital when the Company has no deficit (limited to a certain percentage of the Company's paid-in capital and once a year).

c. Retained earnings and dividend policy

Under the Company's Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

The Company's dividend policy takes into consideration the entire corporate environment, the growth of industry, long-term financial planning for sustainable development, and stable business development. In the planning of dividend distribution, the Company performs the following steps:

- 1) Determine the best capital budget.
- 2) Determine the need for capital loan to satisfy the best capital budget.
- 3) Determine how much capital could be raised from retained earnings.
- 4) Determine the funds needed to maintain the profitable operations of the Company. After the operations are funded, dividends could be distributed to shareholders. In principle, cash dividends should not be less than 50% of the total dividends distributed.

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

In August 2021, the board of directors of the Company proposed to recover the net loss in 2020 from the undistributed earnings in the previous year, and will not distribute earnings.

The appropriation of earnings for 2019 had been approved in the shareholder's meeting in June 2020. The appropriation and dividend per share was as follows:

	<u>For the Year Ended December 31, 2019</u>	
	<u>Appropriation of Earnings</u>	<u>Dividend Per Share (NT\$)</u>
Legal reserve	\$ 5,895	
Reversal of special reserve	(43,694)	
Cash dividends	<u>50,965</u>	<u>\$ 0.2</u>
	<u>\$ 13,166</u>	

d. Special reserve

On the first-time adoption of IFRSs, the Company transferred retained earnings to special reserve due to IFRSs adjustments. The Company reversed special reserve to retained earnings of NT\$89,749 thousand.

e. Other equity

1) Exchange differences on translating the financial statements of foreign operations

	For the Nine Months Ended September 30	
	2021	2020
Balance, beginning of period	(\$ 118,098)	(\$ 137,912)
Recognized for the period		
Exchange differences on translating foreign operations	(38,533)	(13,661)
Income tax	<u>7,706</u>	<u>2,732</u>
Balance, end of period	<u>(\$ 148,925)</u>	<u>(\$ 148,841)</u>

2) Unrealized gain and loss on financial assets at FVTOCI

	For the Nine Months Ended September 30	
	2021	2020
Balance, beginning of period	\$ 87,658	\$ 49,642
Recognized for the period		
Unrealized gain and loss - equity instruments	50,297	(28,077)
Disposal of investments in equity instruments	<u>-</u>	<u>53,751</u>
Balance, end of period	<u>\$ 137,955</u>	<u>\$ 75,316</u>

f. Non-controlling interests

	For the Nine Months Ended September 30	
	2021	2020
Balance, beginning of period	\$ 577,757	\$ 707,483
Attributable to non-controlling interests:		
Share in profit (loss) for the period	(27,111)	13,937
Exchange difference on translating foreign operations	(467)	(390)
Purchase of treasury stock by subsidiaries	-	(56,291)
Dividend distributed by subsidiaries	(8,413)	(18,593)
Decrease in non-controlling interests	<u>(6,231)</u>	<u>(3,838)</u>
Balance, end of period	<u>\$ 535,535</u>	<u>\$ 642,308</u>

24. OPERATING REVENUE

a. Contract balances

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>	<u>January 1, 2020</u>
Notes and accounts receivable, long-term notes and accounts receivables	<u>\$ 3,499,918</u>	<u>\$3,229,863</u>	<u>\$ 3,663,198</u>	<u>\$3,889,293</u>
Contract liabilities				
Sales of goods	<u>\$ 1,338,393</u>	<u>\$1,330,503</u>	<u>\$ 1,309,225</u>	<u>\$1,001,236</u>

b. Disaggregation of revenue

	Reportable Segments			
	<u>Machine Manufacturer</u>	<u>Component Manufacturer</u>	<u>Others</u>	<u>Total</u>
<u>For the Nine Months Ended September 30, 2021</u>				
Revenue from sale of goods	\$6,275,484	\$ 237,246	\$ 79,830	\$6,592,560
Revenue from maintenance and rebuilding services	<u>626,146</u>	<u>-</u>	<u>20,330</u>	<u>646,476</u>
	<u>\$6,901,630</u>	<u>\$ 237,246</u>	<u>\$ 100,160</u>	<u>\$7,239,036</u>
<u>For the Nine Months Ended September 30, 2020</u>				
Revenue from sale of goods	\$4,824,469	\$ 302,737	\$ 56,229	\$5,183,435
Revenue from maintenance and rebuilding services	<u>535,346</u>	<u>-</u>	<u>30,131</u>	<u>565,477</u>
	<u>\$5,359,815</u>	<u>\$ 302,737</u>	<u>\$ 86,360</u>	<u>\$5,748,912</u>

25. PROFIT (LOSS) BEFORE INCOME TAX

The following items were included in profit (loss) before income tax:

a. Other income

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Government subsidy income	\$ 237	\$ 74,083	\$ 57,908	\$ 156,369
Rental income	5,567	4,878	16,146	17,300
Dividend income	1,929	-	2,461	9,432
Others	<u>49,396</u>	<u>2,685</u>	<u>66,285</u>	<u>21,975</u>
	<u>\$ 57,129</u>	<u>\$ 81,646</u>	<u>\$ 142,800</u>	<u>\$ 205,076</u>

b. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Net foreign exchange gain (loss)	(\$ 12,472)	\$ 26,478	(\$ 70,856)	(\$ 28,767)
Gain (loss) on financial instruments at fair value through profit or loss	590	459	910	(4,597)
Depreciation expense	(3,485)	(3,453)	(10,593)	(10,307)
Gain (loss) on disposal of property, plant and equipment	(1,111)	140	(900)	1,077
Compensation expense	357	(3,522)	(32,440)	(24,537)
Others	(3,493)	(4,595)	(9,108)	(6,049)
	<u>(\$ 19,614)</u>	<u>\$ 15,507</u>	<u>(\$ 122,987)</u>	<u>(\$ 73,180)</u>

The components of net foreign exchange loss were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Foreign exchange gain	\$ 4,389	\$ 36,862	\$ 13,913	\$ 96,661
Foreign exchange loss	(16,861)	(10,384)	(84,769)	(125,428)
Net foreign exchange gain (loss)	<u>(\$ 12,472)</u>	<u>\$ 26,478</u>	<u>(\$ 70,856)</u>	<u>(\$ 28,767)</u>

c. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Interest on bank loans	\$ 19,732	\$ 20,535	\$ 57,584	\$ 66,079
Interest on lease liabilities	3,425	3,664	10,507	11,126
Interest on short-term bills	(418)	312	341	997
	<u>\$ 22,739</u>	<u>\$ 24,511</u>	<u>\$ 68,432</u>	<u>\$ 78,202</u>

d. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Depreciation and amortization expenses				
Property, plant and equipment	\$ 59,360	\$ 61,799	\$ 179,771	\$ 184,130
Right-of-use assets	12,833	13,557	39,439	42,254
Investment properties	2,932	2,900	8,935	8,667
Intangible assets	5,419	6,296	16,361	20,501
Others	4,676	6,427	15,090	19,544
	<u>\$ 85,220</u>	<u>\$ 90,979</u>	<u>\$ 259,596</u>	<u>\$ 275,096</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
An analysis of depreciation by function				
Operating costs	\$ 42,658	\$ 41,867	\$ 131,110	\$ 126,929
Operating expenses	28,982	32,936	86,442	97,815
Non-operating expenses	<u>3,485</u>	<u>3,453</u>	<u>10,593</u>	<u>10,307</u>
	<u>\$ 75,125</u>	<u>\$ 78,256</u>	<u>\$ 228,145</u>	<u>\$ 235,051</u>
An analysis of amortization by function				
Operating costs	\$ 6,274	\$ 10,502	\$ 19,795	\$ 24,707
Operating expenses	<u>3,821</u>	<u>2,221</u>	<u>11,656</u>	<u>15,338</u>
	<u>\$ 10,095</u>	<u>\$ 12,723</u>	<u>\$ 31,451</u>	<u>\$ 40,045</u>

(Concluded)

e. Operating expenses directly related to investment properties

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Direct operating expenses of investment properties that generated rental income	<u>\$ 2,933</u>	<u>\$ 2,901</u>	<u>\$ 9,368</u>	<u>\$ 9,105</u>

f. Employee benefits

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Short-term employee benefits	<u>\$ 415,435</u>	<u>\$ 398,764</u>	<u>\$1,278,558</u>	<u>\$1,186,100</u>
Post-employment benefits				
Defined contribution plans	44,907	30,303	86,676	85,362
Defined benefit plans (Note 22)	<u>144</u>	<u>740</u>	<u>1,527</u>	<u>2,263</u>
	<u>45,051</u>	<u>31,043</u>	<u>88,203</u>	<u>87,625</u>
	<u>\$ 460,486</u>	<u>\$ 429,807</u>	<u>\$1,366,761</u>	<u>\$1,273,725</u>
Analysis of employee benefits by function				
Operating costs	\$ 274,380	\$ 245,306	\$ 852,985	\$ 807,769
Operating expenses	<u>186,106</u>	<u>184,501</u>	<u>513,776</u>	<u>465,956</u>
	<u>\$ 460,486</u>	<u>\$ 429,807</u>	<u>\$1,366,761</u>	<u>\$1,273,725</u>

g. Employees' compensation and remuneration of directors and supervisors

To be in compliance with the Company Act, the Company distributed employees' compensation and remuneration of directors and supervisors at the rates no less than 1% and no higher than 5%, respectively, of the pre-tax profit before deduction for employees' compensation and remuneration of directors. The employees' compensation and remuneration of directors and supervisors for the three months and nine months ended September 30, 2021 were as follows:

	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2021
Employees' compensation	\$ 10,556	\$ 11,939
Remuneration of directors	2,548	2,894

Because of the net operating loss for the nine months ended September 30, 2020 and for the year ended December 31, 2020, employees' compensation and remuneration of directors were not accrued.

The employees' compensation and remuneration of directors and supervisors (all in cash) for the year ended December 31, 2019 which have been approved by the Company's board of directors in March 2020 were NT\$3,894 thousand and NT\$944 thousand, respectively. There was no difference between the actual amounts and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019, respectively.

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

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

26. INCOME TAX

a. Major components of income tax expense (benefit) recognized in profit or loss are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Current tax				
In respect of the current year	(\$ 10,397)	\$ 16,677	(\$ 2,240)	\$ 18,437
Adjustments for prior years	<u>4,673</u>	<u>(3,433)</u>	<u>(7,262)</u>	<u>3,657</u>
	<u>(5,724)</u>	<u>13,244</u>	<u>(9,502)</u>	<u>22,094</u>
Deferred tax				
In respect of the current year	62,875	(25,376)	73,625	(75,082)
Adjustments for prior years	<u>-</u>	<u>2,050</u>	<u>(16,205)</u>	<u>(8,221)</u>
	<u>62,875</u>	<u>(23,326)</u>	<u>57,420</u>	<u>(83,303)</u>
	<u>\$ 57,151</u>	<u>(\$ 10,082)</u>	<u>\$ 47,918</u>	<u>(\$ 61,209)</u>

- b. Income tax expense (benefit) recognized directly in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Deferred tax				
In respect of the current period				
Translation of foreign operations	<u>(\$ 1,019)</u>	<u>\$ 5,955</u>	<u>(\$ 7,706)</u>	<u>(\$ 2,732)</u>

- c. Income tax assessments

The income tax returns of the Company and the subsidiary Quick-Tech through 2018 have been assessed by the tax authorities. The income tax returns of the subsidiaries (included Tongfong, Tong-Yeh, APEC, Chin-Jig and Honor Seiki) through 2019 have been assessed by tax authorities.

27. EARNINGS (LOSS) PER SHARE

The net profit (loss) and weighted average number of ordinary shares outstanding in the computation of earnings (loss) per share were as follows:

Net profit (loss) for the period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Attributable to owners of the Company	<u>\$ 117,630</u>	<u>\$ 21,688</u>	<u>\$ 147,034</u>	<u>(\$ 94,441)</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Weighted average number of ordinary shares in computation of basic earnings (loss) per share	254,827	254,827	254,827	254,827
Effect of potentially dilutive potential ordinary shares:				
Employees' compensation	<u>640</u>	<u>-</u>	<u>724</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share	<u>255,467</u>	<u>254,827</u>	<u>255,551</u>	<u>254,827</u>

The dilutive loss per share for the six months ended September 30, 2020 was the same as the basic loss per share because the result was net loss and, therefore, no earnings distribution and no potential dilutive shares from earnings distribution.

Since the Company offered to settle the compensation paid to employees by cash or shares, the Company assumed that the entire amount of the compensation would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the shares have a dilutive effect. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

28. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In March, 2020, the subsidiary Honor Seiki acquired its outstanding common shares and accounted for as treasury shares and the Company's percentage of ownership of Honor Seiki increased from 51% to 54%. The transaction was accounted for as equity transaction since the Company did not cease to have control over the subsidiary, and increased capital surplus by NT\$3,838 thousand.

In August, 2021, the Company acquired 1,000 shares, 220 shares, 170,000 shares, 1,584 shares and 1,000 shares of Tongfong, APEC, Quick-Tech, Honor Seiki, Tong-Yeh and Chin-Jig, respectively from the related party, Dong Ying Investment Co., Ltd., with a total price NT\$6,087 thousand. The transaction was accounted for as equity transaction since the Company did not cease to have control over these subsidiaries, and increased capital surplus by NT\$144 thousand.

29. NON-CASH TRANSACTIONS

For the nine months ended September 30, 2021 and 2020, the Company and its subsidiaries entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows:

	For the nine Months Ended September 30	
	2021	2020
Investing activities affecting both cash and non-cash items		
Acquisition of property, plant and equipment	\$ 65,251	\$ 139,149
Decrease (Increase) of payable for equipment	(852)	842
Increase of prepayment for equipment	<u>2,977</u>	<u>33,931</u>
Cash paid	<u>\$ 67,376</u>	<u>\$ 173,922</u>
Proceeds from disposal of property, plant and equipment	\$ 4,551	\$ 2,247
Decrease of other receivables	<u>57,746</u>	<u>-</u>
Cash received	<u>\$ 62,297</u>	<u>\$ 2,247</u>

30. CAPITAL MANAGEMENT

The Company and its subsidiaries manage their capital to ensure that, as a whole, they will be able to continue as going concerns; they use operating capital effectively and optimize debt and equity balance.

The key management personnel of the Company and its subsidiaries reviews the capital structure periodically. As part of the review, the key management personnel considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company and its subsidiaries may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

The capital structure of the Company and its subsidiaries consists of net debt and equity. It is the policy of the Company and its subsidiaries to monitor and comply with the terms of loan agreements (refer to Note 18).

31. FINANCIAL INSTRUMENTS

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

Except as detailed in the following table, the Company and its subsidiaries believe the carrying amounts of financial asset and liabilities recognized in the consolidated financial statements approximate their fair values.

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

1) Fair value hierarchy

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
September 30, 2021				
Financial assets at fair value through profit or loss - current				
Cross-currency swap contract	\$ -	\$ 690	\$ -	\$ 690
CNY floating rate financial products	<u>70,990</u>	<u>-</u>	<u>-</u>	<u>70,990</u>
	<u>\$ 70,990</u>	<u>\$ 690</u>	<u>\$ -</u>	<u>\$ 71,680</u>
Financial assets at FVTOCI - non-current				
Domestic listed shares	\$ 161,307	\$ -	\$ -	\$ 161,307
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>35,193</u>	<u>35,193</u>
	<u>\$ 161,307</u>	<u>\$ -</u>	<u>\$ 35,193</u>	<u>\$ 196,500</u>
Financial liabilities at fair value through profit or loss - current				
Cross-currency swap contract	\$ -	\$ 1,532	\$ -	\$ 1,532
Foreign exchange forward contracts	<u>-</u>	<u>66</u>	<u>-</u>	<u>66</u>
	<u>\$ -</u>	<u>\$ 1,598</u>	<u>\$ -</u>	<u>\$ 1,598</u>
December 31, 2020				
Financial assets at fair value through profit or loss - current				
Swap contracts	\$ -	\$ 3,332	\$ -	\$ 3,332
Foreign exchange forward contracts	-	509	-	509
CNY floating rate financial products	-	-	93,319	93,319
Mutual funds	<u>16,683</u>	<u>-</u>	<u>-</u>	<u>16,683</u>
	<u>\$ 16,683</u>	<u>\$ 3,841</u>	<u>\$ 93,319</u>	<u>\$ 113,843</u>
Financial assets at FVTOCI - non-current				
Domestic listed shares	\$ 113,838	\$ -	\$ -	\$ 113,838
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>32,365</u>	<u>32,365</u>
	<u>\$ 113,838</u>	<u>\$ -</u>	<u>\$ 32,365</u>	<u>\$ 146,203</u>

(Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial liabilities at fair value through profit or loss - current				
Cross-currency swap contract	\$ -	\$ 11,280	\$ -	\$ 11,280
Foreign exchange forward contracts	<u>-</u>	<u>92</u>	<u>-</u>	<u>92</u>
	<u>\$ -</u>	<u>\$ 11,372</u>	<u>\$ -</u>	<u>\$ 11,372</u>
September 30, 2020				
Financial assets at fair value through profit or loss - current				
Swap contracts	\$ -	\$ 1,344	\$ -	\$ 1,344
CNY floating rate financial products	-	-	82,336	82,336
Mutual funds	<u>15,061</u>	<u>-</u>	<u>-</u>	<u>15,061</u>
	<u>\$ 15,061</u>	<u>\$ 1,344</u>	<u>\$ 82,336</u>	<u>\$ 98,741</u>
Financial assets at FVTOCI - non-current				
Domestic listed shares	\$ 102,964	\$ -	\$ -	\$ 102,964
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>30,898</u>	<u>30,898</u>
	<u>\$ 102,964</u>	<u>\$ -</u>	<u>\$ 30,898</u>	<u>\$ 133,862</u>
Financial liabilities at fair value through profit or loss - current				
Swap contracts	\$ -	\$ 45	\$ -	\$ 45
Cross-currency swap contract	-	6,017	-	6,017
Foreign exchange forward contracts	<u>-</u>	<u>127</u>	<u>-</u>	<u>127</u>
	<u>\$ -</u>	<u>\$ 6,189</u>	<u>\$ -</u>	<u>\$ 6,189</u>

(Concluded)

There was no transfer between Level 1 and Level 2 for the nine months ended September 30, 2021 and 2020.

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

For the nine months ended September 30, 2021

Financial assets	<u>Non-derivatives</u>	<u>Equity</u>	<u>Total</u>
	<u>Financial Assets</u>	<u>Instruments</u>	
	<u>at FVTPL</u>	<u>Financial Assets</u>	
		<u>at FVTOCI</u>	
Balance, beginning of period	\$ 93,319	\$ 32,365	\$ 125,684
Purchase	47,707	-	47,707
Disposal	(141,124)	-	(141,124)
Change in fair value recognized in profit or loss	951	-	951
Change in fair value recognized in other comprehensive income	-	2,828	2,828
Effect of foreign currency exchange difference	(853)	-	(853)
Balance, end of period	<u>\$ -</u>	<u>\$ 35,193</u>	<u>\$ 35,193</u>

For the nine months ended September 30, 2020

Financial assets	Non-derivatives	Equity Instruments	Total
	Financial Assets at FVTPL	Financial Assets at FVTOCI	
Balance, beginning of period	\$ 18,456	\$ 58,692	\$ 77,148
Purchase	72,403	-	72,403
Disposal	(9,357)	(18,502)	(27,859)
Change in fair value recognized in profit or loss	839	-	839
Reclassification	-	(7,170)	(7,170)
Change in fair value recognized in other comprehensive income	-	(2,122)	(2,122)
Effect of foreign currency exchange difference	(5)	-	(5)
Balance, end of period	<u>\$ 82,336</u>	<u>\$ 30,898</u>	<u>\$ 113,234</u>

- 3) Valuation techniques and input applied for the purpose of measuring Level 2 fair value measurement.

Derivative instruments used the quoted price of bank as the basis of the fair values.

- 4) Valuation techniques and assumptions applied for the purpose of measuring Level 3 fair value measurement.

If there are no market price for reference, fair values were estimated by assessment approach.

For unlisted shares, fair values were determined based on the net worth of companies. For CNY floating rate financial products, fair values were estimated on the basis of expected rate of return.

c. Categories of financial instruments

Financial assets	September 30, 2021	December 31, 2020	September 30, 2020
Financial assets at FVTPL	\$ 71,680	\$ 113,843	\$ 98,741
Financial assets at amortized cost (1)	5,384,877	5,573,698	6,112,985
Financial assets at FVTOCI			
Equity instruments	196,500	146,203	133,862
Financial liabilities			
Financial liabilities at FVTPL	1,598	11,372	6,189
Financial liabilities at amortized cost (2)	8,547,902	8,232,164	8,747,129

- 1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable (including related parties), other receivables, other financial assets (current and non-current), refundable deposits, and long-term notes and accounts receivable.
- 2) The balances included financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, notes and accounts payable (including related parties), other payables, long-term borrowings (including those due in one year) and deposits received.

d. Financial risk management objectives and policies

The Company and its subsidiaries' major financial instruments include equity investments, notes and accounts receivable, notes and accounts payable, short-term and long-term borrowings, short-term bills payable and lease liabilities. The Finance Department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company and its subsidiaries through internal risk reports which analyze exposures by degree and magnitude of risks. These risks are market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company and its subsidiaries minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company and its subsidiaries' policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company and its subsidiaries do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company and its subsidiaries' activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (refer to (a) below), interest rates (refer to (b) below) and other price (refer to (c) below).

There has been no change to the Company and its subsidiaries' exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company and its subsidiaries are exposed to foreign currency risk due to sales, purchases, capital expenditures and equity investments denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilizing swap contract, cross-currency swap contract, and foreign exchange forward contracts.

The carrying amounts of significant foreign currency monetary assets and liabilities at the balance sheet date are disclosed in Note 35.

The Company and its subsidiaries are mainly exposed to the USD, CNY and EUR. The following table details the Company and its subsidiaries' sensitivity to a 3% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 3%. The sensitivity analysis included only outstanding foreign currency denominated monetary items.

	USD Impact		CNY Impact		EUR Impact	
	For the Nine Months Ended September 30		For the Nine Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020	2021	2020
Pre-tax profit or loss (Note)	(\$11,806)	(\$31,293)	(\$58,652)	(\$50,938)	(\$12,204)	(\$11,997)

Note: These were mainly attributable to the exposure of the USD, CNY and EUR (including cash and cash equivalent, accounts receivable and payable (including related parties), other receivable, other payable and short-term and long-term borrowings), which were not hedged at the balance sheet date.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the balance sheet date did not reflect the exposure during the period. Foreign currency sales change according to customer order and business cycle.

b) Interest rate risk

The Company and its subsidiaries are exposed to interest rate risk because the Company and its subsidiaries borrowed funds at both fixed and floating interest rates. The risk is managed by the Company and its subsidiaries by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Company and its subsidiaries' financial liabilities with exposure to interest rates at the balance sheet date were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Fair value interest rate risk			
Financial assets	\$ 51,117	\$ 4,097	\$ 3,765
Financial liabilities	661,641	1,139,048	1,145,993
Cash flow interest rate risk			
Financial liabilities	4,742,804	3,606,163	3,464,386

The sensitivity analysis below was determined based on the Company and its subsidiaries' exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. The interest rates change of 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates of financial liabilities had been 1% higher/lower and all other variables were held constant, the Company and its subsidiaries' pre-tax profit would have been higher/lower by NT\$35,571 thousand and NT\$25,983 thousand for the nine months ended September 30, 2021 and 2020, respectively.

c) Other price risk

The Company and its subsidiaries are exposed to equity price risk through their investments in mutual funds, and domestic listed shares.

If domestic listed shares equity prices and mutual funds had been 1% higher/lower, the pre-tax other comprehensive income for the nine months ended September 30, 2021 and 2020 would have been higher/lower by NT\$1,613 thousand and NT\$1,030 thousand, as a result of the changes in fair value of financial assets at FVTOCI respectively; the pre-tax loss for the nine months ended September 30, 2021 would have been higher/lower by NT\$710 thousand and NT\$151 thousand as a result of the changes in fair value of financial assets at FVTPL.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company and its subsidiaries. As of the balance sheet date, the Company and its subsidiaries' maximum exposure to credit risk is the carrying amount of the financial assets on the consolidated balance sheets.

The Company and its subsidiaries adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company and its subsidiaries' exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Except for the following customer, the Company and its subsidiaries did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company and its subsidiaries' concentration of credit risk in receivables (including notes and accounts receivable, long-term notes and accounts receivable, overdue receivables and other receivables) by customer was as follows:

Customer	September 30, 2021	December 31, 2020	September 30, 2020
Company A	<u>\$ 520,040</u>	<u>\$ 678,599</u>	<u>\$ 693,477</u>

3) Liquidity risk

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

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

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

September 30, 2021

	1 Year	1-5 Years	5+ Years	Total
Non-interest bearing liabilities	\$2,907,032	\$ 6,855	\$ -	\$2,913,887
Interest bearing liabilities	3,553,382	1,894,096	312,684	5,760,162
Finance lease liabilities	<u>53,323</u>	<u>157,789</u>	<u>603,233</u>	<u>814,345</u>
	<u>\$6,513,737</u>	<u>\$2,058,740</u>	<u>\$ 915,917</u>	<u>\$9,488,394</u>

Further information for maturity analysis of lease liabilities was as follows:

	<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>	<u>10-15 Years</u>	<u>15-20 Years</u>	<u>20+ Years</u>
Lease liabilities	<u>\$ 53,323</u>	<u>\$157,789</u>	<u>\$129,979</u>	<u>\$118,027</u>	<u>\$115,156</u>	<u>\$240,071</u>

December 31, 2020

	<u>1 Year</u>	<u>1-5 Years</u>	<u>5+ Years</u>	<u>Total</u>
Non-interest bearing liabilities	\$2,205,244	\$ 57	\$ -	\$2,205,301
Interest bearing liabilities	4,754,126	1,059,783	338,952	6,152,861
Finance lease liabilities	<u>46,797</u>	<u>148,295</u>	<u>618,942</u>	<u>814,034</u>
	<u>\$7,006,167</u>	<u>\$1,208,135</u>	<u>\$ 957,894</u>	<u>\$9,172,196</u>

Further information for maturity analysis of lease liabilities was as follows:

	<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>	<u>10-15 Years</u>	<u>15-20 Years</u>	<u>20+ Years</u>
Lease liabilities	<u>\$ 46,797</u>	<u>\$ 148,295</u>	<u>\$ 128,369</u>	<u>\$ 118,318</u>	<u>\$ 115,028</u>	<u>\$ 257,227</u>

September 30, 2020

	<u>1 Year</u>	<u>1-5 Years</u>	<u>5+ Years</u>	<u>Total</u>
Non-interest bearing liabilities	\$2,064,928	\$ 1,839	\$ -	\$2,066,767
Interest bearing liabilities	5,404,625	1,173,342	238,498	6,816,465
Finance lease liabilities	<u>55,684</u>	<u>167,930</u>	<u>637,532</u>	<u>861,146</u>
	<u>\$7,525,237</u>	<u>\$1,343,111</u>	<u>\$ 876,030</u>	<u>\$9,744,378</u>

Further information for maturity analysis of lease liabilities was as follows:

	<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>	<u>10-15 Years</u>	<u>15-20 Years</u>	<u>20+ Years</u>
Lease liabilities	<u>\$55,684</u>	<u>\$167,930</u>	<u>\$140,666</u>	<u>\$117,969</u>	<u>\$115,951</u>	<u>\$262,946</u>

32. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and its subsidiaries and other related parties are disclosed below:

- The name of the related parties and their relationships with the Company and its subsidiaries

<u>Related Party Name</u>	<u>Relationship</u>
Control Technology Co., Ltd.	Other related parties
F.S.E Corporation	Other related parties
Ever Lumin Incorporation	Other related parties
Shiang Jen Co., Ltd. (Shiang Jen)	Other related parties
Hao Shiang Co., Ltd.	Other related parties (was liquidated in August 2020)
San Shin Co., Ltd.	Other related parties
Sysco Machinery Corporation	Other related parties
Dong Ying Investment Co., Ltd.	Other related parties
Sheng Li Machine Industry Co., Ltd.	Other related parties
Pt Tong - Tai Seikindo Utama	Substantial related party

b. Sales of goods

<u>Account Item</u>	<u>Related Party Type</u>	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues from sales	Other related parties	<u>\$ 4,119</u>	<u>\$ 3,882</u>	<u>\$ 10,529</u>	<u>\$ 12,594</u>

Sales to related parties are made at arm's length and the collection terms have no material difference with unrelated parties.

c. Purchase of goods

<u>Related Party Type</u>	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Other related parties	<u>\$ 47,758</u>	<u>\$ 27,660</u>	<u>\$ 135,804</u>	<u>\$ 113,573</u>

The purchase prices and payment term have no material difference with unrelated parties.

d. Receivables from related parties

<u>Account Item</u>	<u>Related Party Type</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Accounts receivable - related parties	Other related parties	<u>\$ 4,851</u>	<u>\$ 5,178</u>	<u>\$ 7,237</u>
Other accounts receivable	Other related parties	<u>\$ 2,436</u>	<u>\$ 18,238</u>	<u>\$ 19,919</u>

e. Payables to related parties

<u>Account Item</u>	<u>Related Party Type</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Notes payable	Other related parties	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 182</u>
Accounts payable - related parties	Other related parties	<u>\$ 85,889</u>	<u>\$ 64,825</u>	<u>\$ 51,533</u>
Other accounts payable	Other related parties	<u>\$ 732</u>	<u>\$ 1,064</u>	<u>\$ 1,170</u>

f. Other transactions with related parties

1) Commission expense (recognized as selling and marketing expenses)

<u>Related Party Type</u>	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Other related parties	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 971</u>	<u>\$ 1,411</u>

2) Rental income

<u>Related Party Type</u>	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Other related parties				
Shiang Jen	\$ 1,290	\$ 1,260	\$ 3,870	\$ 3,780
Others	<u>1</u>	<u>1</u>	<u>4</u>	<u>4</u>
	<u>\$ 1,291</u>	<u>\$ 1,261</u>	<u>\$ 3,874</u>	<u>\$ 3,784</u>

The above rent was determined by negotiation and collected according to the contract. The contract price is comparable to the prices of similar contracts in the area.

g. Compensation of key management personnel

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 3,589	\$ 3,809	\$ 10,491	\$ 12,007
Post-employment benefits	<u>60</u>	<u>100</u>	<u>180</u>	<u>301</u>
	<u>\$ 3,649</u>	<u>\$ 3,909</u>	<u>\$ 10,671</u>	<u>\$ 12,308</u>

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Company and its subsidiaries' assets mortgaged or pledged as collateral for financial derivatives, short-term and long-term borrowings, lease of land at Southern Science Industrial Park, and banker's guarantee were as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Property, plant and equipment	\$ 2,000,391	\$ 2,039,240	\$ 2,084,072
Investment properties	142,799	148,143	154,244
Other financial assets (including current and noncurrent portion)	<u>186,697</u>	<u>327,679</u>	<u>705,742</u>
	<u>\$ 2,329,887</u>	<u>\$ 2,515,062</u>	<u>\$ 2,944,058</u>

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in Note 15, significant commitments and contingencies of the Company and its subsidiaries as of September 30, 2021 were as follows:

- Unused letters of credit in the amount of NT\$115,017 thousand.
- For sales bidding, export tariff and commodity tax, the Company and its subsidiaries entered into credit facility agreements with banks for commitment amount of NT\$47,521 thousand.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company and its subsidiaries and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

September 30, 2021	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
September 30, 2021				
Monetary foreign currency assets				
USD	\$ 37,898	27.85	(USD:NTD)	\$ 1,055,459
CNY	465,286	4.305	(CNY:NTD)	2,003,056
EUR	13,108	32.32	(EUR:NTD)	423,651
Non-monetary foreign currency assets				
Investment accounted for using the equity method				
USD	174	27.85	(USD:NTD)	4,849
EUR	824	32.32	(EUR:NTD)	26,623
MRY	6,826	6.378	(MRY:NTD)	43,540
JPY	75,455	0.249	(JPY:NTD)	18,788
Monetary foreign currency liabilities				
USD	20,964	27.85	(USD:NTD)	583,847
USD	2,803	0.862	(USD:EUR)	78,064
CNY	11,148	4.305	(CNY:NTD)	47,992
EUR	521	32.32	(EUR:NTD)	16,839
December 31, 2020				
Monetary foreign currency assets				
USD	\$ 55,863	28.48	(USD:NTD)	\$ 1,590,978
CNY	490,508	4.377	(CNY:NTD)	2,146,954
EUR	8,774	35.02	(EUR:NTD)	307,265
Non-monetary foreign currency assets				
Investment accounted for using the equity method				
USD	179	28.48	(USD:NTD)	5,099
EUR	5,348	35.02	(EUR:NTD)	187,297
MRY	6,993	6.79	(MRY:NTD)	47,477
JPY	82,884	0.2763	(JPY:NTD)	22,901
Monetary foreign currency liabilities				
USD	25,982	28.48	(USD:NTD)	739,967
USD	3,346	0.813	(USD:EUR)	95,294
CNY	9,441	4.377	(CNY:NTD)	41,323
EUR	410	35.02	(EUR:NTD)	14,358
September 30, 2020				
Monetary foreign currency assets				
USD	62,275	29.1	(USD:NTD)	1,812,203
USD	258	0.852	(USD:EUR)	7,508
CNY	408,292	4.269	(CNY:NTD)	1,742,999
EUR	11,975	34.15	(EUR:NTD)	408,946

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
Non-monetary foreign currency assets				
Investment accounted for using the equity method				
USD	\$ 181	29.1	(USD:NTD)	\$ 5,267
EUR	7,619	34.15	(EUR:NTD)	260,189
MRY	7,036	6.704	(MRY:NTD)	47,166
JPY	85,774	0.2756	(JPY:NTD)	23,639
Monetary foreign currency liabilities				
USD	23,368	29.1	(USD:NTD)	680,009
USD	3,320	0.852	(USD:EUR)	96,612
CNY	10,560	4.269	(CNY:NTD)	45,081
EUR	265	34.15	(EUR:NTD)	9,050
				(Concluded)

For the three months and nine months ended September 30, 2021 and 2020, net foreign exchange gains and losses were loss of NT\$12,472 thousand, gain of NT\$26,478 thousand, loss of NT\$70,856 thousand and loss of NT\$28,767 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency transaction and functional currencies.

36. ADDITIONAL DISCLOSURES

- a. Following are the additional disclosures required by the Securities and Futures Bureau for the Company:
- 1) Financial provided: Please see Table 1 attached;
 - 2) Endorsement/guarantee provided: Please see Table 2 attached;
 - 3) Marketable securities held (excluding investments in subsidiaries, associates and joint venture): Please see Table 3 attached;
 - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;
 - 5) Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None;
 - 6) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None;
 - 7) Total purchase from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Please see Table 4 attached;
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see Table 5 attached;
 - 9) Information about the derivative financial instruments transaction: Please see Note 7;
 - 10) Others: The business relationship between the parent and the subsidiaries and significant transactions between them: Please see Table 6 attached;

11) Names, locations, and related information of investees over which the Company and its subsidiaries exercises significant influence (excluding information on investment in Mainland China): Please see Table 7 attached;

b. Information on investment in Mainland China

1) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 8 attached;

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None;

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Please see Table 4 attached;

c) The amount of property transactions and the amount of the resultant gains or losses: None;

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None;

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Please see Table 1 attached;

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

c. Information of major shareholders: Please see Table 9 attached.

37. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Reported segments of the Company and its subsidiaries were as follows:

- Machine Manufacturer Segment: engaging in the manufacturing and selling of machine tools and after-sales service.
- Component Manufacturer Segment: mainly engage in sales and manufacturing of parts, mold and maintenance of machine tool.
- Others: Apart from the aforementioned segments, mainly engage in sales of machines, and holding investment and so on.

a. Segment revenues and operating results

	Machine Manufacturer	Component Manufacturer	Others	Adjustment and Elimination	Total
<u>For the Nine Months Ended September 30, 2021</u>					
Revenues from external customers	\$ 6,901,630	\$ 237,246	\$ 100,160	\$ -	\$ 7,239,036
Inter-segment revenues	<u>830,876</u>	<u>153,772</u>	<u>43,785</u>	<u>(1,028,433)</u>	<u>-</u>
Segment revenues	<u>\$ 7,732,506</u>	<u>\$ 391,018</u>	<u>\$ 143,945</u>	<u>(\$ 1,028,433)</u>	<u>\$ 7,239,036</u>
Segment profit (loss)	\$ 228,785	(\$ 7,525)	(\$ 29,114)	\$ 15,084	\$ 207,230
Interest income	13,740	221	837	(4,905)	9,893
Financial costs	(67,890)	(1,096)	(4,351)	4,905	(68,432)
Share of the profit (loss) of associates and subsidiaries	(663)	-	-	-	(663)
Other non-operating income and expenses	<u>17,820</u>	<u>19,506</u>	<u>(5,005)</u>	<u>(12,508)</u>	<u>19,813</u>
Profit (loss) before income tax	191,792	11,106	(37,633)	2,576	167,841
Income tax expense (benefit)	<u>46,334</u>	<u>1,266</u>	<u>318</u>	<u>-</u>	<u>47,918</u>
Net profit (loss) for the period	<u>\$ 145,458</u>	<u>\$ 9,840</u>	<u>(\$ 37,951)</u>	<u>\$ 2,576</u>	<u>\$ 119,923</u>
<u>For the Nine Months Ended September 30, 2020</u>					
Revenues from external customers	\$ 5,359,815	\$ 302,737	\$ 86,360	\$ -	\$ 5,748,912
Inter-segment revenues	<u>590,245</u>	<u>161,361</u>	<u>52,600</u>	<u>(804,206)</u>	<u>-</u>
Segment revenues	<u>\$ 5,950,060</u>	<u>\$ 464,098</u>	<u>\$ 138,960</u>	<u>(\$ 804,206)</u>	<u>\$ 5,748,912</u>
Segment profit (loss)	(\$ 189,735)	\$ 1,959	(\$ 34,648)	\$ 10,911	(\$ 211,513)
Interest income	24,810	56	371	(6,908)	18,329
Financial costs	(77,724)	(1,455)	(5,931)	6,908	(78,202)
Share of the profit (loss) of associates and subsidiaries	(2,223)	-	-	-	(2,223)
Other non-operating income and expenses	<u>110,705</u>	<u>29,253</u>	<u>9,795</u>	<u>(17,857)</u>	<u>131,896</u>
Profit (loss) before income tax	(134,167)	29,813	(30,413)	(6,946)	(141,713)
Income tax expense (benefit)	<u>(65,504)</u>	<u>3,855</u>	<u>440</u>	<u>-</u>	<u>(61,209)</u>
Net profit (loss) for the period	<u>(\$ 68,663)</u>	<u>\$ 25,958</u>	<u>(\$ 30,853)</u>	<u>(\$ 6,946)</u>	<u>(\$ 80,504)</u>

Segment profit represented the profit from operations earned by each segment and was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Segment assets</u>			
Machine Manufacturer	\$ 19,004,959	\$ 18,627,964	\$ 19,332,972
Component Manufacturer	492,873	511,420	490,934
Others	1,521,763	1,623,255	1,736,531
Adjustment and Elimination	<u>(4,658,241)</u>	<u>(4,753,574)</u>	<u>(4,776,794)</u>
	<u>\$ 16,361,354</u>	<u>\$ 16,009,065</u>	<u>\$ 16,783,643</u>
<u>Segment liabilities</u>			
Machine Manufacturer	\$ 11,373,347	\$ 11,030,961	\$ 11,366,475
Component Manufacturer	302,036	264,291	247,210
Others	686,301	599,140	622,872
Adjustment and Elimination	<u>(1,585,430)</u>	<u>(1,346,001)</u>	<u>(1,199,212)</u>
	<u>\$ 10,776,254</u>	<u>\$ 10,548,391</u>	<u>\$ 11,037,345</u>

TABLE 1

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

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

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn (Note 4)	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits	Note
													Item	Value			
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Machinery Co., Ltd.	Other receivables - related party	Yes	\$ 71,338	\$ 34,813	\$ 33,420	1~1.7	Note 1	\$	Acquiring Building	\$		\$	\$ 504,957	\$ 1,009,913	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	Other receivables - related party	Yes	451,980	242,400	193,920	1~1.7	Note 1		Operating capital				504,957	1,009,913	Note 2
0	Tongtai Machine & Tool Co., Ltd.	SKTD Co., Ltd.	Other receivables - related party	Yes	10,864	4,980	4,980	1~1.7	Note 1		Operating capital				504,957	1,009,913	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Union Top Industrial (Samoa) Limited	Other receivables - related party	Yes	212,925	-	-	1.19~1.7	Note 1		Operating capital				504,957	1,009,913	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Other receivables - related party	Yes	130,594	64,055	64,055	1~1.7	Note 1		Operating capital				504,957	1,009,913	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Other receivables - related party	Yes	263,040	129,150	129,150	1~1.7	Note 1		Operating capital				504,957	1,009,913	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Quick-Tech Machinery Co., Ltd.	Other receivables - related party	Yes	120,000	60,000	54,500	1~1.5	Note 1		Operating capital				504,957	1,009,913	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Asia Pacific Elite Corp.	Other receivables - related party	Yes	30,000	-	-	-	Note 1		Operating capital				504,957	1,009,913	Note 2
0	Tongtai Machine & Tool Co., Ltd.	mbi-group Beteiligung GmbH	Other receivables - related party	Yes	20,622	19,392	14,415	1.15	Note 1		Operating capital				504,957	1,009,913	Note 2
1	Union Top	Quick-Tech Machinery Co., Ltd.	Other receivables - related party	Yes	19,225	-	-	-	Note 1		Operating capital				105,983	211,967	Note 3
1	Union Top	TongTai Europe B.V.	Other receivables - related party	Yes	13,805	13,474	13,474	1.2	Note 1		Operating capital				105,983	211,967	Note 3
1	Union Top	Anger Machining GmbH	Other receivables - related party	Yes	88,363	88,363	88,363	1.5	Note 1		Operating capital				105,983	211,967	Note 3
2	PCI-SCHEM	TTGroup France	Other receivables - related party	Yes	6,874	6,464	5,004	1.18~1.5	Note 1		Operating capital				41,478	82,955	Note 3

Note 1: The need for short-term financing.

Note 2: According to the "Procedures for Lending Funds to Other Parties" established by the Company, the aggregate lending amount and the amount lending to any individual entity having business relationship with the Company shall not exceed the total transaction amount between the parties during the period of 12 months prior to the time of lending and shall not exceed 20% of the net worth of the Company. The aggregate lending amount and the amount lending to any individual entity for short-term financing shall not exceed 20% and 10% of the net worth of the Company.

Note 3: According to the "Procedures for Lending Funds to Other Parties" established by the subsidiaries, the aggregate lending amount and the amount lending to any individual entity having business relationship with the Company shall not exceed the total transaction amount between the parties during the period of 12 months prior to the time of lending and shall not exceed 20% of the net worth of the Company. The aggregate lending amount and the amount lending to any individual entity for short-term financing shall not exceed 20% and 10% of the net worth of the Company.

Note 4: All the transactions had been eliminated when preparing consolidated financial statements.

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

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

No.	Endorsement/Guarantee Provider	Endorsee/Guarantee		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement /Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Machine Tool (SEA) Sdn. Bhd.	The Company owns directly or indirectly over 50% ownership of the investee company	\$ 1,514,870	\$ 28,535	\$ 27,850	\$ -	\$ -	0.55	\$ 2,524,783	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	PCI-SCEMM	The Company owns directly or indirectly over 50% ownership of the investee company	1,514,870	30,933	-	-	-	-	2,524,783	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Union Top Industrial (Samoa) Limited	The Company owns directly or indirectly over 50% ownership of the investee company	1,514,870	494,838	429,726	364,000	-	8.51	2,524,783	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Mbi-group Beteiligung GmbH	The Company owns directly or indirectly over 50% ownership of the investee company	1,514,870	68,740	54,686	48,629	-	1.08	2,524,783	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	The Company owns directly or indirectly over 50% ownership of the investee company	1,514,870	649,593	504,515	436,138	-	9.99	2,524,783	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Asia Pacific Elite Corp.	The Company owns directly or indirectly over 50% ownership of the investee company	1,514,870	245,000	235,000	73,520	-	4.65	2,524,783	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Tongan GmbH	The Company owns directly or indirectly over 50% ownership of the investee company	1,514,870	17,185	16,160	16,160	-	0.32	2,524,783	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Tong-Yeh Precision Co., Ltd.	The Company owns directly or indirectly over 50% ownership of the investee company	1,514,870	10,000	10,000	-	-	0.20	2,524,783	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Quick-Tech Machinery Co., Ltd.	The Company owns directly or indirectly over 50% ownership of the investee company	1,514,870	201,780	190,700	83,776	-	3.78	2,524,783	Y	-	-	

Note: According to the "Procedures for Making Endorsements and Guarantees" established by the Company, the ceilings on the amounts to make endorsements/guarantees are as follows,

1. For Tongtai Machine & Tool Co., Ltd.,

(1) The ceilings on the amounts for the aggregate amounts to the entities shall not exceed 50% of the net worth of the Company.

(2) The ceilings on the amounts for any individual entity to the entities shall not exceed 30% of the net worth of the Company.

2. For Tongtai Machine & Tool Co., Ltd. and subsidiaries,

(1) The ceilings on the amounts for the aggregate amounts to the entities shall not exceed 50% of the net worth of the Company.

(2) The ceilings on the amounts for any individual entity to the entities shall not exceed 30% of the net worth of the Company.

(3) Except for (1) and (2), the total amount of endorsement/guarantee provided by the Company to any individual entity deriving from business relations shall not exceed the total business amount between such party and the Company for the twelve-month period immediately before the extension of endorsement/guarantee (the business amount refers to purchase amount or sales amount of the goods between the parties, whichever is higher).

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2021

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

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	September 30, 2021				Note	
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value		
Tongtai Machine & Tool Co., Ltd.	Common stock Contrel Technology Co., Ltd.	Same president	Financial assets at fair value through other comprehensive income - non current	6,849,178	\$ 151,367	4	\$ 151,367		
	SHIANG JEN CO., LTD.	The held company as its director	Financial assets at fair value through other comprehensive income - non current	1,520,000	17,298	19	17,298		
	World Known MFG (Cayman) Limited	-	Financial assets at fair value through other comprehensive income - non current	280,000	9,940	1	9,940		
	USYNC INC.	-	Financial assets at fair value through other comprehensive income - non current	295,371	11,748	4	11,748		
	WORLD KNOWN MFG. CO., LTD.	-	Financial assets at fair value through other comprehensive income - non current	229,729	6,147	1	6,147		
							<u>\$ 196,500</u>	<u>\$ 196,500</u>	
	Common stock YI XIANG Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - non current	75,000	\$ -	14	\$ -		
	Mutual funds Allianz Global Investors Preferred Securities and Income Fund	-	Financial assets at fair value through profit or loss - current	350,000	\$ 17,478		\$ 17,478		
	UBS (TW) Bond Fund – Fixed Income Fund of Funds	-	Financial assets at fair value through profit or loss - current	100,000	26,811		26,811		
	Cathay Asia-Pacific Income Balanced Fund	-	Financial assets at fair value through profit or loss - current	2,105,263	26,701		26,701		
						<u>\$ 70,990</u>	<u>\$ 70,990</u>		

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer (Seller)	Related Party	Related Party	Relationship				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Purchase/Sale Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Subsidiary	Sales	(\$ 467,257)	(6.45)	Comparable with ones of non-related party transactions	\$ -	-	\$ 244,718	6.99	Note
	Asia Pacific Elite Corp.	Subsidiary	Sales	(131,397)	(1.82)	Comparable with ones of non-related party transactions	-	-	57,041	1.63	Note
	Quick-Tech Machinery Co., Ltd.	Subsidiary	Sales	(112,873)	(1.56)	Comparable with ones of non-related party transactions	-	-	26,747	0.76	Note
	Tongfong Auto Tech Co., Ltd.	Subsidiary	Purchase	103,751	1.79	Comparable with ones of non-related party transactions	-	-	(62,842)	(2.91)	Note

Note: All the transactions had been eliminated when preparing consolidated financial statements.

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

SEPTEMBER 30, 2021

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

Company Name	Related Party	Relationship	Ending Balance (Note 3)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Amount		
Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Subsidiary	\$ 375,263 (Note 1)	1.8	\$ -	-	\$ 16,787	\$ -
	Anger Machining GmbH	Subsidiary	200,028 (Note 2)	0.95	-	-	-	-

Note 1: Including accounts receivable amounted of NT\$244,718 thousand and other receivable amounted of NT\$130,545 thousand. Other receivable was excluded in the calculation turnover rate.

Note 2: Including accounts receivable amounted of NT\$1,538 thousand and other receivable amounted of NT\$198,490 thousand. Other receivable was excluded in the calculation turnover rate.

Note 3: All the transactions had been eliminated when preparing consolidated financial statements.

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship	Transaction Details			% of Total Operating Revenues or Assets
				Financial Statement Accounts	Amount	Payment Terms	
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Parent to subsidiary	Sales	\$ 467,257	Based on contracts	6.45
0	Tongtai Machine & Tool Co., Ltd.	Asia Pacific Elite Corp.	Parent to subsidiary	Sales	131,397	Based on contracts	1.82
0	Tongtai Machine & Tool Co., Ltd.	Quick-Tech Machinery Co., Ltd.	Parent to subsidiary	Sales	112,873	Based on contracts	1.56
0	Tongtai Machine & Tool Co., Ltd.	Asia Pacific Elite Corp.	Parent to subsidiary	Accounts receivable	57,041	Based on contracts	0.35
0	Tongtai Machine & Tool Co., Ltd.	Quick-Tech Machinery Co., Ltd.	Parent to subsidiary	Other receivable	54,522	Based on contracts and BOD resolution	0.33
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Parent to subsidiary	Accounts receivable	244,718	Based on contracts	1.50
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Parent to subsidiary	Other receivable	130,545	Based on contracts and BOD resolution	0.80
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	Parent to subsidiary	Other receivable	198,490	Based on contracts and BOD resolution	1.21
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Parent to subsidiary	Other receivable	64,415	Based on contracts and BOD resolution	0.39
1	Tongfong Auto Tech Co., Ltd.	Tongtai Machine & Tool Co., Ltd.	Subsidiary to Parent	Sales	103,751	Based on contracts	1.43
1	Tongfong Auto Tech Co., Ltd.	Tongtai Machine & Tool Co., Ltd.	Subsidiary to Parent	Accounts receivable	62,842	Based on contracts	0.38
2	Union Top Industrial (Samoa) Limited	Anger Machining GmbH	Subsidiary to subsidiary	Other receivable	88,627	Based on contracts and BOD resolution	0.54

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
Tongtai Machine & Tool Co., Ltd.	Tongfong Auto Tech Co., Ltd.	Kaohsiung City	Sales of electric automation equipment	\$ 14,005	\$ 13,974	1,500,000	100.00	\$ 41,033	\$ 9,666	\$ 9,660	Note
Tongtai Machine & Tool Co., Ltd.	Asia Pacific Elite Corp.	Taichung City	Sales and manufacturing of equipment	409,240	409,238	14,515,634	100.00	128,067	32,628	33,351	Note
Tongtai Machine & Tool Co., Ltd.	Quick-Tech Machinery Co., Ltd.	Tainan City	Sales and manufacturing of equipment	80,582	80,582	6,240,000	52.00	(44,669)	(80,229)	(41,461)	Note
Tongtai Machine & Tool Co., Ltd.	Honor Seiki Co., Ltd.	Kaohsiung City	Sales and manufacturing of equipment	106,721	100,731	22,108,109	54.00	544,847	31,047	16,758	Note
Tongtai Machine & Tool Co., Ltd.	Tong-Yeh Precision Co., Ltd.	Kaohsiung City	Sales of electric automation equipment	14,521	14,476	1,054,482	60.00	26,496	(3,904)	(2,345)	Note
Tongtai Machine & Tool Co., Ltd.	Chin-Jig Technology Co., Ltd.	Taipei City	Sales of mold and equipment	27,990	27,971	2,800,000	70.00	48,807	(3,799)	(2,658)	Note
Tongtai Machine & Tool Co., Ltd.	Tongtai Machine & Tool Japan Co., Ltd.	Japan	Sales and manufacturing of equipment	31,561	31,561	889	100.00	18,788	(1,923)	(1,923)	Note
Tongtai Machine & Tool Co., Ltd.	Tong Tai Machinery Co., Ltd.	Thailand	Sales of customized machine	5,854	5,854	999,998	100.00	19,900	(3,212)	(3,212)	Note
Tongtai Machine & Tool Co., Ltd.	Tongtai Seiki Vietnam Co., Ltd.	Vietnam	Sales of customized machine	9,054	9,054	631,080	100.00	16,549	(1,293)	(1,293)	Note
Tongtai Machine & Tool Co., Ltd.	Tongtai Machine Tool (SEA) Sdn. Bhd.	Malaysia	Sales of customized machine	5,107	5,107	520,000	52.00	8,242	(898)	(467)	Note
Tongtai Machine & Tool Co., Ltd.	Tongtai Machine Tool (MFG) Sdn. Bhd.	Malaysia	Sales and manufacturing of equipment	71,952	71,952	8,500,000	100.00	35,298	(615)	(615)	Note
Tongtai Machine & Tool Co., Ltd.	Tong-Tai Seiki USA, Inc.	USA	Sales of merchandise	71,667	71,667	100	100.00	4,849	(139)	(139)	Note
Tongtai Machine & Tool Co., Ltd.	Tongtai Mexico ,S.A. DE C.V.	Mexico	Sales and maintenance of machine tools	10,155	10,155	65,999	100.00	6,523	(214)	(214)	Note
Tongtai Machine & Tool Co., Ltd.	PCI-SCEMM	France	Sales, manufacturing and maintenance of machine tools	182,200	182,200	1,000,000	100.00	360,917	(22,739)	(22,739)	Note
Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Netherlands	Sales of merchandise	96,221	96,221	9,000	100.00	(46,676)	(22,002)	(22,002)	Note
Tongtai Machine & Tool Co., Ltd.	Union Top Industrial (Samoa) Limited	Samoa	General investment	560,867	560,867	16,465,400	100.00	1,047,775	76,324	76,324	Note
Tongtai Machine & Tool Co., Ltd.	Tongan GmbH	Austrian	General investment	597,771	597,771	35,000	100.00	(291,114)	(113,475)	(113,475)	Note
Tongtai Machine & Tool Co., Ltd.	Cyber Laser Taiwan Co., Ltd.	Tainan City	Machine and manufacturing of electronic component	20,000	20,000	2,000,000	33.00	-	-	-	
Tongtai Machine & Tool Co., Ltd.	Printin3d DigiTech Co., Ltd.	Taoyuan City	Development of 3D printer of digital Implantology	10,000	10,000	1,000,000	40.00	7,108	(1,656)	(663)	
Union Top Industrial (Samoa) Limited	Great Pursuit Limited	Samoa	General investment	40,054	40,054	-	55.00	-	-	-	Note
Chin-Jig Technology Co., Ltd.	Time Trade Internation Limited	Samoa	General investment	32,771	32,771	-	100.00	68,193	(1,173)	(1,173)	Note
PCI-SCEMM	TTGroup France	France	Sales of merchandise	1,076	1,076	30,000	100.00	1,208	(473)	(473)	Note
Tongan GmbH	Mbi-group Beteiligung GmbH	Austrian	General investment	611,202	611,202	-	100.00	(277,110)	(114,558)	(113,245)	Note
Mbi-group Beteiligung GmbH	HPC Produktions GmbH	Austrian	Sales, manufacturing and maintenance of machine tools	1,215	1,215	-	100.00	66,208	7,716	7,716	Note
Mbi-group Beteiligung GmbH	Anger Machining GmbH	Austrian	Sales, manufacturing and maintenance of machine tools	\$ 595,855	\$ 595,855	-	100.00	(\$ 247,041)	(\$ 122,444)	(\$ 122,444)	Note
Anger Machining GmbH	Anger Machining Inc.	USA	Sales and maintenance of machine tools	122	122	60,000	100.00	(5,606)	(1,750)	(1,750)	Note
Anger Machining GmbH	Anger Service Deutschland GmbH	Germany	Sales and maintenance of machine tools	868	868	-	100.00	1,787	545	545	Note
Tongtai Machine & Tool Japan Co., Ltd.	SKTD Co., Ltd.	Japan	Design and development of machine tools	23,203	23,203	780	99.00	12,881	(2,468)	(2,437)	Note

Note: All the transactions had been eliminated when preparing consolidated financial statements.

TABLE 8

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

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

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020 (Note 1)	Remittance of Funds (Note 1)		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2021 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2021	Accumulated Repatriation of Investment Income as of September 30, 2021	Note
					Outward	Inward							
Tong-Yu Machine Tool (Shanghai) Co., Ltd.	Sales and maintenance of machine tools	\$ 67,063	Investments through a holding company registered in a third region	\$ 67,063	\$ -	\$ -	\$ 67,063	(\$ 3,051)	100.00	(\$ 3,051)	\$ 95,189	\$ -	Note 4
Suzhou Tongyu Machine Tool Co., Ltd.	Manufacturing of digital control machine and system	696,250	Investments through a holding company registered in a third region	696,250	-	-	696,250	82,033	100.00	82,033	1,207,358	53,223	Note 4
Shanghai Tong-Tai-Shin Trading Co., Ltd.	International trade	5,570	Investments through a holding company registered in a third region	5,570	-	-	5,570	(253)	100.00	(253)	9,305	8,972	Note 4
Hao-Tern-Shin Electronics (Shenzhen) Co., Ltd.	Sales and manufacturing of printed circuit board	69,625	Investments through a holding company registered in a third region	38,293	-	-	38,293	-	55.00	-	-	-	Note 4
Chin-Jig Precision Machine (Shanghai) Co., Ltd.	Sales and manufacturing of mold and equipment	15,318	Investments through a holding company registered in a third region	15,318	-	-	15,318	(1,173)	70.00	(821)	18,519	47,997	Note 4

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2021 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
Tongtai Machine & Tool Co., Ltd.	\$ 807,176	\$ 807,176	\$ 3,029,739
Chin-Jig Technology Co., Ltd.	15,318	15,318	29,284

Note 1: The amounts were calculated based on the foreign exchange rate as of September 30, 2021.

Note 2: The basis for recognition of investment income (loss) of Suzhou Tongyu Machine Tool Co., Ltd. was based on the financial statements reviewed and attested by R.O.C. parent company's CPA while the others were based on the financial statements which have not been reviewed for the same periods.

Note 3: The limit on investment in Mainland China pursuant to "Principle of investment or Technical Cooperation in Mainland China" shall not exceed 60% of their net worth.

Note 4: All the transactions had been eliminated when preparing consolidated financial statements.

TABLE 9**TONGTAI MACHINE & TOOL CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS****September 30, 2021**

Name of The Major Shareholder	Shares	
	Number of Shares Owned (shares)	Percentage of Ownership (%)
San Shin Investment Co., Ltd.	20,776,889	8.15

Note 1: Major shareholders in the Table above are shareholders owning 5% or more of the Company's common shares (only ones that have completed dematerialized registration and delivery) based on calculations performed by the Taiwan Depository & Clearing Corporation using data as of the last business date at the end of each quarter. The amount of capital in the financial statements may differ from the Company's actual number of stocks that have completed dematerialized registration and delivery due to different calculation bases.

Note 2: Where the stocks are entrusted by shareholders, information is disclosed by the individual account of settlor who has segregated trust accounts opened by trustees. As for shareholders filing shareholdings of insiders with 10% or more of the Company's stocks pursuant to the securities and exchange laws and regulations, the number of stocks owned shall be ones owned by the persons plus ones entrusted where the shareholders have the power to decide how to utilize the trust property. Please access the Market Observation Post System website for information on insiders' shareholding filings.