

Tongtai Machine & Tool Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2024 and 2023 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 March 31, 2024 and 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, 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 12 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated statements were not reviewed. As of March 31, 2024 and 2023, the combined total assets of these non-significant subsidiaries were NT\$3,914,740 thousand and NT\$5,855,140 thousand, representing 31% and 38%, respectively, of the consolidated total assets; the combined total liabilities of these non-significant subsidiaries were NT\$2,829,246 thousand and NT\$4,138,950 thousand, representing 37% and 42%, respectively, of the consolidated total liabilities. For the three months ended March 31, 2024 and 2023, the amounts of the combined comprehensive income (loss) of these non-significant subsidiaries were NT\$(56,340) thousand and NT\$(9,045) thousand, representing 215% and 33%, respectively, of the consolidated total comprehensive income.

In addition, as disclosed in Note 13 to the consolidated financial statements, the total carrying amounts of the investments accounted for using the equity method were NT\$717,558 thousand and NT\$7,828 thousand as of March 31, 2024 and 2023, respectively; the share of profit (loss) of associates accounted for using the equity method were NT\$15,950 thousand and NT\$(287) thousand for the three months ended March 31, 2024 and 2023, 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 March 31, 2024 and 2023, its consolidated financial performance for the three months ended March 31, 2024 and 2023, and its consolidated cash flows for three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Yu-Shiang Liu and Lee-Yuan Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 10, 2024

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)

	March 31, 2024 (Reviewed)		December 31, 2023 (Audited)		March 31, 2023 (Reviewed)	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 1,122,454	9	\$ 919,787	7	\$ 1,588,727	10
Financial assets at fair value through profit or loss - current (Note 7)	351	-	53	-	6	-
Notes receivable, net (Notes 10 and 35)	355,463	3	377,846	3	471,201	3
Accounts receivable, net (Note 10)	2,121,158	17	2,265,777	18	2,455,653	16
Accounts receivable - related parties (Notes 10 and 34)	14,334	-	16,523	-	3,271	-
Other receivables (Note 34)	110,651	1	54,532	1	101,874	1
Current tax assets	26,153	-	25,374	-	25,589	-
Inventories (Note 11)	4,016,822	31	4,042,549	32	5,601,069	36
Other financial assets - current (Notes 14 and 35)	30,647	-	28,478	-	222,110	1
Other current assets (Note 34)	258,703	2	228,458	2	261,807	2
Total current assets	<u>8,056,736</u>	<u>63</u>	<u>7,959,377</u>	<u>63</u>	<u>10,731,307</u>	<u>69</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	242,921	2	177,323	2	185,685	1
Non-current financial assets at amortised cost (Note 9)	20,000	-	20,000	-	-	-
Investments accounted for using the equity method (Note 13)	717,558	6	750,365	6	7,828	-
Property, plant and equipment (Notes 15 and 35)	1,898,721	15	1,900,770	15	2,693,573	18
Right-of-use assets (Note 16)	678,519	5	655,455	5	688,190	5
Investment properties (Notes 17 and 35)	481,687	4	484,203	4	503,518	3
Intangible assets (Note 18)	41,932	-	44,000	-	57,624	-
Deferred tax assets	455,771	4	447,672	4	407,318	3
Refundable deposits	20,713	-	17,487	-	25,435	-
Long-term notes and accounts receivable (Note 10)	49,228	-	49,796	-	12,800	-
Net defined benefit assets (Note 4)	2,921	-	2,921	-	3,148	-
Other financial assets - non-current (Notes 14 and 35)	115,828	1	115,020	1	139,112	1
Other non-current assets (Note 10)	29,567	-	28,002	-	39,636	-
Total non-current assets	<u>4,755,366</u>	<u>37</u>	<u>4,693,014</u>	<u>37</u>	<u>4,763,867</u>	<u>31</u>
TOTAL	<u>\$12,812,102</u>	<u>100</u>	<u>\$12,652,391</u>	<u>100</u>	<u>\$15,495,174</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 19 and 35)	\$ 2,577,534	20	\$ 2,499,033	20	\$ 3,032,893	20
Short-term bills payable (Note 19)	60,000	1	109,732	1	249,951	2
Contract liabilities - current (Notes 25 and 34)	931,826	7	850,990	7	1,351,467	9
Notes payable (Note 20)	311,236	3	271,085	2	210,409	1
Notes payable - related parties (Notes 20 and 34)	1,882	-	1,882	-	-	-
Accounts payable (Note 3.)	765,730	6	781,196	6	1,212,279	8
Accounts payable - related parties (Notes 20 and 34)	51,060	-	47,899	-	46,830	-
Other payables (Notes 21 and 34)	542,622	4	567,289	5	592,878	4
Current tax liabilities	7,888	-	7,990	-	28,035	-
Provisions - current (Note 22)	123,086	1	130,998	1	103,322	1
Lease liabilities - current (Note 16)	38,238	-	33,911	-	36,085	-
Current portion of long-term bank borrowings (Notes 19 and 35)	694,577	6	1,026,022	8	791,516	5
Other current liabilities	53,062	-	67,974	1	37,248	-
Total current liabilities	<u>6,158,741</u>	<u>48</u>	<u>6,396,001</u>	<u>51</u>	<u>7,692,913</u>	<u>50</u>
NON-CURRENT LIABILITIES						
Long-term bank borrowings (Notes 19 and 35)	787,408	6	389,461	3	1,276,123	8
Deferred tax liabilities	62,641	1	62,641	1	68,778	1
Lease liabilities - noncurrent (Note 16)	660,550	5	640,492	5	667,995	4
Net defined benefit liabilities (Note 4)	62,392	-	58,839	-	66,722	-
Guarantee deposits received	7,610	-	6,022	-	21,233	-
Total non-current liabilities	<u>1,580,601</u>	<u>12</u>	<u>1,157,455</u>	<u>9</u>	<u>2,100,851</u>	<u>13</u>
Total liabilities	<u>7,739,342</u>	<u>60</u>	<u>7,553,456</u>	<u>60</u>	<u>9,793,764</u>	<u>63</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 24 and 30)						
Ordinary shares	2,548,265	20	2,548,265	20	2,548,265	16
Capital surplus	1,220,665	10	1,220,665	9	1,195,552	8
Retained earnings						
Legal reserve	753,831	6	753,831	6	743,589	5
Special reserve	89,749	1	89,749	1	89,749	1
Unappropriated earnings	405,075	3	509,533	4	507,384	3
Total retained earnings	<u>1,248,655</u>	<u>10</u>	<u>1,353,113</u>	<u>11</u>	<u>1,340,722</u>	<u>9</u>
Other equity	52,579	-	(27,379)	-	8,201	-
Total equity attributable to owners of the Company	<u>5,070,164</u>	<u>40</u>	<u>5,094,664</u>	<u>40</u>	<u>5,092,740</u>	<u>33</u>
NON-CONTROLLING INTERESTS (Note 24)	<u>2,596</u>	<u>-</u>	<u>4,271</u>	<u>-</u>	<u>608,670</u>	<u>4</u>
Total equity	<u>5,072,760</u>	<u>40</u>	<u>5,098,935</u>	<u>40</u>	<u>5,701,410</u>	<u>37</u>
TOTAL	<u>\$12,812,102</u>	<u>100</u>	<u>\$12,652,391</u>	<u>100</u>	<u>\$15,495,174</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' reviewed report dated May 10, 2024)

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)

Amount	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUES (Note 25 and 34)	\$ 1,323,214	100	\$ 1,735,734	100
OPERATING COSTS (Notes 11, 26 and 34)	1,122,226	85	<u>1,343,824</u>	<u>78</u>
GROSS PROFIT	200,988	15	<u>391,910</u>	<u>22</u>
OPERATING EXPENSES (Notes 10, 26 and 34)				
Selling and marketing expenses	180,622	14	209,831	12
General and administrative expenses	126,006	9	138,026	8
Research and development expenses	53,654	4	65,259	4
Expected credit loss (gain)	1,688	-	(<u>27,719</u>)	(<u>2</u>)
Total operating expenses	361,970	27	<u>385,397</u>	<u>22</u>
PROFIT (LOSS) FROM OPERATIONS	(160,982)	(12)	<u>6,513</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES (Notes 13, 26 and 34)				
Interest income	2,556	-	6,118	1
Other income	29,103	2	21,652	1
Other gains and losses	25,463	2	(2,588)	-
Finance costs	(30,465)	(2)	(31,363)	(2)
Share of profits (loss) of associates	15,950	1	(<u>287</u>)	<u>-</u>
Total non-operating income and expenses	42,607	3	(<u>6,468</u>)	<u>-</u>
PROFIT (LOSS) BEFORE INCOME TAX	(118,375)	(9)	45	-
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 27)	(12,540)	(1)	<u>712</u>	<u>-</u>
NET PROFIT (LOSS) FOR THE PERIOD	(105,835)	(8)	(<u>667</u>)	<u>-</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 March 31			
	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 24 and 27)				
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	\$ 65,598	5	\$ 26,022	2
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	17,652	1	2,225	-
Income tax relating to items that may be reclassified subsequently to profit or loss	(3,590)	-	(504)	-
Other comprehensive loss for the year, net of income tax	79,660	6	27,743	2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(\$ 26,175)	(2)	\$ 27,076	2
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	(\$ 104,458)	(8)	(\$ 6,182)	-
Non-controlling interests	(1,377)	-	5,515	-
	(\$ 105,835)	(8)	(\$ 667)	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	(\$ 24,500)	(2)	\$ 21,858	1
Non-controlling interests	(1,675)	-	5,218	1
	(\$ 26,175)	(2)	\$ 27,076	2
EARNINGS (LOSSES) PER SHARE (Note 28)				
Basic	(\$ 0.41)		(\$ 0.02)	
Diluted	(0.41)		(0.02)	

(Concluded)

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

(With Deloitte & Touche auditors' reviewed report dated May 10, 2024)

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										
						Other Equity					
	Retained Earnings					Exchange Differences on Translating Equity Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity	Total Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2024	\$ 2,548,265	\$ 1,220,665	\$ 753,831	\$ 89,749	\$ 509,533	(\$ 146,157)	\$ 118,778	(\$ 27,379)	\$ 5,094,664	\$ 4,271	\$ 5,098,935
Net profit (loss) for the three months ended March 31, 2024	-	-	-	-	(104,458)	-	-	-	(104,458)	(1,377)	(105,835)
Other comprehensive income (loss) for the three months ended March 31, 2024, net of income tax	-	-	-	-	-	14,360	65,598	79,958	79,958	(298)	79,660
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	(104,458)	14,360	65,598	79,958	(24,500)	(1,675)	(26,175)
BALANCE AT MARCH 31, 2024	\$ 2,548,265	\$ 1,220,665	\$ 753,831	\$ 89,749	\$ 405,075	(\$ 131,797)	\$ 184,376	\$ 52,579	\$ 5,070,164	\$ 2,596	\$ 5,072,760
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
Net profit for the three months ended March 31, 2023	-	-	-	-	(6,182)	-	-	-	(6,182)	5,515	(667)
Other comprehensive income (loss) for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	2,018	26,022	28,040	28,040	(297)	27,743
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	(6,182)	2,018	26,022	28,040	21,858	5,218	27,076
BALANCE AT MARCH 31, 2023	\$ 2,548,265	\$ 1,195,552	\$ 743,589	\$ 89,749	\$ 507,384	(\$ 118,939)	\$ 127,140	\$ 8,201	\$ 5,092,740	\$ 608,670	\$ 5,701,410

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

(With Deloitte & Touche auditors' reviewed report dated May 10, 2024)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	(\$ 118,375)	\$ 45
Adjustments for:		
Depreciation expense	58,514	70,639
Amortization expense	9,482	9,138
Expected credit losses (profit)	1,688	(27,719)
Net loss (gain) on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(295)	1,542
Finance costs	30,465	31,363
Interest income	(2,556)	(6,118)
Share of loss (profit) of associates	(15,950)	287
Gain on disposal of property, plant and equipment	186	(246)
Gain on disposal of investment	(857)	
Impairment loss recognized on nonfinancial assets	25,609	-
Gain on reversal of impairment loss on nonfinancial assets	-	(9,212)
Recognition of provisions	26,617	39,499
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	10,400
Notes receivable and long-term notes and accounts receivable	22,951	50,812
Accounts receivable	140,250	111,673
Accounts receivable - related parties	2,189	1,372
Other receivables	(25,755)	(19,445)
Inventories	(1,580)	(159,932)
Other current assets	(30,245)	(7,280)
Contract liabilities	80,836	225,824
Notes payable	40,151	(49,695)
Accounts payable	(15,466)	(30,317)
Accounts payable - related parties	3,161	(15,254)
Other payables	(15,935)	(96,459)
Provisions	(36,405)	(31,922)
Other current liabilities	(14,912)	(3,487)
Net defined benefit liabilities	<u>3,553</u>	<u>(559)</u>
Cash generated from operations	167,321	94,949
Interest received	3,164	7,270
Interest paid	(36,458)	(33,150)
Income taxes paid	<u>(32,380)</u>	<u>(2,269)</u>
Net cash generated from operating activities	<u>101,647</u>	<u>66,800</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 Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(\$ 10,000)	\$ -
Disposal of financial assets at amortized cost	28,642	-
		(
Acquisition of property, plant and equipment	(38,136)	12,098)
Proceeds from disposal of property, plant and equipment	1,103	1,884
Increase in refundable deposits	(3,226)	(4,779)
Acquisition of intangible assets	(3,639)	(9,216)
Increase in other financial assets	(2,977)	(64,938)
Increase in other non-current assets	(4,377)	-
Decrease in other non-current assets	-	261
Net cash used in investing activities	(<u>32,610</u>)	(<u>88,886</u>)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	301,266	1,061,534
Repayments of short-term borrowings	(223,555)	(767,540)
Increase in short-term bills payable	60,000	200,099
Decrease in short-term bills payable	(109,732)	-
Proceeds from long-term bank borrowings	487,798	-
Repayments of long-term bank borrowings	(421,495)	(90,920)
Guarantee deposits received	1,588	-
Guarantee deposits refunded	-	(1,536)
Repayment of principle of lease liabilities	(<u>8,445</u>)	(<u>9,476</u>)
Net cash generated from (used in) financing activities	<u>87,425</u>	<u>392,161</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>46,205</u>	<u>9,825</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	202,667	379,900
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>919,787</u>	<u>1,208,827</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 1,122,454</u>	<u>\$ 1,588,727</u>
		(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' reviewed report dated May 10, 2024)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED March 31, 2024 AND 2023

(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 May 10, 2024.

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

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 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
IFRS 18 "Presentation and Disclosures in Financial Statements"	January 1, 2027
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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 to IAS 21, the Corporation and its subsidiaries shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

IFRS 18 “Presentation and Disclosures in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company and its subsidiaries shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company and its subsidiaries shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company and its subsidiaries labels items as ‘other’ only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Company and its subsidiaries as a whole, the Company and its subsidiaries shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Company and its subsidiaries are continuously assessing the possible impact that the application of other standards and interpretations will have on the Company and its subsidiaries’ financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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 12, Table 6 and Table 7 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, 2023.

1) Classification of current and non-current assets and liabilities

Current assets include:

- a) Assets held primarily for the purpose of trading;
- b) Assets expected to be realized within 12 months after the reporting period; and
- c) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- a) Liabilities held primarily for the purpose of trading;
- b) Liabilities due to be settled within 12 months after the reporting period; and
- c) Liabilities for which the Corporation and its subsidiaries do not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

2) 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.

3) 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

	March 31, 2024	December 31, 2022	March 31, 2023
Cash on hand	\$ 3,184	\$ 3,189	\$ 4,817
Checking accounts and demand deposits	1,066,748	859,810	1,402,057
Cash in transit		-	3,636
Cash equivalents			
Time deposits with original maturities of less than three months	52,522	56,788	54,974
Cash equivalents - Bonds with repurchase agreements	-	-	123,243
	<u>\$ 1,122,454</u>	<u>\$ 919,787</u>	<u>\$ 1,588,727</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets at FVTPL - current			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets			
Foreign exchange forward contracts	<u>\$ 351</u>	<u>\$ 53</u>	<u>\$ 6</u>

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

	Currency	Maturity Date	Contract Amounts (In Thousands)
March 31, 2024			
Foreign exchange forward	MYR/USD	2024.04	MYR1,425/USD307
December 31, 2023			
Foreign exchange forward	MYR/USD	2024.04	MYR1,425/USD307
March 31, 2023			
Foreign exchange forward	MYR/USD	2023.07	MYR450/USD100

The Company and its subsidiaries entered into 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 ended March 31, 2024 and 2023, the Company and its subsidiaries recognized gain (loss) on foreign exchange forward contracts not accounted for by hedge accounting in the amounts of NT\$295 thousand and NT\$(1,542) 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

	March 31, 2024	December 31, 2023	March 31, 2023
Investment in equity instruments			
Domestic investments			
Listed shares	\$ 211,445	\$ 145,239	\$ 151,114
Unlisted shares	<u>31,476</u>	<u>32,084</u>	<u>34,571</u>
	<u>\$ 242,921</u>	<u>\$ 177,323</u>	<u>\$ 185,685</u>

9. FINANCIAL ASSETS AT AMORTIZED COST – NON-CURRENT

	March 31, 2024	December 31, 2023	March 31, 2023
Unlisted Preference shares	\$ 20,000	\$ 20,000	\$ -
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ -</u>

In October 2023, the Company purchased 20,000 preferred shares of domestic unlisted companies at a par value of \$1,000, with an effective interest rate of 5%.

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

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable (operating)			
Gross carrying amount at amortized cost	\$ 356,772	\$ 379,155	\$ 472,548
Less: Unrealized interest revenue	<u>1,309</u>	<u>1,309</u>	<u>1,347</u>
	<u>\$ 355,463</u>	<u>\$ 377,846</u>	<u>\$ 471,201</u>
Accounts receivable			
Gross carrying amount at amortized cost	\$ 2,546,255	\$ 2,686,518	\$ 2,848,910
Less: Allowance for impairment loss	<u>425,097</u>	<u>420,741</u>	<u>393,257</u>
	<u>\$ 2,121,158</u>	<u>\$ 2,265,777</u>	<u>\$ 2,455,653</u>
Accounts receivable - related parties			
Gross carrying amount at amortized cost	<u>\$ 14,334</u>	<u>\$ 16,523</u>	<u>\$ 3,271</u>
Long-term notes and accounts receivable (operating)			
Gross carrying amount at amortized cost	\$ 49,228	\$ 49,796	\$ 12,800
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 49,228</u>	<u>\$ 49,796</u>	<u>\$ 12,800</u>
Overdue receivable (included in other noncurrent assets)			
Gross carrying amount at amortized cost	\$ 17,658	\$ 17,658	\$ 18,059
Less: Allowance for impairment loss	<u>17,658</u>	<u>17,658</u>	<u>18,059</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. :

March 31, 2024

	<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	\$ 1,489,026	\$ 379,033	\$ 389,484	\$ 111,112	\$ 112,652	\$ 224,668	\$ 200,735	\$ 76,228	\$ 2,982,938
Loss allowance (Lifetime ECL)	(28,594)	(23,976)	(18,010)	(10,660)	(13,524)	(102,375)	(169,388)	(76,228)	(442,755)
	<u>\$ 1,460,432</u>	<u>\$ 355,057</u>	<u>\$ 371,474</u>	<u>\$ 100,452</u>	<u>\$ 99,128</u>	<u>\$ 122,293</u>	<u>\$ 31,347</u>	<u>\$ —</u>	<u>\$ 2,540,183</u>

December 31, 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	\$ 1,720,107	\$ 431,714	\$ 266,292	\$ 148,309	\$ 75,191	\$ 258,965	\$ 187,263	\$ 60,500	\$ 3,148,341
Loss allowance (Lifetime ECL)	(38,256)	(45,589)	(12,430)	(16,280)	(18,391)	(97,109)	(149,844)	(60,500)	(438,399)
	<u>\$ 1,681,851</u>	<u>\$ 386,125</u>	<u>\$ 253,862</u>	<u>\$ 132,029</u>	<u>\$ 56,800</u>	<u>\$ 161,856</u>	<u>\$ 37,419</u>	<u>\$ —</u>	<u>\$ 2,709,942</u>

March 31, 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	\$ 1,938,985	\$ 358,797	\$ 283,397	\$ 151,039	\$ 150,564	\$ 169,798	\$ 251,438	\$ 50,223	\$ 3,354,241
Loss allowance (Lifetime ECL)	(6,799)	(24,534)	(44,379)	(13,815)	(15,098)	(51,855)	(204,613)	(50,223)	(411,316)
	<u>\$ 1,932,186</u>	<u>\$ 334,263</u>	<u>\$ 239,018</u>	<u>\$ 137,224</u>	<u>\$ 135,466</u>	<u>\$ 117,943</u>	<u>\$ 46,825</u>	<u>\$ —</u>	<u>\$ 2,942,925</u>

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

	<u>For the three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Balance, beginning of period	\$ 438,399	\$ 493,241

(Continued)

For the three Months Ended March 31		
	2024	2023
Recognition (Reversal)	1,688	(27,719)
Written off	(\$ 13)	(55,216)
Effects of foreign currency exchange differences	<u>2,681</u>	<u>1,010</u>
Balance, end of period	<u>\$ 442,755</u>	<u>\$ 411,316</u>
		(Concluded)

Refer to Note 33 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 35.

11. INVENTORIES

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials	\$ 1,875,724	\$ 1,916,414	\$ 2,659,723
Supplies	153,688	150,095	165,769
Work-in-progress	1,521,025	1,457,261	2,234,759
Finished goods	403,550	465,508	457,656
Merchandise	58,944	53,271	75,622
Inventory in transit	<u>3,891</u>	<u>-</u>	<u>7,540</u>
	<u>\$ 4,016,822</u>	<u>\$ 4,042,549</u>	<u>\$ 5,601,069</u>

The cost of inventories recognized as operating costs for the three months ended March 31, 2024 and 2023 was NT\$1,122,226 thousand and NT\$1,343,824 thousand, respectively, which included reversal of write-downs of inventories was NT\$(25,609) and write-downs of inventories was NT\$9,212 thousand, respectively.

Reversal of write-downs of inventories was mainly due to the impact of price fluctuations in the market for the three months ended March 31, 2024.

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			March 31, 2024	December 31, 2023	March 31, 2023	
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	-	-	54.47	Note 1
	Tong-Yeh Precision Co., Ltd. (Tong-Yeh)	Manufacturing and processing of metal part	94.58	94.58	94.58	
	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	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			March 31, 2024	December 31, 2023	March 31, 2023	
Union Top	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	
	Tong-Tai Seiki USA, Inc. (TSU)	Sales of equipment	100.00	100.00	100.00	
	TTGroup America Inc. (TTGA)	Sales of equipment	100.00	100.00	-	Note 2
	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	
	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	
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, manufacturing and maintenance of equipment	100.00	100.00	100.00	
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	Note 3
Anger	Anger Machining GmbH (Anger)	Sales, manufacturing and maintenance of equipment	100.00	100.00	100.00	
	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, 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 a decrease in the percentage of ownership from 54.47% to 46.63% (Refer to Note 29).

Note 2: In November 2023, the Company invested in TTGA establishment.

Note 3: In June 2023, the Mbi-group Beteiligung GmbH was disposed out the shares of HPC Produktions GmbH (Refer to Note 29).

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
	March 31, 2023
Honor Seiki	45.53%

Names, locations, and related information of investees Honor Seiki please refer to Table 6.

Name of subsidiary	Profit (loss) Allocated to Non-controlling Interests For the Three Months Ended March 31, 2023	Accumulated, Non-controlling Interests March 31, 2023
Honor Seiki	(<u>\$4,234</u>)	<u>\$ 597,594</u>

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

	March 31, 2023
Current assets	\$ 1,983,345
Non-current assets	849,584
Current liabilities	(1,292,174)
Non-current liabilities	(<u>228,314</u>)
Equity	<u>\$ 1,312,441</u>
Equity attributable to	
Owner of the Company	\$ 714,847
Non-controlling interests	<u>597,594</u>
	<u>\$ 1,312,441</u>

	For the Three Months Ended March 31, 2023
Revenue	<u>\$ 157,429</u>
Profit (loss) for the period	(\$ 9,299)
Other comprehensive income for the period	<u>-</u>
Total comprehensive income for the period	(<u>\$ 9,299</u>)
Profit (loss) attributable to	
Owners of the Company	(\$ 5,065)
Non-controlling interests of the Company	(<u>4,234</u>)
	(<u>\$ 9,299</u>)

(Continued)

**For the Three Months
Ended March 31, 2023**

Total comprehensive income attributable to	
Owners of the Company	(\$ 5,065)
Non-controlling interests of the Company	(<u>4,234</u>)
	(<u>\$ 9,299</u>)
Net cash inflow (outflow) from	
Operating activities	(\$ 8,484)
Investing activities	(62,211)
Financing activities	<u>65,922</u>
Net cash outflow	(<u>\$ 4,773</u>)
	(Concluded)

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2024	December 31, 2023	March 31, 2023
Material associate			
Honor Seiki Co., Ltd. (Honor Seiki)	\$ 698,289	\$ 741,343	\$ -
Associates that are not individually material	<u>19,269</u>	<u>9,022</u>	<u>7,828</u>
	<u>\$ 717,558</u>	<u>\$ 750,365</u>	<u>\$ 7,828</u>

a. Material associate

	Percentage of Ownership and Voting Rights (%)	
Company	March 31, 2024	December 31, 2023
Honor Seiki	44.88%	46.63

The summarized financial information below represents shown in the financial statements of Honor Seiki, which have been prepared in accordance with the IFRS Accounting Standards and adjusted of the purposes of applying equity method.

Honor Seiki

	For the Three Months Ended March 31, 2024	For the Year Ended December 31, 2023
Current assets	\$ 1,737,659	\$ 1,575,232
Non-current assets	847,851	858,284
Current liabilities	(1,068,787)	(880,031)
Non-current liabilities	(<u>210,037</u>)	(<u>212,782</u>)
equity	<u>\$ 1,306,686</u>	<u>\$ 1,340,703</u>
Ownership percentage (%)	44.88	46.63
Equity attributable to the Company and its subsidiaries	\$ 586,492	\$ 625,197
Goodwill	<u>111,797</u>	<u>116,146</u>
Carrying amount of the investment	<u>\$ 698,289</u>	<u>\$ 741,343</u>

	March 31, 2023
Operating revenues	<u>\$ 225,225</u>
Net profit for the year	\$ 34,985
Other comprehensive income	<u>-</u>
Total comprehensive income	<u>\$ 34,985</u>

b. Associates that are not individually material

	March 31, 2024	December 31, 2023	March 31, 2023
Printin3d DigiTech Co., Ltd.	\$ 9,269	\$ 9,022	\$ 7,828
RUEI YANG PRECISION CO., LTD.	10,000	-	-
Cyber Laser Taiwan Co., Ltd.	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 19,269</u>	<u>\$ 9,022</u>	<u>\$ 7,828</u>

	For the Three Months Ended March 31 2024	2023
The Company and its subsidiaries' share of		
Net profit (loss) for the period	\$ 247	(\$ 287)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income	<u>\$ 247</u>	<u>(\$ 287)</u>

The Company established a joint venture, Ruei Yang Precision Co., Ltd., in March 2024 with an investment of NT\$10,000 thousand, holding 20% of the equity. Ruei Yang Precision Co., Ltd. is mainly engaged in the manufacturing and processing of mechanical parts.

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 6.

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 ended March 31, 2024 and 2023 were based on the associates' financial statements which have not been reviewed for the same periods.

14. OTHER FINANCIAL ASSETS

	March 31, 2024	December 31, 2023	March 31, 2023
Current			
Pledged deposits and time deposits	\$ 12,800	\$ 9,440	\$ 222,110
Time deposits with original maturities more than three months	14,291	14,104	-
Deposits for projects	1,488	1,488	-
Restricted deposit	<u>2,068</u>	<u>3,446</u>	<u>-</u>
	<u>\$ 30,647</u>	<u>\$ 28,478</u>	<u>\$ 222,110</u>
Non-current			
Pledged deposits and time deposits	\$ 97,862	\$ 97,453	\$ 123,504
Deposits for projects	<u>17,966</u>	<u>17,567</u>	<u>15,608</u>
	<u>\$ 115,828</u>	<u>\$ 115,020</u>	<u>\$ 139,112</u>

Refer to Note 35 for information relating to other financial assets pledged as collateral.

15. PROPERTY, PLANT AND EQUIPMENT

The assets used by the Company and its subsidiaries

For the Three Months Ended March 31, 2024

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, 2024	\$ 345,097	\$ 2,575,446	\$ 949,160	\$ 167,544	\$ 178,918	\$ 323,960	\$ 1,513	\$ 4,541,638
Additions	-	739	28,626	284	1,627	2,815	387	34,478
Disposals	-	-	(17,753)	(2,106)	(10,844)	(3,223)	-	(33,926)
Effects of foreign currency exchange difference	375	10,622	6,426	757	2,016	1,410	10	21,616
Balance at March 31, 2024	<u>345,472</u>	<u>2,586,807</u>	<u>966,459</u>	<u>166,479</u>	<u>171,717</u>	<u>324,962</u>	<u>1,910</u>	<u>4,563,806</u>
Accumulated depreciation and impairment								
Balance at January 1, 2024	-	1,374,728	712,975	140,944	153,587	258,634	-	2,640,868
Depreciation	-	21,898	12,760	1,684	1,758	4,745	-	42,845
Disposals	-	-	(16,700)	(1,978)	(10,739)	(3,220)	-	(32,637)
Effects of foreign currency exchange difference	-	5,555	4,897	620	1,692	1,245	-	14,009
Balance at March 31, 2024	-	<u>1,402,181</u>	<u>713,932</u>	<u>141,270</u>	<u>146,298</u>	<u>261,404</u>	-	<u>2,665,085</u>
Carrying amount at December 31, 2023	<u>\$ 345,097</u>	<u>\$ 1,200,718</u>	<u>\$ 236,185</u>	<u>\$ 26,600</u>	<u>\$ 25,331</u>	<u>\$ 65,326</u>	<u>\$ 1,513</u>	<u>\$ 1,900,770</u>
Carrying amount at March 31, 2024	<u>\$ 345,472</u>	<u>\$ 1,184,626</u>	<u>\$ 252,527</u>	<u>\$ 25,209</u>	<u>\$ 25,419</u>	<u>\$ 63,558</u>	<u>\$ 1,910</u>	<u>\$ 1,898,721</u>

For the Three Months Ended March 31, 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	-	284	6,243	1,841	2,650	4,204	98	15,320
Reclassifications	-	-	(3,681)	358	117	7,467	(10,826)	(6,565)
Disposals	-	(230)	(1,777)	(1,255)	(117)	(12,939)	-	(16,318)
Effects of foreign currency exchange difference	599	5,729	5,563	279	1,696	1,098	12	14,976
Balance at March 31, 2023	<u>793,893</u>	<u>2,889,374</u>	<u>1,145,477</u>	<u>171,611</u>	<u>187,484</u>	<u>408,651</u>	<u>927</u>	<u>5,597,417</u>
Accumulated depreciation and impairment								
Balance at January 1, 2023	-	1,455,832	803,151	140,577	164,996	291,512	-	2,856,068
Depreciation	-	24,673	18,288	1,907	2,329	6,944	-	54,141
Reclassifications	-	-	(1,743)	358	117	(631)	-	(1,899)
Disposals	-	(230)	(1,402)	(1,255)	(115)	(11,678)	-	(14,680)
Effects of foreign currency exchange difference	-	3,054	4,362	230	1,529	1,039	-	10,214
Balance at March 31, 2023	-	<u>1,483,329</u>	<u>822,656</u>	<u>141,817</u>	<u>168,856</u>	<u>287,186</u>	-	<u>2,903,844</u>
Carrying amount at March 31, 2023	<u>\$ 793,893</u>	<u>\$ 1,406,045</u>	<u>\$ 322,821</u>	<u>\$ 29,794</u>	<u>\$ 18,628</u>	<u>\$ 121,465</u>	<u>\$ 927</u>	<u>\$ 2,693,573</u>

The subsidiary Anger evaluated that the estimated future cash inflows from machinery and equipment had declined due to unsatisfactory operating conditions, and the estimated recoverable amount was lower than the carrying amount. As a result, the subsidiary Anger has been recognized impairment loss in previous years. The accumulated impairment as of March 31, 2024, December 31, 2023 and March 31, 2023 was NT\$29,336 thousand, NT\$28,927 thousand and NT\$28,221 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 35.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amounts			
Land	\$ 615,623	\$ 591,062	\$ 609,135
Buildings	44,375	46,218	53,231
Machinery	1,039	1,097	7,946
Transportation equipment	17,482	17,078	17,878
	<u>\$ 678,519</u>	<u>\$ 655,455</u>	<u>\$ 688,190</u>

	For the Three Months Ended March 31	
	2024	2023
Additions to right-of-use assets	<u>\$ 34,011</u>	<u>\$ 130,555</u>
Depreciation charge for right-of-use assets		
Land	\$ 6,275	\$ 4,632
Buildings	1,875	3,277
Machinery	643	1,030
Transportation equipment	3,138	2,411
	<u>\$ 11,931</u>	<u>\$ 11,350</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 three months ended March 31, 2024 and 2023.

b. Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amounts			
Current	<u>\$ 38,238</u>	<u>\$ 33,911</u>	<u>\$ 36,085</u>
Non-current	<u>\$ 660,550</u>	<u>\$ 640,492</u>	<u>\$ 667,995</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
Land	2.16~2.48	2.16~2.48	2.16~2.48
Buildings	1.00~2.00	1.00~2.00	1.00~2.00
Machinery	1.45	1.45	1.45~3.00
Transportation equipment	0.69~2.80	0.69~2.80	0.69~3.00

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 March 31	
	2024	2023
Expenses relating to short-term leases and low-value asset leases	<u>\$ 8,071</u>	<u>\$ 7,888</u>
Total cash outflow for leases	<u>\$ 20,399</u>	<u>\$ 20,848</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.

17. INVESTMENT PROPERTIES

For the Three Months Ended March 31, 2024

	Land	Buildings	Total
Cost			
Balance at January 1, 2024	\$ 252,550	\$ 385,631	\$ 638,181
Effects of foreign currency exchange differences	<u>-</u>	<u>1,879</u>	<u>1,879</u>
Balance at March 31, 2024	<u>252,550</u>	<u>387,510</u>	<u>640,060</u>
Accumulated depreciation			
Balance at January 1, 2024	-	153,978	153,978
Depreciation	-	3,738	3,738
Effects of foreign currency exchange differences	<u>-</u>	<u>657</u>	<u>657</u>
Balance at March 31, 2024	<u>-</u>	<u>158,373</u>	<u>158,373</u>
Balance at December 31, 2023	<u>\$ 252,550</u>	<u>\$ 231,653</u>	<u>\$ 484,203</u>
Carrying amount at March 31, 2024	<u>\$ 252,550</u>	<u>\$ 229,137</u>	<u>\$ 481,687</u>

For the Three Months Ended March 31, 2023

	Land	Buildings	Total
Cost			
Balance at January 1, 2023	\$ 252,550	\$ 395,422	\$ 647,972
Effects of foreign currency exchange differences	<u>-</u>	<u>533</u>	<u>533</u>
Balance at March 31, 2023	<u>252,550</u>	<u>395,955</u>	<u>648,505</u>
Accumulated depreciation			
Balance at January 1, 2023	\$ -	\$ 139,682	\$ 139,682
Depreciation	-	5,148	5,148
Effects of foreign currency exchange differences	<u>-</u>	<u>157</u>	<u>157</u>
Balance at March 31, 2023	<u>-</u>	<u>144,987</u>	<u>144,987</u>
Carrying amount at March 31, 2023	<u>\$ 252,550</u>	<u>\$ 250,968</u>	<u>\$ 503,518</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:

	March 31, 2024	December 31, 2023	March 31, 2023
Year 1	\$ 57,381	\$ 22,587	\$ 40,237
Year 2	49,690	8,435	5,550
Year 3	5,790	5,760	5,670
Year 4	5,910	5,880	5,790
Year 5	6,030	6,000	5,910
Year 6 onwards	30,270	31,800	36,300
	<u>\$ 155,071</u>	<u>\$ 80,462</u>	<u>\$ 99,457</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 March 31, 2024, December 31, 2023 and March 31, 2023 are NT\$820,080 thousand, NT\$820,080 thousand and NT\$895,304 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 35.

18. INTANGIBLE ASSETS

For the Three Months Ended March 31, 2024

	Computer Software	Goodwill	Patents	Others	Total
Cost					
Balance at January 1, 2024	\$ 278,603	\$ 11,989	\$ 1,172	\$ 8,666	\$ 300,430
Additions	3,639	-	-	-	3,639
Derecognition	(549)	-	-	(1,092)	(1,641)
Effects of foreign currency exchange differences	(3,397)	-	17	(133)	(3,513)
Balance at March 31, 2024	<u>278,296</u>	<u>11,989</u>	<u>1,189</u>	<u>7,441</u>	<u>298,915</u>
Accumulated amortization and impairment					
Balance at January 1, 2024	235,987	11,989	811	7,643	256,430
Amortization expenses	5,741	-	9	1	5,751
Derecognition	(549)	-	-	(1,092)	(1,641)
Effects of foreign currency exchange differences	(3,420)	-	11	(148)	(3,557)
Balance at March 31, 2024	<u>237,759</u>	<u>11,989</u>	<u>831</u>	<u>6,404</u>	<u>256,983</u>
Balance at December 31, 2023	<u>\$ 42,616</u>	<u>\$ -</u>	<u>\$ 361</u>	<u>\$ 1,023</u>	<u>\$ 44,000</u>
Carrying amount at March 31, 2024	<u>\$ 40,537</u>	<u>\$ -</u>	<u>\$ 358</u>	<u>\$ 1,037</u>	<u>\$ 41,932</u>

For the Three Months Ended March 31, 2023

	Computer Software	Goodwill	Patents	Others	Total
Cost					
Balance at January 1, 2023	\$ 265,404	\$ 13,731	\$ 3,651	\$ 7,177	\$ 289,963
Additions	8,237	-	-	979	9,216
Reclassifications	10,767	-	-	-	10,767
Derecognition	(2,370)	-	-	-	(2,370)
Effects of foreign currency exchange differences	<u>1,287</u>	<u>-</u>	<u>48</u>	<u>(84)</u>	<u>1,251</u>
Balance at March 31, 2023	<u>283,325</u>	<u>13,731</u>	<u>3,699</u>	<u>8,072</u>	<u>308,827</u>
Accumulated amortization and impairment					
Balance at January 1, 2023	224,753	11,989	3,597	7,171	247,510
Amortization expenses	4,833	-	25	1	4,859
Derecognition	(2,370)	-	-	-	(2,370)
Effects of foreign currency exchange differences	<u>1,256</u>	<u>-</u>	<u>48</u>	<u>(100)</u>	<u>1,204</u>
Balance at March 31, 2023	<u>228,472</u>	<u>11,989</u>	<u>3,670</u>	<u>7,072</u>	<u>251,203</u>
Carrying amount at March 31, 2023	<u>\$ 54,853</u>	<u>\$ 1,742</u>	<u>\$ 29</u>	<u>\$ 1,000</u>	<u>\$ 57,624</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

19. BORROWINGS

a. Short-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured loans	\$ 1,920,932	\$ 1,865,328	\$ 2,512,143
Secured borrowings	656,602	633,705	478,128
Letters of credit borrowings	-	-	42,622
	<u>\$ 2,577,534</u>	<u>\$ 2,499,033</u>	<u>\$ 3,032,893</u>
Annual interest rate of unsecured loan (%)	1.71~6.42	1.71~6.6	1.62~6.03
Annual interest rate of secured loan (%)	2.088~5.636	1.95~5.7	1.573~2.0
Annual interest rate of L/C borrowings (%)	-	-	2.00~2.07

b. Short-term bills payable

	March 31, 2024	December 31, 2023	March 31, 2023
Commercial paper	\$ 60,000	\$ 110,000	\$ 250,000
Less: Unamortized discounts	<u>-</u>	<u>(268)</u>	<u>(49)</u>
	<u>\$ 60,000</u>	<u>\$ 109,732</u>	<u>\$ 249,951</u>
Annual interest rate (%)	1.692~1.74	1.58~1.77	1.542~3.142

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

	March 31, 2024	December 31, 2023	March 31, 2023
Revolving bank loans			
Due on various dates through April 2030	\$ 602,402	\$ 494,816	\$ 743,785
Mortgage loans			
Due on various dates through May 2040	<u>879,583</u>	<u>920,667</u>	<u>1,323,854</u>
	1,481,985	1,415,483	2,067,639
Less: Current portion	<u>694,577</u>	<u>1,026,022</u>	<u>791,516</u>
	<u>\$ 787,408</u>	<u>\$ 389,461</u>	<u>\$ 1,276,123</u>
Annual interest rate of unsecured loan (%)	0.22~5.353	0.22~5.312	0.22~4.39
Annual interest rate of secured loan (%)	1.8~2.72	1.8~2.14	1.7452~2.125

The Subsidiaries MBI and Anger signed a loan contract with China Trust Commercial Bank, E.SUN Commercial Bank and Taishin Commercial Bank and the contract period is due on various dates through 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 three months ended March 31, 2024, the years ended December 31, 2023 and three months ended March 31, 2023.

20. 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.

21. OTHER PAYABLES

	March 31, 2024	December 31, 2023	March 31, 2023
Salaries and incentive bonus	\$ 217,779	\$ 224,534	\$ 202,992
Commission and service fee	75,929	114,848	170,078
Business tax	16,789	26,384	30,836
Employee compensation and remuneration of directors	7,554	15,436	45,316
Others	<u>224,571</u>	<u>186,087</u>	<u>143,656</u>
	<u>\$ 542,622</u>	<u>\$ 567,289</u>	<u>\$ 592,878</u>

22. PROVISIONS

	March 31, 2024	December 31, 2023	March 31, 2023
Current			
Warranties	<u>\$ 123,086</u>	<u>\$ 130,998</u>	<u>\$ 103,322</u>
	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023	
Balance, beginning of period	\$ 130,998	\$ 95,291	
Recognized	26,617	39,499	
Paid	(36,405)	(31,922)	
Effects of foreign currency exchange differences	<u>1,876</u>	<u>454</u>	
Balance, end of period	<u>\$ 123,086</u>	<u>\$ 103,322</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.

23. 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, 2023 and 2022, the amounts were NT\$377 thousand and NT\$558 thousand for the three months ended March 31, 2024 and 2023, respectively.

24. EQUITY

a. Ordinary Shares

	March 31, 2024	December 31, 2023	March 31, 2023
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

	March 31, 2024	December 31, 2023	March 31, 2023
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	26,569	1,456
Interest compensation	5,577	5,577	5,577
Expired employee stock warrants	1,234	1,234	1,234
	<u>1,216,827</u>	<u>1,216,827</u>	<u>1,191,714</u>
May be used to offset a deficit only			
Changes in percentage of ownership interests in subsidiaries	\$ 3,838	\$ 3,838	\$ 3,838
	<u>\$ 1,220,665</u>	<u>\$ 1,220,665</u>	<u>\$ 1,195,552</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 2023 had been proposed in the Board of Directors' meetings in March 2024, and the appropriations of earnings for 2022 had been approved in the shareholder's meeting in June 2023. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividend Per Share (NT\$)	
	For the Year Ended			
	December 31			
	2023	2022	2023	2022
Legal reserve	\$ 5,717	\$ 10,242		
Cash dividends	<u>50,965</u>	<u>50,965</u>	<u>\$ 0.2</u>	<u>\$ 0.2</u>
	<u>\$ 56,682</u>	<u>\$ 61,207</u>		

The appropriations of earnings for 2023 is subject to the resolution in the shareholders' meeting to be held in June 2024.

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 Three Months Ended March 31	
	2024	2023
Balance, beginning of period	(\$ 146,157)	(\$ 120,957)
Recognized for the period		
Exchange differences on translating foreign operations	17,950	2,522
Income tax	(<u>3,590</u>)	(<u>504</u>)
Balance, end of period	(<u>\$ 131,797</u>)	(<u>\$ 118,939</u>)

2) Unrealized gain and loss on financial assets at FVTOCI

	For the Three Months Ended March 31	
	2024	2023
Balance, beginning of period	\$ 118,778	\$ 101,118
Recognized for the period		
Unrealized gain and loss - equity instruments	<u>65,598</u>	<u>26,022</u>
Balance, end of period	<u>\$ 184,376</u>	<u>\$ 127,140</u>

f. Non-controlling interests

	For the Three Months Ended March 31	
	2024	2023
Balance, beginning of period	\$ 4,271	\$ 603,452
Share in profit for the period	(1,377)	5,515
Exchange difference on translating foreign operations	(<u>298</u>)	(<u>297</u>)
Balance, end of period	<u>\$ 2,596</u>	<u>\$ 608,670</u>

25. OPERATING REVENUE

a. Contract balances

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Notes and accounts receivable(include related parties), long-term notes and accounts receivables	<u>\$2,540,183</u>	<u>\$2,709,942</u>	<u>\$2,942,925</u>	<u>\$3,080,073</u>
Contract liabilities				
Sales of goods	<u>\$ 931,826</u>	<u>\$ 850,990</u>	<u>\$1,351,467</u>	<u>\$1,125,643</u>

b. Disaggregation of revenue

	Reportable Segments			
	Machine Manufacturer	Component Manufacturer	Others	Total
For the Three Months Ended March 31, 2024				
Revenue from sale of goods	\$1,018,030	\$ 21,750	\$ 28,260	\$1,068,040
Revenue from maintenance and rebuilding services	<u>225,589</u>	<u>12,293</u>	<u>17,292</u>	<u>255,174</u>
	<u>\$1,243,619</u>	<u>\$ 34,043</u>	<u>\$ 45,552</u>	<u>\$1,323,214</u>
For the Three Months Ended March 31, 2023				
Revenue from sale of goods	\$1,254,627	\$ 88,575	\$ 123,248	\$1,466,450
Revenue from maintenance and rebuilding services	<u>244,475</u>	<u>-</u>	<u>24,809</u>	<u>269,284</u>
	<u>\$1,499,102</u>	<u>\$ 88,575</u>	<u>\$ 148,057</u>	<u>\$1,735,734</u>

26. PROFIT BEFORE INCOME TAX

The following items were included in profit before income tax:

a. Other income

	For the Three Months Ended March 31	
	2024	2023
Rental income	\$ 15,798	\$ 15,660
Government subsidy income	917	1,798
Others	<u>12,388</u>	<u>4,194</u>
	<u>\$ 29,103</u>	<u>\$ 21,652</u>

b. Other gains and losses

	For the Three Months Ended March 31	
	2024	2023
Net foreign exchange gain	\$ 33,901	\$ 5,643
Gain (loss) on financial instruments at fair value through profit or loss	295	(1,542)

(Continued)

	For the Three Months Ended March 31	
	2024	2023
Depreciation expense	(4,204)	(5,664)
Gain on disposal of investment	857	-
Gain (loss) on disposal of property, plant and equipment	(186)	246
Others	(5,200)	(1,271)
	<u>\$ 25,463</u>	<u>(\$ 2,588)</u>
		(Concluded)

The components of net foreign exchange gain were as follows:

	For the Three Months Ended March 31	
	2024	2023
Foreign exchange gain	\$ 51,113	\$ 44,701
Foreign exchange loss	(17,212)	(39,058)
Net foreign exchange gain	<u>\$ 33,901</u>	<u>\$ 5,643</u>

c. Finance costs

	For the Three Months Ended March 31	
	2024	2023
Interest on bank loans	\$ 26,582	\$ 27,723
Interest on lease liabilities	3,883	3,484
Others	-	156
	<u>\$ 30,465</u>	<u>\$ 31,363</u>

d. Depreciation and amortization

	For the Three Months Ended March 31	
	2024	2023
Depreciation and amortization expenses		
Property, plant and equipment	\$ 42,845	\$ 54,141
Right-of-use assets	11,931	11,350
Investment properties	3,738	5,148
Intangible assets	5,751	4,859
Others	<u>3,731</u>	<u>4,279</u>
	<u>\$ 67,996</u>	<u>\$ 79,777</u>
An analysis of depreciation by function		
Operating costs	\$ 26,039	\$ 37,076
Operating expenses	28,271	27,899
Non-operating expenses	<u>4,204</u>	<u>5,664</u>
	<u>\$ 58,514</u>	<u>\$ 70,639</u>
An analysis of amortization by function		
Operating costs	\$ 5,031	\$ 5,963
Operating expenses	<u>4,451</u>	<u>3,175</u>
	<u>\$ 9,482</u>	<u>\$ 9,138</u>

e. Operating expenses directly related to investment properties

	For the Three Months Ended March 31	
	2024	2023
Direct operating expenses of investment properties that generated rental income	<u>\$ 3,738</u>	<u>\$ 5,148</u>

f. Employee benefits

	For the Three Months Ended March 31	
	2024	2023
Short-term employee benefits	<u>\$ 397,605</u>	<u>\$ 416,829</u>
Post-employment benefits		
Defined contribution plans	18,505	22,766
Defined benefit plans (Note 23)	<u>377</u>	<u>558</u>
	<u>18,882</u>	<u>23,324</u>
	<u>\$ 416,487</u>	<u>\$ 440,153</u>
Analysis of employee benefits by function		
Operating costs	\$ 282,700	\$ 287,967
Operating expenses	<u>133,787</u>	<u>152,186</u>
	<u>\$ 416,487</u>	<u>\$ 440,153</u>

To be in compliance with the Company Act, the Company distributed employees' compensation and remuneration of directors and supervisors at the rates no less than 1% and no higher than 5%, respectively, of the pre-tax profit before deduction for employees' compensation and remuneration of directors.

The employees' compensation and remuneration of directors and supervisors for 2023 and 2022 had been approved by the Board of Director in March, 2024 and 2023, as illustrated below:

	For the Year Ended December 31	
	2023	2022
In Cash		
Employees' compensation	\$ 853	\$ 12,060
Remuneration of directors and supervisors	258	3,654

The estimated employees' compensation and remuneration of directors and supervisors for 2023 and 2022 was the same as the amount approved by the Company's board of directors in March 2024 and 2023, and paid in cash.

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

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

27. INCOME TAX

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

	For the Three Months Ended March 31	
	2024	2023
Current tax		
In respect of the current year	(\$ 328)	\$ 342
Adjustments for prior years	(<u>523</u>)	(<u>5,631</u>)
	(851)	(5,289)
Deferred tax		
In respect of the current year	(<u>11,689</u>)	<u>6,001</u>
	(<u>\$ 12,540</u>)	<u>\$ 712</u>

- b. Income tax recognized directly in other comprehensive income

	For the Three Months Ended March 31	
	2024	2023
Deferred tax		
In respect of the current period		
Translation of foreign operations	<u>\$ 3,590</u>	<u>\$ 504</u>

- c. Income tax assessments

The income tax returns of the Company and the subsidiaries (included Tongfong, APEC, Quick-Tech and Tong-Yeh) through 2021 have been assessed by the tax authorities.

28. 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 March 31	
	2024	2023
Attributable to owners of the Company	(<u>\$ 104,458</u>)	(<u>\$ 6,182</u>)

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

	For the Three Months Ended March 31	
	2024	2023
Weighted average number of ordinary shares in computation of basic earnings per share	254,827	254,827
Effect of potentially dilutive potential ordinary shares:		
Employees' compensation	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>254,827</u>	<u>254,827</u>

The dilutive loss per share for the three months ended March 31, 2024 and 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.

29. DISPOSAL OF SUBSIDIARY

- a. After Honor Seiki re-elected directors in November 2023, the Company did not obtain more than half of the seats on the board of directors, and lost control.

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

	<u>Honor Seiki</u>
Current assets	
Cash and cash equivalents	\$ 414,118
Account receivables	143,327
Other receivables	6,873
Inventories	980,245
Current tax assets	1,093
Other current assets	80,072
Non-current assets	
Property, plant and equipment	\$ 821,864
Right-of-use assets	1,088
Intangible assets	2,164
Deferred tax assets	30,427
Other non-current assets	4,372
Current liabilities	
Short-term borrowings	(184,750)
Short-term bills payable	(9,989)
Contract liabilities	(334,989)
Payables	(245,729)
Other payables	(84,848)
Current tax liabilities	(36,192)
Provisions	(19,756)
Lease liabilities - current	(520)
Current portion of long-term bank borrowings	(13,750)
Other current liabilities	(482)
Non-current liabilities	
Long-term bank borrowings	(200,500)
Deferred tax liabilities	(6,990)
Lease liabilities - noncurrent	(574)
Net defined liabilities	(819)
Other noncurrent liabilities	(5,998)
Net assets disposed of	\$ 1,339,757

2) Gain on disposal of subsidiary in 2023

	Honor Seiki
Net assets disposed of	(\$ 1,339,757)
Fair value of remaining equity investment	739,373
Non-controlling interests	<u>714,071</u>
Gain on disposals	<u>\$ 113,687</u>

3) Net cash outflow from disposal of subsidiary in 2023

	Honor Seiki
Cash balances disposed of	(\$ 414,118)

4) Pursuant to IAS 28, it is treated as a complete disposal, and it is recognized for downstream transactions realized gains from the disposal of property, plant, and equipment totaling \$113,267 thousand.

- b. 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 subsidiary

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

3) Net cash inflow on disposals of subsidiary

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

30. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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.

31. NON-CASH TRANSACTIONS

For the three months ended March 31, 2024 and 2023, 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 Three Months Ended March 31	
	2024	2023
Investing activities affecting both cash and non-cash items		
Acquisition of property, plant and equipment	\$ 34,478	\$ 15,320
Decrease (Increase) of payable for equipment	2,739	(3,256)
Increase (Decrease) of prepayment for equipment	<u>919</u>	<u>34</u>
Cash paid	<u>\$ 38,136</u>	<u>\$ 12,098</u>

32. 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).

33. 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
March 31, 2024				
Financial assets at fair value through profit or loss - current				
Foreign exchange forward contracts	\$ -	\$ 351	\$ -	\$ 351
Financial assets at FVTOCI - non-current				
Domestic listed shares	\$ 211,445	\$ -	\$ -	\$ 211,445
Domestic unlisted shares	-	-	31,476	31,476
	<u>\$ 211,445</u>	<u>\$ -</u>	<u>\$ 31,476</u>	<u>\$ 242,921</u>
December 31, 2023				
Financial assets at fair value through profit or loss - current				
Foreign exchange forward contracts	\$ -	\$ 53	\$ -	\$ 53
Financial assets at FVTOCI - non-current				
Domestic listed shares	\$ 145,239	\$ -	\$ -	\$ 145,239
Domestic unlisted shares	-	-	32,084	32,084
	<u>\$ 145,239</u>	<u>\$ -</u>	<u>\$ 32,084</u>	<u>\$ 177,323</u>
March 31, 2023				
Financial assets at fair value through profit or loss - current				
Foreign exchange forward contracts	\$ -	\$ 6	\$ -	\$ 6
Financial assets at FVTOCI - non-current				
Domestic listed shares	\$ 151,114	\$ -	\$ -	\$ 151,114
Domestic unlisted shares	-	-	34,571	34,571
	<u>\$ 151,114</u>	<u>\$ -</u>	<u>\$ 34,571</u>	<u>\$ 185,685</u>

There was no transfer between Level 1 and Level 2 for the three months ended March 31, 2024 and 2023.

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

For the three months ended March 31, 2024

Financial assets	Equity Instruments Financial Assets at FVTOCI
Balance, beginning of period	\$ 32,084
Change in fair value recognized in other comprehensive income	(608)
Balance, end of period	<u>\$ 31,476</u>

For the three months ended March 31, 2023

	<u>Equity Instruments</u> <u>Financial Assets at</u> <u>FVTOCI</u>
<u>Financial assets</u>	
Balance, beginning of period	\$ 36,299
Change in fair value recognized in other comprehensive income	(<u>1,728</u>)
Balance, end of period	<u>\$ 34,571</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>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
<u>Financial assets</u>			
Financial assets at FVTPL	\$ 351	\$ 53	\$ 6
Financial assets at amortized cost (1)	3,960,476	3,845,246	5,020,183
Financial assets at FVTOCI			
Equity instruments	242,921	177,323	185,685
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	5,799,659	5,699,621	7,434,112

- 1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, Non-current financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables, other financial assets (current and non-current), refundable deposits, and long-term notes and accounts receivable.

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

d. Financial risk management objectives and policies

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

credit risk and liquidity risk.

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

1) Market risk

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

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

a) Foreign currency risk

The Company and its subsidiaries are exposed to foreign currency risk due to sales, purchases, capital expenditures and equity investments denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilizing 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 38.

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 Three Months Ended March 31					
	2024	2023	2024	2023	2024	2023
Pre-tax profit or loss (Note)	\$11,211	(\$22,997)	\$15,164	(\$23,396)	\$23,246	(\$19,925)

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:

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
Financial assets	\$ 49,228	\$ 49,796	\$ 12,800
Financial liabilities	855,716	759,219	823,009
Cash flow interest rate risk			
Financial liabilities	3,183,224	3,472,043	4,375,024

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\$7,958 thousand and NT\$10,938 thousand for the three months ended March 31, 2024 and 2023, 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 three months ended March 31, 2024 and 2023 would have been higher/lower by NT\$2,114 thousand and lower/higher NT\$1,511 thousand, as a result of the changes in fair value of financial assets at FVTOCI respectively.

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.

March 31, 2024

	1 Year	1-5 Years	5+ Years	Total
Non-interest bearing liabilities	\$1,672,530	\$ 7,610	\$ -	\$1,680,140
Interest bearing liabilities	3,468,158	591,037	120,079	4,179,274
Finance lease liabilities	<u>51,185</u>	<u>170,581</u>	<u>711,130</u>	<u>932,896</u>
	<u>\$5,191,873</u>	<u>\$ 769,228</u>	<u>\$ 831,209</u>	<u>\$6,792,310</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>\$ 51,185</u>	<u>\$ 170,581</u>	<u>\$ 175,985</u>	<u>\$ 170,573</u>	<u>\$ 158,686</u>	<u>\$ 205,886</u>

December 31, 2023

	1 Year	1-5 Years	5+ Years	Total
Non-interest bearing liabilities	\$1,669,351	\$ 6,022	\$ -	\$1,675,373
Interest bearing liabilities	3,742,230	212,612	126,510	4,081,352
Finance lease liabilities	<u>52,786</u>	<u>176,255</u>	<u>692,571</u>	<u>921,612</u>
	<u>\$5,464,367</u>	<u>\$ 394,889</u>	<u>\$ 819,081</u>	<u>\$6,678,337</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>\$ 52,786</u>	<u>\$176,255</u>	<u>\$171,804</u>	<u>\$165,619</u>	<u>\$155,768</u>	<u>\$199,380</u>

March 31, 2023

	1 Year	1-5 Years	5+ Years	Total
Non-interest bearing liabilities	\$2,062,396	\$ 21,233	\$ -	\$2,083,629
Interest bearing liabilities	4,133,782	1,074,323	276,529	5,484,634
Finance lease liabilities	<u>57,629</u>	<u>179,803</u>	<u>712,036</u>	<u>949,468</u>
	<u>\$6,253,807</u>	<u>\$1,275,359</u>	<u>\$ 988,565</u>	<u>\$8,517,731</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>\$ 57,629</u>	<u>\$ 179,803</u>	<u>\$ 167,135</u>	<u>\$ 165,398</u>	<u>\$ 161,987</u>	<u>\$ 217,516</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 March 31, 2024, December 31, 2023 and March 31, 2023, the carrying amounts of the un-derecognition transferred bank acceptance receivable were NT\$64,661 thousand, NT\$36,156 thousand and NT\$100,917 thousand, respectively, and the carrying amounts of related liabilities were NT\$64,661 thousand NT\$36,156 thousand and NT\$100,917 thousand, respectively.

34. 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

Related Party Name	Relationship
Contrel Technology Co., Ltd.	Other related parties
Shiang Jen Co., Ltd. (Shiang Jen)	Other related parties
Honor Seiki Co., Ltd. (Honor Seiki)	Other related parties (lost control in November 2023)
San Shin Co., Ltd. (San Shin)	Other related parties
Pt Tong - Tai Seikindo Utama	Substantial related party

- b. Sales of goods

Account Item	Related Party Type	For the Three Months Ended March 31	
		2024	2023
Revenues from sales	Other related parties	<u>\$ 8,867</u>	<u>\$ 1,774</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

Related Party Type	For the Three Months Ended March 31	
	2024	2023
Other related parties	<u>\$ 14,632</u>	<u>\$ 25,663</u>

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

- d. Receivables from related parties

Account Item	Related Party Type	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable - related parties	Other related parties	<u>\$ 14,334</u>	<u>\$ 16,523</u>	<u>\$ 3,271</u>
Other accounts receivable	Other related parties			
	Honor Seiki	\$ 34,828	\$ 4,040	\$ -
	Other	<u>828</u>	<u>1,765</u>	<u>1,273</u>
		<u>\$ 35,656</u>	<u>\$ 5,805</u>	<u>\$ 1,273</u>

e. Payables to related parties

Account Item	Related Party Type	March 31, 2024	December 31, 2023	March 31, 2023
Notes payable - related parties	Other related parties	<u>\$ 1,882</u>	<u>\$ 1,882</u>	<u>\$ -</u>
Accounts payable - related parties	Other related parties			
	Shiang Jen	\$ 23,644	\$ 27,559	\$ 34,059
	Shan Shin	7,418	9,185	12,771
	Other	<u>19,998</u>	<u>11,155</u>	<u>-</u>
		<u>\$ 51,060</u>	<u>\$ 47,899</u>	<u>\$ 46,830</u>
Other accounts payable	Other related parties	<u>\$ 230</u>	<u>\$ 357</u>	<u>\$ 304</u>

f. Contract liabilities

Account Item	Related Party Type	March 31, 2024	December 31, 2023	March 31, 2023
	Other related parties	<u>\$ 1,167</u>	<u>\$ -</u>	<u>\$ -</u>

g. Prepayments

Account Item	Related Party Type	March 31, 2024	December 31, 2023	March 31, 2023
	Other related parties	<u>\$ 56,542</u>	<u>\$ 32,748</u>	<u>\$ -</u>

h. Other transactions with related parties

1) Service fee (recognized as selling and marketing expenses)

Related Party Type	For the Three Months Ended March 31	
	2024	2023
Other related parties	<u>\$ 171</u>	<u>\$ -</u>

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

Related Party Type	For the Three Months Ended March 31	
	2024	2023
Other related parties	<u>\$ 209</u>	<u>\$ -</u>

3) Rental income

Related Party Type	For the Three Months Ended March 31	
	2024	2023
Other related parties		
Shiang Jen	<u>\$ 1,380</u>	<u>\$ 1,350</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

	For the Three Months Ended March 31	
	2024	2023
Short-term employee benefits	\$ 2,800	\$ 3,708
Post-employment benefits	<u>122</u>	<u>143</u>
	<u>\$ 2,922</u>	<u>\$ 3,851</u>

35. 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:

	March 31, 2024	December 31, 2023	March 31, 2023
Discounted notes receivable	\$ 64,661	\$ 36,156	\$ 100,917
Property, plant and equipment	1,101,410	1,112,021	1,841,971
Investment properties	223,703	225,658	237,714
Other financial assets (including current and noncurrent portion)	110,662	106,893	345,614
	<u>\$ 1,500,436</u>	<u>\$ 1,480,728</u>	<u>\$ 2,526,216</u>

36. 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 March 31, 2024 were as follows:

- Unused letters of credit in the amount of NT\$ 9,367 thousand.
- For sales, bidding, export tariff, commodity tax and bank loan, the Company and its subsidiaries entered into credit facility agreements with banks for commitment amount of NT\$507,217 thousand.

37. SIGNIFICANT SUBSEQUENT EVENT

In response to long-term operational development, In November 2023, the board of directors approved the resolution to increase the capital of subsidiary Anger by EUR\$11,000 thousand, which was completed in April 2024.

38. 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:

March 31, 2024	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands of New Taiwan Dollars)
Monetary foreign currency assets			
USD	\$ 24,665	32 (USD:NTD)	\$ 789,265
USD	496	0.9286 (USD:EUR)	15,882
USD	406	4.926 (USD:MYR)	12,996
EUR	25,007	34.46 (EUR:NTD)	861,753
CNY	118,850	4.408 (CNY:NTD)	523,893
Non-monetary foreign currency assets			
Investment accounted for using the equity method			
USD	79	32 (USD:NTD)	2,542

MYR	7,655	6.496	(MYR:NTD)	49,726
JPY	111,995	0.2115	(JPY:NTD)	23,687
Monetary foreign currency liabilities				
USD	11,295	32	(USD:NTD)	361,445
USD	2,585	0.9286	(USD:EUR)	82,705
USD	9	4.926	(USD:MYR)	278
CNY	4,183	4.408	(CNY:NTD)	18,437
EUR	2,522	34.46	(EUR:NTD)	86,897
Monetary foreign currency liabilities				
Investment accounted for using the equity method				
EUR	10,808	34.46	(EUR:NTD)	372,449
<hr/> December 31, 2023 <hr/>				
Monetary foreign currency assets				
USD	\$ 27,898	30.705	(USD: NTD)	\$ 856,612
USD	1,266	0.9036	(USD: EUR)	38,869
USD	416	4.789	(USD: MYR)	12,770
CNY	135,244	4.327	(CNY: NTD)	585,200
EUR	18,472	33.98	(EUR: NTD)	627,673
Non-monetary foreign currency assets				
Investment accounted for using the equity method				
USD	85	30.705	(USD: NTD)	2,619
MYR	7,915	6.411	(MYR: NTD)	50,740
JPY	104,940	0.2172	(JPY: NTD)	22,793
Monetary foreign currency liabilities				
USD	11,730	30.705	(USD: NTD)	360,162
USD	2,781	0.9036	(USD: EUR)	85,380
USD	18	4.789	(USD:MYR)	561
CNY	3,838	4.327	(CNY: NTD)	16,609
EUR	1,639	33.98	(EUR: NTD)	55,690
Non-monetary foreign currency liabilities				
Investment accounted for using the equity method				
EUR	8,670	33.98	(EUR: NTD)	294,612
<hr/> March 31, 2023 <hr/>				
Monetary foreign currency assets				
USD	\$ 38,572	30.45	(USD:NTD)	\$ 1,174,517
USD	1,215	0.919	(USD:EUR)	36,997
USD	1,509	4.601	(USD:MYR)	45,949
EUR	20,771	33.15	(EUR:NTD)	688,559
CNY	183,558	4.431	(CNY:NTD)	813,345
Non-monetary foreign currency assets				
Investment accounted for using the equity method				
USD	141	30.45	(USD:NTD)	4,292
MYR	8,984	6.618	(MYR:NTD)	59,458

JPY	100,363	0.2288	(JPY:NTD)	22,963
Monetary foreign currency liabilities				
USD	11,302	30.45	(USD:NTD)	344,146
USD	3,061	0.919	(USD:EUR)	93,207
USD	1,758	4.601	(USD:MYR)	53,531
CNY	7,559	4.431	(CNY:NTD)	33,494
EUR	736	33.15	(EUR:NTD)	24,398
Monetary foreign currency liabilities				
Investment accounted for using the equity method				
EUR	4,533	33.15	(EUR:NTD)	150,273

For the three months ended March 31, 2024 and 2023, net foreign exchange gains and losses were gain of NT\$33,901 thousand and loss of NT\$5,643 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.

39. 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: None;
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see Table 4 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 5 attached;
- b. Information about Subsidiaries: Please see Table 6.
- 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 7 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:
- The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None;
 - The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Please see Table 5 attached;
 - The amount of property transactions and the amount of the resultant gains or losses: None;
 - The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None;
 - 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;
 - 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 8 attached.

39. 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 (lost control in November 2023), APEC, PCI-SCEMM, CERIMATEC and Anger, which are engaging in the manufacturing and selling of machine tools and after-sales service.
- Component Manufacturer Segment: Including Tongfong, Tong-Yeh, 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 Three Months Ended March 31, 2024					
Revenues from external customers	\$ 1,243,619	\$ 34,043	\$ 45,552	\$ -	\$ 1,323,214
Inter-segment revenues	<u>87,478</u>	<u>19,889</u>	<u>24,873</u>	<u>(132,240)</u>	<u>-</u>
Segment revenues	<u>\$ 1,331,097</u>	<u>\$ 53,932</u>	<u>\$ 70,425</u>	<u>(\$ 132,240)</u>	<u>\$ 1,323,214</u>
Segment profit (loss)	(\$ 136,742)	(\$ 18,836)	(\$ 10,222)	\$ 4,818	(\$ 160,982)
Interest income	10,642	1	1,602	(9,689)	2,556
Financial costs	(30,653)	(1,231)	(8,270)	9,689	(30,465)
Share of the profit (loss) of associates and subsidiaries	15,950	-	-	-	15,950
Other non-operating income and expenses	<u>70,185</u>	<u>1,686</u>	<u>(13,357)</u>	<u>(3,948)</u>	<u>54,566</u>
Profit (loss) before income tax	(70,618)	(18,380)	(30,247)	870	(118,375)
Income tax expense (benefit)	<u>(\$ 13,095)</u>	<u>\$ 444</u>	<u>\$ 111</u>	<u>\$ -</u>	<u>(\$ 12,540)</u>
Net profit (loss) for the period	<u>(\$ 57,523)</u>	<u>(\$ 18,824)</u>	<u>(\$ 30,358)</u>	<u>\$ 870</u>	<u>(\$ 105,835)</u>

(Continued)

	Machine Manufacturer	Component Manufacturer	Others	Adjustment and Elimination	Total
For the Three Months Ended March 31, 2023					
Revenues from external customers	\$ 1,499,102	\$ 88,575	\$ 148,057	\$ -	\$ 1,735,734
Inter-segment revenues	<u>162,405</u>	<u>32,117</u>	<u>22,254</u>	<u>(216,776)</u>	<u>-</u>
Segment revenues	<u>\$ 1,661,507</u>	<u>\$ 120,692</u>	<u>\$ 170,311</u>	<u>(\$ 216,776)</u>	<u>\$ 1,735,734</u>
Segment profit (loss)	(\$ 35,767)	\$ 7,815	\$ 22,172	\$ 12,293	\$ 6,513
Interest income	9,324	10	735	(3,951)	6,118
Financial costs	(29,435)	(356)	(5,523)	3,951	(31,363)
Share of the profit (loss) of associates and subsidiaries	(287)	-	-	-	(287)
Other non-operating income and expenses	<u>(1,911)</u>	<u>1,567</u>	<u>42,734</u>	<u>(23,326)</u>	<u>19,064</u>
Profit (loss) before income tax	(58,076)	9,036	60,118	(11,033)	45
Income tax expense (benefit)	<u>106</u>	<u>506</u>	<u>100</u>	<u>-</u>	<u>712</u>
Net profit (loss) for the period	<u>(\$ 58,182)</u>	<u>\$ 8,530</u>	<u>\$ 60,018</u>	<u>(\$ 11,033)</u>	<u>(\$ 667)</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

	March 31, 2024	December 31, 2023	March 31, 2023
Segment assets			
Machine Manufacturer	\$ 14,553,625	\$ 14,573,551	\$ 18,250,495
Component Manufacturer	392,513	393,609	382,037
Others	1,266,209	1,254,383	1,310,001
Adjustment and Elimination	<u>(3,400,245)</u>	<u>(3,569,152)</u>	<u>(4,447,359)</u>
	<u>\$ 12,812,102</u>	<u>\$ 12,652,391</u>	<u>\$ 15,495,174</u>
Segment liabilities			
Machine Manufacturer	\$ 8,449,234	\$ 8,404,586	\$ 10,677,608
Component Manufacturer	315,060	405,495	205,453
Others	830,606	771,066	743,314
Adjustment and Elimination	<u>(1,855,558)</u>	<u>(2,027,691)</u>	<u>(1,832,611)</u>
	<u>\$ 7,739,342</u>	<u>\$ 7,553,456</u>	<u>\$ 9,793,764</u>

TABLE 1

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

FOR THE THREE MONTHS ENDED MARCH 31, 2024

(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 5)	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.	PCI-SCEMM	Other receivables - related party	Yes	\$ 103,380	\$ 103,380	\$ 86,150	4~5.269	Note 1	\$ -	Operating capital	\$ -		\$ -	\$ 507,016	\$ 1,014,032	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Machinery Co., Ltd.	Other receivables - related party	Yes	71,055	35,200	32,000	3.8~4	Note 1	-	Operating capital	-		-	507,016	1,014,032	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	Other receivables - related party	Yes	493,123	493,123	493,123	3.15~4.75	Note 1	-	Operating capital	-		-	507,016	1,014,032	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Other receivables - related party	Yes	143,934	73,600	73,600	3.8~4.75	Note 1	-	Operating capital	-		-	507,016	1,014,032	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Other receivables - related party	Yes	176,320	176,320	88,160	2.4~2.8	Note 1	-	Operating capital	-		-	507,016	1,014,032	Note 2
0	Tongtai Machine & Tool Co., Ltd.	mbi-group Beteiligung GmbH	Other receivables - related party	Yes	24,122	24,122	24,122	4.872	Note 1	-	Operating capital	-		-	507,016	1,014,032	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Tong-Yeh Precision Industry Co., Ltd.	Other receivables - related party	Yes	30,600	20,000	12,100	1.81	Note 1	-	Operating capital	-		-	507,016	1,014,032	Note 2
1	Union Top Industrial (Samoa) Limited	Anger Machining GmbH	Other receivables - related party	Yes	94,214	94,214	94,214	1.5	Note 1	-	Operating capital	-		-	96,981	193,963	Note 3
1	Union Top Industrial (Samoa) Limited	Mbi-group Beteiligung GmbH	Other receivables - related party	Yes	9,993	9,993	9,993	3	Note 1	-	Operating capital	-		-	96,981	193,963	Note 3
1	Union Top Industrial (Samoa) Limited	Tongan GmbH	Other receivables - related party	Yes	17,299	17,299	17,299	3.5	Note 1	-	Operating capital	-		-	96,981	193,963	Note 3
1	Union Top Industrial (Samoa) Limited	PCI-SCEMM	Other receivables - related party	Yes	34,460	34,460	34,460	4.971	Note 1		Operating capital				96,981	193,963	Note 3
1	Union Top Industrial (Samoa) Limited	TTGroup America, Inc.	Other receivables - related party	Yes	14,400	14,400	14,400	6.5	Note 1		Operating capital				96,981	193,963	Note 3
2	PCI-SCEMM	CERIMATEC	Other receivables - related party	Yes	34,460	34,460	29,680	5.57	Note 1	-	Operating capital	-		-	507,016	1,014,032	Note 4
2	PCI-SCEMM	TTGroup France	Other receivables - related party	Yes	6,892	6,892	6,892	5.57	Note 1	-	Operating capital	-		-	507,016	1,014,032	Note 4

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

TABLE 2

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE THREE MONTHS ENDED MARCH 31, 2024

(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.	Union Top Industrial (Samoa) Limited	The Company owns directly or indirectly over 50% ownership of the investee company	\$ 1,521,048	\$ 493,760	\$ 493,760	\$ 391,263	\$ -	9.74	\$ 2,535,081	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Mbi-group Beteiligungs GmbH	The Company owns directly or indirectly over 50% ownership of the investee company	1,521,048	34,460	34,460	34,460	-	0.68	2,535,081	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	The Company owns directly or indirectly over 50% ownership of the investee company	1,521,048	944,472	847,716	465,210	-	16.72	2,535,081	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Asia Pacific Elite Corp.	The Company owns directly or indirectly over 50% ownership of the investee company	1,521,048	235,000	235,000	144,780	-	4.63	2,535,081	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Quick-Tech Machinery Co., Ltd.	The Company owns directly or indirectly over 50% ownership of the investee company	1,521,048	57,000	57,000	-	-	1.12	2,535,081	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Tong-Yeh Precision Co., Ltd.	The Company owns directly or indirectly over 50% ownership of the investee company	1,521,048	25,000	25,000	21,500	-	0.49	2,535,081	Y	-	-	
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	1,521,048	32,000	32,000	-	-	0.63	2,535,081	Y	-	-	

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

1. For Tongtai Machine & 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).

TABLE 3

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

March 31, 2024

(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	March 31, 2024				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Tongtai Machine & Tool Co., Ltd.	Common stock Contrel Technology Co., Ltd.	Same president	Financial assets at fair value through other comprehensive income - non current	6,849,178	\$ 192,461	4	\$ 192,461	
	SHIANG JEN CO., LTD.	The held company as its director	Financial assets at fair value through other comprehensive income - non current	1,520,000	13,507	19	13,507	
	World Known MFG (Cayman) Limited	-	Financial assets at fair value through other comprehensive income - non current	280,000	18,984	1	18,984	
	USYNC INC.	-	Financial assets at fair value through other comprehensive income - non current	295,371	11,655	4	11,655	
	WORLD KNOWN MFG. CO., LTD.	-	Financial assets at fair value through other comprehensive income - non current	229,729	6,314	1	6,314	
					<u>\$ 242,921</u>		<u>\$ 242,921</u>	
	Preference share POTZU CO., LTD.		Financial assets at amortized cost - non-current	20,000	<u>\$ 20,000</u>	-	<u>\$ 20,000</u>	

TABLE 4

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

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

FOR THE THREE MONTHS ENDED MARCH 31, 2024

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

Company Name	Related Party	Relationship	Ending Balance (Note 4)	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	\$ 181,784(Note 1)	2.06	\$ -	-	\$ 32,864	\$ -
	Anger Machining GmbH	Subsidiary	519,975(Note 2)	-	-	-	-	-
	Process Conception Ingenierie-Societe de Construction D'equipments, De Mecanisations Et De Machines	Subsidiary	109,387(Note 3)	0.14	-	-	-	-

Note 1: Including accounts receivable amounted of NT\$92,890 thousand and other receivable amounted of NT\$88,894 thousand. Other receivable was excluded in the calculation turnover rate.

Note 2: Including accounts receivable amounted of NT\$1,583 thousand and other receivable amounted of NT\$518,392 thousand. Other receivable was excluded in the calculation turnover rate.

Note 3: Including accounts receivable amounted of NT\$19,359 thousand and other receivable amounted of NT\$90,028 thousand. Other receivable was excluded in the calculation turnover rate.

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

TABLE 5

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
 FOR THE THREE MONTHS ENDED MARCH 31, 2024
 (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.	Suzhou Tongyu Machine Tool Co., Ltd	Parent to subsidiary	Accounts receivable	\$ 92,890	Based on contracts	0.73
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd	Parent to subsidiary	Other receivable	88,894	Based on contracts and BOD resolution	0.69
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd	Parent to subsidiary	Sales	44,693	Based on contracts	3.38
0	Tongtai Machine & Tool Co., Ltd.	Process Conception Ingenierie-Societe de Construction D'equipments, De Mecanisations Et De Machines	Parent to subsidiary	Other receivable	90,028	Based on contracts and BOD resolution	0.70
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	Parent to subsidiary	Other receivable	518,392	Based on contracts and BOD resolution	4.05
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Parent to subsidiary	Other receivable	74,550	Based on contracts and BOD resolution	0.58
1	Union Top Industrial (Samoa) Limited	Anger Machining GmbH	Subsidiary to subsidiary	Other receivable	98,030	Based on contracts and BOD resolution	0.77
1	Union Top Industrial (Samoa) Limited	Process Conception Ingenierie-Societe de Construction D'equipments, De Mecanisations Et De Machines	Subsidiary to subsidiary	Other receivable	35,558	Based on contracts and BOD resolution	0.28

TABLE 6

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE THREE MONTHS ENDED MARCH 31, 2024

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2024	December 31, 2023	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	\$ 968,240	(\$ 26,824)	(\$ 26,824)	Note
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	35,735	(1,495)	(1,495)	Note
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	165,192	20,080	20,304	Note
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	88,743	6,133	6,241	Note
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	30,328	1,299	1,229	Note
Tongtai Machine & Tool Co., Ltd.	Tongtai Machine & Tool Japan Co., Ltd.	Japan	Sales and manufacturing of equipment	31,561	31,561	889	100.00	23,687	1,493	1,493	Note
Tongtai Machine & Tool Co., Ltd.	Tong Tai Machinery Co., Ltd.	Thailand	Sales of customized machine	5,854	5,854	999,998	100.00	20,926	(3,723)	(3,723)	Note
Tongtai Machine & Tool Co., Ltd.	Tongtai Seiki Vietnam Co., Ltd.	Vietnam	Sales of customized machine	9,054	9,054	631,080	100.00	19,700	(2,136)	(2,136)	Note
Tongtai Machine & Tool Co., Ltd.	Tongtai Machine Tool (SEA) Sdn. Bhd.	Malaysia	Sales of customized machine	5,107	5,107	520,000	52.00	14,517	(3,209)	(1,668)	Note
Tongtai Machine & Tool Co., Ltd.	Tongtai Machine Tool (MFG) Sdn. Bhd.	Malaysia	Sales and manufacturing of equipment	71,952	71,952	8,500,000	100.00	35,209	(4)	(4)	Note
Tongtai Machine & Tool Co., Ltd.	Tong-Tai Seiki USA, Inc.	USA	Sales of merchandise	-	71,667	-	100.00	-	-	-	Note
Tongtai Machine & Tool Co., Ltd.	TTGroup America, Inc.	USA	Sales of merchandise	71,667	-	-	100.00	2,542	(185)	(185)	Note
Tongtai Machine & Tool Co., Ltd.	Tongtai Mexico ,S.A. DE C.V.	Mexico	Sales and maintenance of machine tools	10,155	10,155	65,999	100.00	4,043	(701)	(701)	Note
Tongtai Machine & Tool Co., Ltd.	PCI-SCEMM	France	Sales, manufacturing and maintenance of machine tools	182,200	182,200	1,000,000	100.00	118,511	(59,122)	(59,122)	Note
Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Netherlands	Sales of merchandise	96,221	96,221	9,000	100.00	(61,458)	(4,277)	(4,277)	Note
Tongtai Machine & Tool Co., Ltd.	Tongan GmbH	Austrian	General investment	597,771	597,771	35,000	100.00	(429,502)	(10,620)	(10,620)	Note
Tongtai Machine & Tool Co., Ltd.	Cyber Laser Taiwan Co., Ltd.	Tainan City	Machine and manufacturing of electronic component	20,000	20,000	2,000,000	33.00	-	-	-	
Tongtai Machine & Tool Co., Ltd.	Honor Seiki Co., Ltd.	Kaohsiung City	Sales and manufacturing of equipment	60,618	62,978	15,485,893	44.88	698,289	34,985	15,703	Note
Tongtai Machine & Tool Co., Ltd.	Ruei Yang Precision Co., Ltd.	Tainan City	Sales, manufacturing and processing of machine component	10,000	-	1,000,000	20.00	10,000	-	-	
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	9,269	617	247	
Union Top Industrial (Samoa) Limited	Great Pursuit Limited	Samoa	General investment	40,054	40,054	-	55.00	-	-	-	Note
Tongtai Machine & Tool Japan Co., Ltd.	SKTD Co., Ltd.	Japan	Design and development of machine tools	23,203	\$ 23,203	780	98.73	\$ 18,295	\$ 1,737	\$ 1,716	Note
PCI-SCEMM	TTGroup France	France	Sales of merchandise	1,076	1,076	30,000	100.00	(3,950)	(2,294)	(2,294)	Note
PCI-SCEMM	CERIMATEC	France	Sales of machine tools	9,816	9,816	300,000	100.00	(8,876)	(20,365)	(20,365)	Note
Tongan GmbH	Mbi-group Beteiligung GmbH	Austrian	General investment	611,202	611,202	-	100.00	(412,972)	(10,461)	(10,461)	Note
Mbi-group Beteiligung GmbH	Anger Machining GmbH	Austrian	Sales, manufacturing and maintenance of machine tools	595,855	595,855	-	100.00	(317,650)	(10,556)	(10,556)	Note
Anger Machining GmbH	Anger Machining Inc.	USA	Sales and maintenance of machine tools	122	122	60,000	100.00	12,687	(1,349)	(1,349)	Note
Anger Machining GmbH	Anger Service Deutschland GmbH	Germany	Sales and maintenance of machine tools	868	868	-	100.00	3,966	313	313	Note

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

TABLE 7

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE THREE MONTHS ENDED MARCH 31, 2024

(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, 2023 (Note 1)	Remittance of Funds (Note 1)		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2024 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2024	Accumulated Repatriation of Investment Income as of March 31, 2023	Note
					Outward	Inward							
Tong-Yu Machine Tool (Shanghai) Co., Ltd.	Sales and maintenance of machine tools	\$ 77,056	Investments through a holding company registered in a third region	\$ 77,056	\$	\$	\$ 77,056	(\$ 2,168)	100.00	(\$ 2,168)	\$ 83,617	\$ -	Note 4
Suzhou Tongyu Machine Tool Co., Ltd.	Manufacturing of digital control machine and system	800,000	Investments through a holding company registered in a third region	800,000			800,000	(8,650)	100.00	(8,650)	1,066,336	199,923	Note 4
Shanghai Tong-Tai-Shin Trading Co., Ltd.	International trade	6,400	Investments through a holding company registered in a third region	6,400			6,400	(15)	100.00	(15)	9,929	8,972	Note 4
Hao-Tern-Shin Electronics (Shenzhen) Co., Ltd.	Sales and manufacturing of printed circuit board	80,000	Investments through a holding company registered in a third region	44,000			44,000	-	55.00	-	-	-	Note 4

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2024 (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.	\$ 927,456	\$ 927,456	\$ 3,042,097

Note 1: The amounts were calculated based on the foreign exchange rate as of March 31, 2024.

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 8

TONGTAI MACHINE & TOOL CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS

March 31, 2024

Name of The Major Shareholder	Shares	
	Number of Shares Owned (shares)	Percentage of Ownership (%)
San Shin Investment Co., Ltd.	18,090,889	7.09

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.