

**Tongtai Machine & Tool Co., Ltd. and Subsidiaries**

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 2022 and 2021 and  
Independent Auditors' Review Report**

## INDEPENDENT AUDITORS' REVIEW REPORT

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

### Introduction

We have reviewed the accompanying consolidated balance sheets of Tongtai Machine & Tool Co., Ltd. (the "Company") and its subsidiaries as of September 30, 2022 and 2021, and the consolidated statements of comprehensive income for the three months and nine months ended September 30, 2022 and 2021, and the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2022 and 2021, 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 Qualified 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, 2022, and 2021, the combined total assets of these non-significant subsidiaries were NT\$5,404,293 thousand and NT\$5,606,906 thousand, representing 35% and 34%, respectively, of the consolidated total assets; the combined total liabilities of these non-significant subsidiaries were NT\$4,235,267 thousand and NT\$3,860,667 thousand, representing 43% and 36%, respectively, of the consolidated total liabilities. For the three months and nine months ended September 30, 2022 and 2021, the amount of the combined comprehensive income (loss) of these non-significant subsidiaries were NT\$66,584 thousand, NT\$(28,176) thousand, NT\$12,581 thousand and NT\$(180,353) thousand, representing 61%, 23%, 10% and 130%, 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\$8,131 thousand and NT\$7,108 thousand as of September 30, 2022 and 2021, respectively; the share of income (loss) of associates accounted for using the equity method were NT\$(137) thousand, NT\$(35) thousand, NT\$234 thousand and NT\$(663) thousand for the three months and nine months ended September 30, 2022 and 2021, respectively. The amounts of the related equity-method investments were based on the equity-method investees' unreviewed financial statements for the same reporting periods.

## Qualified 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, 2022 and 2021, its consolidated financial performance for the three months and nine months ended September 30, 2022 and 2021, and its consolidated cash flows for nine months ended September 30, 2022 and 2021 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 11, 2022

### 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 accepted and applied in the Republic of China.*

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

# TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

September 30, 2022, December 31 and September 30, 2021

(In Thousands of New Taiwan Dollars)

	ASSETS	September 30, 2022 (Reviewed)		December 31, 2021 (Audited)		September 30, 2021 (Reviewed)	
		Amount	%	Amount	%	Amount	%
	<b>CURRENT ASSETS</b>						
1100	Cash and cash equivalents (Note 6)	\$ 1,520,095	10	\$ 1,577,421	10	\$ 1,517,249	9
1110	Financial assets at fair value through profit or loss - current (Note 7)	37,516	-	26,963	-	71,680	1
1150	Notes receivable, net (Note 9)	506,293	3	519,428	3	447,913	3
1170	Accounts receivable, net (Note 9)	2,667,941	17	2,930,806	18	2,996,037	18
1180	Accounts receivable - related parties (Notes 9 and 33)	6,639	-	5,348	-	4,851	-
1200	Other receivables (Note 33)	158,287	1	135,925	1	111,627	1
1220	Current tax assets	10,856	-	12,656	-	13,549	-
130X	Inventories (Note 10)	5,521,213	36	5,486,943	34	5,750,305	35
1476	Other financial assets - current (Notes 13 and 34)	124,884	1	135,249	1	189,479	1
1479	Other current assets	313,170	2	275,506	2	389,519	2
11XX	Total current assets	<u>10,866,894</u>	<u>70</u>	<u>11,106,245</u>	<u>69</u>	<u>11,492,209</u>	<u>70</u>
	<b>NON-CURRENT ASSETS</b>						
1517	Financial assets at fair value through other comprehensive income - non-current (Note 8)	142,324	1	194,531	1	196,500	1
1550	Investments accounted for using the equity method (Note 12)	8,131	-	7,897	-	7,108	-
1600	Property, plant and equipment (Notes 14 and 34)	2,775,991	18	2,975,232	19	3,189,769	20
1755	Right-of-use assets (Note 15)	569,658	4	567,341	4	581,213	4
1760	Investment properties (Notes 16 and 34)	488,237	3	432,847	3	218,693	2
1780	Intangible assets (Note 17)	38,059	-	43,511	-	47,346	-
1840	Deferred tax assets	410,487	3	453,545	3	462,300	3
1920	Refundable deposits	19,609	-	23,760	-	25,163	-
1930	Long-term notes and accounts receivable (Note 9)	21,192	-	37,020	-	51,117	-
1975	Net defined benefit assets (Note 4)	2,158	-	-	-	1,490	-
1980	Other financial assets - non-current (Notes 13 and 34)	122,124	1	109,187	1	41,441	-
1990	Other non-current assets (Note 9)	40,622	-	52,333	-	47,005	-
15XX	Total non-current assets	<u>4,638,592</u>	<u>30</u>	<u>4,897,204</u>	<u>31</u>	<u>4,869,145</u>	<u>30</u>
1XXX	<b>TOTAL</b>	<u>\$ 15,505,486</u>	<u>100</u>	<u>\$ 16,003,449</u>	<u>100</u>	<u>\$ 16,361,354</u>	<u>100</u>
	<b>LIABILITIES AND EQUITY</b>						
	<b>CURRENT LIABILITIES</b>						
2100	Short-term borrowings (Notes 18 and 34)	\$ 2,905,944	19	\$ 2,649,880	17	\$ 2,533,672	15
2110	Short-term bills payable (Note 18)	99,988	1	519,910	3	289,994	2
2120	Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	2,404	-	1,598	-
2130	Contract liabilities - current (Note 24)	1,244,587	8	1,130,202	7	1,338,393	8
2150	Notes payable (Note 19 and 33)	221,356	1	156,914	1	166,932	1
2170	Accounts payable (Note 19)	1,353,192	9	1,636,087	10	1,909,046	12
2180	Accounts payable - related parties (Notes 19 and 33)	71,304	-	65,232	-	85,889	-
2200	Other payables (Notes 20 and 33)	638,472	4	731,203	5	745,165	5
2230	Current tax liabilities	12,349	-	18,571	-	2,963	-
2252	Provisions - current (Note 21)	82,214	1	93,307	1	96,690	1
2280	Lease liabilities - current (Note 15)	36,139	-	37,522	-	23,852	-
2322	Current portion of long-term bank borrowings (Notes 18 and 34)	847,018	5	943,732	6	684,921	4
2399	Other current liabilities	25,759	-	38,300	-	36,190	-
21XX	Total current liabilities	<u>7,538,322</u>	<u>48</u>	<u>8,023,264</u>	<u>50</u>	<u>7,915,305</u>	<u>48</u>
	<b>NON-CURRENT LIABILITIES</b>						
2541	Long-term bank borrowings (Notes 18 and 34)	1,547,041	10	1,645,770	10	2,125,428	13
2570	Deferred tax liabilities	76,481	-	71,155	1	71,442	-
2580	Lease liabilities - noncurrent (Note 15)	546,102	4	538,757	3	565,292	4
2640	Net defined benefit liabilities (Note 4)	88,694	1	91,932	1	91,932	1
2645	Guarantee deposits received	26,441	-	6,339	-	6,855	-
25XX	Total non-current liabilities	<u>2,284,759</u>	<u>15</u>	<u>2,353,953</u>	<u>15</u>	<u>2,860,949</u>	<u>18</u>
2XXX	Total liabilities	<u>9,823,081</u>	<u>63</u>	<u>10,377,217</u>	<u>65</u>	<u>10,776,254</u>	<u>66</u>
	<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)</b>						
3110	Ordinary shares	2,548,265	16	2,548,265	16	2,548,265	16
3200	Capital surplus	1,194,096	8	1,194,096	7	1,194,240	7
	Retained earnings						
3310	Legal reserve	743,589	5	731,144	5	731,144	4
3320	Special reserve	89,749	1	89,749	-	89,749	1
3350	Unappropriated earnings	520,763	3	474,550	3	497,137	3
3300	Total retained earnings	1,354,101	9	1,295,443	8	1,318,030	8
3400	Other equity	(20,301)	-	(6,570)	-	(10,970)	-
31XX	Total equity attributable to owners of the Company	<u>5,076,161</u>	<u>33</u>	<u>5,031,234</u>	<u>31</u>	<u>5,049,565</u>	<u>31</u>
36XX	NON-CONTROLLING INTERESTS (Note 23)	606,244	4	594,998	4	535,535	3
3XXX	Total equity	<u>5,682,405</u>	<u>37</u>	<u>5,626,232</u>	<u>35</u>	<u>5,585,100</u>	<u>34</u>
	<b>TOTAL</b>	<u>\$ 15,505,486</u>	<u>100</u>	<u>\$ 16,003,449</u>	<u>100</u>	<u>\$ 16,361,354</u>	<u>100</u>

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

(With Deloitte & Touche auditors' reviewed report dated November 11, 2022)

## TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three months and nine months ended September 30, 2022 and 2021

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

(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 OPERATING REVENUES (Notes 24 and 33)	\$2,203,692	100	\$2,506,005	100	\$6,136,541	100	\$7,239,036	100
5000 OPERATING COSTS (Notes 10, 25 and 33)	<u>1,698,272</u>	<u>77</u>	<u>1,984,159</u>	<u>80</u>	<u>4,811,927</u>	<u>79</u>	<u>5,807,761</u>	<u>80</u>
5900 GROSS PROFIT	<u>505,420</u>	<u>23</u>	<u>521,846</u>	<u>20</u>	<u>1,324,614</u>	<u>21</u>	<u>1,431,275</u>	<u>20</u>
OPERATING EXPENSES (Notes 9, 25 and 33)								
6100 Selling and marketing expenses	183,984	8	183,124	7	596,719	10	562,858	8
6200 General and administrative expenses	147,538	7	148,569	6	410,498	6	483,036	7
6300 Research and development expenses	57,105	2	58,303	2	174,052	3	177,279	2
6450 Expected credit gain (loss)	<u>17,033</u>	<u>1</u>	<u>( 11,338)</u>	<u>-</u>	<u>49,828</u>	<u>1</u>	<u>872</u>	<u>-</u>
6000 Total operating expenses	<u>405,660</u>	<u>18</u>	<u>378,658</u>	<u>15</u>	<u>1,231,097</u>	<u>20</u>	<u>1,224,045</u>	<u>17</u>
6900 Operating income	<u>99,760</u>	<u>5</u>	<u>143,188</u>	<u>5</u>	<u>93,517</u>	<u>1</u>	<u>207,230</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES (Notes 12, 25 and 33)								
7100 Interest income	3,690	-	3,949	-	8,457	-	9,893	-
7010 Other income	46,201	2	57,129	3	107,583	2	142,800	2
7020 Other gains and losses	24,422	1	( 19,614)	( 1)	63,804	1	( 122,987)	( 2)
7050 Finance costs	( 28,815)	( 1)	( 22,739)	( 1)	( 74,979)	( 1)	( 68,432)	( 1)
7060 Share of loss of associates	<u>( 137)</u>	<u>-</u>	<u>( 35)</u>	<u>-</u>	<u>234</u>	<u>-</u>	<u>( 663)</u>	<u>-</u>
7000 Total non-operating income and expenses	<u>45,361</u>	<u>2</u>	<u>18,690</u>	<u>1</u>	<u>105,099</u>	<u>2</u>	<u>( 39,389)</u>	<u>( 1)</u>
7900 PROFIT BEFORE INCOME TAX	145,121	7	161,878	6	198,616	3	167,841	2
7950 INCOME TAX EXPENSE (Notes 4 and 26)	<u>33,225</u>	<u>2</u>	<u>57,151</u>	<u>2</u>	<u>57,267</u>	<u>1</u>	<u>47,918</u>	<u>-</u>
8200 NET PROFIT FOR THE PERIOD	<u>111,896</u>	<u>5</u>	<u>104,727</u>	<u>4</u>	<u>141,349</u>	<u>2</u>	<u>119,923</u>	<u>2</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 23 and 26)								
8310 Items that will not be reclassified subsequently to profit or loss:								

( Continued )

## TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three months and nine months ended September 30, 2022 and 2021

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

(Reviewed, Not Audited)

		For the Three Months Ended September 30				For the Nine Months Ended September 30			
		2022		2021		2022		2021	
		Amount	%	Amount	%	Amount	%	Amount	%
8316	Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	(\$ 18,515)	( 1)	\$ 23,841	1	(\$ 52,207)	( 1)	\$ 50,297	1
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translating foreign operations	19,203	1	( 5,090)	-	52,097	1	( 39,000)	( 1)
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	( 3,314)	-	1,019	-	( 9,619)	-	7,706	-
8300	Other comprehensive loss for the year, net of income tax	( 2,626)	-	19,770	1	( 9,729)	-	19,003	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 109,270</u>	<u>5</u>	<u>\$ 124,497</u>	<u>5</u>	<u>\$ 131,620</u>	<u>2</u>	<u>\$ 138,926</u>	<u>2</u>
	NET PROFIT (LOSS) ATTRIBUTABLE TO: :								
8610	Owners of the Company	\$ 99,727		\$ 117,630		\$ 109,623		\$ 147,034	
8620	Non-controlling interests	<u>12,169</u>		( 12,903)		<u>31,726</u>		( 27,111)	
8600		<u>\$ 111,896</u>		<u>\$ 104,727</u>		<u>\$ 141,349</u>		<u>\$ 119,923</u>	
	TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
8710	Owners of the Company	\$ 94,470		\$ 137,393		\$ 95,892		\$ 166,504	
8720	Non-controlling interests	<u>14,800</u>		( 12,896)		<u>35,728</u>		( 27,578)	
8700		<u>\$ 109,270</u>		<u>\$ 124,497</u>		<u>\$ 131,620</u>		<u>\$ 138,926</u>	
	EARNINGS PER SHARE (Note 27)								
9750	Basic	\$ 0.39		\$ 0.46		\$ 0.43		\$ 0.58	
9850	Diluted	0.39		0.46		0.43		0.58	

(Concluded)

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

(With Deloitte & Touche auditors' reviewed report dated November 11, 2022)

**TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**For the nine months ended September 30, 2022 and 2021**  
**(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	Other Equity	Total 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				
A1	BALANCE AT JANUARY 1, 2022	\$ 2,548,265	\$ 1,194,096	\$ 731,144	\$ 89,749	\$ 474,550	(\$ 142,556)	\$ 135,986	(\$ 6,570)	\$ 5,031,234	\$ 594,998	\$ 5,626,232
	Appropriation of 2021 earnings (Note 23)											
B1	Legal reserve	-	-	12,445	-	( 12,445 )	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	( 50,965 )	-	-	-	( 50,965 )	-	( 50,965 )
		-	-	12,445	-	( 63,410 )	-	-	-	( 50,965 )	-	( 50,965 )
D1	Net profit for the nine months ended September 30, 2022	-	-	-	-	109,623	-	-	-	109,623	31,726	141,349
D3	Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	38,476	( 52,207 )	( 13,731 )	( 13,731 )	4,002	( 9,729 )
D5	Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	109,623	38,476	( 52,207 )	( 13,731 )	95,892	35,728	131,620
O1	Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	( 24,482 )	( 24,482 )
Z1	BALANCE AT September 30, 2022	\$ 2,548,265	\$ 1,194,096	\$ 743,589	\$ 89,749	\$ 520,763	(\$ 104,080)	\$ 83,779	(\$ 20,301)	\$ 5,076,161	\$ 606,244	\$ 5,682,405
A1	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
D1	Net profit (loss) for the nine months ended September 30, 2021	-	-	-	-	147,034	-	-	-	147,034	( 27,111 )	119,923
D3	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
D5	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
M5	Difference between consideration and carrying amount arising from acquisition or disposal of shares of subsidiaries ( Notes 23 and 28 )	-	144	-	-	-	-	-	-	144	( 6,231 )	( 6,087 )
O1	Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	( 8,413 )	( 8,413 )
Z1	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

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

(With Deloitte & Touche auditors' reviewed report dated November 11, 2022)

## TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine months ended September 30, 2022 and 2021

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

		For the nine Months Ended September 30	
		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
A10000	Profit before income tax	\$ 198,616	\$ 167,841
A20010	Adjustments for:		
A20100	Depreciation expense	221,465	228,145
A20200	Amortization expense	24,853	31,451
A20300	Expected credit loss	49,828	872
A20400	Net gain on fair value change of financial assets at fair value through profit or loss	( 19,226 )	( 910 )
A20900	Finance costs	74,979	68,432
A21200	Interest income	( 8,457 )	( 9,893 )
A21300	Dividend income	( 11,306 )	( 2,461 )
A22300	Share of (profit) loss of associates	( 234 )	663
A22500	(Gain) loss on disposal of property, plant and equipment	( 1,534 )	900
A23700	Impairment loss recognized on nonfinancial assets	22,819	18,804
A29900	Loss on disposal of subsidiary	16,131	-
A29900	Recognition of provisions	115,162	130,981
A30000	Changes in operating assets and liabilities		
A31115	Financial assets mandatorily classified as at fair value through profit or loss	6,269	33,299
A31130	Notes receivable and long-term notes and accounts receivable	31,444	( 130,581 )
A31150	Accounts receivable	208,035	( 136,153 )
A31160	Accounts receivable - related parties	( 1,291 )	327
A31180	Other receivables	( 21,614 )	31,556
A31200	Inventories	( 29,918 )	( 772,867 )
A31240	Other current assets	( 37,664 )	( 38,767 )
A32125	Contract liabilities	114,385	7,890
A32130	Notes payable	64,442	107,178
A32150	Accounts payable	( 282,895 )	546,822
A32160	Accounts payable - related parties	6,072	21,064
A32180	Other payables	( 66,691 )	25,994
A32200	Provisions	( 126,497 )	( 134,499 )
A32230	Advance received	( 12,541 )	1,153
A32240	Net defined benefit liabilities	( 5,396 )	( 7,418 )
A33000	Cash generated from operations	529,236	189,823
A33100	Interest received	7,709	10,409
A33200	Dividend received	11,306	1,091
A33300	Interest paid	( 73,397 )	( 68,554 )
A33500	Income taxes paid	( 22,924 )	( 30,899 )
AAAA	Net cash generated from operating activities	<u>451,930</u>	<u>101,870</u>

(Continued)



## TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

		For the nine Months Ended September 30	
		2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	-	16,989
B02300	Net cash inflow on disposal of subsidiary	12,134	-
B02700	Acquisition of property, plant and equipment	( 82,777 )	( 67,376 )
B02800	Proceeds from disposal of property, plant and equipment	2,247	62,297
B03700	Increase in refundable deposits	-	( 1,550 )
B03800	Decrease in refundable deposits	4,151	-
B04500	Acquisition of intangible assets	( 6,768 )	( 4,875 )
B05500	Proceeds from disposal of investment properties	-	13,494
B06500	Increase in other financial assets	( 2,572 )	-
B06600	Decrease in other financial assets	-	155,453
B06700	Increase in other non-current assets	( 19,321 )	( 14,999 )
BBBB	Net cash generated from (used in) investing activities	( 92,906 )	159,433
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Proceeds from short-term borrowings	1,657,118	1,169,343
C00200	Repayments of short-term borrowings	( 1,410,202 )	( 1,116,860 )
C00500	Increase in short-term bills payable	-	40,178
C00600	Decrease in short-term bills payable	( 419,922 )	-
C01600	Proceeds from long-term bank borrowings	225,558	1,380,231
C01700	Repayments of long-term bank borrowings	( 418,009 )	( 1,811,094 )
C03000	Proceeds from guarantee deposits received	20,102	6,798
C04020	Repayment of principle of lease liabilities	( 30,297 )	( 35,789 )
C04500	Dividends paid	( 50,965 )	-
C05400	Acquisition of percentage of ownership interests in subsidiaries	-	( 6,087 )
C05800	Decrease in non-controlling interests	( 24,482 )	( 8,413 )
CCCC	Net cash used in financing activities	( \$ 451,099 )	( \$ 381,693 )
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	34,749	( 65,652 )
EEEE	NET DECREASE IN CASH AND CASH EQUIVALENTS	( 57,326 )	( 186,042 )
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,577,421	1,703,291
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	\$ 1,520,095	\$ 1,517,249

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' reviewed report dated November 11, 2022)

# TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

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

(Reviewed, Not Audited)

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### 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 reported to the Company’s board of directors and approved for issue on November 11, 2022.

### 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).

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the accounting policies of the company and its subsidiaries.

- b. The IFRSs endorsed by the FSC for application starting from 2023

<u>New IFRSs</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: 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 3: 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 reported to the board of directors 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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note1)</u>
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
Amendments to IFRS 16 "Lease liability in a sale and lease back"	January 1, 2024 (Note2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were reported to the board of directors 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, 2021.

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 consider the recent development of the Covid-19 in our country and its possible impact on the economic environment into consideration of critical accounting estimates such as cash flow estimation, growth rate, discount rate, profitability, etc. 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, 2021.

## 6. CASH AND CASH EQUIVALENTS

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Cash on hand	\$ 5,735	\$ 5,525	\$ 6,764
Checking accounts and demand deposits	1,378,921	1,407,617	1,383,967
Cash in transit	-	37,598	-
Cash equivalents			
Repurchase Agreement	63,672	27,703	-
Time deposits with original maturities of less than three months	71,767	98,978	126,518
	<u>\$ 1,520,095</u>	<u>\$ 1,577,421</u>	<u>\$ 1,517,249</u>

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets			
Cross-currency swap contracts	\$ 15,966	\$ -	\$ 690
Non-derivative financial assets			
Mutual funds	<u>21,550</u>	<u>26,963</u>	<u>70,990</u>
	<u>\$ 37,516</u>	<u>\$ 26,963</u>	<u>\$ 71,680</u>
<u>Financial liabilities at FVTPL - current</u>			
Financial liabilities held for trading			
Derivative financial liabilities			
Cross-currency swap contracts	\$ -	\$ 2,404	\$ 1,532
Swap contracts	<u>-</u>	<u>-</u>	<u>66</u>
	<u>\$ -</u>	<u>\$ 2,404</u>	<u>\$ 1,598</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, 2022</u>			
USD2,000 / NTD55,700	2023.02	0.91	SOFR+0.68
USD2,000 / NTD55,700	2023.02	0.91	SOFR+0.68
<u>December 31, 2021</u>			
USD2,000 / NTD56,300	2022.02	0.90	1M Libor+ 0.55
USD4,000 / NTD119,600	2022.05	0.93	1M Libor+ 0.55
<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	2022.02	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

- b. At the balance sheet date, outstanding 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	USD/NTD	2021.11	NTD26,524 / USD950

The Company and its subsidiaries entered into cross-currency swap 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, 2022 and 2021, the Company and its subsidiaries recognized gain on cross-currency swap contracts not accounted for by hedge accounting in the amounts of NT\$8,296 thousand, NT\$1,944 thousand, NT\$24,639 thousand and NT\$3,216 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, 2022 and 2021, the Company entered into mutual funds financial products and recognized gain (loss) in the amounts of NT\$359 thousand, NT\$(992) thousand, NT\$(5,413) thousand, and NT\$(3,257) 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, the subsidiaries entered into CNY floating rate financial products and recognized gain (loss) in the amounts of NT\$(362) thousand, and NT\$951 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

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Investment in equity instruments</u>			
Domestic investments			
Listed shares	\$ 105,561	\$ 159,196	\$ 161,307
Unlisted shares	<u>36,763</u>	<u>35,335</u>	<u>35,193</u>
	<u>\$ 142,324</u>	<u>\$ 194,531</u>	<u>\$ 196,500</u>

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

	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivable (operating)			
Gross carrying amount at amortized cost	\$ 507,640	\$ 521,056	\$ 450,209
Less: Unrealized interest revenue	<u>1,347</u>	<u>1,628</u>	<u>2,296</u>
	<u>\$ 506,293</u>	<u>\$ 519,428</u>	<u>\$ 447,913</u>
Accounts receivable			
Gross carrying amount at amortized cost	\$ 3,130,948	\$ 3,365,282	\$ 3,409,261
Less: Allowance for impairment loss	<u>463,007</u>	<u>434,476</u>	<u>413,224</u>
	<u>\$ 2,667,941</u>	<u>\$ 2,930,806</u>	<u>\$ 2,996,037</u>
Accounts receivable - related parties			
Gross carrying amount at amortized cost	<u>\$ 6,639</u>	<u>\$ 5,348</u>	<u>\$ 4,851</u>
Long-term notes and accounts receivable (operating)			
Gross carrying amount at amortized cost	\$ 21,192	\$ 37,020	\$ 51,117
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 21,192</u>	<u>\$ 37,020</u>	<u>\$ 51,117</u>

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Overdue receivable (included in other noncurrent assets)			
Gross carrying amount at amortized cost	\$ 19,459	\$ 27,145	\$ 31,942
Less : Allowance for impairment loss	<u>19,459</u>	<u>27,145</u>	<u>31,942</u>
	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>

### Account 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, 2022

	<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	\$ 2,165,867	\$ 482,579	\$ 217,868	\$ 148,587	\$ 105,788	\$ 191,558	\$ 245,065	\$ 127,219	\$ 3,684,531
Loss allowance (Lifetime ECL)	( 11,760)	( 38,863)	( 24,144)	( 11,002)	( 9,370)	( 87,550)	( 172,558)	( 127,219)	( 482,466)
Amortized cost	<u>\$ 2,154,107</u>	<u>\$ 443,716</u>	<u>\$ 193,724</u>	<u>\$ 137,585</u>	<u>\$ 96,418</u>	<u>\$ 104,008</u>	<u>\$ 72,507</u>	<u>\$ _____</u>	<u>\$ 3,202,065</u>

### December 31, 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	\$ 2,826,454	\$ 396,038	\$ 151,772	\$ 101,071	\$ 28,351	\$ 127,914	\$ 245,332	\$ 77,291	\$ 3,954,223
Loss allowance (Lifetime ECL)	( 15,754)	( 24,371)	( 46,580)	( 10,083)	( 3,422)	( 54,045)	( 230,075)	( 77,291)	( 461,621)
Amortized cost	<u>\$ 2,810,700</u>	<u>\$ 371,667</u>	<u>\$ 105,192</u>	<u>\$ 90,988</u>	<u>\$ 24,929</u>	<u>\$ 73,869</u>	<u>\$ 15,257</u>	<u>\$ _____</u>	<u>\$ 3,492,602</u>

## September 30, 2021

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	366 to 720 Days	Over 721 Days	Individual Identification	Total
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>

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

	For the Nine Months Ended September 30	
	2022	2021
Balance, beginning of period	\$ 461,621	\$ 523,553
Recognition	49,828	872
Written off	( 31,505 )	( 74,739 )
Effects of foreign currency exchange differences	<u>2,522</u>	( <u>4,520</u> )
Balance, end of period	<u>\$ 482,466</u>	<u>\$ 445,166</u>

## 10. INVENTORIES

	September 30, 2022	December 31, 2021	September 30, 2021
Raw materials	\$ 2,664,308	\$ 2,552,630	\$ 2,579,410
Supplies	165,900	176,060	195,966
Work-in-progress	1,955,335	1,932,672	1,971,308
Finished goods	667,561	730,192	852,514
Merchandise	58,910	65,595	49,434
Inventory in transit	<u>9,199</u>	<u>29,794</u>	<u>101,673</u>
	<u>\$ 5,521,213</u>	<u>\$ 5,486,943</u>	<u>\$ 5,750,305</u>

The cost of inventories recognized as operating costs for the three months and nine months ended September 30, 2022 and 2021 was NT\$1,698,27 thousand, NT\$1,984,159 thousand, NT\$4,811,927 thousand and NT\$5,807,761 thousand, respectively, which included write-downs of inventories and unallocated manufacturing overhead as follows.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Inventory write-downs	\$ 3,685	\$ 19,270	\$ 22,819	\$ 18,804

## 11. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			September 30, 2022	December 31, 2021	September 30, 2021	
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
	Quick-Tech Machinery Co., Ltd. (Quick-Tech)	Sales and manufacturing of equipment	99	99	52	Notes 1 and 2



Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			September 30, 2022	December 31, 2021	September 30, 2021	
	Chin-Jig Technology Co., Ltd. (Chin-Jig)	Sales of mold and equipment	70	70	70	Notes 1
	Tongfong Auto Tech Co., Ltd. (Tongfong)	Sales of electric automation equipment	100	100	99	Notes 1
	Asia Pacific Elite Corp. (APEC)	Sales and manufacturing of equipment	100	100	100	Notes 1
	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	Notes 1
	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	Note 3
Time Trade International Limited	Chin-Jig Precision Machine (Shanghai) Co., Ltd. (Shanghai Chin-Jig)	Sales of mold and equipment	-	100	100	Note 3

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			September 30, 2022	December 31, 2021	September 30, 2021	
PCI-SCEMM	TTGroup France	Sales of merchandise	100	100	100	
Tongan	Mbi-group Beteiligung GmbH ( MBI )	General investment	100	100	100	
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	

Note 1: In August 2021, the Company acquired a part of shares from non-controlling interest. (Refer to Note 28)

Note 2: In November 2021, the Company subscribed for additional new shares of Quick-Tech at a percentage different from its existing ownership percentage. (Refer to Note 28 for detail information)

Note 3: In July 2022, the Time Trade International Limited was sold out the shares of Shanghai Chin-Ji, and was liquidated in August 2022. (Refer to Note 31)

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, 2022	December 31, 2021	September 30, 2021
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						
	For the Three Months Ended September 30		For the Nine Months Ended September 30		Accumulated, Non-controlling Interests		
	2022	2021	2022	2021	September 30, 2022	December 31, 2021	September 30, 2021
Honor Seiki	\$ 17,962	\$ 12,797	\$ 35,346	\$ 14,289	\$ 580,821	\$ 563,957	\$ 549,081

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

	September 30, 2022	December 31, 2021	September 30, 2021
Current assets	\$ 1,634,472	\$ 1,353,472	\$ 1,363,779
Non-current assets	872,795	893,997	874,068
Current liabilities	( 981,691 )	( 741,288 )	( 755,018 )

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Non-current liabilities	( <u>\$ 249,970</u> )	( <u>\$ 267,612</u> )	( <u>\$ 276,932</u> )
Equity	<u>\$ 1,275,606</u>	<u>\$ 1,238,569</u>	<u>\$ 1,205,897</u>
Equity attributable to			
Owner of the Company	\$ 694,785	\$ 674,612	\$ 656,816
Non-controlling interests	<u>580,821</u>	<u>563,957</u>	<u>549,081</u>
	<u>\$ 1,275,606</u>	<u>\$ 1,238,569</u>	<u>\$ 1,205,897</u>

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	2022	2021	2022	2021
Revenue	<u>\$ 233,411</u>	<u>\$ 393,303</u>	<u>\$ 614,281</u>	<u>\$ 913,958</u>
Profit for the period	\$ 39,447	\$ 27,806	\$ 77,627	\$ 31,047
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>\$ 39,447</u>	<u>\$ 27,806</u>	<u>\$ 77,627</u>	<u>\$ 31,047</u>
Profit and total comprehensive income attributable to				
Owners of the Company	\$ 21,485	\$ 15,009	\$ 42,281	\$ 16,758
Non-controlling interests of Honor Seiki	<u>17,962</u>	<u>12,797</u>	<u>35,346</u>	<u>14,289</u>
	<u>\$ 39,447</u>	<u>\$ 27,806</u>	<u>\$ 77,627</u>	<u>\$ 31,047</u>

	<b>For the Nine Months Ended September 30</b>	
	2022	2021
Net cash inflow from		
Operating activities	\$ 173,773	(\$ 50,842)
Investing activities	( 104,835 )	262,440
Financing activities	( 48,570 )	( 191,220 )
Net cash inflow	<u>\$ 20,368</u>	<u>\$ 20,378</u>
Dividends paid to non-controlling interests	<u>\$ 18,482</u>	<u>\$ 7,701</u>

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Associates that are not individually material			
Printin3d DigiTech Co., Ltd.	\$ 8,131	\$ 7,897	\$ 7,108
Cyber Laser Taiwan Co., Ltd. ("Cyber")	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,131</u>	<u>\$ 7,897</u>	<u>\$ 7,108</u>

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
The Company and its subsidiaries' share of				
Net profit (loss) for the period	( \$ 137 )	( \$ 35 )	\$ 234	( \$ 663 )
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income	<u>( \$ 137 )</u>	<u>( \$ 35 )</u>	<u>\$ 234</u>	<u>( \$ 663 )</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.

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, 2022 and 2021 were based on the associates' financial statements which have not been reviewed for the same periods.

## 13. OTHER FINANCIAL ASSETS

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Current			
Restricted deposits and time deposits	\$ 95,250	\$ 135,249	\$ 161,629
Time deposits with original maturities more than three months	<u>29,634</u>	<u>-</u>	<u>27,850</u>
	<u>\$ 124,884</u>	<u>\$ 135,249</u>	<u>\$ 189,479</u>
Non-current			
Pledged deposits and time deposits	\$ 105,918	\$ 92,212	\$ 25,068
Deposits for projects	<u>16,206</u>	<u>16,975</u>	<u>16,373</u>
	<u>\$ 122,124</u>	<u>\$ 109,187</u>	<u>\$ 41,441</u>

Refer to Note 34 for information relating to other financial assets pledged as collateral.

## 14. PROPERTY, PLANT AND EQUIPMENT

### For the Nine Months Ended September 30, 2022

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, 2022	\$ 788,270	\$ 2,938,436	\$ 1,215,823	\$ 165,676	\$ 173,900	\$ 444,635	\$ 160
Additions	-	3,468	45,604	5,911	6,011	12,606	212	73,812
Disposals	( 120)	( 120)	( 72,470)	( 2,771)	( 3,541)	( 7,773)	-	( 86,675)
Disposals through disposals of subsidiary	( 8,460)	( 8,460)	( 34,685)	( 1,082)	-	( 2,108)	-	( 46,335)
Reclassifications	( 83,511)	( 83,511)	( 24,572)	-	-	( 15,606)	-	( 123,689)
Effects of foreign currency exchange difference	52	12,514	8,204	1,497	449	2,246	-	24,962
Balance at September 30, 2022	<u>788,322</u>	<u>2,862,327</u>	<u>1,137,904</u>	<u>169,231</u>	<u>176,819</u>	<u>434,000</u>	<u>372</u>	<u>5,568,975</u>
Accumulated depreciation and impairment								
Balance at January 1, 2022	-	1,356,155	815,243	134,804	153,972	291,494	-	2,751,668
Depreciation	-	75,603	61,315	5,805	7,747	23,910	-	174,380
Disposals	( 120)	( 120)	( 72,324)	( 2,771)	( 3,330)	( 7,417)	-	( 85,962)
Disposals through disposals of subsidiary	( 2,604)	( 2,604)	( 25,033)	( 866)	-	( 1,733)	-	( 30,236)
Reclassifications	( 17,410)	( 17,410)	( 7,171)	-	-	( 6,595)	-	( 31,176)
Effects of foreign currency exchange difference	-	5,224	5,664	1,247	335	1,840	-	14,310
Balance at September 30, 2022	<u>-</u>	<u>1,416,848</u>	<u>777,694</u>	<u>138,219</u>	<u>158,724</u>	<u>301,499</u>	<u>-</u>	<u>2,792,984</u>
Carrying amount at December 31, 2021	<u>\$ 788,270</u>	<u>\$ 1,582,281</u>	<u>\$ 400,580</u>	<u>\$ 30,872</u>	<u>\$ 19,928</u>	<u>\$ 153,141</u>	<u>\$ 160</u>	<u>\$ 2,975,232</u>
Carrying amount at September 30, 2022	<u>\$ 788,322</u>	<u>\$ 1,445,479</u>	<u>\$ 360,210</u>	<u>\$ 31,012</u>	<u>\$ 18,095</u>	<u>\$ 132,501</u>	<u>\$ 372</u>	<u>\$ 2,775,991</u>

### 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
Additions	-	19,963	30,155	2,821	4,347	6,220	1,745	65,251
Disposals	( 938)	( 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>
Accumulated depreciation and impairment								
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)	( 833)	( 56,717)	( 4,736)	( 393)	( 41,864)	-	( 104,543)
Reclassifications	-	-	-	-	3	-	-	3
Effects of foreign currency exchange difference	( 10,958)	( 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 September 30, 2022	<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>

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, 2022, December 31, 2021 and September 30, 2021 was NT\$26,612 thousand, NT\$26,653 thousand and NT\$27,514 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	2-13 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 34.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>	
Carrying amounts				
Land	\$ 487,620	\$ 473,023	\$ 477,047	
Buildings	56,774	73,175	80,036	
Machinery	8,120	10,977	13,550	
Transportation equipment	<u>17,144</u>	<u>10,166</u>	<u>10,580</u>	
	<u>\$ 569,658</u>	<u>\$ 567,341</u>	<u>\$ 581,213</u>	
	<b>For the Nine Months Ended September 30</b>			
	<u>2022</u>	<u>2021</u>		
Additions to right-of-use assets	<u>\$ 17,330</u>	<u>\$ 5,302</u>		
	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Depreciation charge for right-of-use assets				
Land	\$ 4,334	\$ 4,095	\$ 13,001	\$ 12,285
Buildings	3,178	4,723	12,223	14,638
Machinery	900	1,319	2,826	4,046
Transportation equipment	<u>2,356</u>	<u>2,696</u>	<u>6,122</u>	<u>8,470</u>
	<u>\$ 10,768</u>	<u>\$ 12,833</u>	<u>\$ 34,172</u>	<u>\$ 39,439</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, 2022 and 2021.

b. Lease liabilities

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Carrying amounts			
Current	<u>\$ 36,139</u>	<u>\$ 37,522</u>	<u>\$ 23,852</u>
Non-current	<u>\$ 546,102</u>	<u>\$ 538,757</u>	<u>\$ 565,292</u>

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

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Land	2.16~2.48	2.16~2.48	2.16~2.48
Buildings	1.17~2.88	1.17~2.88	1.17~2.88
Machinery	1.45~2.88	1.45~2.88	1.45~2.88
Transportation equipment	0.69~2.88	0.09~4.10	1.05~4.10

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

d. Other lease information

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 2,088</u>	<u>\$ 6,706</u>	<u>\$ 15,608</u>	<u>\$ 22,452</u>
Total cash outflow for leases			<u>(\$ 56,005)</u>	<u>(\$ 68,748)</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, 2022

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Cost</u>			
Balance at January 1, 2022	\$ 252,550	\$ 277,047	\$ 529,597
Reclassifications	-	83,511	83,511
Effects of foreign currency exchange differences	-	<u>2,993</u>	<u>2,993</u>
Balance at September 30, 2022	<u>252,550</u>	<u>363,551</u>	<u>616,101</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	-	96,750	96,750
Depreciation	-	12,913	12,913
Reclassifications	-	17,410	17,410
Effects of foreign currency exchange differences	-	<u>791</u>	<u>791</u>
Balance at September 30, 2022	-	<u>127,864</u>	<u>127,864</u>
Carrying amount at December 31, 2021	<u>\$ 252,550</u>	<u>\$ 180,297</u>	<u>\$ 432,847</u>
Carrying amount at September 30, 2022	<u>\$ 252,550</u>	<u>\$ 235,687</u>	<u>\$ 488,237</u>

### 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>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>368</u> )	( <u>368</u> )
Balance at September 30, 2021	-	<u>84,113</u>	<u>84,113</u>
Carrying amount at September 30, 2021	<u>\$ 77,550</u>	<u>\$ 141,143</u>	<u>\$ 218,693</u>

The abovementioned investment properties were leased out for 1 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>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Year 1	\$ 29,588	\$ 17,544	\$ 10,023
Year 2	13,490	7,965	5,542
Year 3	5,610	5,520	5,490
Year 4	5,730	5,640	5,610



	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Year 5	5,850	5,760	5,730
Year 6 onwards	<u>39,270</u>	<u>43,680</u>	<u>45,120</u>
	<u>\$ 99,538</u>	<u>\$ 86,109</u>	<u>\$ 77,515</u>

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

Buildings	
Main structure	25-60 years
Engineering system	2-5 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, 2022, December 31, 2021 and September 30, 2021 are NT\$761,120 thousand, NT\$761,120 thousand and NT\$448,162 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 34.

## 17. INTANGIBLE ASSETS

For the Nine Months Ended September 30, 2022

	<b>Computer Software</b>	<b>Goodwill</b>	<b>Patents</b>	<b>Others</b>	<b>Total</b>
<u>Cost</u>					
Balance at January 1, 2022	\$ 259,935	\$ 13,731	\$ 3,494	\$ 7,229	\$ 284,389
Additions	6,768	-	-	-	6,768
Disposals	( 13,501)	-	-	-	( 13,501)
Effects of foreign currency exchange differences	<u>96</u>	<u>-</u>	<u>( 6)</u>	<u>( 595)</u>	<u>( 505)</u>
Balance at September 30, 2022	<u>253,298</u>	<u>13,731</u>	<u>3,488</u>	<u>6,634</u>	<u>277,151</u>
<u>Accumulated amortization</u>					
Balance at January 1, 2022	218,343	11,989	3,328	7,218	240,878
Amortization expenses	12,131	-	90	2	12,223
Disposals	( 13,501)	-	-	-	( 13,501)
Effects of foreign currency exchange differences	<u>91</u>	<u>-</u>	<u>( 6)</u>	<u>( 593)</u>	<u>( 508)</u>
Balance at September 30, 2022	<u>217,064</u>	<u>11,989</u>	<u>3,412</u>	<u>6,627</u>	<u>239,092</u>
Carrying amount at December 31, 2021	<u>\$ 41,592</u>	<u>\$ 1,742</u>	<u>\$ 166</u>	<u>\$ 11</u>	<u>\$ 43,511</u>
Carrying amount at September 30, 2022	<u>\$ 36,234</u>	<u>\$ 1,742</u>	<u>\$ 76</u>	<u>\$ 7</u>	<u>\$ 38,059</u>

For the Nine Months Ended September 30, 2021

Cost	Computer Software	Goodwill	Patents	Others	Total
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>
<b>Accumulated amortization</b>					
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>
Carrying amount at September 30, 2021	<u>\$ 45,204</u>	<u>\$ 1,742</u>	<u>\$ 208</u>	<u>\$ 192</u>	<u>\$ 47,346</u>

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, 2022	December 31, 2021	September 30, 2021
Bank loans	\$ 2,702,661	\$ 2,194,628	\$ 2,109,929
Secured borrowings	148,407	387,434	359,841
Letters of credit	<u>54,876</u>	<u>67,818</u>	<u>63,902</u>
	<u>\$ 2,905,944</u>	<u>\$ 2,649,880</u>	<u>\$ 2,533,672</u>
Annual interest rate (%)	0.85~4.90	0.65~4.15	0.00~4.35

### b. Short-term bills payable

	September 30, 2022	December 31, 2021	September 30, 2021
Commercial paper	\$ 100,000	\$ 520,000	\$ 290,000
Less: Unamortized discounts	<u>12</u>	<u>90</u>	<u>6</u>
	<u>\$ 99,988</u>	<u>\$ 519,910</u>	<u>\$ 289,994</u>
Annual interest rate (%)	1.2~1.458	0.9~0.97	0.92~1.00

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

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Bank loans - Due on various dates through September 2030	\$ 681,045	\$ 954,614	\$ 982,528
Mortgage loans - Due on various dates through May 2040	<u>1,713,014</u>	<u>1,634,888</u>	<u>1,827,821</u>
	2,394,059	2,589,502	2,810,349
Less: Current portion	<u>847,018</u>	<u>943,732</u>	<u>684,921</u>
	<u>\$ 1,547,041</u>	<u>\$ 1,645,770</u>	<u>\$ 2,125,428</u>
Annual interest rate (%)	0.22~2.427	0.45~2.75	0.45~2.75

1) The Subsidiaries MBI and Anger signed a loan contract with China Trust Commercial Bank, and the contract period is until May 2024. According to the above loan contract, the company and its subsidiaries need to maintain a certain shareholding ratio in Tongan, MBI, Anger and HPC during the contract period, and need to maintain and pledge a certain ratio of deposit. The bank will check compliance with the loan agreement once every half year and quarterly, and the subsidiary did not violate the aforesaid loan agreement in the first half of 2022.

2) 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 nine months ended September 30 and audited annual consolidated financial statements.

The consolidated financial statements for the nine months ended September 30, 2022 and 2021 breached the contract; therefore, the long-term borrowings were all classified as current portion of long-term bank borrowings.

## 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

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Salaries and incentive bonus	\$ 252,520	\$ 252,006	\$ 254,836
Commission and service fee	119,747	112,831	112,830
Employee compensation and remuneration of directors	68,603	60,557	69,063

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Insurance	27,415	72,728	91,046
Pension	26,212	26,127	28,130
Bussiness tax	13,915	26,909	20,580
Purchases of equipment	3,605	31,227	31,926
Others	<u>126,455</u>	<u>148,818</u>	<u>136,754</u>
	<u>\$ 638,472</u>	<u>\$ 731,203</u>	<u>\$ 745,165</u>

## 21. PROVISIONS

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September30, 2021</u>
Current			
Warranties	<u>\$ 82,214</u>	<u>\$ 93,307</u>	<u>\$ 96,690</u>
	<b>For the Nine Months Ended September 30</b>		
	<b><u>2022</u></b>	<b><u>2021</u></b>	
Balance, beginning of period	\$ 93,307	\$ 102,527	
Recognized	115,162	130,981	
Paid	( 126,497 )	( 134,499 )	
Effects of foreign currency exchange differences	<u>242</u>	<u>( 2,319 )</u>	
Balance, end of period	<u>\$ 82,214</u>	<u>\$ 96,690</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, 2021 and 2020, the amounts was NT\$576 thousand, NT\$144 thousand, NT\$1,748 thousand and NT\$1,527 thousand for the three months and nine months ended September 30, 2022 and 2021, respectively.

## 23. EQUITY

### a. Ordinary Shares

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
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
Expired employee stock warrants	1,234	1,234	1,234
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>-</u>	<u>-</u>	<u>144</u>
	<u>1,190,258</u>	<u>1,190,258</u>	<u>1,190,402</u>
May be used to offset a deficit only			
Changes in percentage of ownership interests in subsidiaries	<u>3,838</u>	<u>3,838</u>	<u>3,838</u>
	<u>\$ 1,194,096</u>	<u>\$ 1,194,096</u>	<u>\$ 1,194,240</u>

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.

The appropriation of earnings for 2021 had been approved in the shareholder's meeting in June 2022. The appropriation and dividend per share was as follows:

	<b>For the Year Ended December 31, 2021</b>	
	<b>Appropriation of Earnings</b>	<b>Dividend Per Share (NT\$)</b>
Legal reserve	\$ 12,445	
Cash dividends	<u>50,965</u>	<u>\$ 0.2</u>
	<u>\$ 63,410</u>	

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.

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
Balance, beginning of period	( \$ 142,556 )	( \$ 118,098 )
Recognized for the period		
Exchange differences on translating foreign operations	48,095	( 38,533 )
Income tax	( <u>9,619</u> )	<u>7,706</u>
Balance, end of period	( <u>\$ 104,080</u> )	( <u>\$ 148,925</u> )

- 2) Unrealized gain and loss on financial assets at FVTOCI

	<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
Balance, beginning of period	\$ 135,986	\$ 87,658
Recognized for the period		
Unrealized gain and loss - equity instruments	( <u>52,207</u> )	<u>50,297</u>
Balance, end of period	<u>\$ 83,779</u>	<u>\$ 137,955</u>

f. Non-controlling interests

	<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
Balance, beginning of period	\$ 594,998	\$ 577,757
Attributable to non-controlling interests:		
Share in profit (loss) for the period	31,726	( 27,111 )
Exchange difference on translating foreign operations	4,002	( 467 )
Dividend distributed by subsidiaries	( 24,482 )	( 8,413 )
Decrease in non-controlling interests	<u>-</u>	<u>( 6,231 )</u>
Balance, end of period	<u>\$ 606,244</u>	<u>\$ 535,535</u>

## 24. OPERATING REVENUE

a. Contract balances

	<b>September 30,2022</b>	<b>December 31, 2021</b>	<b>September 30,2021</b>	<b>January 1,2021</b>
Notes and accounts receivable, long-term notes and accounts receivables	<u>\$3,202,065</u>	<u>\$3,492,602</u>	<u>\$3,499,918</u>	<u>\$3,229,863</u>
Contract liabilities				
Sales of goods	<u>\$1,244,587</u>	<u>\$1,130,202</u>	<u>\$1,338,393</u>	<u>\$1,330,503</u>

b. Disaggregation of revenue

	Reportable Segments			
	Machine Manufacturer	Component Manufacturer	Others	Total
<u>For the Nine Months Ended September 30, 2022</u>				
Revenue from sale of goods	\$5,002,251	\$ 227,801	\$ 308,646	\$5,538,698
Revenue from maintenance and rebuilding services	<u>535,122</u>	<u>-</u>	<u>62,721</u>	<u>597,843</u>
	<u>\$5,537,373</u>	<u>\$ 227,801</u>	<u>\$ 371,367</u>	<u>\$6,136,541</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>

## 25. PROFIT (LOSS) BEFORE INCOME TAX

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

### a. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Rental income	\$ 14,850	\$ 5,567	\$ 34,733	\$ 16,146
Dividend income	1,143	1,929	11,306	2,461
Government subsidy income	132	237	8,486	57,908
Others	30,076	49,396	53,058	66,285
	<u>\$ 46,201</u>	<u>\$ 57,129</u>	<u>\$ 107,583</u>	<u>\$ 142,800</u>

### b. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Net foreign exchange loss	\$ 39,341	(\$ 12,472)	\$ 79,906	(\$ 70,856)
Gain on financial instruments at fair value through profit	8,655	590	19,226	910
Depreciation expense	( 3,693)	( 3,485)	( 12,913)	( 10,593)
Gain (loss) on disposal of property, plant and equipment	310	( 1,111)	1,534	( 900)
Compensation expense	-	357	-	( 32,440)
Loss on disposal of subsidiary (Note 31)	( 16,131)	-	( 16,131)	-
Others	( 4,060)	( 3,493)	( 7,818)	( 9,108)
	<u>\$ 24,422</u>	<u>(\$ 19,614)</u>	<u>\$ 63,804</u>	<u>(\$ 122,987)</u>

The components of net foreign exchange gain (loss) were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Foreign exchange gain	\$ 77,795	\$ 4,389	\$ 164,733	\$ 13,913
Foreign exchange loss	( 38,454)	( 16,861)	( 84,827)	( 84,769)
Net foreign exchange gain (loss)	<u>\$ 39,341</u>	<u>(\$ 12,472)</u>	<u>\$ 79,906</u>	<u>(\$ 70,856)</u>

### c. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Interest on bank loans	\$ 24,982	\$ 19,732	\$ 64,138	\$ 57,584
Interest on lease liabilities	3,340	3,425	10,100	10,507
Interest on short-term bills	493	( 418)	741	341
	<u>\$ 28,815</u>	<u>\$ 22,739</u>	<u>\$ 74,979</u>	<u>\$ 68,432</u>



d. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Depreciation and amortization expenses				
Property, plant and equipment	\$ 56,673	\$ 59,360	\$ 174,380	\$ 179,771
Right-of-use assets	10,768	12,833	34,172	39,439
Investment properties	4,798	2,932	12,913	8,935
Intangible assets	4,480	5,419	12,223	16,361
Others	4,357	4,676	12,630	15,090
	<u>\$ 81,076</u>	<u>\$ 85,220</u>	<u>\$ 246,318</u>	<u>\$ 259,596</u>
An analysis of depreciation by function				
Operating costs	\$ 38,978	\$ 42,658	\$ 117,711	\$ 131,110
Operating expenses	27,910	28,982	89,183	86,442
Non-operating expenses	5,351	3,485	14,571	10,593
	<u>\$ 72,239</u>	<u>\$ 75,125</u>	<u>\$ 221,465</u>	<u>\$ 228,145</u>
An analysis of amortization by function				
Operating costs	\$ 5,786	\$ 6,274	\$ 16,913	\$ 19,795
Operating expenses	3,051	3,821	7,940	11,656
	<u>\$ 8,837</u>	<u>\$ 10,095</u>	<u>\$ 24,853</u>	<u>\$ 31,451</u>

e. Operating expenses directly related to investment properties

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Direct operating expenses of investment properties that generated rental income	<u>\$ 4,798</u>	<u>\$ 2,933</u>	<u>\$ 14,958</u>	<u>\$ 9,368</u>

f. Employee benefits

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Short-term employee benefits	<u>\$ 402,449</u>	<u>\$ 415,435</u>	<u>\$1,215,340</u>	<u>\$1,278,558</u>
Post-employment benefits				
Defined contribution plans	19,552	44,907	61,657	86,676
Defined benefit plans (Note 22)	576	144	1,748	1,527
	<u>20,128</u>	<u>45,051</u>	<u>63,405</u>	<u>88,203</u>
	<u>\$ 422,577</u>	<u>\$ 460,486</u>	<u>\$1,278,745</u>	<u>\$1,366,761</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
	Analysis of employee benefits by function			
Operating costs	\$ 257,923	\$ 274,380	\$ 816,557	\$ 852,985
Operating expenses	<u>164,654</u>	<u>186,106</u>	<u>462,188</u>	<u>513,776</u>
	<u>\$ 422,577</u>	<u>\$ 460,486</u>	<u>\$1,278,745</u>	<u>\$1,366,761</u>

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, 2022 and 2021 were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
	Employees' compensation	\$ 8,615	\$ 10,556	\$ 10,498
Remuneration of directors	2,088	2,548	2,545	2,894

The employees' compensation and remuneration of directors and supervisors (all in cash) for the year ended December 31, 2021 which have been approved by the Company's board of directors in March 2022 were NT\$14,348 thousand and NT\$3,478 thousand, respectively. There was no difference in the payment amount.

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

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	
	2022	2021	2022	2021
	Current tax			
In respect of the current year	\$ 7,860	(\$ 10,397)	\$ 6,910	(\$ 2,240)
Adjustments for prior years	( 128)	4,673	7,702	( 7,262)
Income tax on unappropriated earnings	<u>-</u>	<u>-</u>	<u>3,890</u>	<u>-</u>
	<u>7,732</u>	<u>( 5,724)</u>	<u>18,502</u>	<u>( 9,502)</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Deferred tax				
In respect of the current year				
Adjustments for prior years	25,493	62,875	43,787	73,625
Current tax	<u>-</u>	<u>-</u>	<u>( 5,022)</u>	<u>( 16,205)</u>
	<u>25,493</u>	<u>62,875</u>	<u>38,765</u>	<u>57,420</u>
	<u>\$ 33,225</u>	<u>\$ 57,151</u>	<u>\$ 57,267</u>	<u>\$ 47,918</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	
	2022	2021	2022	2021
Deferred tax				
In respect of the current period				
Translation of foreign operations	<u>\$ 3,314</u>	<u>( \$ 1,019)</u>	<u>\$ 9,619</u>	<u>( \$ 7,706)</u>

c. Income tax assessments

The income tax returns of the subsidiaries (included Tongfong, Chin-Jig and Quick-Tech) through 2019 have been assessed by tax authorities. The income tax returns of the subsidiaries (included Honor Seiki, Tong-Yeh and APEC ) through 2020 have been assessed by tax authorities.

## 27. EARNINGS PER SHARE

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

Net profit for the period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Attributable to owners of the Company	<u>\$ 99,727</u>	<u>\$ 117,630</u>	<u>\$ 109,623</u>	<u>\$ 147,034</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	
	2022	2021	2022	2021
Weighted average number of ordinary shares in computation of basic earnings per share	254,827	254,827	254,827	254,827
Effect of potentially dilutive potential ordinary shares:				
Employees' compensation	<u>755</u>	<u>640</u>	<u>1,006</u>	<u>724</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>255,582</u>	<u>255,467</u>	<u>255,833</u>	<u>255,551</u>



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. DISPOSAL OF SUBSIDIARY

The subsidiary Time Trade International Limited resolved to sell the subsidiary Shanghai Chin-Jig all shares for NT\$16,009 thousand, and the disposal was completed in July, 2022, and lost control.

- a. Analysis of assets and liabilities on the date control was lost

	<u>Shanghai Chin-Jig</u>
Current assets	
Cash and cash equivalents	\$ 3,875
Notes receivables	1,112
Trade receivables	17,936
Other receivables	25
Inventories	12,819
Other current assets	6,639
Non-current assets	
Property, plant and equipment	16,099
Other non-current assets	80
Current liabilities	
Contract liabilities	( 2,611 )
Payables	( 17,090 )
Other payables	( 6,356 )
Other current liabilities	( <u>388</u> )
Net assets disposed of	<u>\$ 32,140</u>

- b. Loss on disposal of subsidiaries

	<u>Shanghai Chin-Jig</u>
Consideration received	\$ 16,009
Net assets disposed of	( <u>32,140</u> )
Loss on disposals	( <u>\$ 16,131</u> )

- c. Net cash inflow on disposals of subsidiaries

	<u>Shanghai Chin-Jig</u>
Consideration received in cash	\$ 16,009
Less: Cash balances disposed of	<u>3,875</u>
	<u>\$ 12,134</u>

### 32. 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>
<b>September 30, 2022</b>				
Financial assets at fair value through profit or loss - current				
Cross-currency swap contract	\$ -	\$ 15,966	\$ -	\$ 15,966
Mutual funds	<u>21,550</u>	<u>-</u>	<u>-</u>	<u>21,550</u>
	<u>\$ 21,550</u>	<u>\$ 15,966</u>	<u>\$ -</u>	<u>\$ 37,516</u>
Financial assets at FVTOCI - non-current				
Domestic listed shares	\$ 105,561	\$ -	\$ -	\$ 105,561
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>36,763</u>	<u>36,763</u>
	<u>\$ 105,561</u>	<u>\$ -</u>	<u>\$ 36,763</u>	<u>\$ 142,324</u>
<b>December 31, 2021</b>				
Financial assets at fair value through profit or loss - current				
Mutual funds	<u>\$ 26,963</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,963</u>
Financial assets at FVTOCI - non-current				
Domestic listed shares	\$ 159,196	\$ -	\$ -	\$ 159,196
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>35,335</u>	<u>35,335</u>
	<u>\$ 159,196</u>	<u>\$ -</u>	<u>\$ 35,335</u>	<u>\$ 194,531</u>
Financial liabilities at fair value through profit or loss - current				
Cross-currency swap contract	<u>\$ -</u>	<u>\$ 2,404</u>	<u>\$ -</u>	<u>\$ 2,404</u>
<b>September 30, 2021</b>				
Financial assets at fair value through profit or loss - current				
Cross-currency swap contract	\$ -	\$ 690	\$ -	\$ 690
Mutual funds	<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>

There was no transfer between Level 1 and Level 2 for the nine months ended September 30, 2022 and 2021.

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

For the nine months ended September 30, 2022

Financial assets	<u>Equity Instruments</u> <u>Financial Assets at</u> <u>FVTOCI</u>
Balance, beginning of period	\$ 35,335
Change in fair value recognized in other comprehensive income	<u>1,428</u>
Balance, end of period	<u>\$ 36,763</u>

For the nine months ended September 30, 2021

Financial assets	<u>Non-derivatives</u> <u>Financial Assets</u> <u>at FVTPL</u>	<u>Equity</u> <u>Instruments</u> <u>Financial Assets</u> <u>at FVTOCI</u>	<u>Total</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>

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	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Financial assets at FVTPL	\$ 37,516	\$ 26,963	\$ 71,680
Financial assets at amortized cost (Note 1)	5,147,064	5,474,144	5,384,877
Financial assets at FVTOCI			
Equity instruments	142,324	194,531	196,500

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Financial liabilities			
Financial liabilities at FVTPL	-	2,404	1,598
Financial liabilities at amortized cost (Note 2)	7,710,756	8,355,067	8,547,902

Note1 : 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.

Note2 : 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, and cross-currency swap contract.



The carrying amounts of significant foreign currency monetary assets and liabilities at the balance sheet date are disclosed in Note 36.

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	
	2022	2021	2022	2021	2022	2021
Pre-tax profit or loss (Note)	(\$ 22,613)	(\$ 11,806)	(\$ 32,159)	(\$ 58,652)	(\$ 19,055)	(\$ 12,204)

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, 2022	December 31, 2021	September 30, 2021
Fair value interest rate risk			
Financial assets	\$ 21,192	\$ 64,723	\$ 51,117
Financial liabilities	719,962	645,747	661,641
Cash flow interest rate risk			
Financial liabilities	4,192,679	4,482,505	4,742,804

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 and pre-tax loss would have been higher/lower by NT\$31,445 thousand and NT\$35,571 thousand for the nine months ended September 30, 2022 and 2021, respectively.

c) Other price risk

The Company is 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, 2022 and 2021 would have been higher/lower by NT\$1,056 thousand and NT\$1,613 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, 2022 and 2021 would have been lower/higher by NT\$216 thousand and NT\$710 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:

<b>Customer</b>	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Company A	<u>\$ 157,068</u>	<u>\$ 443,605</u>	<u>\$ 520,040</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, 2022

	<u>1 Year</u>	<u>1-5 Years</u>	<u>5+ Years</u>	<u>Total</u>
Non-interest-bearing liabilities	\$2,284,324	\$ 26,441	\$ -	\$2,310,765
Interest bearing liabilities	3,881,238	1,369,868	287,862	5,538,968
Finance lease liabilities	<u>54,742</u>	<u>149,809</u>	<u>601,738</u>	<u>806,289</u>
	<u>\$6,220,304</u>	<u>\$1,546,118</u>	<u>\$ 889,600</u>	<u>\$8,656,022</u>

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

	<u>Less than 1</u>					
	<u>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>\$ 54,742</u>	<u>\$149,809</u>	<u>\$126,704</u>	<u>\$124,457</u>	<u>\$120,970</u>	<u>\$229,607</u>

December 31, 2021

	<u>1 Year</u>	<u>1-5 Years</u>	<u>5+ Years</u>	<u>Total</u>
Non-interest-bearing liabilities	\$2,589,436	\$ 6,339	\$ -	\$2,595,775
Interest bearing liabilities	4,158,836	1,417,163	303,980	5,879,979
Finance lease liabilities	<u>49,092</u>	<u>145,685</u>	<u>593,823</u>	<u>788,600</u>
	<u>\$6,797,364</u>	<u>\$1,569,187</u>	<u>\$ 897,803</u>	<u>\$9,264,354</u>

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

	<u>Less than 1</u>					
	<u>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>\$ 49,092</u>	<u>\$145,685</u>	<u>\$126,914</u>	<u>\$117,916</u>	<u>\$114,641</u>	<u>\$234,352</u>

September 30, 2021

	<u>1 Year</u>	<u>1-5 Years</u>	<u>5+ Years</u>	<u>Total</u>
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</u>					
	<u>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>

e. Financial assets transfer information

For nine months ended September 30, 2022, the subsidiary Suzhou Tongyu signed a discounted notes receivable contract with the bank for NT\$83,407 thousand. According to the contract, if the bank acceptance receivable cannot be collected when expires, the assignee has the right to require the subsidiary Suzhou Tongyu to pay the outstanding balance. Therefore, the

subsidiary Suzhou Tongyu did not transfer the significant risks and rewards of the bank acceptance receivable, and continued to recognize all bank acceptance receivable and used the transferred bank acceptance receivable as collateral for borrowings, please refer to Note 18.

As of September 30, 2022, and December 31, 2021, the carrying amounts of the un-derecognition transferred bank acceptance receivable were NT\$83,407 thousand and NT\$132,933 thousand, respectively, and the carrying amounts of related liabilities were NT\$83,407 thousand and 132,933 thousand, respectively.

### 33. TRANSACTIONS WITH RELATED PARTIES

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

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

<u>Related Party Name</u>	<u>Relationship</u>
Contrel 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
Printin3d DigiTech Co., Ltd.	Other related parties
San Shin Co., Ltd. (San Shin)	Other related parties
Sysco Machinery Corporation	Other related parties
Sheng Li Machine Industry Co., Ltd.	Other related parties
Dong Ying Investment Co., Ltd.	Substantial related party
Pt Tong - Tai Seikindo Utama	Substantial related party
IAMECH TECHNOLOGY INC.	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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues from sales	Other related parties	<u>\$ 3,902</u>	<u>\$ 4,119</u>	<u>\$ 10,256</u>	<u>\$ 10,529</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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Other related parties	<u>\$ 38,674</u>	<u>\$ 47,758</u>	<u>\$ 124,176</u>	<u>\$ 135,804</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 30,2022</u>	<u>December 31, 2021</u>	<u>September 30,2021</u>
Accounts receivable - related parties	Other related parties	<u>\$ 6,639</u>	<u>\$ 5,348</u>	<u>\$ 4,851</u>
Other accounts receivable	Other related parties	<u>\$ 1,512</u>	<u>\$ 977</u>	<u>\$ 2,436</u>

e. Payables to related parties

<u>Account Item</u>	<u>Related Party Type</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Notes payable	Other related parties	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9</u>
Accounts payable - related parties	Other related parties	<u>\$ 71,304</u>	<u>\$ 65,232</u>	<u>\$ 85,889</u>
Other accounts payable	Other related parties	<u>\$ 1,744</u>	<u>\$ 818</u>	<u>\$ 732</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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	Other related parties	<u>\$ 397</u>	<u>\$ -</u>	<u>\$ 751</u>

2) Rental income

<u>Related Party Type/ Name</u>	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	Other related parties			
Shiang Jen	<u>\$ 1,320</u>	<u>\$ 1,290</u>	<u>\$ 3,960</u>	<u>\$ 3,870</u>
Others	<u>-</u>	<u>1</u>	<u>4</u>	<u>4</u>
	<u>\$ 1,320</u>	<u>\$ 1,291</u>	<u>\$ 3,964</u>	<u>\$ 3,874</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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	Short-term employee benefits	<u>\$ 3,453</u>	<u>\$ 3,589</u>	<u>\$ 10,356</u>
Post-employment benefits	<u>60</u>	<u>60</u>	<u>180</u>	<u>180</u>
	<u>\$ 3,513</u>	<u>\$ 3,649</u>	<u>\$ 10,536</u>	<u>\$ 10,671</u>

### 34. 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:

	September 30, 2022	December 31, 2021	September 30, 2021
Property, plant and equipment	\$ 1,863,518	\$ 1,941,381	\$ 2,000,391
Investment properties	217,837	160,292	142,799
Other financial assets (including current and noncurrent portion)	<u>201,168</u>	<u>227,461</u>	<u>186,697</u>
	<u>\$ 2,282,523</u>	<u>\$ 2,329,134</u>	<u>\$ 2,329,887</u>

### 35. 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, 2022 were as follows:

- a. Unused letters of credit in the amount of NT\$24,940 thousand.
- b. The company has signed or committed to purchase and construct the contract amount of NT\$6,857 thousand, and the unaccounted amount is about NT\$4,703 thousand.
- c. 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\$114,056 thousand.

### 36. 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, 2022	Foreign Currency (In Thousands)		Exchange Rate	Carrying Amount (In Thousands of New Taiwan Dollars)
Monetary foreign currency assets				
USD	\$ 40,413	31.75	(USD:NTD)	\$ 1,283,113
CNY	248,419	4.473	(CNY:NTD)	1,111,178
EUR	20,423	31.26	(EUR:NTD)	638,423
Non-monetary foreign currency assets				
Investment accounted for using the equity method				
USD	169	31.75	(USD:NTD)	5,356
MRY	7,534	6.596	(MRY:NTD)	49,692
JPY	105,100	0.2201	(JPY:NTD)	23,227

	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				
EUR	\$ 2,197	31.26	(EUR:NTD)	\$ 68,671
Monetary foreign currency liabilities				
USD	16,668	31.75	(USD:NTD)	529,209
USD	4	1.016	(USD:EUR)	127
CNY	8,763	4.473	(CNY:NTD)	39,197
EUR	104	31.26	(EUR:NTD)	3,251
<b>December 31, 2021</b>				
Monetary foreign currency assets				
USD	33,993	27.68	(USD:NTD)	940,926
CNY	418,771	4.344	(CNY:NTD)	1,819,141
EUR	13,106	31.32	(EUR:NTD)	410,480
Non-monetary foreign currency assets				
Investment accounted for using the equity method				
USD	174	27.68	(USD:NTD)	4,818
EUR	990	31.32	(EUR:NTD)	30,992
MRY	6,952	6.355	(MRY:NTD)	44,178
JPY	82,470	0.2405	(JPY:NTD)	19,834
Monetary foreign currency liabilities				
USD	20,856	27.68	(USD:NTD)	577,294
USD	3,202	0.884	(USD:EUR)	88,631
CNY	12,005	4.344	(CNY:NTD)	52,150
EUR	119	31.32	(EUR:NTD)	3,727
<b>September 30, 2021</b>				
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

	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	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

For the three months and nine months ended September 30, 2022 and 2021, net foreign exchange gains and losses were loss of NT\$39,341 thousand, loss of NT\$12,472 thousand, gains of NT\$79,906 thousand and loss of NT\$70,856 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.

### 37. 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;
- b. Information about Subsidiaries: Please see Table 7.
- c. 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.
- d. Information of major shareholders: Please see Table 9 attached.

### **38. 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: Including the Company, Suzhou Tongyu, Honor Seiki、APEC, PCI-SCEMM and Anger, which are engaging in the manufacturing and selling of machine tools and after-sales service.
- Component Manufacturer Segment: Including Tongfong, Tong-Yeh, Shanghai Chin-Jig (disposal was completed in July, 2022), HPC and SKTD, 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, 2022</u>					
Revenues from external customers	\$ 5,537,373	\$ 227,801	\$ 371,367	\$ -	\$ 6,136,541
Inter-segment revenues	<u>602,984</u>	<u>142,169</u>	<u>68,247</u>	<u>( 813,400)</u>	<u>-</u>
Segment revenues	<u>\$ 6,140,357</u>	<u>\$ 369,970</u>	<u>\$ 439,614</u>	<u>(\$ 813,400)</u>	<u>\$ 6,136,541</u>
Segment profit (loss)	\$ 97,800	(\$ 8,868)	(\$ 9,967)	\$ 14,552	\$ 93,517
Interest income	14,735	10	1,523	( 7,811)	8,457
Financial costs	( 72,340)	( 824)	( 9,626)	7,811	( 74,979)
Share of the profit (loss) of associates and subsidiaries	234	-	-	-	234
Other non-operating income and expenses	<u>124,444</u>	<u>26,870</u>	<u>( 183,789)</u>	<u>203,862</u>	<u>171,387</u>
Profit (loss) before income tax	164,873	17,188	( 201,859)	218,414	198,616
Income tax expense (benefit)	<u>49,836</u>	<u>1,335</u>	<u>6,096</u>	<u>-</u>	<u>57,267</u>
Net profit (loss) for the period	<u>\$ 115,037</u>	<u>\$ 15,853</u>	<u>(\$ 207,955)</u>	<u>\$ 218,414</u>	<u>\$ 141,349</u>
<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	<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>

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, 2022	December 31, 2021	September 30, 2021
<u>Segment assets</u>			
Machine Manufacturer	\$ 18,229,091	\$ 18,403,348	\$ 19,004,959
Component Manufacturer	403,427	450,720	492,873
Others	1,532,743	1,656,484	1,521,763
Adjustment and Elimination	<u>( 4,659,775)</u>	<u>( 4,507,103)</u>	<u>( 4,658,241)</u>
	<u>\$ 15,505,486</u>	<u>\$ 16,003,449</u>	<u>\$ 16,361,354</u>
<u>Segment liabilities</u>			
Machine Manufacturer	\$ 10,420,705	\$ 10,640,594	\$ 11,373,347
Component Manufacturer	239,401	262,468	302,036
Others	854,733	799,297	686,301
Adjustment and Elimination	<u>( 1,691,758)</u>	<u>( 1,325,142)</u>	<u>( 1,585,430)</u>
	<u>\$ 9,823,081</u>	<u>\$ 10,377,217</u>	<u>\$ 10,776,254</u>

**TABLE 1**

**TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES**

**FINANCING PROVIDED TO OTHERS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**

**(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	\$ 68,700	\$ 36,513	\$ 36,513	1-1.7	Note 1	\$ -	Acquiring Building	\$ -		\$ -	\$ 507,616	\$ 1,015,232	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	Other receivables - related party	Yes	494,760	484,530	447,331	1-1.35	Note 1	-	Operating capital	-		-	507,616	1,015,232	Note 2
0	Tongtai Machine & Tool Co., Ltd.	SKTD Co., Ltd.	Other receivables - related party	Yes	4,864	-	-	1	Note 1	-	Operating capital	-		-	507,616	1,015,232	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Other receivables - related party	Yes	128,915	73,025	73,025	1-1.3	Note 1	-	Operating capital	-		-	507,616	1,015,232	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Other receivables - related party	Yes	135,180	134,190	134,190	1-3	Note 1	-	Operating capital	-		-	507,616	1,015,232	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Quick-Tech Machinery Co., Ltd.	Other receivables - related party	Yes	60,000	-	-	-	Note 1	-	Operating capital	-		-	507,616	1,015,232	Note 2
0	Tongtai Machine & Tool Co., Ltd.	mbi-group Beteiligung GmbH	Other receivables - related party	Yes	50,016	50,016	21,882	1	Note 1	-	Operating capital	-		-	507,616	1,015,232	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Tong-Yeh Precision Co., Ltd.	Other receivables - related party	Yes	30,000	30,000	5,600	1-1.3	Note 1	-	Operating capital	-		-	507,616	1,015,232	Note 2
1	Union Top	TongTai Europe B.V.	Other receivables - related party	Yes	14,724	-	-	1.2	Note 1	-	Operating capital	-		-	105,385	210,770	Note 3
1	Union Top	Anger Machining GmbH	Other receivables - related party	Yes	87,269	85,465	85,465	1.5	Note 1	-	Operating capital	-		-	105,385	210,770	Note 3
1	Union Top	mbi-group Beteiligung GmbH	Other receivables - related party	Yes	9,065	9,065	9,065	3	Note 1	-	Operating capital	-		-	105,385	210,770	Note 3
2	PCI-SCEMM	TTGroup France	Other receivables - related party	Yes	6,384	6,252	6,252	1.17-1.18	Note 1	-	Operating capital	-		-	35,701	71,402	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 &amp; TOOL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(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	\$ 1,522,848	\$ 31,750	\$ 31,750	\$ 1,588	\$ -	0.63	\$ 2,538,081	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	1,522,848	585,153	585,153	434,023	-	11.53	2,538,081	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Mbi-group Beteiligung GmbH	The Company owns directly or indirectly over 50% ownership of the investee company	1,522,848	52,994	31,260	31,260	-	0.62	2,538,081	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	The Company owns directly or indirectly over 50% ownership of the investee company	1,522,848	558,304	558,304	307,598	-	11.00	2,538,081	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Asia Pacific Elite Corp.	The Company owns directly or indirectly over 50% ownership of the investee company	1,522,848	235,000	235,000	138,390	-	4.63	2,538,081	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Tongan GmbH	The Company owns directly or indirectly over 50% ownership of the investee company	1,522,848	15,960	15,630	15,630	-	0.31	2,538,081	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	1,522,848	25,000	25,000	21,500	-	0.49	2,538,081	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	1,522,848	190,360	97,625	16,173	-	1.92	2,538,081	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 &amp; 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 &amp; 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 &amp; TOOL CO., LTD. AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2022

(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, 2022				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	\$ 96,573	4	\$ 96,573	
	SHIANG JEN CO., LTD.	The held company as its director	Financial assets at fair value through other comprehensive income - non current	1,520,000	18,172	19	18,172	
	World Known MFG (Cayman) Limited	-	Financial assets at fair value through other comprehensive income - non current	280,000	8,988	1	8,988	
	USYNC INC.	-	Financial assets at fair value through other comprehensive income - non current	295,371	12,320	4	12,320	
	WORLD KNOWN MFG. CO., LTD.	-	Financial assets at fair value through other comprehensive income - non current	229,729	6,271	1	6,271	
						<u>\$ 142,324</u>		<u>\$ 142,324</u>
	Mutual funds Cathay Asia-Pacific Income Balanced Fund	-	Financial assets at fair value through profit or loss - current	2,105,263	<u>\$ 21,550</u>		<u>\$ 21,550</u>	

## TONGTAI MACHINE &amp; 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  
 SEPTEMBER 30, 2022  
 (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	(\$ 177,552)	(2.89)	Comparable with ones of non-related party transactions	\$ -	-	\$ 110,577	3.48	Note
	Quick-Tech Machinery Co., Ltd.	Subsidiary	Sales	( 135,184)	(2.20)	Comparable with ones of non-related party transactions	-	-	25,386	0.80	Note
Tongfong Auto Tech Co., Ltd.	Tongtai Machine & Tool Co., Ltd.	Parent	Sales	( 110,627 )	(1.80)	Comparable with ones of non-related party transactions	-	-	64,969	3.95	Note

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

## TONGTAI MACHINE &amp; 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, 2022  
 (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	Actions Taken		
Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Subsidiary	\$ 247,738 (Note 1)	0.94	\$ -	-	\$ 8,469	\$ -
	Anger Machining GmbH	Subsidiary	451,422 (Note 2)	-	-	-	-	-

Note 1 : Including accounts receivable amounted of NT\$110,577 thousand and other receivable amounted of NT\$137,161 thousand. Other receivable was excluded in the calculation turnover rate.

Note 2 : Other receivable was excluded in the calculation turnover rate.

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

## TONGTAI MACHINE &amp; TOOL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship (Note)	Transaction Details			% of Total Operating Revenues or Assets
				Financial Statement Accounts	Amount	Payment Terms	
0	Tongtai Machine & Tool Co., Ltd.	Asia Pacific Elite Corp.	1	Sales	\$ 36,158	Based on contracts	0.59
0	Tongtai Machine & Tool Co., Ltd.	Quick-Tech Machinery Co., Ltd.	1	Sales	135,184	Based on contracts	2.20
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	1	Sales	177,552	Based on contracts	2.89
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	1	Accounts receivable	110,577	Based on contracts	0.71
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	1	Other receivable	137,161	Based on contracts and BOD resolution	0.88
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Machine Tool (SEA) Sdn. Bhd.	1	Sales	47,095	Based on contracts	0.77
0	Tongtai Machine & Tool Co., Ltd.	Process Conception	1	Sales	46,114	Based on contracts	0.75
0	Tongtai Machine & Tool Co., Ltd.	Ingenierie-Societe de Construction D'equipments, De Mecanisations Et De Machines	1	Accounts receivable	35,821	Based on contracts	0.23
0	Tongtai Machine & Tool Co., Ltd.	Anger Machine GmbH	1	Other receivable	451,422	Based on contracts and BOD resolution	2.91
0	Tongtai Machine & Tool Co., Ltd.	Tong Tai Machinery Co., Ltd.	1	Other receivable	36,831	Based on contracts and BOD resolution	0.24
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	1	Other receivable	73,574	Based on contracts and BOD resolution	0.47
1	Tongfong Auto Tech Co., Ltd.	Tongtai Machine & Tool Co., Ltd.	2	Sales	110,627	Based on contracts	1.81
1	Tongfong Auto Tech Co., Ltd.	Tongtai Machine & Tool Co., Ltd.	2	Accounts receivable	64,969	Based on contracts	0.42
2	Asia Pacific Elite Corp.	Suzhou Tongyu Machine Tool Co., Ltd.	3	Accounts receivable	35,312	Based on contracts	0.23
3	Union Top Industrial (Samoa) Limited	Anger Machine GmbH	3	Other receivable	87,002	Based on contracts and BOD resolution	0.56

Note : The relationship type with the trader is as follows :

1. Parent to subsidiary.
2. Subsidiary to Parent.
3. Subsidiary to Subsidiary.



## TONGTAI MACHINE &amp; TOOL CO., LTD. AND SUBSIDIARIES

## INFORMATION ON INVESTEEES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(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, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
Tongtai Machine & Tool Co., Ltd.	Tongfong Auto Tech Co., Ltd.	Kaohsiung City	Sales of electric automation equipment	\$ 14,005	\$ 14,005	1,500,000	100.00	\$ 37,334	\$ 5,217	\$ 5,217	Note
Tongtai Machine & Tool Co., Ltd.	Asia Pacific Elite Corp.	Taichung City	Sales and manufacturing of equipment	409,238	409,238	14,515,634	100.00	169,518	26,552	27,284	Note
Tongtai Machine & Tool Co., Ltd.	Quick-Tech Machinery Co., Ltd.	Tainan City	Sales of equipment and fitting	197,989	197,989	11,896,891	100.00	28,866	15,132	15,487	Note
Tongtai Machine & Tool Co., Ltd.	Honor Seiki Co., Ltd.	Kaohsiung City	Sales and manufacturing of equipment	106,721	106,721	22,108,109	54.00	583,225	77,627	42,281	Note
Tongtai Machine & Tool Co., Ltd.	Tong-Yeh Precision Co., Ltd.	Kaohsiung City	Sales of electric automation equipment	14,521	14,521	1,054,482	60.00	26,517	( 960 )	( 577 )	Note
Tongtai Machine & Tool Co., Ltd.	Chin-Jig Technology Co., Ltd.	Taipei City	Sales of mold and equipment	27,990	27,990	2,800,000	70.00	20,148	( 22,982 )	( 16,088 )	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	23,227	5,288	5,288	Note
Tongtai Machine & Tool Co., Ltd.	Tong Tai Machinery Co., Ltd.	Thailand	Sales of customized machine	5,854	5,854	999,998	100.00	17,349	( 3,465 )	( 3,465 )	Note
Tongtai Machine & Tool Co., Ltd.	Tongtai Seiki Vietnam Co., Ltd.	Vietnam	Sales of customized machine	9,054	9,054	631,080	100.00	21,236	( 853 )	( 853 )	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	13,429	7,145	3,715	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	36,263	48	48	Note
Tongtai Machine & Tool Co., Ltd.	Tong-Tai Seiki USA, Inc.	USA	Sales of merchandise	71,667	71,667	100	100.00	5,356	( 158 )	( 158 )	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	6,242	( 319 )	( 319 )	Note
Tongtai Machine & Tool Co., Ltd.	Process Conception Ingenierie-Societe de Construction D'equipments, De Mecanisations Et De Machines	France	Sales, manufacturing and maintenance of machine tools	182,200	182,200	1,000,000	100.00	312,781	( 43,390 )	( 43,390 )	Note
Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Netherlands	Sales of merchandise	96,221	96,221	9,000	100.00	( 42,391 )	( 5,613 )	( 5,613 )	Note
Tongtai Machine & Tool Co., Ltd.	Union Top Industrial (Samoa) Limited	Samoa	General investment	560,867	560,867	16,465,400	100.00	1,046,878	( 65,224 )	( 65,224 )	Note
Tongtai Machine & Tool Co., Ltd.	Tongan GmbH	Austrian	General investment	597,771	597,771	35,000	100.00	( 339,061 )	( 52,004 )	( 52,004 )	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	-	-	-	Note
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	8,131	585	234	Note
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	-	100.00	-	( 18,623 )	( 18,623 )	Note
Process Conception Ingenierie-Societe de Construction D'equipments, De Mecanisations Et De Machines	TTGroup France	France	Sales of merchandise	1,076	1,076	30,000	100.00	( 5,490 )	( 5,962 )	( 5,962 )	Note
Tongan GmbH	Mbi-group Beteiligung GmbH	Austrian	General investment	611,202	611,202	-	100.00	( 325,020 )	( 52,875 )	( 51,657 )	Note
Mbi-group Beteiligung GmbH	HPC Produktions GmbH	Austrian	Sales, manufacturing and maintenance of machine tools	1,215	1,215	-	100.00	65,227	4,009	4,009	Note
Mbi-group Beteiligung GmbH	Anger Machining GmbH	Austrian	Sales, manufacturing and maintenance of machine tools	595,855	595,855	-	100.00	( 298,544 )	( 56,635 )	( 56,635 )	Note
Anger Machining GmbH	Anger Machining Inc.	USA	Sales and maintenance of machine tools	122	122	60,000	100.00	( 3,223 )	( 4,750 )	( 4,750 )	Note
Anger Machining GmbH	Anger Service Deutschland GmbH	Germany	Sales and maintenance of machine tools	868	868	-	100.00	2,183	546	546	Note
Tongtai Machine & Tool Japan Co., Ltd.	SKTD Co., Ltd.	Japan	Design and development of machine tools	23,203	23,203	780	99.00	17,115	4,120	4,068	Note

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

## TONGTAI MACHINE &amp; TOOL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022  
(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, 2021 (Note 1)	Remittance of Funds (Note 1)		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2022 (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, 2022	Accumulated Repatriation of Investment Income as of September 30, 2022	Note
					Outward	Inward							
Tong-Yu Machine Tool (Shanghai) Co., Ltd.	Sales and maintenance of machine tools	\$ 76,454	Investments through a holding company registered in a third region	\$ 76,454	\$ -	\$ -	\$ 76,454	( \$ 3,206	100.00	( \$ 3,206 )	\$ 93,767	\$ -	Note 4
Suzhou Tongyu Machine Tool Co., Ltd.	Manufacturing of digital control machine and system	793,750	Investments through a holding company registered in a third region	793,750	-	-	793,750	1,260	100.00	1,260	1,269,461	53,223	Note 4
Shanghai Tong-Tai-Shin Trading Co., Ltd.	International trade	6,350	Investments through a holding company registered in a third region	6,350	-	-	6,350	( 78	100.00	( 78 )	9,561	8,972	Note 4
Hao-Tern-Shin Electronics (Shenzhen) Co., Ltd.	Sales and manufacturing of printed circuit board	79,375	Investments through a holding company registered in a third region	43,665	-	-	43,665	-	55.00	-	-	-	Note 4
Chin-Jig Precision Machine (Shanghai) Co., Ltd.	Sales and manufacturing of mold and equipment	17,463	Investments through a holding company registered in a third region	17,463	-	16,009	-	3,465	70.00	2,426	-	85,470	Note 4、5

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2022 (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.	\$ 920,219	\$ 920,219	\$ 3,045,697

Note 1: The amounts were calculated based on the foreign exchange rate as of September 30, 2022.

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.

Note 5: Tongtai Machine & Tool Co., Ltd. sold all shares in July, 2022.

**TABLE 9****TONGTAI MACHINE & TOOL CO., LTD.  
INFORMATION OF MAJOR SHAREHOLDERS  
SEPTEMBER 30, 2022**

Name of The Major Shareholder	Shares	
	Number of Shares Owned	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.

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.