

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

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 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 September 30, 2024 and 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the three months and nine months ended September 30, 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 11 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated statements were not reviewed. As of September 30, 2024 and 2023, the combined total assets of these non-significant subsidiaries were NT\$3,741,626 thousand and NT\$5,694,805 thousand, representing 29% and 38%, respectively, of the consolidated total assets; the combined total liabilities of these non-significant subsidiaries were NT\$2,714,853 thousand and NT\$3,702,166 thousand, representing 34% and 41%, respectively, of the consolidated total liabilities. For the three months and nine months ended September 30, 2024 and 2023, the amounts of the combined comprehensive income (loss) of these non-significant subsidiaries were NT\$(21,521) thousand, NT\$32,910 thousand, NT\$(139,078) thousand and NT\$122,960 thousand, representing 45%, 63%, 171% and 171%, respectively, of the consolidated total comprehensive income.

In addition, as disclosed in Note 12 to the consolidated financial statements, the total carrying amounts of the investments accounted for using the equity method were NT\$16,387 thousand and NT\$8,414 thousand as of September 30, 2024 and 2023, respectively; the share of profit (loss) of associates accounted for using the equity method were NT\$(590) thousand, NT\$187 thousand, NT\$(317) thousand and NT\$299 thousand for the three months and nine months ended September 30, 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 September 30, 2024 and 2023, its consolidated financial performance for the three months ended September 30, 2024 and 2023, and its consolidated cash flows for nine months ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

November 13, 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)

ASSETS	September 30, 2024 (Reviewed)		December 31, 2023 (Audited)		September 30, 2023 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 1,016,397	8	\$ 919,787	7	\$ 1,386,569	9
Financial assets at fair value through profit or loss - current (Note 7)	-	-	53	-	399	-
Notes receivable, net (Notes 10 and 35)	307,155	2	377,846	3	443,238	3
Accounts receivable, net (Note 10)	2,029,698	16	2,265,777	18	2,455,525	16
Accounts receivable - related parties (Notes 10 and 34)	11,186	-	16,523	-	938	-
Other receivables (Note 34)	71,264	-	54,532	1	84,324	1
Current tax assets	36,273	-	25,374	-	27,415	-
Inventories (Note 11)	4,211,659	33	4,042,549	32	5,331,590	36
Other financial assets - current (Notes 14 and 35)	25,021	-	28,478	-	120,555	1
Other current assets (Note 34)	230,568	2	228,458	2	288,041	2
Total current assets	<u>7,939,221</u>	<u>61</u>	<u>7,959,377</u>	<u>63</u>	<u>10,138,594</u>	<u>68</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	439,739	4	177,323	2	184,358	1
Non-current financial assets at amortised cost (Note 9)	51,650	-	20,000	-	-	-
Investments accounted for using the equity method (Note 13)	756,023	6	750,365	6	8,414	-
Property, plant and equipment (Notes 15 and 35)	1,836,808	14	1,900,770	15	2,615,764	18
Right-of-use assets (Note 16)	569,578	5	655,455	5	662,490	5
Investment properties (Notes 17 and 35)	606,884	5	484,203	4	495,149	3
Intangible assets (Note 18)	37,951	-	44,000	-	48,877	-
Deferred tax assets	474,666	4	447,672	4	453,055	3
Refundable deposits	21,398	-	17,487	-	17,715	-
Long-term notes and accounts receivable (Note 10)	46,767	-	49,796	-	50,108	1
Net defined benefit assets (Note 4)	3,132	-	2,921	-	3,172	-
Other financial assets - non-current (Notes 14 and 35)	108,040	1	115,020	1	127,938	1
Other non-current assets (Note 10)	21,933	-	28,002	-	31,047	-
Total non-current assets	<u>4,974,569</u>	<u>39</u>	<u>4,693,014</u>	<u>37</u>	<u>4,698,087</u>	<u>32</u>
TOTAL	<u>\$12,913,790</u>	<u>100</u>	<u>\$12,652,391</u>	<u>100</u>	<u>\$14,836,681</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 19 and 35)	\$ 2,495,609	19	\$ 2,499,033	20	\$ 2,869,101	19
Short-term bills payable (Note 19)	80,000	1	109,732	1	162,974	1
Contract liabilities - current (Notes 25 and 34)	1,212,891	10	850,990	7	1,044,827	7
Notes payable (Note 20)	314,450	3	271,085	2	233,877	2
Notes payable - related parties (Notes 20 and 34)	-	-	1,882	-	-	-
Accounts payable (Note 20)	775,385	6	781,196	6	1,157,033	8
Accounts payable - related parties (Notes 20 and 34)	90,153	1	47,899	-	58,466	-
Other payables (Notes 21 and 34)	552,896	4	567,289	5	654,292	4
Current tax liabilities	705	-	7,990	-	37,797	-
Provisions - current (Note 22)	132,517	1	130,998	1	114,112	1
Lease liabilities - current (Note 16)	35,755	-	33,911	-	35,457	-
Current portion of long-term bank borrowings (Notes 19 and 35)	533,651	4	1,026,022	8	1,164,703	8
Other current liabilities	39,994	-	67,974	1	66,460	1
Total current liabilities	<u>6,264,006</u>	<u>49</u>	<u>6,396,001</u>	<u>51</u>	<u>7,599,099</u>	<u>51</u>
NON-CURRENT LIABILITIES						
Long-term bank borrowings (Notes 19 and 35)	879,424	7	389,461	3	677,946	5
Deferred tax liabilities	62,510	1	62,641	1	70,100	1
Lease liabilities -noncurrent (Note 16)	649,856	5	640,492	5	644,764	4
Net defined benefit liabilities (Note 4)	50,721	-	58,839	-	65,478	-
Guarantee deposits received	40,696	-	6,022	-	15,243	-
Total non-current liabilities	<u>1,683,207</u>	<u>13</u>	<u>1,157,455</u>	<u>9</u>	<u>1,473,531</u>	<u>10</u>
Total liabilities	<u>7,947,213</u>	<u>62</u>	<u>7,553,456</u>	<u>60</u>	<u>9,072,630</u>	<u>61</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	17
Capital surplus	1,220,665	9	1,220,665	9	1,220,665	8
Retained earnings						
Legal reserve	759,548	6	753,831	6	753,831	5
Special reserve	89,749	1	89,749	1	89,749	1
Unappropriated earnings	66,013	-	509,533	4	440,551	3
Total retained earnings	<u>915,310</u>	<u>7</u>	<u>1,353,113</u>	<u>11</u>	<u>1,284,131</u>	<u>9</u>
Other equity	277,550	2	( 27,379 )	-	701	-
Total equity attributable to owners of the Company	<u>4,961,790</u>	<u>38</u>	<u>5,094,664</u>	<u>40</u>	<u>5,053,762</u>	<u>34</u>
NON-CONTROLLING INTERESTS (Note 24)	<u>4,787</u>	<u>-</u>	<u>4,271</u>	<u>-</u>	<u>710,289</u>	<u>5</u>
Total equity	<u>4,966,577</u>	<u>38</u>	<u>5,098,935</u>	<u>40</u>	<u>5,764,051</u>	<u>39</u>
TOTAL	<u>\$12,913,790</u>	<u>100</u>	<u>\$12,652,391</u>	<u>100</u>	<u>\$14,836,681</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' reviewed report dated November 13, 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)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Notes 25 and 34)	\$1,339,752	100	\$1,963,891	100	\$4,032,582	100	\$5,708,256	100
OPERATING COSTS (Notes 11, 26 and 34)	<u>1,189,613</u>	<u>89</u>	<u>1,543,668</u>	<u>79</u>	<u>3,484,220</u>	<u>87</u>	<u>4,467,007</u>	<u>78</u>
GROSS PROFIT	150,139	11	420,223	21	548,362	13	1,241,249	22
UNREALIZED GAIN FROM SALE	( 2,483 )	-	-	-	( 2,483 )	-	-	-
REALIZED GAIN FROM SALE	<u>165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165</u>	<u>-</u>	<u>-</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>147,821</u>	<u>11</u>	<u>420,223</u>	<u>21</u>	<u>546,044</u>	<u>13</u>	<u>1,241,249</u>	<u>22</u>
OPERATING EXPENSES (Notes 10, 26 and 34)								
Selling and marketing expenses	194,878	15	212,755	11	550,135	14	644,053	11
General and administrative expenses	114,246	8	142,638	7	379,417	9	421,097	7
Research and development expenses	66,866	5	61,685	3	182,038	4	197,801	4
Expected credit loss (gain)	( 45,811 )	( 3 )	19,948	1	( 11,830 )	-	( 4,381 )	-
Total operating expenses	<u>330,179</u>	<u>25</u>	<u>437,026</u>	<u>22</u>	<u>1,099,760</u>	<u>27</u>	<u>1,258,570</u>	<u>22</u>
PROFIT (LOSS) FROM OPERATIONS	( 182,358 )	( 14 )	( 16,803 )	( 1 )	( 553,716 )	( 14 )	( 17,321 )	-
NON-OPERATING INCOME AND EXPENSES (Notes 13, 26 and 34)								
Interest income	3,257	-	5,959	-	10,183	-	22,592	-
Other income	54,025	4	29,091	2	120,885	3	102,377	2
Other gains and losses	5,166	-	40,817	2	44,084	1	33,273	1
Finance costs	( 30,376 )	( 2 )	( 35,350 )	( 2 )	( 94,068 )	( 2 )	( 103,552 )	( 2 )
Share of profit of associates	<u>19,301</u>	<u>2</u>	<u>187</u>	<u>-</u>	<u>56,733</u>	<u>1</u>	<u>299</u>	<u>-</u>
Total non-operating income and expenses	<u>51,373</u>	<u>4</u>	<u>40,704</u>	<u>2</u>	<u>137,817</u>	<u>3</u>	<u>54,989</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	( 130,985 )	( 10 )	23,901	1	( 415,899 )	( 11 )	37,668	1
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 27)	<u>10,488</u>	<u>1</u>	( 8,831 )	( 1 )	( 28,219 )	( 1 )	( 13,854 )	-
NET PROFIT (LOSS) FOR THE PERIOD	( 141,473 )	( 11 )	<u>32,732</u>	<u>2</u>	( 387,680 )	( 10 )	<u>51,522</u>	<u>1</u>

(Continued)

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

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	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	\$ 67,909	5	(\$ 11,447)	( 1)	\$ 262,416	7	\$ 24,695	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	32,083	2	39,087	2	54,499	1	( 5,465)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	( 6,110)	-	( 7,805)	-	( 10,628)	-	1,038	-
Other comprehensive loss for the year, net of income tax	93,882	7	19,835	1	306,287	8	20,268	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(\$ 47,591)	( 4)	\$ 52,567	3	(\$ 81,393)	( 2)	\$ 71,790	1
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
TO:								
Owners of the Company	(\$ 140,193)	( 11)	\$ 10,226	1	(\$ 386,838)	( 10)	(\$ 11,808)	-
Non-controlling interests	( 1,280)	-	22,506	1	( 842)	-	63,330	1
	(\$ 141,473)	( 11)	\$ 32,732	2	(\$ 387,680)	( 10)	\$ 51,522	1
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	(\$ 47,843)	( 4)	\$ 29,997	2	(\$ 81,909)	( 2)	\$ 8,732	-
Non-controlling interests	252	-	22,570	1	516	-	63,058	1
	(\$ 47,591)	( 4)	\$ 52,567	3	(\$ 81,393)	( 2)	\$ 71,790	1
EARNINGS (LOSSES) PER SHARE (Note 28)								
Basic	(\$ 0.55)		\$ 0.04		(\$ 1.52)		(\$ 0.05)	
Diluted	( 0.55)		0.04		( 1.52)		( 0.05)	

(Concluded)

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

(With Deloitte & Touche auditors' reviewed report dated November 13, 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					
						Exchange Differences on Translating Equity Operations		Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		Total Equity Attributable to Owners of the Company	
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings						Non-controlling Interests
								Total Other Equity			Total Equity
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
Appropriation of 2023 earnings (Note 24)											
Legal reserve	-	-	5,717	-	( 5,717)	-	-	-	-	-	-
Cash dividends	-	-	-	-	( 50,965)	-	-	-	( 50,965)	-	( 50,965)
	-	-	5,717	-	( 56,682)	-	-	-	( 50,965)	-	( 50,965)
Net loss for the nine months ended September 30, 2024	-	-	-	-	( 386,838)	-	-	-	( 386,838)	( 842)	( 387,680)
Other comprehensive income (loss) for the nine months ended September 30, 2024, net of income tax	-	-	-	-	-	42,513	262,416	304,929	304,929	1,358	306,287
Total comprehensive income (loss) for the nine months ended September 30, 2024	-	-	-	-	( 386,838)	42,513	262,416	304,929	( 81,909)	516	( 81,393)
BALANCE AT SEPTEMBER 30, 2024	\$ 2,548,265	\$ 1,220,665	\$ 759,548	\$ 89,749	\$ 66,013	(\$ 103,644)	\$ 381,194	\$ 277,550	\$ 4,961,790	\$ 4,787	\$ 4,966,577
BALANCE AT JANUARY 1, 2023	\$ 2,548,265	\$ 1,195,552	\$ 743,589	\$ 89,749	\$ 513,566	(\$ 120,957)	\$ 101,118	(\$ 19,839)	\$ 5,070,882	\$ 603,452	\$ 5,674,334
Appropriation of 2022 earnings (Note 24)											
Legal reserve	-	-	10,242	-	( 10,242)	-	-	-	-	-	-
Cash dividends	-	-	-	-	( 50,965)	-	-	-	( 50,965)	-	( 50,965)
	-	-	10,242	-	( 61,207)	-	-	-	( 50,965)	-	( 50,965)
Net profit for the nine months ended September 30, 2023	-	-	-	-	( 11,808)	-	-	-	( 11,808)	63,330	51,522
Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	( 4,155)	24,695	20,540	20,540	( 272)	20,268
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	( 11,808)	( 4,155)	24,695	20,540	8,732	63,058	71,790
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Notes 24 and 30)	-	25,113	-	-	-	-	-	-	25,113	99,225	124,338
Adjustment of non-controlling interests (Note 24)	-	-	-	-	-	-	-	-	-	( 55,446)	( 55,446)
BALANCE AT SEPTEMBER 30, 2023	\$ 2,548,265	\$ 1,220,665	\$ 753,831	\$ 89,749	\$ 440,551	(\$ 125,112)	\$ 125,813	\$ 701	\$ 5,053,762	\$ 710,289	\$ 5,764,051

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

(With Deloitte & Touche auditors' reviewed report dated November 13, 2024)

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income (loss) tax	( \$ 415,899 )	\$ 37,668
Adjustments for:		
Depreciation expense	176,674	207,827
Amortization expense	28,566	31,190
Expected credit losses (profit)	( 11,830 )	( 4,381 )
Net loss (gain) on fair value change of financial assets and liabilities designated as at fair value through profit or loss	( 399 )	1,008
Finance costs	94,068	103,552
Interest income	( 10,183 )	( 22,592 )
Dividend income	( 7,007 )	( 13,421 )
Share of (profit) loss of associates	( 56,733 )	( 299 )
Loss (gain) on disposal of property, plant and equipment	360	( 449 )
Gain on disposal of investments	( 857 )	-
Impairment loss recognized on nonfinancial assets	135,849	37,935
Unrealized gain from sale	2,483	-
Realized gain from sale	( 165 )	-
Recognition of provisions	106,353	125,382
Loss on disposal of subsidiary	-	52
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	399	10,541
Notes receivable and long-term notes and accounts receivable	73,720	41,467
Accounts receivable	245,283	37,023
Accounts receivable - related parties	5,337	3,705
Other receivables	14,276	( 2,760 )
Inventories	( 219,677 )	( 5,437 )
Other current assets	( 2,110 )	( 15,493 )
Contract liabilities	361,901	( 62,115 )
Notes payable	41,483	( 26,227 )
Accounts payable	( 5,811 )	( 51,333 )
Accounts payable - related parties	42,254	( 3,618 )
Other payables	( \$ 9,829 )	( 1,776 )
Provisions	( 109,494 )	( 103,138 )
Other current liabilities	( 27,980 )	28,275
Net defined benefit liabilities	( 8,329 )	( 1,827 )
Cash generated from operations	442,703	350,759
Interest received	10,147	24,609
Dividend received	7,007	13,421
Interest paid	( 95,005 )	( 104,351 )
Income taxes paid	( 27,718 )	( 22,640 )
Net cash generated from operating activities	<u>337,134</u>	<u>261,798</u>

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	( 31,443 )	-
Acquisition of investments accounted for using the equity method	( 10,000 )	-
Proceeds from disposal of investments accounted for using equity method	28,642	-
Increase in prepayments for investments	-	( 20,000 )
Net cash inflow on disposal of subsidiary	-	40,049
Acquisition of property, plant and equipment	( 75,461 )	( 60,722 )
Proceeds from disposal of property, plant and equipment	1,307	2,978
Increase in refundable deposits	( 3,911 )	-
Decrease in refundable deposits	-	2,941
Acquisition of intangible assets	( 11,201 )	( 10,564 )
Decrease in other financial assets	10,437	47,791
Increase in other non-current assets	( 8,247 )	( 8,989 )
Net cash used in investing activities	( 99,877 )	( 6,516 )
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	924,420	2,317,866
Repayments of short-term borrowings	( 948,493 )	( 2,166,053 )
Increase in short-term bills payable	170,000	113,122
Decrease in short-term bills payable	( 199,732 )	-
Proceeds from long-term bank borrowings	1,130,588	102,011
Repayments of long-term bank borrowings	( 1,152,640 )	( 416,597 )
Increase in guarantee deposits received	34,674	-
Decrease in guarantee deposits received	-	( 7,526 )
Repayment of principle of lease liabilities	( 30,253 )	( 30,363 )
Dividends paid	( 50,965 )	( 50,965 )
Disposal of ownership interests in subsidiaries	-	124,338
Decrease in non-controlling interests	-	( 55,446 )
Net cash used in financing activities	( 122,401 )	( 69,613 )
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	( \$ 18,246 )	( \$ 7,927 )
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	96,610	177,742
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	919,787	1,208,827
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	\$ 1,016,397	\$ 1,386,569

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' reviewed report dated November 13, 2024)

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 November 13, 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. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 1)

Note 1: 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 Group 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.

- c. The IFRS Accounting Standards 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)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
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

(Continued)

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
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 Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027
(Concluded)	

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

#### IFRS 18 "Presentation and Disclosure 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 Corporation 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 Corporation and its subsidiaries shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Corporation 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 Corporation and its subsidiaries as a whole, the Corporation 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 approved by the Company's board of directors and authorized for issue, the Company and its subsidiaries are continuously assessing the impact of the impending initial application of the aforementioned and other standards and the amendments to interpretations on their financial position and results of operations. The related impact will be disclosed when the Company completes its evaluation.

## **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **a. Statement of compliance**

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

b. Basis of preparation

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

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

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

c. Basis of preparation

Refer to Note 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, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; 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. The terms of the liability may be settled by transferring the equity instruments of the merging company at the option of the counterparty. If the merging company classifies the option as an equity instrument, these terms will not affect the classification of the liability as current or 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, 2023.

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

## 6. CASH AND CASH EQUIVALENTS

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 3,302	\$ 3,189	\$ 3,496
Checking accounts and demand deposits	952,617	859,810	1,225,870
Cash equivalents			
Bonds with repurchase agreements	-	-	100,081
Time deposits with original maturities of less than three months	60,478	56,788	57,122
	<u>\$ 1,016,397</u>	<u>\$ 919,787</u>	<u>\$ 1,386,569</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets at FVTPL - current			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets			
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 53</u>	<u>\$ 399</u>

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

	Currency	Maturity Date	Contract Amount (In Thousands)
December 31, 2023			
Foreign exchange forward	MYR/USD	2024.04	MYR1,425/USD307
September 30, 2023			
Foreign exchange forward	MYR/USD	2023.12 2024.04	MRY616/USD132 MRY1,425/USD307

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 and nine months ended September 30, 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\$10 thousand, NT\$399 thousand, NT\$399 thousand and NT\$(1,008) thousand, respectively, included in gain (loss) on financial instruments at fair value through profit or loss.

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

	September 30, 2024	December 31, 2023	September 30, 2023
Investment in equity instruments			
Domestic investments			
Listed shares	\$ 409,787	\$ 145,239	\$ 151,069
Unlisted shares	<u>29,952</u>	<u>32,084</u>	<u>33,289</u>
	<u>\$ 439,739</u>	<u>\$ 177,323</u>	<u>\$ 184,358</u>

#### 9. FINANCIAL ASSETS AT AMORTIZED COST – NON-CURRENT

	September 30, 2024	December 31, 2023	September 30, 2023
Unlisted Preference shares	\$ 20,000	\$ 20,000	\$ -
Cathay Pacific bank's subordinated bond	31,650	-	-
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 51,650</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%.

In April 2024, the Company invested in Cathay Pacific Bank's 10-year sequential bonds, with an investment amount of US\$1,000 thousand, with an effective interest rate of 5.8

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

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable (operating)			
Gross carrying amount at amortized cost	\$ 308,464	\$ 379,155	\$ 444,557
Less: Unrealized interest revenue	<u>1,309</u>	<u>1,309</u>	<u>1,319</u>
	<u>\$ 307,155</u>	<u>\$ 377,846</u>	<u>\$ 443,238</u>
Accounts receivable			
Gross carrying amount at amortized cost	\$ 2,441,083	\$ 2,686,518	\$ 2,853,894
Less: Allowance for impairment loss	<u>411,385</u>	<u>420,741</u>	<u>398,369</u>
	<u>\$ 2,029,698</u>	<u>\$ 2,265,777</u>	<u>\$ 2,455,525</u>

(Continued)

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable - related parties			
Gross carrying amount at amortized cost	\$ 11,186	\$ 16,523	\$ 938
Long-term notes and accounts receivable (operating)			
Gross carrying amount at amortized cost	\$ 46,767	\$ 49,796	\$ 50,108
Less : Allowance for impairment loss	-	-	-
	\$ 46,767	\$ 49,796	\$ 50,108
Overdue receivable (included in other noncurrent assets)			
Gross carrying amount at amortized cost	\$ 17,458	\$ 17,658	\$ 17,658
Less : Allowance for impairment loss	17,458	17,658	17,658
	\$ -	\$ -	\$ -

(Concluded)

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

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

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

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

September 30, 2024

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	366 to 720 Days	Over 721 Days	Individual Identification	Total
Gross carrying amount	\$ 1,356,003	\$ 459,245	\$ 117,929	\$ 129,697	\$ 232,706	\$ 179,185	\$ 282,355	\$ 66,529	\$ 2,823,649
Loss allowance (Lifetime ECL)	( 27,640)	( 15,495)	( 11,364)	( 9,202)	( 17,826)	( 62,930)	( 217,857)	( 66,529)	( 428,843)
	\$ 1,328,363	\$ 443,750	\$ 106,565	\$ 120,495	\$ 214,880	\$ 116,255	\$ 64,498	\$ -	\$ 2,394,806

## December 31, 2023

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

## September 30, 2023

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	366 to 720 Days	Over 721 Days	Individual Identification	Total
Gross carrying amount	\$ 1,844,426	\$ 428,136	\$ 339,332	\$ 115,360	\$ 129,953	\$ 242,749	\$ 208,106	\$ 57,774	\$ 3,365,836
Loss allowance (Lifetime ECL)	( 7,430)	( 21,522)	( 68,820)	( 13,283)	( 15,245)	( 73,690)	( 158,283)	( 57,774)	( 416,027)
	<u>\$ 1,836,996</u>	<u>\$ 406,614</u>	<u>\$ 270,512</u>	<u>\$ 102,077</u>	<u>\$ 114,708</u>	<u>\$ 169,059</u>	<u>\$ 49,823</u>	<u>\$ -</u>	<u>\$ 2,949,809</u>

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

	For the Nine Months Ended September 30	
	2024	2023
Balance, beginning of period	\$ 438,399	\$ 493,241
Recognition (Reversal)	( 11,830 )	( 4,381 )
Written off	( 352 )	( 63,901 )
Disposal of subsidiary	-	( 4,069 )
Effects of foreign currency exchange differences	<u>2,626</u>	<u>( 4,863 )</u>
Balance, end of period	<u>\$ 428,843</u>	<u>\$ 416,027</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Raw materials	\$ 1,883,996	\$ 1,916,414	\$ 2,491,860
Supplies	179,127	150,095	158,277
Work-in-progress	1,698,293	1,457,261	2,023,969
Finished goods	379,820	465,508	569,148
Merchandise	49,794	53,271	83,160
Inventory in transit	<u>20,629</u>	<u>-</u>	<u>5,176</u>
	<u>\$ 4,211,659</u>	<u>\$ 4,042,549</u>	<u>\$ 5,331,590</u>

The cost of inventories recognized as operating costs for the three months and nine months ended September 30, 2024 and 2023 was NT\$1,189,613 thousand, NT\$1,543,668 thousand, NT\$3,484,220 thousand and NT\$4,467,007 thousand, respectively, which included write-downs of inventories and unallocated manufacturing overhead as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Inventory write-downs	\$ 26,550	\$ 27,730	\$135,849	\$ 37,935



## 12. SUBSIDIARIES

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

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			September 30, 2024	December 31, 2023	September 30, 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	-	-	46.63	Note 1
	Tong-Yeh Precision Industry 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	
	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'equipements, De Mecanisation 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 and maintenance of machine tools	100.00	100.00	100.00	
Tongan	Mbi-group Beteiligung GmbH ( MBI )	General investment	100.00	100.00	100.00	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			September 30, 2024	December 31, 2023	September 30, 2023	
MBI	Anger Machining GmbH ( Anger )	Sales, manufacturing and maintenance of equipment	100.00	100.00	100.00	
Anger	Anger Machining Inc. ( Anger - US )	Sales and maintenance of machine tools	100.00	100.00	100.00	
	Anger Service Deutschland GmbH ( Anger - DE )	Sales and maintenance of machine tools	100.00	100.00	100.00	

(Concluded)

Note 1: In July, 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 30). 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, and recognized gain of disposal NT\$113,687 thousand (refer to Note 29).

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

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

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

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

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

Name of subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Accumulated, Non-controlling Interests
	For the Three Months Ended September 30	For the Nine Months Ended September 30	
	2023	2023	September 30, 2023
Honor Seiki	<u>\$ 22,981</u>	<u>\$ 52,186</u>	<u>\$ 697,793</u>

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

	September 30, 2023
Current assets	\$ 1,636,581
Non-current assets	864,369
Current liabilities	( 976,330 )
Non-current liabilities	( <u>217,107</u> )
Equity	<u>\$ 1,307,513</u>
Equity attributable to	
Owner of the Company	\$ 609,720
Non-controlling interests	<u>697,793</u>
	<u>\$ 1,307,513</u>

	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2023
Revenue	\$ 291,021	\$ 981,618
Profit for the period	\$ 43,403	\$ 107,543
Other comprehensive income for the period	-	-
Total comprehensive income for the period	\$ 43,403	\$ 107,543
Profit attributable to		
Owners of the Company	\$ 20,422	\$ 55,357
Non-controlling interests of Honor Seiki	22,981	52,186
	\$ 43,403	\$ 107,543
Total comprehensive income attributable to		
Owners of the Company	\$ 20,422	\$ 55,357
Non-controlling interests of Honor Seiki	22,981	52,186
	\$ 43,403	\$ 107,543

	For the Nine Months Ended September 30, 2023
Net cash inflow (outflow) from	
Operating activities	\$ 85,337
Investing activities	56,130
Financing activities	( 207,782 )
Net cash inflow (outflow)	( \$ 66,315 )
Dividends paid to non-controlling interests	\$ 27,723

### 13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2024	December 31, 2023	September 30, 2023
Material associate			
Honor Seiki Co., Ltd. (Honor Seiki)	\$ 739,636	\$ 741,343	\$ -
Associates that are not individually material	16,387	9,022	8,414
	\$ 756,023	\$ 750,365	\$ 8,414

#### a. Material associate

	Percentage of Ownership and Voting Rights (%)	
Company	September 30, 2024	December 31, 2023
Honor Seiki	44.88%	46.63

b. Associates that are not individually material

	September 30, 2024	December 31, 2023	September 30, 2023
Printin3d DigiTech Co., Ltd.	\$ 9,484	\$ 9,022	\$ 8,414
Ruei Yang Precision Co., Ltd.	6,903	-	-
Cyber Laser Taiwan Co., Ltd.	-	-	-
	<u>\$ 16,387</u>	<u>\$ 9,022</u>	<u>\$ 8,414</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 7.

The investments accounted for using the equity method and the share of profit (loss) and other comprehensive income of those investments for the nine months ended September 30, 2024 and 2023 were based on the associates' financial statements which have not been reviewed for the same periods.

#### 14. OTHER FINANCIAL ASSETS

	September 30, 2024	December 31, 2023	September 30, 2023
<b>Current</b>			
Pledged deposits and time deposits	\$ 3,798	\$ 9,440	\$ 104,658
Time deposits with original maturities more than three months	16,828	14,104	14,463
Deposits for projects	1,493	1,488	-
Restricted deposits	<u>2,902</u>	<u>3,446</u>	<u>1,434</u>
	<u>\$ 25,021</u>	<u>\$ 28,478</u>	<u>\$ 120,555</u>
<b>Non-current</b>			
Pledged deposits and time deposits	\$ 90,617	\$ 97,453	\$ 111,724
Deposits for projects	16,889	17,567	16,214
Restricted deposits	<u>534</u>	<u>-</u>	<u>-</u>
	<u>\$ 108,040</u>	<u>\$ 115,020</u>	<u>\$ 127,938</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 Nine Months Ended September 30, 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	-	7,175	48,441	2,107	5,238	11,256	833	75,050
Disposals	-	-	( 21,268 )	( 5,494 )	( 15,604 )	( 3,236 )	-	( 45,602 )
Reclassifications	-	( 54,000 )	-	-	-	-	-	( 54,000 )
Effects of foreign currency exchange difference	<u>2,736</u>	<u>38,958</u>	<u>21,907</u>	<u>2,386</u>	<u>6,310</u>	<u>3,946</u>	<u>55</u>	<u>76,298</u>
Balance at September 30, 2024	<u>347,833</u>	<u>2,567,579</u>	<u>998,240</u>	<u>166,543</u>	<u>174,862</u>	<u>335,926</u>	<u>2,401</u>	<u>4,593,384</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Accumulated depreciation and impairment								
Balance at January 1, 2024	-	1,374,728	712,975	140,944	153,587	258,634	-	2,640,868
Depreciation	-	64,633	40,353	5,116	5,235	13,479	-	128,816
Disposals	-	-	( 20,181 )	( 5,107 )	( 15,415 )	( 3,232 )	-	( 43,935 )
Reclassifications	-	( 15,135 )	-	-	-	-	-	( 15,135 )
Effects of foreign currency exchange difference	-	18,709	16,947	1,720	5,224	3,362	-	45,962
Balance at September 30, 2024	-	1,442,935	750,094	142,673	148,631	272,243	-	2,756,576
Carrying amount at December 31, 2023	\$ 345,097	\$ 1,200,718	\$ 236,185	\$ 26,600	\$ 25,331	\$ 65,326	\$ 1,513	\$ 1,900,770
Carrying amount at September 30, 2024	\$ 347,833	\$ 1,124,644	\$ 248,146	\$ 23,870	\$ 26,231	\$ 63,683	\$ 2,401	\$ 1,836,808

(Concluded)

### For the Nine Months Ended September 30, 2023

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

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. The accumulated impairment as of September 30, 2024, December 31, 2023 and September 30, 2023 was NT\$30,119 thousand, NT\$28,927 thousand and NT\$28,868 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

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amounts			
Land	\$ 510,156	\$ 591,062	\$ 597,177
Buildings	39,658	46,218	48,648
Machinery	914	1,097	1,168
Transportation equipment	<u>18,850</u>	<u>17,078</u>	<u>15,497</u>
	<u>\$ 569,578</u>	<u>\$ 655,455</u>	<u>\$ 662,490</u>
	For the Nine Months Ended September 30		
	2024	2023	
Additions to right-of-use assets	<u>\$ 39,075</u>	<u>\$ 133,208</u>	
	For the Three Months Ended September 30		For the Nine Months Ended September 30
	2024	2023	2024 2023
Depreciation charge for right-of-use assets			
Land	\$ 6,276	\$ 5,965	\$ 18,827 \$ 16,562
Buildings	4,019	2,522	7,051 9,102
Machinery	76	103	868 2,188
Transportation equipment	<u>3,754</u>	<u>2,492</u>	<u>8,920</u> <u>7,344</u>
	<u>\$ 14,125</u>	<u>\$ 11,082</u>	<u>\$ 35,666</u> <u>\$ 35,196</u>

Except for the aforementioned addition and recognized depreciation, the Company and its subsidiaries did not have significant sublease or impairment of right-of-use assets during the nine months ended September, 2024 and 2023.

### b. Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amounts			
Current	<u>\$ 35,755</u>	<u>\$ 33,911</u>	<u>\$ 35,457</u>
Non-current	<u>\$ 649,856</u>	<u>\$ 640,492</u>	<u>\$ 644,764</u>

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

	September 30, 2024	December 31, 2023	September 30, 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
Transportation equipment	0.69~2.80	0.69~2.80	0.69~2.80

c. Material lease activities and terms

The Company is leasing the land of Kaohsiung Luke plant from the management of Southern Taiwan Science Park, including 34,580 square meters of newly leased land in 2023. The lease period will expire in March 2043. The Company does not have a bargain purchase option to acquire the leased land at the expiration of the lease period.

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

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

d. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Expenses relating to short-term leases and low-value asset leases	\$ 8,487	\$ 8,120	\$ 23,191	\$ 23,731
Total cash outflow for leases			\$ 65,334	\$ 65,518

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 Nine Months Ended September 30, 2024

	Land	Buildings	Right-of-use assets	Total
<u>Cost</u>				
Balance at January 1, 2024	\$ 252,550	\$ 385,631	\$ -	\$ 638,181
Reclassifications	-	54,000	104,420	158,420
Effects of foreign currency exchange differences	-	4,546	-	4,546
Balance at September 30, 2024	<u>252,550</u>	<u>444,177</u>	<u>104,420</u>	<u>801,147</u>
<u>Accumulated depreciation</u>				
Balance at January 1, 2024	-	153,978	-	153,978
Depreciation	-	12,192	-	12,192
Reclassifications	-	15,135	11,313	26,448
Effects of foreign currency exchange differences	-	1,645	-	1,645
Balance at September 30, 2024	-	<u>182,950</u>	<u>11,313</u>	<u>194,263</u>
Balance at December 31, 2023	<u>\$ 252,550</u>	<u>\$ 231,653</u>	<u>\$ -</u>	<u>\$ 484,203</u>
Carrying amount at September 30, 2024	<u>\$ 252,550</u>	<u>\$ 261,227</u>	<u>\$ 93,107</u>	<u>\$ 606,884</u>

For the Nine Months Ended September 30, 2023

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

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:

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Year 1	\$ 52,417	\$ 22,587	\$ 25,845
Year 2	26,809	8,435	9,673
Year 3	5,850	5,760	5,730
Year 4	5,970	5,880	5,850
Year 5	6,090	6,000	5,970
Year 6 onwards	<u>27,210</u>	<u>31,800</u>	<u>33,300</u>
	<u>\$ 124,346</u>	<u>\$ 80,462</u>	<u>\$ 86,368</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
Right-of-use assets	30 years

The investment properties of the Company and its subsidiaries are located at Annan District in Tainan City, Hunei District in Kaohsiung City, Kaohsiung Science Park and Shanghai City in China. The fair value of the investment properties was assessed by the management of the Company and its subsidiaries based on the actual price registration information of nearby area or market evidence of transaction prices categorized as Level 3 input. Professional independent valuers were not involved in the fair value assessment. The fair value as of September 30, 2024, December 31, 2023 and September 30, 2023 are NT\$918,042 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 Nine Months Ended September 30, 2024

	Computer Software	Goodwill	Patents	Others	Total
<u>Cost</u>					
Balance at January 1, 2024	\$ 278,603	\$ 11,989	\$ 1,172	\$ 8,666	\$ 300,430
Additions	11,168	-	33	-	11,201
Derecognition	( 120,956 )	-	-	( 7,254 )	( 128,210 )
Effects of foreign currency exchange differences	3,595	-	49	( 69 )	3,575
Balance at September 30, 2024	<u>172,410</u>	<u>11,989</u>	<u>1,254</u>	<u>1,343</u>	<u>186,996</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2024	\$ 235,987	\$ 11,989	\$ 811	\$ 7,643	\$ 256,430
Amortisation	17,437	-	27	2	17,466
Derecognition	( 120,956 )	-	-	( 7,254 )	( 128,210 )
Effects of foreign currency exchange differences	3,436	-	34	( 111 )	3,359
Balance at September 30, 2024	<u>135,904</u>	<u>11,989</u>	<u>872</u>	<u>280</u>	<u>149,045</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 September 30, 2024	<u>\$ 36,506</u>	<u>\$ -</u>	<u>\$ 382</u>	<u>\$ 1,063</u>	<u>\$ 37,951</u>

### For the Nine Months Ended September 30, 2023

	Computer Software	Goodwill	Patents	Others	Total
<u>Cost</u>					
Balance at January 1, 2023	\$ 265,404	\$ 13,731	\$ 3,651	\$ 7,177	\$ 289,963
Additions	9,558	-	-	1,006	10,564
Reclassifications	10,767	-	-	-	10,767
Derecognition	( 2,987 )	-	-	-	( 2,987 )
Disposal of Subsidiary	( 8,704 )	-	-	( 180 )	( 8,884 )
Effects of foreign currency exchange differences	3,489	-	132	( 446 )	3,175
Balance at September 30, 2023	<u>277,527</u>	<u>13,731</u>	<u>3,783</u>	<u>7,557</u>	<u>302,598</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2023	224,753	11,989	3,597	7,171	247,510
Amortisation	14,890	-	55	2	14,947
Derecognition	( 2,987 )	-	-	-	( 2,987 )
Disposal of Subsidiary	( 8,655 )	-	-	( 180 )	( 8,835 )
Effects of foreign currency exchange differences	3,413	-	131	( 458 )	3,086
Balance at September 30, 2023	<u>231,414</u>	<u>11,989</u>	<u>3,783</u>	<u>6,535</u>	<u>253,721</u>
Carrying amount at September 30, 2023	<u>\$ 46,113</u>	<u>\$ 1,742</u>	<u>\$ -</u>	<u>\$ 1,022</u>	<u>\$ 48,877</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

	September 30, 2024	December 31, 2023	September 30, 2023
Revolving bank loans	\$ 2,226,792	\$ 1,865,328	\$ 2,518,818
Secured borrowings	268,817	633,705	307,895
Letters of credit	-	-	42,388
	<u>\$ 2,495,609</u>	<u>\$ 2,499,033</u>	<u>\$ 2,869,101</u>
Annual interest rate of unsecured loan (%)	1.855~6.28	1.71~6.6	0.50~6.57
Annual interest rate of secured loan (%)	2.075~2.659	1.95~5.7	1.95~2.00
Annual interest rate of L/C borrowings (%)	-	-	2.00~2.07

### b. Short-term bills payable

	September 30, 2024	December 31, 2023	September 30, 2023
Commercial paper	\$ 80,000	\$ 110,000	\$ 163,000
Less: Unamortized discounts	-	( 268 )	( 26 )
	<u>\$ 80,000</u>	<u>\$ 109,732</u>	<u>\$ 162,974</u>
Annual interest rate (%)	1.78~1.79	1.58~1.77	1.37~1.93

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

	September 30, 2024	December 31, 2023	September 30, 2023
Revolving bank loans			
Due on various dates through April 2030	\$ 748,992	\$ 494,816	\$ 589,649
Mortgage loans			
Due on various dates through May 2035	<u>664,083</u>	<u>920,667</u>	<u>1,253,000</u>
	1,413,075	1,415,483	1,842,649
Less: Current portion	<u>533,651</u>	<u>1,026,022</u>	<u>1,164,703</u>
	<u>879,424</u>	<u>389,461</u>	<u>\$ 677,946</u>
Annual interest rate of unsecured loan (%)	0.22~2.3	0.22~5.312	0.22~4.872
Annual interest rate of secured loan (%)	1.985~2.272	1.8~2.14	1.88~2.20

The Subsidiaries MBI and Anger signed a loan contract with E.SUN Commercial Bank, Taishin Commercial Bank and Taipei Fubon Bank, and the contract period is until June 2025 According to

the above loan contract, the company and its subsidiaries need to maintain a certain shareholding ratio in Tongan, MBI and Anger during the contract period, and need to maintain and pledge a certain ratio of deposit. The bank will check compliance with the loan agreement once every half year and quarterly, and the subsidiary did not violate the aforesaid loan agreement for the years ended December 31, 2023 and nine months ended September 30, 2024.

## 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

	September 30, 2024	December 31, 2023	September 30, 2023
Salaries and incentive bonus	\$ 224,995	\$ 224,534	\$ 230,770
Commission and service fee	86,008	114,848	134,511
Insurance	44,096	40,678	28,639
Employee compensation and remuneration of directors	10,560	15,436	44,597
Business tax	-	26,384	28,524
Others	<u>187,237</u>	<u>145,409</u>	<u>187,251</u>
	<u>\$ 552,896</u>	<u>\$ 567,289</u>	<u>\$ 654,292</u>

## 22. PROVISIONS

	September 30, 2024	December 31, 2023	September 30, 2023
Current			
Warranties	<u>\$ 132,517</u>	<u>\$ 130,998</u>	<u>\$ 114,112</u>

	For the Nine Months Ended September 30	
	2024	2023
Balance, beginning of period	\$ 130,998	\$ 95,291
Recognized	106,353	125,382
Paid	( 109,494 )	( 103,138 )
Disposal of subsidiary	-	( 4,426 )
Effects of foreign currency exchange differences	<u>4,660</u>	<u>1,003</u>
Balance, end of period	<u>\$ 132,517</u>	<u>\$ 114,112</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\$365 thousand, NT\$519 thousand, NT\$1,109 thousand and NT\$1,605 thousand for the three months and nine months ended September 30, 2024 and 2023, respectively.

## 24. EQUITY

### a. Ordinary Shares

	September 30, 2024	December 31, 2023	September 30, 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

	September 30, 2024	December 31, 2023	September 30, 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	26,569
Interest compensation	5,577	5,577	5,577
Expired employee stock warrants	<u>1,234</u>	<u>1,234</u>	<u>1,234</u>
	<u>1,216,827</u>	<u>1,216,827</u>	<u>1,216,827</u>
May be used to offset a deficit only			
Changes in percentage of ownership interests in subsidiaries	<u>3,838</u>	<u>3,838</u>	<u>\$ 3,838</u>
	<u>\$ 1,220,665</u>	<u>\$ 1,220,665</u>	<u>\$ 1,220,665</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 and 2022 had been approved in the shareholder's meeting in June 2024 and 2023. The appropriations and dividends per share were as follows:

	<b>Appropriation of Earnings</b>			
	<b>For the Year Ended</b>		<b>Dividend Per Share (NT\$)</b>	
	<b>December 31</b>			
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
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>		

d. Special reserve

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

e. Other equity

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
Balance, beginning of period	( \$ 146,157 )	( \$ 120,957 )
Recognized for the period		
Exchange differences on translating foreign operations	53,141	( 5,193 )
Income tax	( <u>10,628</u> )	<u>1,038</u>
Balance, end of period	( <u>\$ 103,644</u> )	( <u>\$ 125,112</u> )

2) Unrealized gain and loss on financial assets at FVTOCI

	<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
Balance, beginning of period	\$ 118,778	\$ 101,118
Recognized for the period		
Unrealized gain and loss - equity instruments	<u>262,416</u>	<u>24,695</u>
Balance, end of period	<u>\$ 381,194</u>	<u>\$ 125,813</u>

f. Non-controlling interests

	<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
Balance, beginning of period	\$ 4,271	\$ 603,452
Attributable to non-controlling interests:		
Share in profit (loss) for the period	( 842 )	63,330
Exchange difference on translating foreign operations	1,358	( 272 )
Disposal of partial interests in subsidiaries	-	99,225
Dividend distributed by subsidiaries	-	( 27,723 )
Reduction of Cash Capital by subsidiaries	<u>-</u>	<u>( 27,723 )</u>
Balance, end of period	<u>\$ 4,787</u>	<u>\$ 710,289</u>

## 25. OPERATING REVENUE

a. Contract balances

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>	<b>January 1, 2023</b>
Notes and accounts receivable (include related parties), long-term notes and accounts receivables	<u>\$2,394,806</u>	<u>\$2,709,942</u>	<u>\$2,949,809</u>	<u>\$3,080,073</u>
Contract liabilities				
Sales of goods	<u>\$1,212,891</u>	<u>\$ 850,990</u>	<u>\$1,044,827</u>	<u>\$1,125,643</u>

b. Disaggregation of revenue

	<b>Reportable Segments</b>			
	<b>Machine Manufacturer</b>	<b>Component Manufacturer</b>	<b>Others</b>	<b>Total</b>
For the Nine Months Ended September 30, 2024				
Revenue from sale of goods	\$2,990,117	\$ 157,005	\$ 134,670	\$3,281,792
Revenue from maintenance and rebuilding services	<u>683,314</u>	<u>35,368</u>	<u>32,108</u>	<u>750,790</u>
	<u>\$3,673,431</u>	<u>\$ 192,373</u>	<u>\$ 166,778</u>	<u>\$4,032,582</u>
	<b>Reportable Segments</b>			

(Continued)

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

## 26. PROFIT BEFORE INCOME TAX

The following items were included in profit before income tax:

### a. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Rental income	\$ 19,391	\$ 16,215	\$ 58,213	\$ 49,821
Dividend income	6,121	-	7,007	13,421
Government subsidy income	2,245	566	3,492	6,439
Electricity income from investment Property	-	-	10,862	-
VAT refund income	263	-	6,956	-
Recover accounts written off in previous years	10,303	-	10,303	-
Others	<u>15,702</u>	<u>12,310</u>	<u>24,052</u>	<u>32,696</u>
	<u>\$ 54,025</u>	<u>\$ 29,091</u>	<u>\$ 120,885</u>	<u>\$ 102,377</u>

### b. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Net foreign exchange profit	\$ 12,192	\$ 46,975	\$ 64,230	\$ 54,628
Gain (loss) on financial instruments at fair value through profit or loss	10	399	399	( 1,008)
Depreciation expense	( 4,792)	( 4,527)	( 13,590)	( 15,076)
Gain on disposal of investment	-	-	857	-
Gain on disposal of property, plant and equipment	( 148)	275	( 360)	449
Loss on disposal of subsidiaries (Note 29)	-	-	-	( 52)
Others	<u>( 2,096)</u>	<u>( 2,305)</u>	<u>( 7,452)</u>	<u>( 5,668)</u>
	<u>\$ 5,166</u>	<u>\$ 40,817</u>	<u>\$ 44,084</u>	<u>\$ 33,273</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Foreign exchange gain	\$ 14,685	\$ 64,122	\$ 70,417	\$143,800
Foreign exchange loss	( 2,493)	( 17,147)	( 6,187)	( 89,172)
Net foreign exchange gain	<u>\$ 12,192</u>	<u>\$ 46,975</u>	<u>\$ 64,230</u>	<u>\$ 54,628</u>

c. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Interest on bank loans	\$ 26,385	\$ 31,209	\$ 82,178	\$ 91,568
Interest on lease liabilities	3,991	3,916	11,890	11,424
Others	-	225	-	560
	<u>\$ 30,376</u>	<u>\$ 35,350</u>	<u>\$ 94,068</u>	<u>\$103,552</u>

d. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Depreciation and amortization expenses				
Property, plant and equipment	\$ 40,892	\$ 51,848	\$ 128,816	\$ 159,394
Right-of-use assets	14,125	11,082	35,666	35,196
Investment properties	4,326	3,905	12,192	13,237
Intangible assets	5,783	4,930	17,466	14,947
Others	3,635	5,502	11,100	16,243
	<u>\$ 68,761</u>	<u>\$ 77,267</u>	<u>\$ 205,240</u>	<u>\$ 239,017</u>

An analysis of depreciation by function

Operating costs	\$ 26,795	\$ 33,393	\$ 79,232	\$ 107,052
Operating expenses	27,756	28,915	83,852	85,699
Non-operating expenses	4,792	4,527	13,590	15,076
	<u>\$ 59,343</u>	<u>\$ 66,835</u>	<u>\$ 176,674</u>	<u>\$ 207,827</u>

An analysis of amortization by function

Operating costs	\$ 4,925	\$ 5,781	\$ 15,077	\$ 17,501
Operating expenses	4,493	4,651	13,489	13,689
	<u>\$ 9,418</u>	<u>\$ 10,432</u>	<u>\$ 28,566</u>	<u>\$ 31,190</u>

e. Operating expenses directly related to investment properties

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Direct operating expenses of investment properties that generated rental income	<u>\$ 4,326</u>	<u>\$ 3,905</u>	<u>\$ 15,397</u>	<u>\$ 15,210</u>



f. Employee benefits

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Short-term employee benefits	<u>\$ 377,478</u>	<u>\$ 419,724</u>	<u>\$1,159,767</u>	<u>\$1,319,920</u>
Post-employment benefits				
Defined contribution plans	18,854	19,071	56,459	61,927
Defined benefit plans (Note 23)	<u>365</u>	<u>519</u>	<u>1,109</u>	<u>1,605</u>
	<u>19,219</u>	<u>19,590</u>	<u>57,568</u>	<u>63,532</u>
	<u>\$ 396,697</u>	<u>\$ 439,314</u>	<u>\$1,217,335</u>	<u>\$1,383,452</u>
Analysis of employee benefits by function				
Operating costs	\$ 273,472	\$ 279,125	\$ 830,119	\$ 914,831
Operating expenses	<u>123,225</u>	<u>160,189</u>	<u>387,216</u>	<u>468,621</u>
	<u>\$ 396,697</u>	<u>\$ 439,314</u>	<u>\$1,217,335</u>	<u>\$1,383,452</u>

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

Because of the net operating loss for the nine months ended September 30, 2024 and 2023 employees' compensation and remuneration of directors were not accrued.

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:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
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 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 September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Current tax				
In respect of the current year	\$ 331	\$ 14,662	\$ 516	\$ 28,435
Adjustments for prior years	( 2,198)	942	9,018	( 8,533)
Income tax on unappropriated earnings	<u>-</u>	<u>2,525</u>	<u>-</u>	<u>2,525</u>
	( 1,867)	18,129	9,534	22,427
Deferred tax				
In respect of the current year	12,355	( 26,960)	( 26,446)	( 36,281)
Adjustments for prior years	<u>-</u>	<u>-</u>	<u>( 11,307)</u>	<u>-</u>
	<u>\$ 10,488</u>	<u>(\$ 8,831)</u>	<u>(\$ 28,219)</u>	<u>(\$ 13,854)</u>

- b. Income tax recognized directly in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Deferred tax				
In respect of the current period				
Translation of foreign operations	<u>\$ 6,110</u>	<u>\$ 7,805</u>	<u>\$ 10,628</u>	<u>(\$ 1,038)</u>

- c. Income tax assessments

The income tax returns of the Company and the subsidiaries (included Tongfong, Quick-Tech and Tong-Yeh) through 2022 have been assessed by the tax authorities. And subsidiaries APEC 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 September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Attributable to owners of the Company	<u>(\$ 140,193)</u>	<u>\$ 10,226</u>	<u>(\$ 386,838)</u>	<u>(\$ 11,808)</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Weighted average number of ordinary shares in computation of basic earnings per share	254,827	254,827	254,827	254,827

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Effect of potentially dilutive potential ordinary shares:				
Employees' compensation	-	-	-	-
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>254,827</u>	<u>254,827</u>	<u>254,827</u>	<u>254,827</u>
				(Concluded)

The dilutive loss per share for the nine months ended September 30, 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

	Honor Seiki
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 )
	(Continued)

	<b>Honor Seiki</b>
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
	(Concluded)

2) Gain on disposal of subsidiary in 2023

	<b>Honor Seiki</b>
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

	<b>Honor Seiki</b>
Cash balances disposed of	( <u>\$ 414,118</u> )

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

	<b>HPC</b>
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
	(Continued)

	<b>HPC</b>
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	( 5,065 )
Net assets disposed of	<u>\$ 76,701</u>
	(Concluded)

2) Loss on disposal of subsidiary in 2023

	<b>HPC</b>
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 in 2023

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
Investing activities affecting both cash and non-cash items		
Acquisition of property, plant and equipment	\$ 75,050	\$ 63,452
Decrease (Increase) of payable for equipment	3,627	3,154
Increase (Decrease) of prepayment for equipment	( <u>3,216</u> )	( <u>5,884</u> )
Cash paid	<u>\$ 75,461</u>	<u>\$ 60,722</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 19).

## 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
<b>September 30, 2024</b>				
Financial assets at FVTOCI - non-current				
Domestic listed shares	\$ 409,787	\$ -	\$ -	\$ 409,787
Domestic unlisted shares	-	-	29,952	29,952
	<u>\$ 409,787</u>	<u>\$ -</u>	<u>\$ 29,952</u>	<u>\$ 439,739</u>
<b>December 31, 2023</b>				
Financial assets at fair value through profit or loss - current				
Cross-currency swap contract	\$ -	\$ 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>
<b>September 30, 2023</b>				
Financial assets at fair value through profit or loss - current				
Foreign exchange forward contract	\$ -	\$ 399	\$ -	\$ 399
Financial assets at FVTOCI - non-current				
Domestic listed shares	\$ 151,069	\$ -	\$ -	\$ 151,069
Domestic unlisted shares	-	-	33,289	33,289
	<u>\$ 151,069</u>	<u>\$ -</u>	<u>\$ 33,289</u>	<u>\$ 184,358</u>

There was no transfer between Level 1 and Level 2 for the nine months ended September 30, 2024 and 2023.

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

For the nine months ended September 30, 2024

	<b>Equity Instruments</b>
	<b>Financial Assets at FVTOCI</b>
Financial assets	
Balance, beginning of period	\$ 32,084
Change in fair value recognized in other comprehensive income	( 2,132 )
Balance, end of period	<u>\$ 29,952</u>

For the nine months ended September 30, 2023

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

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Financial assets			
Financial assets at FVTPL	\$ -	\$ 53	\$ 399
Financial assets at FVTOCI			
Equity instruments	439,739	177,323	184,358
Financial assets at amortized cost (Note1)	3,688,576	3,845,246	4,686,910
Financial liabilities			
Financial liabilities at amortized cost (Note 2)	5,762,264	5,699,621	6,993,635

Note1 : The balances included financial assets at amortized cost, which comprise cash and cash equivalents, non-current financial assets at amortised cost, notes and accounts receivable (including related parties), other receivables, other financial assets (current

and non-current), refundable deposits, and long-term notes and accounts receivable.

Note2 : The balances included financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, notes and accounts payable (including related parties), other payables (excluding dividend payables), long-term borrowings (including those due in one year) and deposits received.

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

The carrying amounts of significant foreign currency monetary assets and liabilities at the balance sheet date are disclosed in Note 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 Nine Months Ended September 30					
	2024	2023	2024	2023	2024	2023
Pre-tax profit or loss (Note)	(\$10,546)	(\$26,573)	(\$14,738)	(\$21,865)	(\$13,227)	(\$18,588)



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

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

b) Interest rate risk

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

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

	September 30, 2024	December 31, 2023	September 30, 2023
Fair value interest rate risk			
Financial assets	\$ 46,767	\$ 49,796	\$ 50,108
Financial liabilities	763,776	759,219	808,000
Cash flow interest rate risk			
Financial liabilities	3,410,041	3,472,043	3,884,652

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\$25,575 thousand and NT\$29,135 thousand for the nine months ended September 30, 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 nine months ended September 30, 2024 and 2023 would have been higher/lower by NT\$4,098 thousand and 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.

#### **September 30, 2024**

	<b><u>1 Year</u></b>	<b><u>1-5 Years</u></b>	<b><u>5+ Years</u></b>	<b><u>Total</u></b>
Non-interest bearing liabilities	\$1,732,884	\$ 40,696	\$ -	\$1,773,580
Interest bearing liabilities	3,136,477	819,916	107,594	4,063,987
Finance lease liabilities	<u>49,751</u>	<u>165,780</u>	<u>688,781</u>	<u>904,312</u>
	<u>\$4,919,112</u>	<u>\$1,026,392</u>	<u>\$ 796,375</u>	<u>\$6,741,879</u>

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

	<b><u>Less than 1 Year</u></b>	<b><u>1-5 Years</u></b>	<b><u>5-10 Years</u></b>	<b><u>10-15 Years</u></b>	<b><u>15-20 Years</u></b>	<b><u>20+ Years</u></b>
Lease liabilities	<u>\$ 49,751</u>	<u>\$165,780</u>	<u>\$170,693</u>	<u>\$170,573</u>	<u>\$145,994</u>	<u>\$201,521</u>

#### **December 31, 2023**

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

	<b><u>Less than 1 Year</u></b>	<b><u>1-5 Years</u></b>	<b><u>5-10 Years</u></b>	<b><u>10-15 Years</u></b>	<b><u>15-20 Years</u></b>	<b><u>20+ Years</u></b>
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>

### September 30, 2023

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

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

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

#### e. Financial assets transfer information

The subsidiary Suzhou Tongyu signed a discounted notes receivable contract with the bank. According to the contract, if the bank acceptance receivable cannot be collected when expires, the assignee has the right to require the subsidiary Suzhou Tongyu to pay the outstanding balance. Therefore, the subsidiary Suzhou Tongyu did not transfer the significant risks and rewards of the bank acceptance receivable, and continued to recognize all bank acceptance receivable and used the transferred bank acceptance receivable as collateral for borrowings.

As of September 30, 2024, December 31, 2023 and September 30, 2023, the carrying amounts of the un-derecognition transferred bank acceptance receivable were NT\$44,151 thousand, NT\$36,156 thousand and NT\$92,274 thousand, respectively, and the carrying amounts of related liabilities were NT\$44,151 thousand NT\$36,156 thousand and NT\$92,274 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. (Contrel Technology)	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)
Ruei Yang Precision Co., Ltd. (Ruei Yang)	Other related parties
San Shin Co., Ltd. (San Shin)	Other related parties
Pt Tong - Tai Seikindo Utama	Substantial related party
IAMECH TECHNOLOGY INC. (IAMECH)	Substantial related party

#### b. Sales of goods

Account Item	Related Party Type	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2024	2023	2024	2023
Revenues from sales	Other related parties	<u>\$ 5,999</u>	<u>\$ 1,941</u>	<u>\$ 46,448</u>	<u>\$ 6,033</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 September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Other related parties	<u>\$ 108,766</u>	<u>\$ 33,592</u>	<u>\$ 161,591</u>	<u>\$ 84,437</u>

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

d. Receivables from related parties

Account Item	Related Party Type	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable - related parties	Other related parties	<u>\$ 11,186</u>	<u>\$ 16,523</u>	<u>\$ 938</u>
Other accounts receivable	Other related parties	<u>\$ 1,442</u>	<u>\$ 5,805</u>	<u>\$ -</u>

e. Payables to related parties

Account Item	Related Party Type	September 30, 2024	December 31, 2023	September 30, 2023
Notes payable - related parties	Other related parties	<u>\$ -</u>	<u>\$ 1,882</u>	<u>\$ -</u>
Accounts payable - related parties	Other related parties			
	Shiang Jen	\$ 22,014	\$ 27,559	\$ 30,423
	Honor Seiki	52,986	-	-
	Contrel Technology	\$ 1,050	\$ -	\$ 15,250
	Shan Shin	13,819	9,185	12,793
	Other	<u>284</u>	<u>11,155</u>	<u>-</u>
		<u>\$ 90,153</u>	<u>\$ 47,899</u>	<u>\$ 58,466</u>
Other accounts payable	Other related parties	<u>\$ 237</u>	<u>\$ 357</u>	<u>\$ 25</u>

f. Contract liabilities

Account Item	Related Party Type	September 30, 2024	December 31, 2023	September 30, 2023
Contract liabilities - current	Other related parties	<u>\$ 1,750</u>	<u>\$ -</u>	<u>\$ -</u>

g. Prepayments

Account Item	Related Party Type	September 30, 2024	December 31, 2023	September 30, 2023
Prepayments	Other related parties	<u>\$ 41,837</u>	<u>\$ 32,748</u>	<u>\$ -</u>

h. Disposal of other assets

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

For the future development strategy of the group, the company disposed the shares of Honor

Seiki to other related parties and key management personnel in July 2023. The difference between the consideration and carrying amount was recognized under the capital surplus (Refer to Note 30).

i. Other transactions with related parties

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
<b>Related Party Type</b>				
Other related parties	\$ 299	\$ -	\$ 782	\$ -

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
<b>Related Party Type</b>				
Other related parties	\$ 58	\$ 199	\$ 481	\$ 510

3) Rental income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
<b>Related Party Type/ Name</b>				
Other related parties				
Shiang Jen	\$ 1,380	\$ 1,350	\$ 4,140	\$ 4,050
Contrel Technology	-	780	-	1,560
	\$ 1,380	\$ 2,130	\$ 4,140	\$ 5,610

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.

j. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 2,747	\$ 3,488	\$ 8,352	\$ 10,907
Post-employment benefits	121	143	365	429
	\$ 2,868	\$ 3,631	\$ 8,717	\$ 11,336

### 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:

	September 30, 2024	December 31, 2023	September 30, 2023
Discounted notes receivable	\$ 44,151	\$ 36,156	\$ 92,274
Property, plant and equipment	1,037,209	1,112,021	1,830,989
Investment properties	258,113	225,658	233,392
Other financial assets (including current and noncurrent portion)	94,415	106,893	216,382
	<u>\$ 1,433,888</u>	<u>\$ 1,480,728</u>	<u>\$ 2,373,037</u>

### 36. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in Note 16, significant commitments and contingencies of the Company and its subsidiaries as of September 30, 2023 were as follows:

- Unused letters of credit in the amount of NT\$15,405 thousand.
- For sales, bidding, export tariff and commodity tax, the Company and its subsidiaries entered into credit facility agreements with banks for commitment amount of NT\$442,666 thousand.

### 37. SIGNIFICANT SUBSEQUENT EVENT

- In response to the future development momentum and the working capital of the Company, the Company's board of directors resolved in November 2024 to authorize the chairman to dispose of the real estate of Luke No. 2 Factory and sign contracts and other related matters for a total price of NT\$1.52 billion.
- In response to the group's consideration of future development strategies, the Company's board of directors decided in November 2024 to invest NT\$132 million in Potzu Co., Ltd., and is expected to obtain 60% equity.
- In response to the group's consideration of operational and capital needs in Europe, the Company's board of directors decided in November 2024 to establish a 100% French holding company with EUR\$5 million in cash.

### 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:

September 30, 2024	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands of New Taiwan Dollars)
Monetary foreign currency assets			
USD	\$ 23,615	31.65 (USD:NTD)	\$ 747,415
USD	89	31.65 (USD:EUR)	2,817
EUR	15,171	35.38 (EUR:NTD)	536,750
CNY	116,504	4.523 (CNY:NTD)	526,948

(Continued)

					Carrying Amount (In Thousands of New Taiwan Dollars)
	Foreign Currency (In Thousands)	Exchange Rate			
September 30, 2024					
Non-monetary foreign currency assets					
Investment accounted for using the equity method					
MYR	7,746	7.421	(MYR:NTD)		57,481
JPY	116,880	0.2223	(JPY:NTD)		25,983
USD	126	31.65	(USD:NTD)		3,982
Monetary foreign currency liabilities					
USD	\$ 8,822	31.65	(USD:NTD)	\$	279,216
USD	3,775	31.65	(USD:EUR)		119,479
EUR	2,709	35.38	(EUR:NTD)		95,844
CNY	7,889	4.523	(CNY:NTD)		35,682
Monetary foreign currency liabilities					
Investment accounted for using the equity method					
EUR	3,138	35.38	(EUR:NTD)		111,039
December 31, 2023					
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
EUR	18,472	33.98	(EUR: NTD)		627,673
CNY	135,244	4.327	(CNY: NTD)		585,200
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
EUR	1,639	33.98	(EUR: NTD)		55,690
CNY	3,838	4.327	(CNY: NTD)		16,609
Non-monetary foreign currency liabilities					
Investment accounted for using the equity method					
EUR	8,670	33.98	(EUR: NTD)		294,612

(Continued)

September 30, 2023	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands of New Taiwan Dollars)
Monetary foreign currency assets			
USD	\$ 38,214	32.27 (USD:NTD)	\$ 1,233,166
USD	940	0.952 (USD:EUR)	30,334
USD	403	4.909 (USD:MYR)	13,005
EUR	19,081	33.91 (EUR:NTD)	647,037
CNY	168,691	4.415 (CNY:NTD)	774,771
Non-monetary foreign currency assets			
Investment accounted for using the equity method			
USD	\$ 129	32.27 (USD:NTD)	\$ 4,174
MYR	9,293	6.574 (MYR:NTD)	61,093
JPY	116,055	0.216 (JPY:NTD)	25,091
Monetary foreign currency liabilities			
USD	12,108	32.27 (USD:NTD)	390,725
EUR	809	33.91 (EUR:NTD)	27,433
CNY	3,612	4.415 (CNY:NTD)	15,947
Non-monetary foreign currency assets			
Investment accounted for using the equity method			
EUR	4,899	33.91 (EUR:NTD)	166,115 (Concluded)

For the three months and nine months ended September 30, 2024 and 2023, net foreign exchange gains and losses were gains of NT\$12,192 thousand, gains of NT\$46,975 thousand, gains of NT\$64,230 thousand and gains of NT\$54,628 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 attached.
- c. Information on investment in Mainland China
- 1) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 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:
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None;
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Please see Table 5 attached;
    - c) The amount of property transactions and the amount of the resultant gains or losses: None;
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None;
    - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Please see Table 1 attached;
    - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.
- d. Information of major shareholders: Please see Table 8 attached.

#### 40. 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 Nine Months Ended September 30, 2024					
Revenues from external customers	\$ 3,673,431	\$ 192,373	\$ 166,778	\$ -	\$ 4,032,582
Inter-segment revenues	<u>235,415</u>	<u>81,088</u>	<u>73,673</u>	<u>( 390,176 )</u>	<u>-</u>
Segment revenues	<u>\$ 3,908,846</u>	<u>\$ 273,461</u>	<u>\$ 240,451</u>	<u>( \$ 390,176 )</u>	<u>\$ 4,032,582</u>
Segment profit (loss)	(\$ 526,982)	(\$ 44,426)	(\$ 2,177)	\$ 19,869	(\$ 553,716)
Interest income	31,172	76	5,816	( 26,881 )	10,183
Financial costs	( 94,711 )	( 3,288 )	( 22,950 )	26,881	( 94,068 )
Share of the profit (loss) of associates	56,733	-	-	-	56,733
Other non-operating income and expenses	<u>163,368</u>	<u>6,674</u>	<u>12,183</u>	<u>( 17,256 )</u>	<u>164,969</u>
Profit (loss) before income tax	( 370,420 )	( 40,964 )	( 7,128 )	2,613	( 415,899 )
Income tax expense (benefit)	<u>( 29,070 )</u>	<u>651</u>	<u>200</u>	<u>-</u>	<u>( 28,219 )</u>
Net profit (loss) for the period	<u>( \$ 341,350 )</u>	<u>( \$ 41,615 )</u>	<u>( \$ 7,328 )</u>	<u>\$ 2,613</u>	<u>( \$ 387,680 )</u>
For the Nine Months Ended September 30, 2023					
Revenues from external customers	\$ 5,064,089	\$ 304,456	\$ 339,711	\$ -	\$ 5,708,256
Inter-segment revenues	<u>485,835</u>	<u>151,416</u>	<u>64,407</u>	<u>( 701,658 )</u>	<u>-</u>
Segment revenues	<u>\$ 5,549,924</u>	<u>\$ 455,872</u>	<u>\$ 404,118</u>	<u>( \$ 701,658 )</u>	<u>\$ 5,708,256</u>
Segment profit (loss)	(\$ 49,143)	\$ 1,410	\$ 17,691	\$ 12,721	(\$ 17,321)
Interest income	37,472	95	2,897	( 17,872 )	22,592
Financial costs	( 100,060 )	( 1,871 )	( 19,495 )	17,874	( 103,552 )
Share of the profit (loss) of associates	299	-	-	-	299
Other non-operating income and expenses	<u>134,345</u>	<u>4,295</u>	<u>7,162</u>	<u>( 10,152 )</u>	<u>135,650</u>
Profit (loss) before income tax	22,913	3,929	8,255	2,571	37,668
Income tax expense	<u>( 15,878 )</u>	<u>1,659</u>	<u>365</u>	<u>-</u>	<u>( 13,854 )</u>
Net profit (loss) for the period	<u>\$ 38,791</u>	<u>\$ 2,270</u>	<u>\$ 7,890</u>	<u>\$ 2,571</u>	<u>\$ 51,522</u>

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

b. Segment total assets and liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Segment assets			
Machine Manufacturer	\$ 14,212,505	\$ 14,573,551	\$ 17,430,861
Component Manufacturer	537,886	393,609	372,024
Others	1,892,126	1,254,383	1,466,506
Adjustment and Elimination	<u>( 3,728,727 )</u>	<u>( 3,569,152 )</u>	<u>( 4,432,710 )</u>
	<u>\$ 12,913,790</u>	<u>\$ 12,652,391</u>	<u>\$ 14,836,681</u>
Segment liabilities			
Machine Manufacturer	\$ 7,957,172	\$ 8,404,586	\$ 9,848,972
Component Manufacturer	484,089	405,495	278,592
Others	645,214	771,066	846,139
Adjustment and Elimination	<u>( 1,139,262 )</u>	<u>( 2,027,691 )</u>	<u>( 1,901,073 )</u>
	<u>\$ 7,947,213</u>	<u>\$ 7,553,456</u>	<u>\$ 9,072,630</u>

TABLE 1

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

## FINANCING PROVIDED TO OTHERS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 4)	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits	Note
													Item	Value			
0	Tongtai Machine & Tool Co., Ltd.	PCI SCEMM	Other receivables - related party	Yes	\$ 142,080	\$ 132,976	\$ 97,596	4~5.269	Note 1	\$ -	Operating capital	\$ -		\$ -	\$ 496,179	\$ 992,358	Note 2
0	Tongtai Machine & Tool Co., Ltd.	CERIMATEC	Other receivables - related party	Yes	69,030	68,991	15,921	4	Note 1	\$ -	Operating capital	\$ -		\$ -	496,179	992,358	Note 2
0	Tongtai Machine & Tool Co., Ltd.	TTGroup France	Other receivables - related party	Yes	7,080	7,076	-	4	Note 1	\$ -	Operating capital	\$ -		\$ -	496,179	992,358	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Machinery Co., Ltd.	Other receivables - related party	Yes	71,055	34,815	31,650	3.8~4	Note 1	\$ -	Operating capital	\$ -		\$ -	496,179	992,358	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	Other receivables - related party	Yes	508,291	297,192	297,192	3.15~4.75	Note 1	-	Operating capital	-		-	496,179	992,358	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Other receivables - related party	Yes	143,934	72,795	72,795	3.8~4.75	Note 1	-	Operating capital	-		-	496,179	992,358	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Other receivables - related party	Yes	181,800	180,920	90,460	2.4~2.8	Note 1	-	Operating capital	-		-	496,179	992,358	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Mbi-group Beteiligung GmbH	Other receivables - related party	Yes	24,864	-	-	4.872	Note 1	-	Operating capital	-		-	496,179	992,358	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	-		-	496,179	992,358	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Pt Tong - Tai Seikindo Utama	Other receivables - related party	Yes	600	595	311	4	Note 1	-	Operating capital	-		-	496,179	992,358	Note 2
1	Union Top Industrial (Samoa) Limited	Anger Machining GmbH	Other receivables - related party	Yes	95,881	-	-	1.5	Note 1	-	Operating capital	-		-	100,409	200,818	Note 3
1	Union Top Industrial (Samoa) Limited	Mbi-group Beteiligung GmbH	Other receivables - related party	Yes	45,240	35,380	35,380	3~4.7	Note 1	-	Operating capital	-		-	100,409	200,818	Note 3
1	Union Top Industrial (Samoa) Limited	Tongan GmbH	Other receivables - related party	Yes	17,490	-	-	3.5	Note 1	-	Operating capital	-		-	100,409	200,818	Note 3
1	Union Top Industrial (Samoa) Limited	PCI SCEMM	Other receivables - related party	Yes	35,520	35,380	35,380	4.971	Note 1	-	Operating capital	-		-	100,409	200,818	Note 3
1	Union Top Industrial (Samoa) Limited	TTGroup America, Inc.	Other receivables - related party	Yes	14,776	14,243	14,243	6.5	Note 1	-	Operating capital	-		-	100,409	200,818	Note 3
2	PCI-SCEMM	CERIMATEC	Other receivables - related party	Yes	35,520	35,380	30,473	5.57	Note 1	-	Operating capital	-		-	496,179	992,358	Note 4
2	PCI-SCEMM	TTGroup France	Other receivables - related party	Yes	7,104	\$ 7,076	\$ 7,076	5.57	Note 1	-	Operating capital	-		-	496,179	992,358	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 &amp; TOOL CO., LTD. AND SUBSIDIARIES

## ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 1,488,536	\$ 506,644	\$ 488,360	\$ 304,966	\$ -	9.84	\$ 2,480,894	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Mbi-group Beteiligungs GmbH	The Company owns directly or indirectly over 50% ownership of the investee company	1,488,536	35,520	35,380	-	-	0.71	2,480,894	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	The Company owns directly or indirectly over 50% ownership of the investee company	1,488,536	944,472	870,348	477,630	-	17.54	2,480,894	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Asia Pacific Elite Corp.	The Company owns directly or indirectly over 50% ownership of the investee company	1,488,536	235,000	235,000	150,160	-	4.74	2,480,894	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	1,488,536	57,835	56,650	-	-	1.14	2,480,894	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Tong-Yeh Precision Industry Co., Ltd.	The Company owns directly or indirectly over 50% ownership of the investee company	1,488,536	25,000	25,000	21,500	-	0.5	2,480,894	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	1,488,536	32,835	31,650	-	-	0.64	2,480,894	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 &amp; TOOL CO., LTD. AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

SEPTEMBER 30, 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	SEPTEMBER 30, 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	\$ 393,827	4	\$ 393,827	
	SHIANG JEN CO., LTD.	The held company as its director	Financial assets at fair value through other comprehensive income - non current	1,520,000	11,711	19	11,711	
	World Known MFG (Cayman) Limited	-	Financial assets at fair value through other comprehensive income - non current	280,000	15,960	1	15,960	
	USYNC INC.	-	Financial assets at fair value through other comprehensive income - non current	295,371	11,927	4	11,927	
	WORLD KNOWN MFG. CO., LTD.	-	Financial assets at fair value through other comprehensive income - non current	229,729	6,314	1	6,314	
					<u>\$ 439,739</u>		<u>\$ 439,739</u>	
	Preference share POTZU CO., LTD.		Financial assets at amortized cost - non-current	20,000	<u>\$ 20,000</u>	-	<u>\$ 20,000</u>	
	Financial bond CATLIF_5.8_050934		Financial assets at amortized cost - non-current	-	<u>\$ 31,650</u>	-	<u>\$ 31,650</u>	

TABLE 4

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

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

SEPTEMBER 30, 2024

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

Company Name	Related Party	Relationship	Ending Balance (Note 3)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Amount		
Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Subsidiary	\$ 153,604(Note 1)	1.83	\$ -	-	\$ 5,423	\$ -
	Anger Machining GmbH	Subsidiary	303,410(Note 2)	-	-	-	-	-
	PCI SCEMM	Subsidiary	112,325(Note 3)	0.08	-	-	5	-

Note 1: Including accounts receivable amounted of NT\$61,310 thousand and other receivable amounted of NT\$92,294 thousand. Other receivable was excluded in the calculation turnover rate.

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

Note 3: Including accounts receivable amounted of NT\$10,052 thousand and other receivable amounted of NT\$102,273 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 &amp; TOOL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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.	Quick-Tech Machinery Co., Ltd.	Parent to subsidiary	Sales	\$ 42,273	Based on contracts	1.05
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd	Parent to subsidiary	Sales	97,564	Based on contracts	2.42
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd	Parent to subsidiary	Accounts receivable	61,310	Based on contracts	0.47
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd	Parent to subsidiary	Other receivable	92,294	Based on contracts and BOD resolution	0.71
0	Tongtai Machine & Tool Co., Ltd.	Process Conception Ingenierie-Societe de Construction D'equipements, De Mecanisation Et De Machines	Parent to subsidiary	Other receivable	102,273	Based on contracts and BOD resolution	0.79
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	Parent to subsidiary	Other receivable	303,410	Based on contracts and BOD resolution	2.35
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Parent to subsidiary	Other receivable	75,468	Based on contracts and BOD resolution	0.58
1	Tongfong Auto Tech Co., Ltd.	Tongtai Machine & Tool Co., Ltd.	Subsidiary to Parent	Sales	35,209	Based on contracts	0.87
2	Union Top Industrial (Samoa) Limited	Mbi-group Beteiligung GmbH	Subsidiary to Subsidiary	Other receivable	35,960	Based on contracts and BOD resolution	0.28
2	Union Top Industrial (Samoa) Limited	Process Conception Ingenierie-Societe de Construction D'equipements, De Mecanisation Et De Machines	Subsidiary to Subsidiary	Other receivable	37,389	Based on contracts and BOD resolution	0.29

TABLE 6

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

## INFORMATION ON INVESTEEES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 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	\$ 998,451	( \$ 23,102 )	( \$ 23,102 )	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	29,905	( 5,824 )	( 5,824 )	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	176,632	31,020	31,745	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	102,207	19,388	19,706	Note
Tongtai Machine & Tool Co., Ltd.	Tong-Yeh Precision Industry Co., Ltd.	Kaohsiung City	Sales, manufacturing and processing of machine component	28,020	28,020	1,659,790	94.58	30,590	1,577	1,491	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	25,983	2,533	2,533	Note
Tongtai Machine & Tool Co., Ltd.	Tong Tai Machinery Co., Ltd.	Thailand	Sales of customized machine	5,854	5,854	999,998	100.00	26,826	( 620 )	( 620 )	Note
Tongtai Machine & Tool Co., Ltd.	Tongtai Seiki Vietnam Co., Ltd.	Vietnam	Sales of customized machine	9,054	9,054	631,080	100.00	23,833	1,911	1,911	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	17,106	( 2,410 )	( 1,253 )	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	40,375	135	135	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	3,982	1,298	1,298	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	3,367	( 681 )	( 681 )	Note
Tongtai Machine & Tool Co., Ltd.	Process Conception Ingenierie-Societe de Construction D'equipements, De Mecanisation Et De Machines	France	Sales, manufacturing and maintenance of machine tools	182,200	182,200	1,000,000	100.00	3,762	( 175,803 )	( 175,803 )	Note
Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Netherlands	Sales of merchandise	96,221	96,221	9,000	100.00	( 61,669 )	( 2,916 )	( 2,916 )	Note
Tongtai Machine & Tool Co., Ltd.	Tongan GmbH	Austrian	General investment	981,154	597,771	35,000	100.00	( 53,132 )	( 11,314 )	( 11,314 )	Note 1
Tongtai Machine & Tool Co., Ltd.	Cyber Laser Taiwan Co., Ltd.	Tainan City	Machine and manufacturing of electronic component	20,000	20,000	2,000,000	33.00	-	-	-	
Tongtai Machine & Tool Co., Ltd.	Honor Seiki Co., Ltd.	Kaohsiung City	Sales and manufacturing of equipment	60,618	62,978	15,485,893	44.88	739,636	125,777	57,050	
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	6,903	( 3,893 )	( 779 )	
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	9,484	1,155	462	
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	\$ 19,542	\$ 2,044	\$ 2,018	Note
Process Conception Ingenierie-Societe de Construction D'equipements, De Mecanisation Et De Machines	TTGroup France	France	Sales of merchandise	1,076	1,076	30,000	100.00	( 8,649 )	( 6,839 )	( 6,839 )	Note
Process Conception Ingenierie-Societe de Construction D'equipements, De Mecanisation Et De Machines	CERIMATEC	France	Design and development of machine tools	9,816	9,816	300,000	100.00	( 28,243 )	( 39,411 )	( 39,411 )	Note
Tongan GmbH	Mbi-group Beteiligung GmbH	Austrian	General investment	946,577	611,202	-	100.00	( 54,613 )	( 11,032 )	( 11,032 )	Note
Mbi-group Beteiligung GmbH	Anger Machining GmbH	Austrian	Sales, manufacturing and maintenance of machine tools	991,615	595,855	-	100.00	6,652	( 11,286 )	( 11,286 )	Note
Anger Machining GmbH	Anger Machining Inc.	USA	Sales and maintenance of machine tools	122	122	60,000	100.00	22,316	8,522	8,522	Note



Anger Machining GmbH	Anger Service Deutschland GmbH	Germany	Sales and maintenance of machine tools	868	868	-	100.00	4,684	919	919	Note
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Note 1: All the transactions had been eliminated when preparing consolidated financial statements.

TABLE 7

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

## INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2024 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2024	Accumulated Repatriation of Investment Income as of September 30, 2024	Note
					Outward	Inward							
Tong-Yu Machine Tool (Shanghai) Co., Ltd.	Sales and maintenance of machine tools	\$ 76,213	Investments through a holding company registered in a third region	\$ 76,213	\$	\$	\$ 76,213	( \$ 4,142 )	100.00	( \$ 4,142 )	\$ 83,816	\$ -	Note 4
Suzhou Tongyu Machine Tool Co., Ltd.	Manufacturing of digital control machine and system	791,250	Investments through a holding company registered in a third region	791,250			791,250	2,054	100.00	2,054	1,105,159	-	Note 4
Shanghai Tong-Tai-Shin Trading Co., Ltd.	International trade	6,330	Investments through a holding company registered in a third region	6,330			6,330	( 72 )	100.00	( 72 )	10,130	-	Note 4
Hao-Tern-Shin Electronics (Shenzhen) Co., Ltd.	Sales and manufacturing of printed circuit board	79,125	Investments through a holding company registered in a third region	79,125			79,125	-	55.00	-	-	-	Note 4

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of September 30, 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.	\$ 917,312	\$ 917,312	\$ 2,977,074

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

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

Name of The Major Shareholder	Shares	
	Number of Shares Owned (shares)	Percentage of Ownership (%)
San Shin Investment Co., Ltd.	16,338,889	6.41

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.