

Tongtai Machine & Tool Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2023 and 2022 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, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the three months and nine months ended September 30, 2023 and 2022, 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 the standard on review engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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, 2023 and 2022, the combined total assets of these non-significant subsidiaries were NT\$5,694,805 thousand and NT\$5,404,293 thousand, representing 38% and 35%, respectively, of the consolidated total assets; the combined total liabilities of these non-significant subsidiaries were NT\$3,702,166 thousand and NT\$4,235,267 thousand, representing 41% and 43%, respectively, of the consolidated total liabilities. For the three months and nine months ended September 30, 2023 and 2022, the amounts of the combined comprehensive income (loss) of these non-significant subsidiaries were NT\$32,910 thousand, NT\$66,584 thousand, NT\$122,960 thousand and NT\$12,581 thousand, representing 63%, 61%, 171% and 10%, 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\$8,414 thousand and NT\$8,131 thousand as of September 30, 2023 and 2022, respectively; the share of profit (loss) of associates accounted for using the equity method were NT\$187 thousand, NT\$(137) thousand, NT\$299 thousand and NT\$234 thousand for the three months and nine months ended September 30, 2023 and 2022, 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, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022, and its consolidated cash flows for nine months ended September 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Lee-Yuan Kuo and Chao-Chun Wang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 9, 2023

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

(In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2023 (Reviewed)		December 31, 2022 (Audited)		September 30, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 1,386,569	9	\$ 1,208,827	8	\$ 1,520,095	10
Financial assets at fair value through profit or loss - current (Note 7)	399	-	11,948	-	37,516	-
Notes receivable, net (Notes 9 and 34)	443,238	3	518,373	3	506,293	3
Accounts receivable, net (Note 9)	2,455,525	16	2,540,617	17	2,667,941	17
Accounts receivable - related parties (Notes 9 and 33)	938	-	4,643	-	6,639	-
Other receivables (Note 33)	84,324	1	83,581	1	158,287	1
Current tax assets	27,415	-	24,743	-	10,856	-
Inventories (Note 10)	5,331,590	36	5,438,914	37	5,521,213	36
Other financial assets - current (Notes 13 and 34)	120,555	1	198,985	1	124,884	1
Other current assets	288,041	2	254,527	2	313,170	2
Total current assets	<u>10,138,594</u>	<u>68</u>	<u>10,285,158</u>	<u>69</u>	<u>10,866,894</u>	<u>70</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	184,358	1	159,663	1	142,324	1
Investments accounted for using the equity method (Note 12)	8,414	-	8,115	-	8,131	-
Property, plant and equipment (Notes 14 and 34)	2,615,764	18	2,733,936	18	2,775,991	18
Right-of-use assets (Note 15)	662,490	5	568,069	4	569,658	4
Investment properties (Notes 16 and 34)	495,149	3	508,290	4	488,237	3
Intangible assets (Note 17)	48,877	-	42,453	-	38,059	-
Deferred tax assets	453,055	3	416,476	3	410,487	3
Refundable deposits	17,715	-	20,656	-	19,609	-
Long-term notes and accounts receivable (Note 9)	50,108	1	16,440	-	21,192	-
Net defined benefit assets (Note 4)	3,172	-	3,148	-	2,158	-
Other financial assets - non-current (Notes 13 and 34)	127,938	1	97,299	1	122,124	1
Other non-current assets (Note 9)	31,047	-	44,041	-	40,622	-
Total non-current assets	<u>4,698,087</u>	<u>32</u>	<u>4,618,586</u>	<u>31</u>	<u>4,638,592</u>	<u>30</u>
TOTAL	<u>\$14,836,681</u>	<u>100</u>	<u>\$ 14,903,744</u>	<u>100</u>	<u>\$15,505,486</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 18 and 34)	\$ 2,869,101	19	\$ 2,731,921	18	\$ 2,905,944	19
Short-term bills payable (Note 18)	162,974	1	49,852	-	99,988	1
Contract liabilities - current (Notes 24 and 33)	1,044,827	7	1,125,643	8	1,244,587	8
Notes payable (Note 19)	233,877	2	260,104	2	221,356	1
Accounts payable (Note 19)	1,157,033	8	1,242,596	8	1,353,192	9
Accounts payable - related parties (Notes 19 and 33)	58,466	-	62,084	1	71,304	-
Other payables (Notes 20 and 33)	654,292	4	687,868	5	638,472	4
Current tax liabilities	37,797	-	34,747	-	12,349	-
Provisions - current (Note 21)	114,112	1	95,291	1	82,214	1
Lease liabilities - current (Note 15)	35,457	-	35,476	-	36,139	-
Current portion of long-term bank borrowings (Notes 18 and 34)	1,164,703	8	446,840	3	847,018	5
Other current liabilities	66,460	1	40,735	-	25,759	-
Total current liabilities	<u>7,599,099</u>	<u>51</u>	<u>6,813,157</u>	<u>46</u>	<u>7,538,322</u>	<u>48</u>
NON-CURRENT LIABILITIES						
Long-term bank borrowings (Notes 18 and 34)	677,946	5	1,708,176	11	1,547,041	10
Deferred tax liabilities	70,100	1	71,431	1	76,481	-
Lease liabilities - noncurrent (Note 15)	644,764	4	546,596	4	546,102	4
Net defined benefit liabilities (Note 4)	65,478	-	67,281	-	88,694	1
Guarantee deposits received	15,243	-	22,769	-	26,441	-
Total non-current liabilities	<u>1,473,531</u>	<u>10</u>	<u>2,416,253</u>	<u>16</u>	<u>2,284,759</u>	<u>15</u>
Total liabilities	<u>9,072,630</u>	<u>61</u>	<u>9,229,410</u>	<u>62</u>	<u>9,823,081</u>	<u>63</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 23 and 28)						
Ordinary shares	2,548,265	17	2,548,265	17	2,548,265	16
Capital surplus	1,220,665	8	1,195,552	8	1,194,096	8
Retained earnings						
Legal reserve	753,831	5	743,589	5	743,589	5
Special reserve	89,749	1	89,749	1	89,749	1
Unappropriated earnings	440,551	3	513,566	3	520,763	3
Total retained earnings	<u>1,284,131</u>	<u>9</u>	<u>1,346,904</u>	<u>9</u>	<u>1,354,101</u>	<u>9</u>
Other equity	701	-	(19,839)	-	(20,301)	-
Total equity attributable to owners of the Company	<u>5,053,762</u>	<u>34</u>	<u>5,070,882</u>	<u>34</u>	<u>5,076,161</u>	<u>33</u>
NON-CONTROLLING INTERESTS (Note 23)	<u>710,289</u>	<u>5</u>	<u>603,452</u>	<u>4</u>	<u>606,244</u>	<u>4</u>
Total equity	<u>5,764,051</u>	<u>39</u>	<u>5,674,334</u>	<u>38</u>	<u>5,682,405</u>	<u>37</u>
TOTAL	<u>\$14,836,681</u>	<u>100</u>	<u>\$ 14,903,744</u>	<u>100</u>	<u>\$15,505,486</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' reviewed report dated November 9, 2023)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings (losses) Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Notes 24 and 33)	\$1,963,891	100	\$2,203,692	100	\$5,708,256	100	\$6,136,541	100
OPERATING COSTS (Notes 10, 25 and 33)	<u>1,543,668</u>	<u>79</u>	<u>1,698,272</u>	<u>77</u>	<u>4,467,007</u>	<u>78</u>	<u>4,811,927</u>	<u>79</u>
GROSS PROFIT	<u>420,223</u>	<u>21</u>	<u>505,420</u>	<u>23</u>	<u>1,241,249</u>	<u>22</u>	<u>1,324,614</u>	<u>21</u>
OPERATING EXPENSES (Notes 9, 25 and 33)								
Selling and marketing expenses	212,755	11	183,984	8	644,053	11	596,719	10
General and administrative expenses	142,638	7	147,538	7	421,097	7	410,498	6
Research and development expenses	61,685	3	57,105	2	197,801	4	174,052	3
Expected credit loss (gain)	<u>19,948</u>	<u>1</u>	<u>17,033</u>	<u>1</u>	<u>(4,381)</u>	<u>-</u>	<u>49,828</u>	<u>1</u>
Total operating expenses	<u>437,026</u>	<u>22</u>	<u>405,660</u>	<u>18</u>	<u>1,258,570</u>	<u>22</u>	<u>1,231,097</u>	<u>20</u>
PROFIT (LOSS) FROM OPERATIONS	<u>(16,803)</u>	<u>(1)</u>	<u>99,760</u>	<u>5</u>	<u>(17,321)</u>	<u>-</u>	<u>93,517</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES (Notes 12, 25 and 33)								
Interest income	5,959	-	3,690	-	22,592	-	8,457	-
Other income	29,091	2	46,201	2	102,377	2	107,583	2
Other gains and losses	40,817	2	24,422	1	33,273	1	63,804	1
Finance costs	<u>(35,350)</u>	<u>(2)</u>	<u>(28,815)</u>	<u>(1)</u>	<u>(103,552)</u>	<u>(2)</u>	<u>(74,979)</u>	<u>(1)</u>
Share of profit of associates	<u>187</u>	<u>-</u>	<u>(137)</u>	<u>-</u>	<u>299</u>	<u>-</u>	<u>234</u>	<u>-</u>
Total non-operating income and expenses	<u>40,704</u>	<u>2</u>	<u>45,361</u>	<u>2</u>	<u>54,989</u>	<u>1</u>	<u>105,099</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	23,901	1	145,121	7	37,668	1	198,616	3
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 26)	<u>(8,831)</u>	<u>(1)</u>	<u>33,225</u>	<u>2</u>	<u>(13,854)</u>	<u>-</u>	<u>57,267</u>	<u>1</u>
NET PROFIT FOR THE PERIOD	<u>32,732</u>	<u>2</u>	<u>111,896</u>	<u>5</u>	<u>51,522</u>	<u>1</u>	<u>141,349</u>	<u>2</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 23 and 26)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	<u>(\$ 11,447)</u>	<u>(1)</u>	<u>(\$ 18,515)</u>	<u>(1)</u>	<u>\$ 24,695</u>	<u>-</u>	<u>(\$ 52,207)</u>	<u>(1)</u>

(Continued)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	\$ 39,087	2	\$ 19,203	1	(\$ 5,465)	-	\$ 52,097	1
Income tax relating to items that may be reclassified subsequently to profit or loss	(7,805)	-	(3,314)	-	1,038	-	(9,619)	-
Other comprehensive loss for the year, net of income tax	<u>19,835</u>	<u>1</u>	<u>(2,626)</u>	<u>-</u>	<u>20,268</u>	<u>-</u>	<u>(9,729)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 52,567</u>	<u>3</u>	<u>\$ 109,270</u>	<u>5</u>	<u>\$ 71,790</u>	<u>1</u>	<u>\$ 131,620</u>	<u>2</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 10,226	1	\$ 99,727	4	(\$ 11,808)	-	\$ 109,623	2
Non-controlling interests	<u>22,506</u>	<u>1</u>	<u>12,169</u>	<u>1</u>	<u>63,330</u>	<u>1</u>	<u>31,726</u>	<u>-</u>
	<u>\$ 32,732</u>	<u>2</u>	<u>\$ 111,896</u>	<u>5</u>	<u>\$ 51,522</u>	<u>1</u>	<u>\$ 141,349</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 29,997	2	\$ 94,470	4	\$ 8,732	-	\$ 95,892	1
Non-controlling interests	<u>22,570</u>	<u>1</u>	<u>14,800</u>	<u>1</u>	<u>63,058</u>	<u>1</u>	<u>35,728</u>	<u>1</u>
	<u>\$ 52,567</u>	<u>3</u>	<u>\$ 109,270</u>	<u>5</u>	<u>\$ 71,790</u>	<u>1</u>	<u>\$ 131,620</u>	<u>2</u>
EARNINGS (LOSSES) PER SHARE (Note 27)								
Basic	\$ 0.04		\$ 0.39		(\$ 0.05)		\$ 0.43	
Diluted	0.04		0.39		(0.05)		0.43	

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' reviewed report dated November 9, 2023)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company										
	Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on Translating Equity Operations	Other Equity		Total Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity			
BALANCE AT JANUARY 1, 2023	\$ 2,548,265	\$ 1,195,552	\$ 743,589	\$ 89,749	\$ 513,566	(\$ 120,957)	\$ 101,118	(\$ 19,839)	\$ 5,070,882	\$ 603,452	\$ 5,674,334
Appropriation of 2022 earnings (Note 23)											
Legal reserve	-	-	10,242	-	(10,242)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(50,965)	-	-	-	(50,965)	-	(50,965)
	-	-	10,242	-	(61,207)	-	-	-	(50,965)	-	(50,965)
Net profit for the nine months ended September 30, 2023	-	-	-	-	(11,808)	-	-	-	(11,808)	63,330	51,522
Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	(4,155)	24,695	20,540	20,540	(272)	20,268
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	(11,808)	(4,155)	24,695	20,540	8,732	63,058	71,790
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Notes 23 and 28)	-	25,113	-	-	-	-	-	-	25,113	99,225	124,338
Adjustment of non-controlling interests (Note 23)	-	-	-	-	-	-	-	-	-	(55,446)	(55,446)
BALANCE AT SEPTEMBER 30, 2023	\$ 2,548,265	\$ 1,220,665	\$ 753,831	\$ 89,749	\$ 440,551	(\$ 125,112)	\$ 125,813	\$ 701	\$ 5,053,762	\$ 710,289	\$ 5,764,051
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)											
Legal reserve	-	-	12,445	-	(12,445)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(50,965)	-	-	-	(50,965)	-	(50,965)
	-	-	12,445	-	(63,410)	-	-	-	(50,965)	-	(50,965)
Net profit for the nine months ended September 30, 2022	-	-	-	-	109,623	-	-	-	109,623	31,726	141,349
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)
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
Adjustment of non-controlling interests (Note 23)	-	-	-	-	-	-	-	-	-	(24,482)	(24,482)
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

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

(With Deloitte & Touche auditors' reviewed report dated November 9, 2023)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 37,668	\$ 198,616
Adjustments for:		
Depreciation expense	207,827	221,465
Amortization expense	31,190	24,853
Expected credit losses (profit)	(4,381)	49,828
Net loss (gain) on fair value change of financial assets and liabilities designated as at fair value through profit or loss	1,008	(19,226)
Finance costs	103,552	74,979
Interest income	(22,592)	(8,457)
Dividend income	(13,421)	(11,306)
Share of (profit) loss of associates	(299)	(234)
Gain on disposal of property, plant and equipment	(449)	(1,534)
Impairment loss recognized on nonfinancial assets	37,935	22,819
Recognition of provisions	125,382	115,162
Loss on disposal of subsidiary	52	16,131
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	10,541	6,269
Notes receivable and long-term notes and accounts receivable	41,467	31,444
Accounts receivable	37,023	208,035
Accounts receivable - related parties	3,705	(1,291)
Other receivables	(2,760)	(21,614)
Inventories	(5,437)	(29,918)
Other current assets	(15,493)	(37,664)
Contract liabilities	(62,115)	114,385
Notes payable	(26,227)	64,442
Accounts payable	(51,333)	(282,895)
Accounts payable - related parties	(3,618)	6,072
Other payables	(1,776)	(66,691)
Provisions	(103,138)	(126,497)
Other current liabilities	28,275	(12,541)
Net defined benefit liabilities	(1,827)	(5,396)
Cash generated from operations	350,759	529,236
Interest received	24,609	7,709
Dividend received	13,421	11,306
Interest paid	(104,351)	(73,397)
Income taxes paid	(22,640)	(22,924)
Net cash generated from operating activities	<u>261,798</u>	<u>451,930</u>

(Continued)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in prepayments for investments	(20,000)	-
Net cash inflow on disposal of subsidiary	40,049	12,134
Acquisition of property, plant and equipment	(60,722)	(82,777)
Proceeds from disposal of property, plant and equipment	2,978	2,247
Decrease in refundable deposits	2,941	4,151
Acquisition of intangible assets	(10,564)	(6,768)
Increase in other financial assets	-	(2,572)
Decrease in other financial assets	47,791	-
Increase in other non-current assets	(8,989)	(19,321)
Net cash used in investing activities	(6,516)	(92,906)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	2,317,866	1,657,118
Repayments of short-term borrowings	(2,166,053)	(1,410,202)
Increase in short-term bills payable	113,122	-
Decrease in short-term bills payable	-	(419,922)
Proceeds from long-term bank borrowings	102,011	225,558
Repayments of long-term bank borrowings	(416,597)	(418,009)
Increase in guarantee deposits received	-	20,102
Decrease in guarantee deposits received	(7,526)	-
Repayment of principle of lease liabilities	(30,363)	(30,297)
Dividends paid	(50,965)	(50,965)
Disposal of ownership interests in subsidiaries	124,338	-
Decrease in non-controlling interests	(55,446)	(24,482)
Net cash used in financing activities	(69,613)	(451,099)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	(7,927)	34,749
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	177,742	(57,326)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,208,827</u>	<u>1,577,421</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 1,386,569</u>	<u>\$ 1,520,095</u>
		(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' reviewed report dated November 9, 2023)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the Company's board of directors and approved for issue on November 9, 2023.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

a. Initial application of 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 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 2024

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangement"	January 1, 2024 (Note 3)

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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</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

(Continued)

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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 IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2) (Concluded)

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: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences equity.

As of the date the consolidated financial statements were approved by the Company’s board of directors and authorized for issue, the Company and its subsidiaries are continuously 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. The related impact will be disclosed when the Company completes its evaluation.

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, 2022.

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 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, 2022.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 3,496	\$ 4,850	\$ 5,735
Checking accounts and demand deposits	1,225,870	1,017,733	1,378,921
Cash equivalents			
Bonds with repurchase agreements	100,081	61,846	63,672
Time deposits with original maturities of less than three months	57,122	124,398	71,767
	<u>\$ 1,386,569</u>	<u>\$ 1,208,827</u>	<u>\$ 1,520,095</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets			
Foreign exchange forward contracts	\$ 399	\$ -	\$ -
Cross-currency swap contracts	-	11,948	15,966
Non-derivative financial assets			
Mutual funds	-	-	21,550
	<u>\$ 399</u>	<u>\$ 11,948</u>	<u>\$ 37,516</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>December 31, 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>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

- 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, 2023</u>			
Foreign exchange forward	MYR / USD	2023.12	MRY616 / USD132
		2024.04	MRY1,425 / USD307

The Company and its subsidiaries entered into cross-currency swap contracts and foreign exchange forward contracts to manage exposures to exchange rate and interest rate fluctuations of foreign currency denominated assets and liabilities. For the three months and nine months ended September 30, 2023 and 2022, the Company and its subsidiaries recognized gain (loss) on cross-currency swap contracts and foreign exchange forward contracts not accounted for by hedge accounting in the amounts of NT\$399 thousand, NT\$8,296 thousand, NT\$(1,008) thousand and NT\$24,639 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, the Company entered into mutual funds financial products and recognized gain (loss) in the amounts of NT\$359 thousand and NT\$(5,413) thousand, respectively, included in gain (loss) on financial instruments at fair value through profit or loss.

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Investment in equity instruments</u>			
Domestic investments			
Listed shares	\$ 151,069	\$ 123,364	\$ 105,561
Unlisted shares	<u>33,289</u>	<u>36,299</u>	<u>36,763</u>
	<u>\$ 184,358</u>	<u>\$ 159,663</u>	<u>\$ 142,324</u>

9. NOTES AND ACCOUNTS RECEIVABLE (INCLUDING RELATED PARTIES), LONG-TERM NOTES AND ACCOUNTS RECEIVABLE, AND OVERDUE RECEIVABLE, NET

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Notes receivable (operating)			
Gross carrying amount at amortized cost	\$ 444,557	\$ 519,720	\$ 507,640
Less: Unrealized interest revenue	<u>1,319</u>	<u>1,347</u>	<u>1,347</u>
	<u>\$ 443,238</u>	<u>\$ 518,373</u>	<u>\$ 506,293</u>
Accounts receivable			
Gross carrying amount at amortized cost	\$ 2,853,894	\$ 3,014,399	\$ 3,130,948
Less: Allowance for impairment loss	<u>398,369</u>	<u>473,782</u>	<u>463,007</u>
	<u>\$ 2,455,525</u>	<u>\$ 2,540,617</u>	<u>\$ 2,667,941</u>
Accounts receivable - related parties			
Gross carrying amount at amortized cost	<u>\$ 938</u>	<u>\$ 4,643</u>	<u>\$ 6,639</u>
Long-term notes and accounts receivable (operating)			
Gross carrying amount at amortized cost	\$ 50,108	\$ 16,440	\$ 21,192
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 50,108</u>	<u>\$ 16,440</u>	<u>\$ 21,192</u>
Overdue receivable (included in other noncurrent assets)			
Gross carrying amount at amortized cost	\$ 17,658	\$ 19,459	\$ 19,459
Less: Allowance for impairment loss	<u>17,658</u>	<u>19,459</u>	<u>19,459</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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 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, 2023

	<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	\$ 1,844,426	\$ 428,136	\$ 339,332	\$ 115,360	\$ 129,953	\$ 242,749	\$ 208,106	\$ 57,774	\$ 3,365,836
Loss allowance (Lifetime ECL)	(7,430)	(21,522)	(68,820)	(13,263)	(15,245)	(73,690)	(158,283)	(57,774)	(416,027)
	<u>\$ 1,836,996</u>	<u>\$ 406,614</u>	<u>\$ 270,512</u>	<u>\$ 102,097</u>	<u>\$ 114,708</u>	<u>\$ 169,059</u>	<u>\$ 49,823</u>	<u>\$ -----</u>	<u>\$ 2,949,809</u>

December 31, 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	\$ 2,038,213	\$ 579,876	\$ 217,646	\$ 176,472	\$ 94,279	\$ 116,147	\$ 300,101	\$ 50,580	\$ 3,573,314
Loss allowance (Lifetime ECL)	(8,707)	(64,296)	(31,907)	(18,905)	(8,704)	(44,190)	(265,952)	(50,580)	(493,241)
	<u>\$ 2,029,506</u>	<u>\$ 515,580</u>	<u>\$ 185,739</u>	<u>\$ 157,567</u>	<u>\$ 85,575</u>	<u>\$ 71,957</u>	<u>\$ 34,149</u>	<u>\$ -----</u>	<u>\$ 3,080,073</u>

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)
	<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>

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

	For the Nine Months Ended September 30	
	2023	2022
Balance, beginning of period	\$ 493,241	\$ 461,621
Recognition (Reversal)	(4,381)	49,828
Written off	(63,901)	(31,505)
Disposal of subsidiary	(4,069)	-
Effects of foreign currency exchange differences	(4,863)	2,522
Balance, end of period	<u>\$ 416,027</u>	<u>\$ 482,466</u>

Refer to Note 32 for the amount of discounted notes receivable and related terms of the subsidiaries.

Discounted notes receivable by the subsidiaries as collateral for bank borrowings are described in Note 34.

10. INVENTORIES

	September 30, 2023	December 31, 2022	September 30, 2022
Raw materials	\$ 2,491,860	\$ 2,580,365	\$ 2,664,308
Supplies	158,277	164,167	165,900
Work-in-progress	2,023,969	1,914,692	1,955,335
Finished goods	569,148	677,446	667,561
Merchandise	83,160	97,075	58,910
Inventory in transit	<u>5,176</u>	<u>5,169</u>	<u>9,199</u>
	<u>\$ 5,331,590</u>	<u>\$ 5,438,914</u>	<u>\$ 5,521,213</u>

The cost of inventories recognized as operating costs for the three months and nine months ended September 30, 2023 and 2022 was NT\$1,543,668 thousand, NT\$1,698,272 thousand, NT\$4,467,007 thousand and NT\$4,811,927 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	
	2023	2022	2023	2022
Inventory write-downs	\$ 27,730	\$ 3,685	\$ 37,935	\$ 22,819

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			September 30, 2023	December 31, 2022	September 30, 2022	
Tongtai Machine & Tool Co., Ltd.	Union Top Industrial (Samoa) Limited (Union Top)	General investment	100.00	100.00	100.00	
	Tongfong Auto Tech Co., Ltd. (Tongfong)	Sales of electric automation equipment	100.00	100.00	100.00	
	Asia Pacific Elite Corp. (APEC)	Sales and manufacturing of equipment	99.83	99.83	99.83	
	Quick-Tech Machinery Co., Ltd. (Quick-Tech)	Sales and manufacturing of equipment	99.14	99.14	99.14	
	Honor Seiki Co., Ltd. (Honor Seiki)	Sales and manufacturing of equipment	46.63	54.47	54.47	Note 6
	Tong-Yeh Precision Co., Ltd. (Tong-Yeh)	Manufacturing and processing of metal part	94.58	94.58	60.09	Note 4
	Chin-Jig Technology Co., Ltd. (Chin-Jig)	Sales of mold and equipment	-	-	70.00	Note 2
	Tongtai Machine & Tool Japan Co., Ltd. (TTJP)	Sales and manufacturing of equipment	100.00	100.00	100.00	
	Tong Tai Machinery Co., Ltd. (TTM)	Sales of customized machine	100.00	100.00	100.00	
	Tongtai Seiki Vietnam Co., Ltd. (TTVN)	Sales of customized machine	100.00	100.00	100.00	
	Tongtai Machine Tool (SEA) Sdn. Bhd. (TTS)	Sales of customized machine	52.00	52.00	52.00	
	Tongtai Machine Tool (MFG) Sdn. Bhd. (TMM)	Sales and manufacturing of equipment	100.00	100.00	100.00	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			September 30, 2023	December 31, 2022	September 30, 2022	
	Tong-Tai Seiki USA, Inc. (TSU)	Sales of equipment	100.00	100.00	100.00	
	Tongtai Mexico S.A.DE C.V. (TTGMx)	Sales and maintenance of machine tools	100.00	100.00	100.00	
	Process Conception Ingenierie-Societe de Construction D'equipments, De Mecanisations Et De Machines (PCI-SCEMM)	Sales, manufacturing and maintenance of equipment	100.00	100.00	100.00	
	Tongtai Europe B.V.(TTE)	Sales of merchandise	100.00	100.00	100.00	
Union Top	Tongan GmbH (Tongan)	General investment	100.00	100.00	100.00	
	Suzhou Tongyu Machine Tool Co., Ltd. (Suzhou Tongyu)	Manufacturing of digital control machine and system	100.00	100.00	100.00	Important subsidiary
	Shanghai Tong-Tai-Shin Trading Co., Ltd. (Shanghai Tong-Tai-Shin)	International trade	100.00	100.00	100.00	
	Tong-Yu Machine Tool (Shanghai) Co., Ltd. (Shanghai Tong-Yu)	Sales and maintenance of machine tools	100.00	100.00	100.00	
Great Pursuit Limited	Great Pursuit Limited	General investment	55.00	55.00	55.00	
	Hao-Tern-Shin Electronics (Shenzhen) Co., Ltd. (Hao-Tern-Shin)	Sales and manufacturing of printed circuit board	100.00	100.00	100.00	
Chin-Jig	Time Trade International Limited	General investment	-	-	-	Note 1
Time Trade International Limited	Chin-Jig Precision Machine (Shanghai) Co., Ltd. (Shanghai Chin-Jig)	Sales of mold and equipment	-	-	-	Note 1
TTJP	SKTD Co., Ltd. (SKTD)	Sales and maintenance of machine tools	98.73	98.73	98.73	
PCI-SCEMM	TTGroup France	Sales of merchandise	100.00	100.00	100.00	
	CERIMATEC	Sales of machine tools	100.00	100.00	-	Note 3
Tongan	Mbi-group Beteiligung GmbH (MBI)	General investment	100.00	100.00	100.00	
MBI	HPC Produktions GmbH (HPC)	Sales, manufacturing and maintenance of machine tools	-	100.00	100.00	Note 5
	Anger Machining GmbH (Anger)	Sales, manufacturing and maintenance of equipment	100.00	100.00	100.00	
Anger	Anger Machining Inc. (Anger - US)	Sales and maintenance of machine tools	100.00	100.00	100.00	
	Anger Service Deutschland GmbH (Anger - DE)	Sales and maintenance of machine tools	100.00	100.00	100.00	

(Concluded)

Note 1: In July 2022, the Time Trade International Limited was disposed out the shares of Shanghai Chin-Ji, and was liquidated in August 2022 (Refer to Note 30).

Note 2: In December 2022, the Chin-Jig Technology Co., Ltd. was liquidated.

Note 3: In December 2022, the CERIMATEC newly established by PCI-SCEMM.

Note 4: In December 2022, the Company acquired a part of shares from non-controlling interest (Refer to Note 28).

Note 5: In June 2023, the Mbi-group Beteiligung GmbH was disposed out the shares of HPC Produktions GmbH (Refer to Note 30).

Note 6: In July, 2023, a resolution had been approved by the Board of Director for the release of 2,703 thousand shares of Honor Seiki held by the Company, resulting in an decrease in the percentage of ownership from 54.47% to 46.63% (Refer to Note 28).

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

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

Name of subsidiary	Percentage of Ownership and Voting Rights of Non-controlling Interests		
	September 30, 2023	December 31, 2022	September 30, 2022
	Honor Seiki	53.37%	45.53%

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

Name of subsidiary	Profit (Loss) Allocated to Non-controlling Interests				Accumulated, Non-controlling Interests		
	For the Three Months Ended September 30		For the Nine Months Ended September 30		Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
	2023	2022	2023	2022			
Honor Seiki	<u>\$22,981</u>	<u>\$17,962</u>	<u>\$52,186</u>	<u>\$35,346</u>	<u>\$697,793</u>	<u>\$601,828</u>	<u>\$580,821</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	\$ 1,636,581	\$ 1,751,820	\$ 1,634,472
Non-current assets	864,369	867,660	872,795
Current liabilities	(976,330)	(1,060,626)	(981,691)
Non-current liabilities	(217,107)	(237,113)	(\$ 249,970)
Equity	<u>\$ 1,307,513</u>	<u>\$ 1,321,741</u>	<u>\$ 1,275,606</u>
Equity attributable to			
Owner of the Company	\$ 609,720	\$ 719,913	\$ 694,785
Non-controlling interests	<u>697,793</u>	<u>601,828</u>	<u>580,821</u>
	<u>\$ 1,307,513</u>	<u>\$ 1,321,741</u>	<u>\$ 1,275,606</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Revenue	<u>\$ 291,021</u>	<u>\$ 233,411</u>	<u>\$ 981,618</u>	<u>\$ 614,281</u>
Profit for the period	\$ 43,403	\$ 39,447	\$ 107,543	\$ 77,627

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>\$ 43,403</u>	<u>\$ 39,447</u>	<u>\$ 107,543</u>	<u>\$ 77,627</u>
Profit attributable to				
Owners of the Company	\$ 20,422	\$ 21,485	\$ 55,357	\$ 42,281
Non-controlling interests of Honor Seiki	<u>22,981</u>	<u>17,962</u>	<u>52,186</u>	<u>35,346</u>
	<u>\$ 43,403</u>	<u>\$ 39,447</u>	<u>\$ 107,543</u>	<u>\$ 77,627</u>
Total comprehensive income attributable to				
Owners of the Company	\$ 20,422	\$ 21,485	\$ 55,357	\$ 42,281
Non-controlling interests of Honor Seiki	<u>22,981</u>	<u>17,962</u>	<u>52,186</u>	<u>35,346</u>
	<u>\$ 43,403</u>	<u>\$ 39,447</u>	<u>\$ 107,543</u>	<u>\$ 77,627</u>

(Concluded)

	For the Nine Months Ended September 30	
	2023	2022
Net cash inflow (outflow) from		
Operating activities	\$ 85,337	\$ 173,773
Investing activities	56,130	(104,835)
Financing activities	(<u>207,782</u>)	(<u>48,570</u>)
Net cash inflow (outflow)	(<u>\$ 66,315</u>)	<u>\$ 20,368</u>
Dividends paid to non-controlling interests	<u>\$ 27,723</u>	<u>\$ 18,482</u>

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2023	December 31, 2022	September 30, 2022
Associates that are not individually material			
Printin3d DigiTech Co., Ltd.	\$ 8,414	\$ 8,115	\$ 8,131
Cyber Laser Taiwan Co., Ltd. ("Cyber")	-	-	-
	<u>\$ 8,414</u>	<u>\$ 8,115</u>	<u>\$ 8,131</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
The Company and its subsidiaries' share of				
Net profit (loss) for the period	\$ 187	(\$ 137)	\$ 299	\$ 234
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>\$ 187</u>	<u>(\$ 137)</u>	<u>\$ 299</u>	<u>\$ 234</u>

The Company recognized fully impairment loss of the associate, Cyber, due to the recoverable amount was lower than the carrying amount, and Cyber was deregistered in May 2023.

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

The investments accounted for using the equity method and the share of profit (loss) and other comprehensive income of those investments for the three months and nine months ended September 30, 2023 and 2022 were based on the associates' financial statements which have not been reviewed for the same periods.

13. OTHER FINANCIAL ASSETS

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Current</u>			
Pledged deposits and time deposits	\$ 104,658	\$ 198,985	\$ 29,035
Time deposits with original maturities more than three months	14,463	-	95,250
Restricted deposits	<u>1,434</u>	<u>-</u>	<u>599</u>
	<u>\$ 120,555</u>	<u>\$ 198,985</u>	<u>\$ 124,884</u>
<u>Non-current</u>			
Pledged deposits and time deposits	\$ 111,724	\$ 80,649	\$ 105,918
Deposits for projects	<u>16,214</u>	<u>16,650</u>	<u>16,206</u>
	<u>\$ 127,938</u>	<u>\$ 97,299</u>	<u>\$ 122,124</u>

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

14. PROPERTY, PLANT AND EQUIPMENT

The assets used by the company and its subsidiaries

For the Nine Months Ended September 30, 2023

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, 2023	\$ 793,294	\$ 2,883,591	\$ 1,139,129	\$ 170,388	\$ 183,138	\$ 408,821	\$ 11,643	\$ 5,590,004
Additions	8,438	2,408	23,840	6,881	10,253	5,939	5,693	63,452
Disposals	-	(463)	(5,321)	(4,059)	(907)	(19,355)	-	(30,105)
Disposal of Subsidiary	(2,684)	(27,420)	(54,884)	(1,403)	(25,614)	(727)	(1,491)	(114,223)
Reclassifications	-	-	3,475	368	117	7,677	(11,380)	257
Effects of foreign currency exchange difference	<u>1,399</u>	<u>10,550</u>	<u>13,240</u>	<u>486</u>	<u>4,392</u>	<u>24</u>	<u>88</u>	<u>30,179</u>
Balance at September 30, 2023	<u>800,447</u>	<u>2,868,666</u>	<u>1,119,479</u>	<u>172,661</u>	<u>171,379</u>	<u>402,379</u>	<u>4,553</u>	<u>5,539,564</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2023	\$ -	\$ 1,455,832	\$ 803,151	\$ 140,577	\$ 164,996	\$ 291,512	\$ -	\$ 2,856,068
Depreciation	-	73,430	53,832	5,948	5,778	20,406	-	159,394
Disposals	-	(463)	(4,668)	(3,446)	(898)	(18,101)	-	(27,576)
Disposal of Subsidiary	-	(18,578)	(43,398)	(1,021)	(19,916)	(727)	-	(83,640)
Reclassifications	-	-	(1,753)	368	117	70	-	(1,198)
Effects of foreign currency exchange difference	<u>-</u>	<u>5,833</u>	<u>10,474</u>	<u>429</u>	<u>3,978</u>	<u>38</u>	<u>-</u>	<u>20,752</u>
Balance at September 30, 2023	<u>-</u>	<u>1,516,054</u>	<u>817,638</u>	<u>142,855</u>	<u>154,055</u>	<u>293,198</u>	<u>-</u>	<u>2,923,800</u>
Carrying amount at December 31, 2022	<u>\$ 793,294</u>	<u>\$ 1,427,759</u>	<u>\$ 335,978</u>	<u>\$ 29,811</u>	<u>\$ 18,142</u>	<u>\$ 117,309</u>	<u>\$ 11,643</u>	<u>\$ 2,733,936</u>
Carrying amount at September 30, 2023	<u>\$ 800,447</u>	<u>\$ 1,352,612</u>	<u>\$ 301,841</u>	<u>\$ 29,806</u>	<u>\$ 17,324</u>	<u>\$ 109,181</u>	<u>\$ 4,553</u>	<u>\$ 2,615,764</u>

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	\$ 5,726,900
Additions	-	3,468	45,604	5,911	6,011	12,606	212	73,812
Disposals	-	(120)	(72,470)	(2,771)	(3,541)	(7,773)	-	(86,675)
Disposals through disposals of subsidiary	-	(8,460)	(34,685)	(1,082)	-	(2,108)	-	(46,335)
Reclassifications	-	(83,511)	(24,572)	-	-	(15,606)	-	(123,689)
Effects of foreign currency exchange difference	<u>52</u>	<u>12,514</u>	<u>8,204</u>	<u>1,497</u>	<u>449</u>	<u>2,246</u>	<u>-</u>	<u>24,962</u>
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>

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
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)	(72,324)	(2,771)	(3,330)	(7,417)	-	(85,962)	
Disposals through disposals of subsidiary	- (2,604)	(25,033)	(866)	-	(1,733)	-	(30,236)	
Reclassifications	- (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	-	1,416,848	777,694	138,219	158,724	301,499	-	2,792,984
Carrying amount at September 30, 2022	\$ 788,322	\$ 1,445,479	\$ 360,210	\$ 31,012	\$ 18,095	\$ 132,501	\$ 372	\$ 2,775,991

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, 2023, December 31, 2022 and September 30, 2022 was NT\$28,868 thousand, NT\$27,854 thousand and NT\$26,612 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

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amounts			
Land	\$ 597,177	\$ 483,172	\$ 487,620
Buildings	48,648	55,858	56,774
Machinery	1,168	8,875	8,120
Transportation equipment	15,497	20,164	17,144
	<u>\$ 662,490</u>	<u>\$ 568,069</u>	<u>\$ 569,658</u>
	For the Nine Months Ended September 30		
	2023	2022	
Additions to right-of-use assets	<u>\$ 133,208</u>	<u>\$ 17,330</u>	

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Depreciation charge for right-of-use assets				
Land	\$ 5,965	\$ 4,334	\$ 16,562	\$ 13,001
Buildings	2,522	3,178	9,102	12,223
Machinery	103	900	2,188	2,826
Transportation equipment	2,492	2,356	7,344	6,122
	<u>\$ 11,082</u>	<u>\$ 10,768</u>	<u>\$ 35,196</u>	<u>\$ 34,172</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, 2023 and 2022.

b. Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amounts			
Current	<u>\$ 35,457</u>	<u>\$ 35,476</u>	<u>\$ 36,139</u>
Non-current	<u>\$ 644,764</u>	<u>\$ 546,596</u>	<u>\$ 546,102</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Land	2.16~2.48	2.16~2.48	2.16~2.48
Buildings	1.00~2.00	1.17~2.82	1.17~2.88
Machinery	1.45	1.45~2.83	1.45~2.88
Transportation equipment	0.69~2.80	0.69~2.83	0.69~2.88

c. Material lease activities and terms

The Company is leasing the land of Kaohsiung Luke plant from the management of Southern Taiwan Science Park, including 34,580 square meters of newly leased land in 2023. The lease period will expire in March 2043. 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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Expenses relating to short-term leases and low-value asset leases	<u>\$ 8,120</u>	<u>\$ 2,088</u>	<u>\$ 23,731</u>	<u>\$ 15,608</u>
Total cash outflow for leases			<u>\$ 65,518</u>	<u>\$ 56,005</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, 2023

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Cost</u>			
Balance at January 1, 2023	\$ 252,550	\$ 395,422	\$ 647,972
Effects of foreign currency exchange differences	<u>-</u>	<u>163</u>	<u>163</u>
Balance at September 30, 2023	<u>252,550</u>	<u>395,585</u>	<u>648,135</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2023	\$ -	\$ 139,682	\$ 139,682
Depreciation	-	13,237	13,237
Effects of foreign currency exchange differences	<u>-</u>	<u>67</u>	<u>67</u>
Balance at September 30, 2023	<u>-</u>	<u>152,986</u>	<u>152,986</u>
Balance at December 31, 2022	<u>\$ 252,550</u>	<u>\$ 255,740</u>	<u>\$ 508,290</u>
Carrying amount at September 30, 2023	<u>\$ 252,550</u>	<u>\$ 242,599</u>	<u>\$ 495,149</u>

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>-</u>	<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>-</u>	<u>791</u>	<u>791</u>
Balance at September 30, 2022	<u>-</u>	<u>127,864</u>	<u>127,864</u>
Carrying amount at September 30, 2022	<u>\$ 252,550</u>	<u>\$ 235,687</u>	<u>\$ 488,237</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:

	September 30, 2023	December 31, 2022	September 30, 2022
Year 1	\$ 25,845	\$ 46,316	\$ 29,588
Year 2	9,673	10,361	13,490
Year 3	5,730	5,640	5,610
Year 4	5,850	5,760	5,730
Year 5	5,970	5,880	5,850
Year 6 onwards	<u>33,300</u>	<u>37,800</u>	<u>39,270</u>
	<u>\$ 86,368</u>	<u>\$ 111,757</u>	<u>\$ 99,538</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 Annan District in Tainan City, Hunei District in Kaohsiung City, Kaohsiung Science Park 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, 2023, December 31, 2022 and September 30, 2022 are NT\$895,304 thousand, NT\$895,304 thousand and NT\$761,120 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, 2023

Cost	Computer Software	Goodwill	Patents	Others	Total
Balance at January 1, 2023	\$ 265,404	\$ 13,731	\$ 3,651	\$ 7,177	\$ 289,963
Additions	9,558	-	-	1,006	10,564
Reclassifications	10,767	-	-	-	10,767
Disposals	(2,987)	-	-	-	(2,987)
Disposal of Subsidiary	(8,704)	-	-	(180)	(8,884)
Effects of foreign currency exchange differences	<u>3,489</u>	<u>-</u>	<u>132</u>	<u>(446)</u>	<u>3,175</u>
Balance at September 30, 2023	<u>277,527</u>	<u>13,731</u>	<u>3,783</u>	<u>7,557</u>	<u>302,598</u>

(Continued)

	Computer Software	Goodwill	Patents	Others	Total
Accumulated amortization and impairment					
Balance at January 1, 2023	224,753	11,989	3,597	7,171	247,510
Additions	14,890	-	55	2	14,947
Disposals	(2,987)	-	-	-	(2,987)
Disposal of Subsidiary	(8,655)	-	-	(180)	(8,835)
Effects of foreign currency exchange differences	<u>3,413</u>	<u>-</u>	<u>131</u>	<u>(458)</u>	<u>3,086</u>
Balance at September 30, 2023	<u>231,414</u>	<u>11,989</u>	<u>3,783</u>	<u>6,535</u>	<u>253,721</u>
Balance at December 31, 2022	<u>\$ 40,651</u>	<u>\$ 1,742</u>	<u>\$ 54</u>	<u>\$ 6</u>	<u>\$ 42,453</u>
Carrying amount at September 30, 2023	<u>\$ 46,113</u>	<u>\$ 1,742</u>	<u>\$ -</u>	<u>\$ 1,022</u>	<u>\$ 48,877</u>
					(Concluded)

For the Nine Months Ended September 30, 2022

	Computer Software	Goodwill	Patents	Others	Total
Cost					
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>
Accumulated amortization and impairment					
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 September 30, 2022	<u>\$ 36,234</u>	<u>\$ 1,742</u>	<u>\$ 76</u>	<u>\$ 7</u>	<u>\$ 38,059</u>

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

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Revolving bank loans	\$ 2,518,818	\$ 2,149,414	\$ 2,702,661
Secured borrowings	307,895	528,745	148,407
Letters of credit	<u>42,388</u>	<u>53,762</u>	<u>54,876</u>
	<u>\$ 2,869,101</u>	<u>\$ 2,731,921</u>	<u>\$ 2,905,944</u>
Annual interest rate (%)	0.5~6.57	0.91~5.9	0.85~4.9

b. Short-term bills payable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Commercial paper	\$ 163,000	\$ 50,000	\$ 100,000
Less: Unamortized discounts	(<u>26</u>)	(<u>148</u>)	<u>12</u>
	<u>\$ 162,974</u>	<u>\$ 49,852</u>	<u>\$ 99,988</u>
Annual interest rate (%)	1.37~1.93	1.652	1.2~1.458

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

c. Long-term borrowings

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Revolving bank loans			
Due on various dates through April 2030	\$ 589,649	\$ 780,866	\$ 681,045
Mortgage loans			
Due on various dates through May 2040	<u>1,253,000</u>	<u>1,374,150</u>	<u>1,713,014</u>
	1,842,649	2,155,016	2,394,059
Less: Current portion	<u>1,164,703</u>	<u>446,840</u>	<u>847,018</u>
	<u>\$ 677,946</u>	<u>\$ 1,708,176</u>	<u>\$ 1,547,041</u>
Annual interest rate (%)	0.22~4.872	0.22~3.528	0.22~2.427

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 and Anger 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 for the years ended December 31, 2022 and nine months ended September 30, 2023.

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

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Salaries and incentive bonus	\$ 230,770	\$ 272,345	\$ 252,520
Commission and service fee	134,511	148,738	119,747
Employee compensation and remuneration of directors	44,597	46,930	68,603
Business tax	28,524	52,465	13,915
Insurance	28,639	28,049	27,415
Others	<u>187,251</u>	<u>139,341</u>	<u>156,272</u>
	<u>\$ 654,292</u>	<u>\$ 687,868</u>	<u>\$ 638,472</u>

21. PROVISIONS

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Current			
Warranties	<u>\$ 114,112</u>	<u>\$ 95,291</u>	<u>\$ 82,214</u>
		<u>For the Nine Months Ended September 30</u>	
		<u>2023</u>	<u>2022</u>
Balance, beginning of period	\$ 95,291	\$ 93,307	
Recognized	125,382	115,162	
Paid	(103,138)	(126,497)	
Disposal of subsidiary	(4,426)	-	
Effects of foreign currency exchange differences	<u>1,003</u>	(<u>242</u>)	
Balance, end of period	<u>\$ 114,112</u>	<u>\$ 82,214</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, 2022 and 2021, the amounts was NT\$519 thousand, NT\$576 thousand, NT\$1,605 thousand and NT\$1,748 thousand for the three months and nine months ended September 30, 2023 and 2022, respectively.

23. EQUITY

a. Ordinary Shares

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</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

	September 30 2023	December 31, 2022	September 30, 2022
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
The difference between consideration received or paid and the carrying amount of the subsidiaries net assets during actual disposal or acquisition	26,569	1,456	-
Interest compensation	5,577	5,577	5,577
Expired employee stock warrants	<u>1,234</u>	<u>1,234</u>	<u>1,234</u>
	<u>1,216,827</u>	<u>1,191,714</u>	<u>1,190,258</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>\$ 1,220,665</u>	<u>\$ 1,195,552</u>	<u>\$ 1,194,096</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 appropriations of earnings for 2022 and 2021 had been approved in the shareholder's meeting in June 2023 and 2022. The appropriations and dividends per share were as follows:

	Appropriation of Earnings			
	For the Year Ended		Dividend Per Share (NT\$)	
	December 31		2022	2021
	2022	2021	2022	2021
Legal reserve	\$ 10,242	\$ 12,445		
Cash dividends	<u>50,965</u>	<u>50,965</u>	<u>\$ 0.2</u>	<u>\$ 0.2</u>
	<u>\$ 61,207</u>	<u>\$ 63,410</u>		

d. Special reserve

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

e. Other equity

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

	For the Nine Months Ended September 30	
	2023	2022
Balance, beginning of period	(\$ 120,957)	(\$ 142,556)
Recognized for the period		
Exchange differences on translating foreign operations	(5,193)	48,095
Income tax	<u>1,038</u>	(<u>9,619</u>)
Balance, end of period	<u>(\$ 125,112)</u>	<u>(\$ 104,080)</u>

2) Unrealized gain and loss on financial assets at FVTOCI

	For the Nine Months Ended September 30	
	2023	2022
Balance, beginning of period	\$ 101,118	\$ 135,986
Recognized for the period		
Unrealized gain and loss - equity instruments	<u>24,695</u>	(<u>52,207</u>)
Balance, end of period	<u>\$ 125,813</u>	<u>\$ 83,779</u>

f. Non-controlling interests

	For the Nine Months Ended September 30	
	2023	2022
Balance, beginning of period	\$ 603,452	\$ 594,998
Attributable to non-controlling interests:		
Share in profit (loss) for the period	63,330	31,726
Exchange difference on translating foreign operations	(272)	4,002
Disposal of partial interests in subsidiaries	99,225	-
Dividend distributed by subsidiaries	(27,723)	(24,482)
Reduction of Cash Capital by subsidiaries	(<u>27,723</u>)	<u>-</u>
Balance, end of period	<u>\$ 710,289</u>	<u>\$ 606,244</u>

24. OPERATING REVENUE

a. Contract balances

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>	<u>January 1, 2022</u>
Notes and accounts receivable(include related parties), long-term notes and accounts receivables	<u>\$2,949,809</u>	<u>\$3,080,073</u>	<u>\$3,202,065</u>	<u>\$3,492,602</u>
Contract liabilities				
Sales of goods	<u>\$1,044,827</u>	<u>\$1,125,643</u>	<u>\$1,244,587</u>	<u>\$1,130,202</u>

b. Disaggregation of revenue

	<u>Reportable Segments</u>			
	<u>Machine Manufacturer</u>	<u>Component Manufacturer</u>	<u>Others</u>	<u>Total</u>
<u>For the Nine Months Ended September 30, 2023</u>				
Revenue from sale of goods	\$4,336,114	\$ 253,279	\$ 268,113	\$4,857,506
Revenue from maintenance and rebuilding services	<u>727,975</u>	<u>51,177</u>	<u>71,598</u>	<u>850,750</u>
	<u>\$5,064,089</u>	<u>\$ 304,456</u>	<u>\$ 339,711</u>	<u>\$5,708,256</u>
<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>

25. PROFIT BEFORE INCOME TAX

The following items were included in profit before income tax:

a. Other income

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Rental income	\$ 16,215	\$ 14,850	\$ 49,821	\$ 34,733
Dividend income	-	1,143	13,421	11,306
Government subsidy income	566	132	6,439	8,486
Others	<u>12,310</u>	<u>30,076</u>	<u>32,696</u>	<u>53,058</u>
	<u>\$ 29,091</u>	<u>\$ 46,201</u>	<u>\$102,377</u>	<u>\$ 107,583</u>

b. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Net foreign exchange profit	\$ 46,975	\$ 39,341	\$ 54,628	\$ 79,906
Gain (loss) on financial instruments at fair value through profit or loss	399	8,655	(1,008)	19,226
Depreciation expense	(4,527)	(5,351)	(15,076)	(14,571)
Gain on disposal of property, plant and equipment	275	310	449	1,534
Loss on disposal of subsidiaries (Note 30)	-	(16,131)	(52)	(16,131)
Others	(2,305)	(2,402)	(5,668)	(6,160)
	<u>\$ 40,817</u>	<u>\$ 24,422</u>	<u>\$ 33,273</u>	<u>\$ 63,804</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	
	2023	2022	2023	2022
Foreign exchange gain	\$ 64,122	\$ 77,795	\$143,800	\$ 164,733
Foreign exchange loss	(17,147)	(38,454)	(89,172)	(84,827)
Net foreign exchange gain	<u>\$ 46,975</u>	<u>\$ 39,341</u>	<u>\$ 54,628</u>	<u>\$ 79,906</u>

c. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest on bank loans	\$ 31,209	\$ 24,982	\$ 91,568	\$ 64,138
Interest on lease liabilities	3,916	3,340	11,424	10,100
Others	225	493	560	741
	<u>\$ 35,350</u>	<u>\$ 28,815</u>	<u>\$103,552</u>	<u>\$ 74,979</u>

d. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Depreciation and amortization expenses				
Property, plant and equipment	\$ 51,848	\$ 56,673	\$ 159,394	\$ 174,380
Right-of-use assets	11,082	10,768	35,196	34,172
Investment properties	3,905	4,798	13,237	12,913
Intangible assets	4,930	4,480	14,947	12,223
Others	5,502	4,357	16,243	12,630
	<u>\$ 77,267</u>	<u>\$ 81,076</u>	<u>\$ 239,017</u>	<u>\$ 246,318</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
An analysis of depreciation by function				
Operating costs	\$ 33,393	\$ 38,978	\$ 107,052	\$ 117,711
Operating expenses	28,915	27,910	85,699	89,183
Non-operating expenses	<u>4,527</u>	<u>5,351</u>	<u>15,076</u>	<u>14,571</u>
	<u>\$ 66,835</u>	<u>\$ 72,239</u>	<u>\$ 207,827</u>	<u>\$ 221,465</u>
An analysis of amortization by function				
Operating costs	\$ 5,781	\$ 5,786	\$ 17,501	\$ 16,913
Operating expenses	<u>4,651</u>	<u>3,051</u>	<u>13,689</u>	<u>7,940</u>
	<u>\$ 10,432</u>	<u>\$ 8,837</u>	<u>\$ 31,190</u>	<u>\$ 24,853</u>

(Concluded)

e. Operating expenses directly related to investment properties

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Direct operating expenses of investment properties that generated rental income	<u>\$ 3,905</u>	<u>\$ 4,798</u>	<u>\$ 15,210</u>	<u>\$ 14,958</u>

f. Employee benefits

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	<u>\$ 419,724</u>	<u>\$ 402,449</u>	<u>\$1,319,920</u>	<u>\$1,215,340</u>
Post-employment benefits				
Defined contribution plans	19,071	19,552	61,927	61,657
Defined benefit plans (Note 22)	<u>519</u>	<u>576</u>	<u>1,605</u>	<u>1,748</u>
	<u>19,590</u>	<u>20,128</u>	<u>63,532</u>	<u>63,405</u>
	<u>\$ 439,314</u>	<u>\$ 422,577</u>	<u>\$1,383,452</u>	<u>\$1,278,745</u>
Analysis of employee benefits by function				
Operating costs	\$ 279,125	\$ 257,923	\$ 914,831	\$ 816,557
Operating expenses	<u>160,189</u>	<u>164,654</u>	<u>468,621</u>	<u>462,188</u>
	<u>\$ 439,314</u>	<u>\$ 422,577</u>	<u>\$1,383,452</u>	<u>\$1,278,745</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.

Because of the net operating loss for the nine months ended September 30, 2023 employees' compensation and remuneration of directors were not accrued.

The employees' compensation and remuneration of directors and supervisors for the three months and nine months ended September 30, 2022 were as follows:

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

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.

The employees' compensation and remuneration of directors and supervisors for 2022 and 2021 had been approved by the Board of Director in March, 2023 and 2022, as illustrated below:

	For the Year Ended December 31	
	2022	2021
In Cash		
Employees' compensation	\$ 12,060	\$ 14,348
Remuneration of directors and supervisors	3,654	3,478

There is no difference between the actual payment of employees' compensation and remuneration of directors and supervisors and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

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	
	2023	2022	2023	2022
Current tax				
In respect of the current year	\$ 14,662	\$ 7,860	\$ 28,435	\$ 6,910
Adjustments for prior years	942	(128)	(8,533)	7,702
Income tax on unappropriated earnings	<u>2,525</u>	<u>-</u>	<u>2,525</u>	<u>3,890</u>
	18,129	7,732	22,427	18,502
Deferred tax				
In respect of the current year	(26,960)	25,493	(36,281)	43,787
Adjustments for prior years	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,022)</u>
	<u>(\$ 8,831)</u>	<u>\$ 33,225</u>	<u>(\$ 13,854)</u>	<u>\$ 57,267</u>

- b. Income tax recognized directly in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Deferred tax				
In respect of the current period				
Translation of foreign operations	<u>\$ 7,805</u>	<u>\$ 3,314</u>	<u>(\$ 1,038)</u>	<u>\$ 9,619</u>

c. Income tax assessments

The income tax returns of the subsidiaries (included APEC, Honor Seiki and Tong-Yeh) through 2020 have been assessed by the tax authorities. The Company and the subsidiaries (included Tongfong, Quick-Tech and Chin-Jig (liquidated in December, 2022)) through 2021 have been assessed by the tax authorities.

27. EARNINGS (LOSSES) PER SHARE

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

Net profit (loss) for the period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Attributable to owners of the Company	<u>\$ 10,226</u>	<u>\$ 99,727</u>	<u>(\$ 11,808)</u>	<u>\$ 109,623</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	
	2023	2022	2023	2022
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>-</u>	<u>755</u>	<u>-</u>	<u>1,006</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>254,827</u>	<u>255,582</u>	<u>254,827</u>	<u>255,833</u>

The dilutive loss per share for the nine months ended September 30, 2023 was the same as the basic loss per share because the result was net loss and, therefore, no earnings distribution and no potential dilutive shares from earnings distribution.

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

28. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In December 2022, the Company acquired 605,308 shares of Tong-Yeh from non-controlling interests at a total price of NT 13,499 thousand, resulting in an increase in the percentage of ownership of Tong-Yeh from 60.09% to 94.58%. The above transactions were accounted for as equity transaction since the Company did not cease to have control over the subsidiaries and increased capital surplus by NT\$1,456 thousand.

In September, 2023, the Company disposed 2,703 thousand shares of Honor Seiki at a total price of NT\$124,338 thousand, resulting in a decrease in the percentage of ownership of Honor Seiki from 54.47% to 46.63%. The above transactions were accounted for as equity transaction since the Company did not cease to have control over the subsidiaries and increased capital surplus of the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition by NT\$25,113 thousand.

29. NON-CASH TRANSACTIONS

For the nine months ended September 30, 2023 and 2022, the Company and its subsidiaries entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows:

	For the Nine Months Ended September 30	
	2023	2022
Investing activities affecting both cash and non-cash items		
Acquisition of property, plant and equipment	\$ 63,452	\$ 73,812
Decrease (Increase) of payable for equipment	3,154	27,622
Increase (Decrease) of prepayment for equipment	(<u>5,884</u>)	(<u>18,657</u>)
Cash paid	<u>\$ 60,722</u>	<u>\$ 82,777</u>

30. DISPOSAL OF SUBSIDIARY

a. The subsidiary MBI resolved to sell the subsidiary HPC all shares for NT\$76,649 thousand (EUR\$2,267 thousand), and the disposal was completed in June, 2023, and lost control.

1) Analysis of assets and liabilities on the date control was lost

	HPC
Current assets	
Cash and cash equivalents	\$ 36,600
Account receivables	50,943
Inventories	60,593
Other current assets	1,973
Non-current assets	
Property, plant and equipment	30,583
Right-of-use assets	6,129
Intangible assets	49
Other non-current assets	1,007
Current liabilities	
Short-term borrowings	(10,143)
Contract liabilities	(18,646)
Payables	(34,128)
Other payables	(27,765)
Provisions	(4,426)
Lease liabilities - current	(2,287)
Current portion of long-term bank borrowings	(5,160)
Other current liabilities	(2,542)
Non-current liabilities	
Long-term bank borrowings	(1,014)
Lease liabilities - noncurrent	(<u>5,065</u>)
Net assets disposed of	<u>\$ 76,701</u>

2) Loss on disposal of subsidiaries

	<u>HPC</u>
Consideration received	\$ 76,649
Net assets disposed of	(<u>76,701</u>)
Loss on disposals	(\$ <u><u>52</u></u>)

3) Net cash inflow on disposals of subsidiaries

	<u>HPC</u>
Consideration received in cash	\$ 76,649
Less: Cash balances disposed of	<u>36,600</u>
	<u>\$ 40,049</u>

- b. 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.

1) 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>

2) 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><u>16,131</u></u>)

3) 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>

31. CAPITAL MANAGEMENT

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

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

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

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

	Level 1	Level 2	Level 3	Total
September 30, 2023				
Financial assets at fair value through profit or loss - current				
Foreign exchange forward contract	\$ -	\$ 399	\$ -	\$ 399
Financial assets at FVTOCI - non-current				
Domestic listed shares	\$ 151,069	\$ -	\$ -	\$ 151,069
Domestic unlisted shares	-	-	33,289	33,289
	<u>\$ 151,069</u>	<u>\$ -</u>	<u>\$ 33,289</u>	<u>\$ 184,358</u>
December 31, 2022				
Financial assets at fair value through profit or loss - current				
Cross-currency swap contract	\$ -	\$ 11,948	\$ -	\$ 11,948
Financial assets at FVTOCI - non-current				
Domestic listed shares	\$ 123,364	\$ -	\$ -	\$ 123,364
Domestic unlisted shares	-	-	36,299	36,299
	<u>\$ 123,364</u>	<u>\$ -</u>	<u>\$ 36,299</u>	<u>\$ 159,663</u>
September 30, 2022				
Financial assets at fair value through profit or loss - current				
Cross-currency swap contract	\$ -	\$ 15,966	\$ -	\$ 15,966
Mutual funds	21,550	-	-	21,550
	<u>\$ 21,550</u>	<u>\$ 15,966</u>	<u>\$ -</u>	<u>\$ 37,516</u>

(Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</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>
				(Concluded)

There was no transfer between Level 1 and Level 2 for the nine months ended September 30, 2023 and 2022.

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

For the nine months ended September 30, 2023

<u>Financial assets</u>	<u>Equity Instruments</u> <u>Financial Assets at FVTOCI</u>
Balance, beginning of period	\$ 36,299
Change in fair value recognized in other comprehensive income	(<u>3,010</u>)
Balance, end of period	<u>\$ 33,289</u>

For the nine months ended September 30, 2022

<u>Financial assets</u>	<u>Equity Instruments</u> <u>Financial Assets at 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>

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

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
<u>Financial assets</u>			
Financial assets at FVTPL	\$ 399	\$ 11,948	\$ 37,516
Financial assets at amortized cost (Note1)	4,686,910	4,689,421	5,147,064
Financial assets at FVTOCI			
Equity instruments	184,358	159,663	142,324
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	6,993,635	7,212,210	7,710,756

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

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

1) Market risk

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

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

a) Foreign currency risk

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

The carrying amounts of significant foreign currency monetary assets and liabilities at the balance sheet date are disclosed in Note 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					
	2023	2022	2023	2022	2023	2022

Pre-tax profit or loss (Note) (\$26,573) (\$22,613) (\$21,865) (\$32,159) (\$18,588) (\$19,055)

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, 2023	December 31, 2022	September 30, 2022
Fair value interest rate risk			
Financial assets	\$ 50,108	\$ 16,440	\$ 21,192
Financial liabilities	808,000	712,790	719,962
Cash flow interest rate risk			
Financial liabilities	3,884,652	3,733,011	4,192,679

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

If interest rates of financial liabilities had been 1% higher/lower and all other variables were held constant, the Company and its subsidiaries' pre-tax profit would have been higher/lower by NT\$29,135 thousand and NT\$31,445 thousand for the nine months ended September 30, 2023 and 2022, respectively.

c) Other price risk

The Company and its subsidiaries are exposed to equity price risk through their investments in mutual funds, and domestic listed shares. If domestic listed shares equity prices and mutual funds had been 1% higher/lower, the pre-tax other comprehensive income for the nine months ended September 30, 2023 and 2022 would have been higher/lower by NT\$1,511 thousand and NT\$1,056 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 would have been lower/higher by NT\$216 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.

The Company and its subsidiaries did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

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, 2023

	1 Year	1-5 Years	5+ Years	Total
Non-interest bearing liabilities	\$2,103,668	\$ 15,243	\$ -	\$2,118,911
Interest bearing liabilities	4,256,644	438,863	318,302	5,013,809
Finance lease liabilities	<u>56,262</u>	<u>173,675</u>	<u>695,699</u>	<u>925,636</u>
	<u>\$6,416,574</u>	<u>\$ 627,781</u>	<u>\$1,014,001</u>	<u>\$8,058,356</u>

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

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 56,262</u>	<u>\$ 173,675</u>	<u>\$ 166,900</u>	<u>\$ 165,533</u>	<u>\$ 157,841</u>	<u>\$ 205,425</u>

December 31, 2022

	1 Year	1-5 Years	5+ Years	Total
Non-interest bearing liabilities	\$2,252,652	\$ 22,769	\$ -	\$2,275,421
Interest bearing liabilities	3,229,528	1,502,880	283,919	5,016,327
Finance lease liabilities	<u>48,427</u>	<u>153,610</u>	<u>593,503</u>	<u>795,540</u>
	<u>\$5,530,607</u>	<u>\$1,679,259</u>	<u>\$ 877,422</u>	<u>\$8,087,288</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>\$ 48,427</u>	<u>\$153,610</u>	<u>\$124,547</u>	<u>\$124,483</u>	<u>\$120,911</u>	<u>\$223,562</u>

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>

e. Financial assets transfer information

The subsidiary Suzhou Tongyu signed a discounted notes receivable contract with the bank. 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.

As of September 30, 2023, December 31, 2022 and September 30, 2022, the carrying amounts of the un-derecognition transferred bank acceptance receivable were NT\$92,274 thousand, NT\$198,136 thousand and NT\$83,407 thousand, respectively, and the carrying amounts of related liabilities were NT\$92,274 thousand NT\$198,136 thousand and NT\$83,407 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. (Contrel Technology)	Other related parties
F.S.E Corporation (F.S.E)	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. (IAMECH)	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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues from sales	Other related parties	<u>\$ 1,941</u>	<u>\$ 3,902</u>	<u>\$ 6,033</u>	<u>\$10,256</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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Other related parties	<u>\$ 33,592</u>	<u>\$ 38,674</u>	<u>\$ 84,437</u>	<u>\$124,176</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, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts receivable - related parties	Other related parties	<u>\$ 938</u>	<u>\$ 4,643</u>	<u>\$ 6,639</u>
Other accounts receivable	Other related parties	<u>\$ -</u>	<u>\$ 1,192</u>	<u>\$ 1,512</u>

e. Payables to related parties

<u>Account Item</u>	<u>Related Party Type</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts payable - related parties	Other related parties			
	Shiang Jen	\$ 30,423	\$ 46,701	\$ 51,804
	Control Technology	15,250	-	-
	Shan Shin	<u>12,793</u>	<u>15,383</u>	<u>19,500</u>
		<u>\$ 58,466</u>	<u>\$ 62,084</u>	<u>\$ 71,304</u>
Other accounts payable	Other related parties	<u>\$ 25</u>	<u>\$ 306</u>	<u>\$ 1,744</u>

f. Contract liabilities

<u>Account Item</u>	<u>Related Party Type</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Contract liabilities - current	Other related parties	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ -</u>

g. Disposal of other assets

<u>Related Party Type</u>	<u>Object of Transaction</u>	<u>Disposal Year</u>	<u>Number of Shares</u>	<u>Disposal Price</u>
Other related parties	Equity	2023	546,037	\$ 25,118
Key management personnel	Equity	2023	81,774	3,762

For the future development strategy of the group, the company disposed the shares of Honor Seiki to other related parties and key management personnel in July 2023. The difference

between the consideration and carrying amount was recognized under the capital surplus (Refer to Note 28).

h. 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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	Other related parties	<u>\$ 199</u>	<u>\$ 397</u>	<u>\$ 510</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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	Other related parties			
Shiang Jen	\$ 1,350	\$ 1,320	\$ 4,050	\$ 3,960
Control Technology	780	-	1,560	-
Others	-	-	-	4
	<u>\$ 2,130</u>	<u>\$ 1,320</u>	<u>\$ 5,610</u>	<u>\$ 3,964</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.

i. Compensation of key management personnel

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	Short-term employee benefits	\$ 3,488	\$ 3,453	\$ 10,907
Post-employment benefits	<u>143</u>	<u>60</u>	<u>429</u>	<u>180</u>
	<u>\$ 3,631</u>	<u>\$ 3,513</u>	<u>\$ 11,336</u>	<u>\$ 10,536</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, banker's guarantee and discount were as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Discounted notes receivable	\$ 92,274	\$ 198,136	\$ 83,407
Property, plant and equipment	1,830,989	1,841,222	1,863,518
Investment properties	233,392	240,912	217,837
Other financial assets (including current and noncurrent portion)	<u>216,382</u>	<u>279,634</u>	<u>134,953</u>
	<u>\$ 2,373,037</u>	<u>\$ 2,559,904</u>	<u>\$ 2,299,715</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, 2023 were as follows:

- Unused letters of credit in the amount of NT\$19,010 thousand.
- For sales, bidding, export tariff and commodity tax, the Company and its subsidiaries entered into credit facility agreements with banks for commitment amount of NT\$397,990 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, 2023	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
Monetary foreign currency assets				
USD	\$ 38,214	32.27	(USD:NTD)	\$ 1,233,166
CNY	168,691	4.415	(CNY:NTD)	774,771
USD	940	0.952	(USD:EUR)	30,334
USD	403	4.909	(USD:MYR)	13,005
EUR	19,081	33.91	(EUR:NTD)	647,037
Non-monetary foreign currency assets				
Investment accounted for using the equity method				
USD	\$ 129	32.27	(USD:NTD)	\$ 4,174
MYR	9,293	6.574	(MYR:NTD)	61,093
JPY	116,055	0.216	(JPY:NTD)	25,091
Monetary foreign currency liabilities				
USD	12,108	32.27	(USD:NTD)	390,725
CNY	3,612	4.415	(CNY:NTD)	15,947
EUR	809	33.91	(EUR:NTD)	27,433
Monetary foreign currency liabilities				
Investment accounted for using the equity method				
EUR	4,899	33.91	(EUR:NTD)	166,115
December 31, 2022				
Monetary foreign currency assets				
USD	\$ 41,714	30.71	(USD:NTD)	1,281,037
USD	1,013	0.939	(USD:EUR)	31,109
CNY	207,068	4.408	(CNY:NTD)	912,756
EUR	20,370	32.72	(EUR:NTD)	666,506

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
Non-monetary foreign currency assets				
Investment accounted for using the equity method				
USD	169	30.71	(USD: NTD)	5,192
MYR	7,425	6.699	(MYR: NTD)	49,739
JPY	99,527	0.2324	(JPY: NTD)	23,130
Monetary foreign currency liabilities				
USD	14,980	30.71	(USD: NTD)	460,036
USD	2,772	0.939	(USD: EUR)	85,128
USD	1,593	4.584	(USD:MYR)	48,921
CNY	7,739	4.408	(CNY: NTD)	34,114
EUR	496	32.72	(EUR: NTD)	16,229
Non-monetary foreign currency liabilities				
Investment accounted for using the equity method				
EUR	3,859	32.72	(EUR: NTD)	126,269
September 30, 2022				
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
Monetary foreign currency liabilities				
USD	16,668	31.75	(USD:NTD)	529,209
USD	4	1.016	(USD:EUR)	127
CNY	8,763	4.439	(CNY:NTD)	39,197
EUR	104	31.26	(EUR:NTD)	3,251
Non-monetary foreign currency assets				
Investment accounted for using the equity method				
EUR	2,197	31.26	(EUR:NTD)	68,671

(Concluded)

For the three months and nine months ended September 30, 2023 and 2022, net foreign exchange gains and losses were gains of NT\$46,975 thousand, gains of NT\$39,341 thousand, gains of NT\$54,628 thousand and gains of NT\$79,906 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 attached.
- 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 6 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 (was disposed in July 2022), HPC (was disposed in June 2023), CERIMATEC 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
For the Nine Months Ended September 30, 2023					
Revenues from external customers	\$ 5,064,089	\$ 304,456	\$ 339,711	\$ -	\$ 5,708,256
Inter-segment revenues	<u>485,835</u>	<u>151,416</u>	<u>64,407</u>	<u>(701,658)</u>	<u>-</u>
Segment revenues	<u>\$ 5,549,924</u>	<u>\$ 455,872</u>	<u>\$ 404,118</u>	<u>(\$ 701,658)</u>	<u>\$ 5,708,256</u>
Segment profit (loss)	(\$ 49,143)	\$ 1,410	\$ 17,691	\$ 12,721	(\$ 17,321)
Interest income	37,472	95	2,897	(17,872)	22,592
Financial costs	(100,060)	(1,871)	(19,495)	17,874	(103,552)
Share of the profit (loss) of associates	299	-	-	-	299
Other non-operating income and expenses	<u>134,345</u>	<u>4,295</u>	<u>7,162</u>	<u>(10,152)</u>	<u>135,650</u>
Profit (loss) before income tax	22,913	3,929	8,255	2,571	37,668
Income tax expense (benefit)	(15,878)	1,659	365	-	(13,854)
Net profit (loss) for the period	<u>\$ 38,791</u>	<u>\$ 2,270</u>	<u>\$ 7,890</u>	<u>\$ 2,571</u>	<u>\$ 51,522</u>
For the Nine Months Ended September 30, 2022					
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	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	<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>

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Segment assets</u>			
Machine Manufacturer	\$ 17,430,861	\$ 17,676,850	\$ 18,229,091
Component Manufacturer	372,024	368,705	403,427
Others	1,466,506	1,225,190	1,532,743
Adjustment and Elimination	<u>(4,432,710)</u>	<u>(4,367,001)</u>	<u>(4,659,775)</u>
	<u>\$ 14,836,681</u>	<u>\$ 14,903,744</u>	<u>\$ 15,505,486</u>
<u>Segment liabilities</u>			
Machine Manufacturer	\$ 9,848,972	\$ 10,083,729	\$ 10,420,705
Component Manufacturer	278,592	201,352	239,401
Others	846,139	707,432	854,733
Adjustment and Elimination	<u>(1,901,073)</u>	<u>(1,763,103)</u>	<u>(1,691,758)</u>
	<u>\$ 9,072,630</u>	<u>\$ 9,229,410</u>	<u>\$ 9,823,081</u>

TABLE 1

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

(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	\$ 70,035	\$ 37,111	\$ 35,497	1.7~3.8	Note 1	\$ -	Operating capital	\$ -		\$ -	\$ 505,376	\$ 1,010,752	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	Other receivables - related party	Yes	496,700	485,252	485,252	1.35~4.75	Note 1	-	Operating capital	-		-	505,376	1,010,752	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Other receivables - related party	Yes	140,208	74,221	74,221	1.3~3.8	Note 1	-	Operating capital	-		-	505,376	1,010,752	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Other receivables - related party	Yes	177,320	176,600	176,600	2.8~3	Note 1	-	Operating capital	-		-	505,376	1,010,752	Note 2
0	Tongtai Machine & Tool Co., Ltd.	mbi-group Beteiligung GmbH	Other receivables - related party	Yes	27,074	23,737	23,737	1.35~4.872	Note 1	-	Operating capital	-		-	505,376	1,010,752	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Tong-Yeh Precision Industry Co., Ltd.	Other receivables - related party	Yes	35,600	30,000	10,600	1.3~1.81	Note 1	-	Operating capital	-		-	505,376	1,010,752	Note 2
0	Tongtai Machine & Tool Co., Ltd.	PCI SCEMM	Other receivables - related party	Yes	34,710	33,910	33,910	4.971	Note 1	-	Operating capital	-		-	505,376	1,010,752	Note 2
1	Union Top Industrial (Samoa) Limited	PCI SCEMM	Other receivables - related party	Yes	34,710	33,910	33,910	4.971	Note 1	-	Operating capital	-		-	101,001	202,003	Note 3
1	Union Top Industrial (Samoa) Limited	Anger Machining GmbH	Other receivables - related party	Yes	94,897	92,710	92,710	1.5	Note 1	-	Operating capital	-		-	101,001	202,003	Note 3
1	Union Top Industrial (Samoa) Limited	mbi-group Beteiligung GmbH	Other receivables - related party	Yes	10,066	9,834	9,834	3	Note 1	-	Operating capital	-		-	101,001	202,003	Note 3
1	Union Top Industrial (Samoa) Limited	Tongan GmbH	Other receivables - related party	Yes	17,424	17,023	17,023	3.5	Note 1	-	Operating capital	-		-	101,001	202,003	Note 3
2	PCI-SCEMM	CERIMATEC	Other receivables - related party	Yes	34,710	33,910	29,207	3.46	Note 1	-	Operating capital	-		-	34,330	68,660	Note 3
2	PCI-SCEMM	TTGroup France	Other receivables - related party	Yes	6,942	6,782	6,782	2.21~3.46	Note 1	-	Operating capital	-		-	34,330	68,660	Note 3

Note 1: The need for short-term financing.

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

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

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

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

(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	\$ 1,516,128	\$ 32,270	\$ 32,270	\$ -	\$ -	0.65	\$ 2,526,881	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	1,516,128	497,926	497,926	364,358	-	9.96	2,526,881	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Mbi-group Beteiligung GmbH	The Company owns directly or indirectly over 50% ownership of the investee company	1,516,128	34,710	33,910	33,910	-	0.68	2,526,881	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	The Company owns directly or indirectly over 50% ownership of the investee company	1,516,128	566,718	525,605	457,785	-	10.51	2,526,881	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Asia Pacific Elite Corp.	The Company owns directly or indirectly over 50% ownership of the investee company	1,516,128	235,000	235,000	193,500	-	4.70	2,526,881	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Tongan GmbH	The Company owns directly or indirectly over 50% ownership of the investee company	1,516,128	16,285	-	-	-	-	2,526,881	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	1,516,128	40,000	40,000	21,500	-	0.80	2,526,881	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	1,516,128	75,720	57,270	3,066	-	1.15	2,526,881	Y	-	-	

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

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

- (1) The ceilings on the amounts for the aggregate amounts to the entities shall not exceed 50% of the net worth of the Company.
- (2) The ceilings on the amounts for any individual entity to the entities shall not exceed 30% of the net worth of the Company.

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

- (1) The ceilings on the amounts for the aggregate amounts to the entities shall not exceed 50% of the net worth of the Company.
- (2) The ceilings on the amounts for any individual entity to the entities shall not exceed 30% of the net worth of the Company.
- (3) Except for (1) and (2), the total amount of endorsement/guarantee provided by the Company to any individual entity deriving from business relations shall not exceed the total business amount between such party and the Company for the twelve-month period immediately before the extension of endorsement/guarantee (the business amount refers to purchase amount or sales amount of the goods between the parties, whichever is higher).

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2023

(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, 2023				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Tongtai Machine & Tool Co., Ltd.	Common stock Control Technology Co., Ltd.	Same president	Financial assets at fair value through other comprehensive income - non current	6,849,178	\$ 131,161	4	\$ 131,161	
	SHIANG JEN CO., LTD.	The held company as its director	Financial assets at fair value through other comprehensive income - non current	1,520,000	15,699	19	15,699	
	World Known MFG (Cayman) Limited	-	Financial assets at fair value through other comprehensive income - non current	280,000	19,908	1	19,908	
	USYNC INC.	-	Financial assets at fair value through other comprehensive income - non current	295,371	11,276	4	11,276	
	WORLD KNOWN MFG. CO., LTD.	-	Financial assets at fair value through other comprehensive income - non current	229,729	6,314	1	6,314	
					<u>\$ 184,358</u>		<u>\$ 184,358</u>	

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 SEPTEMBER 30, 2023
 (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	(\$ 100,357)	1.76	Comparable with ones of non-related party transactions	\$ -	-	\$ 67,646	2.33	Note

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

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

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

SEPTEMBER 30, 2023

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

Company Name	Related Party	Relationship	Ending Balance (Note 3)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Amount		
Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Subsidiary	\$ 247,741(Note 1)	1.96	\$ -	-	\$ 12,476	\$ -
	Anger Machining GmbH	Subsidiary	501,739(Note 2)	4.48	-	-	-	-

Note 1: Including accounts receivable amounted of NT\$67,646 thousand and other receivable amounted of NT\$180,095 thousand. Other receivable was excluded in the calculation turnover rate.

Note 2: Including accounts receivable amounted of NT\$1,558 thousand and other receivable amounted of NT\$500,181 thousand. Other receivable was excluded in the calculation turnover rate.

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

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Operating Revenues or Assets
0	Tongtai Machine & Tool Co., Ltd.	Quick-Tech Machinery Co., Ltd.	Parent to subsidiary	Sales	\$ 80,874	Based on contracts	1.42
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd	Parent to subsidiary	Sales	100,357	Based on contracts	1.76
0	Tongtai Machine & Tool Co., Ltd.	Process Conception Ingenierie-Societe de Construction D'equipments, De Mecanisations Et De Machines	Parent to subsidiary	Sales	49,337	Based on contracts	0.86
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd	Parent to subsidiary	Accounts receivable	67,646	Based on contracts	0.46
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd	Parent to subsidiary	Other receivable	180,095	Based on contracts and BOD resolution	1.21
0	Tongtai Machine & Tool Co., Ltd.	Process Conception Ingenierie-Societe de Construction D'equipments, De Mecanisations Et De Machines	Parent to subsidiary	Other receivable	35,985	Based on contracts and BOD resolution	0.24
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	Parent to subsidiary	Other receivable	500,181	Based on contracts and BOD resolution	3.37
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Parent to subsidiary	Other receivable	76,226	Based on contracts and BOD resolution	0.51
1	Tongfong Auto Tech Co., Ltd.	Tongtai Machine & Tool Co., Ltd.	Subsidiary to Parent	Sales	75,567	Based on contracts	1.32
1	Tongfong Auto Tech Co., Ltd.	Tongtai Machine & Tool Co., Ltd.	Subsidiary to Parent	Accounts receivable	45,744	Based on contracts	0.31
2	Asia Pacific Elite Corp.	TTGroup France	Subsidiary to Subsidiary	Sales	61,500	Based on contracts	1.08
2	Asia Pacific Elite Corp.	TTGroup France	Subsidiary to Subsidiary	Accounts receivable	39,676	Based on contracts	0.27
3	Union Top Industrial (Samoa) Limited	Anger Machining GmbH	Subsidiary to Subsidiary	Other receivable	95,768	Based on contracts and BOD resolution	0.65
4	HPC Produktions GmbH (Note)	Anger Machining GmbH	Subsidiary to Subsidiary	Sales	37,604	Based on contracts	0.66

Note : In June 2023, HPC Produktions GmbH was disposed out the shares.

TABLE 7

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023, 2023

(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, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
Tongtai Machine & Tool Co., Ltd.	Union Top Industrial (Samoa) Limited	Samoa	General investment	\$ 560,867	\$ 560,867	16,465,400	100.00	\$ 1,007,366	(\$ 48,837)	(\$ 48,837)	Note 1
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	37,907	4,878	4,878	Note 1
Tongtai Machine & Tool Co., Ltd.	Asia Pacific Elite Corp.	Taichung City	Sales and manufacturing of equipment	409,240	409,240	14,515,634	99.83	137,189	8,990	9,751	Note 1
Tongtai Machine & Tool Co., Ltd.	Quick-Tech Machinery Co., Ltd.	Kaohsiung City	Sales and manufacturing of equipment	197,989	197,989	11,896,891	99.14	70,820	21,604	21,904	Note 1
Tongtai Machine & Tool Co., Ltd.	Honor Seiki Co., Ltd.	Kaohsiung City	Sales and manufacturing of equipment	-	106,721	16,088,893	46.63	498,300	107,543	55,357	Note 1
Tongtai Machine & Tool Co., Ltd.	Tong-Yeh Precision Co., Ltd.	Kaohsiung City	Sales, manufacturing and processing of machine component	28,020	28,020	1,659,790	94.58	32,728	(8,253)	(7,806)	Note 1
Tongtai Machine & Tool Co., Ltd.	Tongtai Machine & Tool Japan Co., Ltd.	Japan	Sales and manufacturing of equipment	31,561	31,561	889	100.00	25,091	3,708	3,708	Note 1
Tongtai Machine & Tool Co., Ltd.	Tong Tai Machinery Co., Ltd.	Thailand	Sales of customized machine	5,854	5,854	999,998	100.00	21,697	(412)	(412)	Note 1
Tongtai Machine & Tool Co., Ltd.	Tongtai Seiki Vietnam Co., Ltd.	Vietnam	Sales of customized machine	9,054	9,054	631,080	100.00	22,313	(1,366)	(1,366)	Note 1
Tongtai Machine & Tool Co., Ltd.	Tongtai Machine Tool (SEA) Sdn. Bhd.	Malaysia	Sales of customized machine	5,107	5,107	520,000	52.00	25,225	23,733	12,341	Note 1
Tongtai Machine & Tool Co., Ltd.	Tongtai Machine Tool (MFG) Sdn. Bhd.	Malaysia	Sales and manufacturing of equipment	71,952	71,952	8,500,000	100.00	35,868	(61)	(61)	Note 1
Tongtai Machine & Tool Co., Ltd.	Tong-Tai Seiki USA, Inc.	USA	Sales of merchandise	71,667	71,667	100	100.00	4,174	(1,228)	(1,228)	Note 1
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	4,600	(2,096)	(2,096)	Note 1
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	249,541	(105,026)	(105,026)	Note 1
Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Netherlands	Sales of merchandise	96,221	96,221	9,000	100.00	(52,300)	(3,566)	(3,566)	Note 1
Tongtai Machine & Tool Co., Ltd.	Tongan GmbH	Austrian	General investment	597,771	597,771	35,000	100.00	(363,356)	73,524	73,524	Note 1
Tongtai Machine & Tool Co., Ltd.	Cyber Laser Taiwan Co., Ltd.	Tainan City	Machine and manufacturing of electronic component	20,000	20,000	2,000,000	33.00	-	-	-	
Tongtai Machine & Tool Co., Ltd.	Printin3d DigiTech Co., Ltd.	Taoyuan City	Development of 3D printer of digital Implantology	10,000	10,000	1,000,000	40.00	8,414	748	299	
Union Top Industrial (Samoa) Limited	Great Pursuit Limited	Samoa	General investment	40,054	40,054	-	55.00	-	-	-	Note 1
Tongtai Machine & Tool Japan Co., Ltd.	SKTD Co., Ltd.	Japan	Design and development of machine tools	23,203	23,203	780	98.73	18,107	2,036	2,010	Note 1
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	(7,989)	(3,876)	(3,876)	Note 1
Process Conception Ingenierie-Societe de Construction D'equipments, De Mecanisations Et De Machines	CERIMATEC	France	Design and development of machine tools	9,816	9,816	300,000	100.00	2,582	(2,911)	(2,911)	Note 1
Tongan GmbH	Mbi-group Beteiligung GmbH	Austrian	General investment	611,202	611,202	-	100.00	(347,448)	72,728	74,038	Note 1
Mbi-group Beteiligung GmbH	HPC Produktions GmbH	Austrian	Sales of mold and equipment	-	1,215	-	100.00	-	6,519	6,519	Notes 1 and 2
Mbi-group Beteiligung GmbH	Anger Machining GmbH	Austrian	Sales, manufacturing and maintenance of machine tools	595,855	595,855	-	100.00	(265,914)	70,860	70,860	Note 1
Anger Machining GmbH	Anger Machining Inc.	USA	Sales and maintenance of machine tools	122	122	60,000	100.00	7,262	5,571	5,571	Note 1
Anger Machining GmbH	Anger Service Deutschland GmbH	Germany	Sales and maintenance of machine tools	868	868	-	100.00	2,195	(328)	(328)	Note 1

Note 1: All the transactions had been eliminated when preparing consolidated financial statements.

Note 2: In June 2023, the subsidiary was disposed out the shares.

TABLE 8

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023**

(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, 2022 (Note 1)	Remittance of Funds (Note 1)		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2023 (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, 2023	Accumulated Repatriation of Investment Income as of September 30, 2023	Note
					Outward	Inward							
Tong-Yu Machine Tool (Shanghai) Co., Ltd.	Sales and maintenance of machine tools	\$ 77,706	Investments through a holding company registered in a third region	\$ 77,706	\$ -	\$ -	\$ 77,706	(\$ 3,232)	100.00	(\$ 3,232)	\$ 87,148	\$ -	Note 4
Suzhou Tongyu Machine Tool Co., Ltd.	Manufacturing of digital control machine and system	806,750	Investments through a holding company registered in a third region	806,750	-	-	806,750	(22,246)	100.00	(22,246)	1,097,489	199,923	Note 4
Shanghai Tong-Tai-Shin Trading Co., Ltd.	International trade	6,454	Investments through a holding company registered in a third region	6,454	-	-	6,454	550	100.00	550	9,973	8,972	Note 4
Hao-Tern-Shin Electronics (Shenzhen) Co., Ltd.	Sales and manufacturing of printed circuit board	80,675	Investments through a holding company registered in a third region	44,371	-	-	44,371	-	55.00	-	-	-	Note 4

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2023 (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.	\$ 935,281	\$ 935,281	\$ 3,032,257

Note 1: The amounts were calculated based on the foreign exchange rate as of September 30, 2023.

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

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

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

TABLE 9**TONGTAI MACHINE & TOOL CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2023**

Name of The Major Shareholder	Shares	
	Number of Shares Owned (shares)	Percentage of Ownership (%)
San Shin Investment Co., Ltd.	20,876,889	8.19

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.