

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

**Standalone Financial Statements for the  
Years Ended December 31, 2024 and 2023 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

We have audited the accompanying standalone financial statements of Tongtai Machine & Tool Co., Ltd. (the "Company"), which comprise the standalone balance sheets as of December 31, 2024 and 2023, the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports issued by other independent auditors (refer to Other Matter paragraph below), the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Company as of December 31, 2024 and 2023, and its standalone financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China.

### **Basis for Opinion**

We conducted our audits of the standalone financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the report of other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in the Company's standalone financial statements for the year ended December 31, 2024 are as follows:

#### **Revenue recognition**

Specific machine types sold to specific industries have different level of customization based on the customer requirements, for the equipment manufacturer that recognize revenue depending on the various trade terms in each individual sale transaction. As a result, we identified revenue recognition as one of the key audit matters.

Refer to Note 4 (m) to the standalone financial statements for the related accounting policies and disclosures on revenue recognition.

1. We performed the test of internal control, understanding whether revenue is recognized based on acquisition the approved reports on completion of installation signed by end customer or export-related documents.
2. We performed test of details of recorded revenue against the supporting documents including the approved reports on completion of installation signed by end customer, export-related documents, and acceptance receipts.
3. Reviewing and analyzing the reason for significant sales returns and allowances that took place after the balance sheet date to assess the reasonableness of the related accrued sales returns and allowances.

### **Inventory valuation**

Inventory is material to the Company. As of December 31, 2024, inventory amounted to NT\$2,097,992 thousand, representing 24% of the Company's total assets. In addition, inventory valuation involves critical accounting estimates. Therefore, we identified the inventory valuation as one of the key audit matters. Refer to Notes 4 (e), 5 (b) and 10 to the standalone financial statements for the related accounting policies and disclosures on inventory valuation.

The key audit procedures performed in respect of the above key audit matter included the following:

1. We participated in the physical count of inventory, and observed the physical condition of inventory and checked against the records for any identified obsolete and slow-moving inventory.
2. We obtained inventory aging report, tested the accuracy of inventory aging and evaluated compliance with the inventory accounting policies.
3. We obtained details of inventory valuation and confirmed that inventory items were stated at the lower of cost or net realizable value. We test-checked the cost and market value of inventory against the supporting documents.

### **Other Matter**

Certain investments in subsidiaries accounted for using the equity method were included in the standalone financial statements as of December 31, 2024 and 2023 and for the years then ended based on financial statements audited by other independent auditors. The total of such investments amounted to NT\$126,393 thousand and NT\$324,005 thousand, representing 1% and 3% of the Company's total assets as of December 31, 2024 and 2023, respectively, and the Credit balance for investments accounted for using the equity method amounted to NT\$60,374 thousand and NT\$320,257 thousand, representing 1% and 7% of the Company's total liabilities as of December 31, 2024 and 2023, respectively, and the total share of loss of subsidiaries and associates amounted to NT\$(83,290) thousand and NT\$(135,595) thousand, representing 8% and 1,220% of the Company's total profit (loss) before income tax for the years ended December 31, 2024 and 2023, respectively.

### **Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

Management is responsible for the preparation and fair presentation of the standalone financial

statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of standalone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and its subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the standalone financial statements. We are responsible for the direction, supervision, and performance of the audit of the Company. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 20, 2025

Notice to Readers

*The accompanying standalone financial statements are intended only to present the standalone 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 audit such standalone financial statements are those generally applied in the Republic of China.*

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

# TONGTAI MACHINE & TOOL CO., LTD

## STANDALONE BALANCE SHEETS

DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 94,072	1	\$ 238,941	2
Notes receivable, net (Notes 5 and 9)	48,915	1	75,544	1
Notes receivable - related parties (Notes 5, 9 and 33)	-	-	245	-
Accounts receivable, net (Notes 4, 5 and 9)	387,478	4	456,916	5
Accounts receivable - related parties (Notes 4, 5, 9 and 33)	210,192	2	165,364	2
Other receivables	10,959	-	6,694	-
Other receivables - related parties (Note 33)	664,221	7	889,098	9
Current tax assets (Notes 4 and 26)	11,520	-	1,855	-
Inventories (Notes 4, 5 and 10)	2,097,992	24	2,645,011	27
Assets held for sale (Notes 4 and 11)	364,016	4	-	-
Other financial assets - current (Notes 13 and 34)	76,749	1	10,928	-
Other current assets	<u>53,703</u>	<u>1</u>	<u>53,866</u>	<u>1</u>
Total current assets	<u>4,019,817</u>	<u>45</u>	<u>4,544,462</u>	<u>47</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	411,332	5	177,323	2
Non-current financial assets at amortised cost (Notes 4 and 8)	52,785	1	20,000	-
Investments accounted for using the equity method (Notes 4 and 12)	2,193,228	25	2,319,141	24
Property, plant and equipment (Notes 4, 14 and 34)	651,960	7	990,415	10
Right-of-use assets (Notes 4 and 15)	506,174	6	589,504	6
Investment properties (Notes 4, 16 and 34)	429,360	5	442,980	5
Computer software (Notes 4 and 17)	22,834	-	32,761	1
Deferred tax assets (Notes 4 and 26)	441,231	5	360,771	4
Refundable deposits	3,563	-	3,693	-
Long-term notes and accounts receivable (Note 9)	7,035	-	2,167	-
Other financial assets - non-current (Notes 13 and 34)	94,579	1	96,932	1
Other non-current assets (Note 9)	<u>22,517</u>	<u>-</u>	<u>21,508</u>	<u>-</u>
Total non-current assets	<u>4,836,598</u>	<u>55</u>	<u>5,057,195</u>	<u>53</u>
<b>TOTAL</b>	<u>\$ 8,856,415</u>	<u>100</u>	<u>\$ 9,601,657</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 18 and 34)	\$ 1,470,000	17	\$ 1,290,000	14
Contract liabilities - current (Notes 4, 24 and 33)	292,741	4	268,292	3
Notes payable (Note 19)	59	-	1,913	-
Notes payable - related parties (Notes 19 and 33)	8,879	-	-	-
Accounts payable (Note 19)	381,110	4	320,151	3
Accounts payable - related parties (Notes 19 and 33)	98,503	1	97,268	1
Other payables (Notes 20 and 33)	200,668	2	216,747	2
Current tax liabilities (Notes 4 and 26)	-	-	5,402	-
Provisions - current (Notes 4 and 21)	12,200	-	17,724	-
Lease liabilities - current (Notes 4 and 15)	23,583	-	21,869	-
Current portion of long-term bank borrowings (Notes 18 and 34)	450,000	5	993,333	11
Other current liabilities	<u>10,010</u>	<u>-</u>	<u>5,634</u>	<u>-</u>
Total current liabilities	<u>2,947,753</u>	<u>33</u>	<u>3,238,333</u>	<u>34</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term bank borrowings (Notes 18 and 34)	566,000	6	100,000	1
Deferred tax liabilities (Notes 4 and 26)	61,301	1	61,301	1
Lease liabilities - noncurrent (Notes 4 and 15)	604,274	7	591,252	6
Net defined benefit liabilities (Notes 4 and 22)	17,256	-	42,868	-
Guarantee deposits received	4,545	-	3,452	-
Credit balance for investments accounted for using the equity method (Notes 4 and 12)	<u>232,889</u>	<u>3</u>	<u>469,787</u>	<u>5</u>
Total non-current liabilities	<u>1,486,265</u>	<u>17</u>	<u>1,268,660</u>	<u>13</u>
Total liabilities	<u>4,434,018</u>	<u>50</u>	<u>4,506,993</u>	<u>47</u>
<b>EQUITY (Notes 23 and 28)</b>				
Ordinary shares	<u>2,548,265</u>	<u>29</u>	<u>2,548,265</u>	<u>26</u>
Capital surplus	<u>1,220,665</u>	<u>14</u>	<u>1,220,665</u>	<u>13</u>
Retained earnings				
Legal reserve	759,548	8	753,831	8
Special reserve	89,749	1	89,749	1
Unappropriated earnings (Accumulated deficit)	( <u>437,093</u> )	( <u>5</u> )	<u>509,533</u>	<u>5</u>
Total retained earnings	<u>412,204</u>	<u>4</u>	<u>1,353,113</u>	<u>14</u>
Other equity	<u>241,263</u>	<u>3</u>	( <u>27,379</u> )	<u>-</u>
Total equity	<u>4,422,397</u>	<u>50</u>	<u>5,094,664</u>	<u>53</u>
<b>TOTAL</b>	<u>\$ 8,856,415</u>	<u>100</u>	<u>\$ 9,601,657</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 20, 2025)

# TONGTAI MACHINE & TOOL CO., LTD.

## STANDALONE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 24 and 33)	\$ 1,930,708	100	\$ 2,420,047	100
OPERATING COSTS (Notes 10, 22, 25 and 33)	<u>2,057,839</u>	<u>107</u>	<u>1,885,542</u>	<u>78</u>
GROSS PROFIT	( 127,131 )	( 7 )	534,505	22
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	( 9,968 )	-	( 170 )	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>1,084</u>	<u>-</u>	<u>3,330</u>	<u>-</u>
REALIZED GROSS PROFIT	( <u>136,015</u> )	( <u>7</u> )	<u>537,665</u>	<u>22</u>
OPERATING EXPENSES (Notes 9, 22, 25 and 33)				
Selling and marketing expenses	286,439	15	335,505	14
General and administrative expenses	238,866	12	217,807	9
Research and development expenses	151,697	8	146,675	6
Loss (reversal) of expected credit loss	<u>33,131</u>	<u>2</u>	<u>12,741</u>	<u>-</u>
Total operating expenses	<u>710,133</u>	<u>37</u>	<u>712,728</u>	<u>29</u>
PROFIT (LOSS) FROM OPERATIONS	( <u>846,148</u> )	( <u>44</u> )	( <u>175,063</u> )	( <u>7</u> )
NON-OPERATING INCOME AND EXPENSES (Notes 12, 25 and 33)				
Interest income	36,482	2	31,861	1
Other income	106,971	6	114,352	5
Other gains and losses	41,562	2	211,674	9
Finance costs	( \$ 62,624 )	( 3 )	( 61,306 )	( 3 )
Share of profit of subsidiaries and associates	( <u>263,960</u> )	( <u>14</u> )	( <u>110,407</u> )	( <u>5</u> )
Total non-operating income and expenses	( <u>141,569</u> )	( <u>7</u> )	<u>186,174</u>	<u>7</u>
PROFIT (LOSS) BEFORE INCOME TAX	( 987,717 )	( 51 )	11,111	-
INCOME TAX EXPENSE (Notes 4 and 26)	( <u>80,881</u> )	( <u>4</u> )	( <u>39,020</u> )	( <u>2</u> )
NET PROFIT (LOSS) FOR THE YEAR	( <u>906,836</u> )	( <u>47</u> )	<u>50,131</u>	<u>2</u>

(Continued)

# TONGTAI MACHINE & TOOL CO., LTD.

## STANDALONE STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

	For the Year Ended December 31			
	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan	11,851	1	\$ 3,561	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	234,009	12	17,660	1
Share of the other comprehensive income (loss) of subsidiaries accounted for using the equity method	7,411	-	4,194	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	( 2,370 )	-	( 712 )	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	3,266	-	( 9,859 )	-
Share of the other comprehensive (loss) income of subsidiaries accounted for using the equity method	40,025	2	( 21,641 )	( 1 )
Income tax relating to items that may be reclassified subsequently to profit or loss	( \$ 8,658 )	-	\$ 6,300	-
Other comprehensive loss for the year, net of income tax	<u>285,534</u>	<u>15</u>	<u>( 497 )</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>( \$ 621,302 )</u>	<u>( 32 )</u>	<u>\$ 49,634</u>	<u>2</u>
EARNINGS PER SHARE (Note 27)				
Basic	( \$ 3.56 )		\$ 0.20	
Diluted	( 3.56 )		0.20	

(Concluded)

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

(With Deloitte & Touche auditors' report dated March 20, 2025)



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

**STANDALONE STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(In Thousands of New Taiwan Dollars)**

						Other Equity			
	Retained Earnings					Exchange Differences on Translating Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE AT DECEMBER 31, 2022	<u>2,548,265</u>	<u>1,195,552</u>	<u>743,589</u>	<u>89,749</u>	<u>513,566</u>	( <u>120,957</u> )	<u>101,118</u>	( <u>19,839</u> )	<u>5,070,882</u>
Appropriation of 2022 earnings (Note 23)									
Legal reserve	-	-	10,242	-	( 10,242 )	-	-	-	-
Cash dividends	-	-	-	-	( 50,965 )	-	-	-	( 50,965 )
	-	-	<u>10,242</u>	-	( <u>61,207</u> )	-	-	-	( <u>50,965</u> )
Net profit for the year ended December 31, 2023	-	-	-	-	50,131	-	-	-	50,131
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	7,043	( 25,200 )	17,660	( 7,540 )	( 497 )
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	<u>57,174</u>	( <u>25,200</u> )	<u>17,660</u>	( <u>7,540</u> )	<u>49,634</u>
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Note 28)	-	25,113	-	-	-	-	-	-	25,113
BALANCE AT DECEMBER 31, 2023	<u>\$ 2,548,265</u>	<u>\$ 1,220,665</u>	<u>\$ 753,831</u>	<u>\$ 89,749</u>	<u>\$ 509,533</u>	( <u>\$ 146,157</u> )	<u>\$ 118,778</u>	( <u>\$ 27,379</u> )	<u>\$ 5,094,664</u>
Appropriation of 2023 earnings (Note 23)									
Legal reserve	-	-	5,717	-	( 5,717 )	-	-	-	-
Cash dividends	-	-	-	-	( 50,965 )	-	-	-	( 50,965 )
	-	-	<u>5,717</u>	-	( <u>56,682</u> )	-	-	-	( <u>50,965</u> )
Net profit for the year ended December 31, 2024	-	-	-	-	( 906,836 )	-	-	-	( 906,836 )
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	16,892	34,633	234,009	268,642	285,534
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	( 889,944 )	34,633	234,009	268,642	( 621,302 )
BALANCE AT DECEMBER 31, 2024	<u>\$ 2,548,265</u>	<u>\$ 1,220,665</u>	<u>\$ 759,548</u>	<u>\$ 89,749</u>	( <u>\$ 437,093</u> )	( <u>\$ 111,524</u> )	<u>\$ 352,787</u>	<u>\$ 241,263</u>	<u>\$ 4,422,397</u>

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

(With Deloitte & Touche auditors' report dated March 20, 2025)

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

## STANDALONE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	( \$ 987,717 )	\$ 11,111
Adjustments for:		
Depreciation expense	128,702	133,758
Amortization expense	30,623	31,069
Expected credit loss (reversal gain)	33,131	12,741
Net loss (profit) on fair value change of financial assets at fair value through profit or loss	-	1,548
Finance costs	62,624	61,306
Interest income	( 36,482 )	( 31,861 )
Dividend income	( 7,007 )	( 13,421 )
Share of loss of associates	263,960	110,407
Gain on disposal of property, plant and equipment	-	( 113,267 )
Loss (gain) on disposal of investments	( 857 )	-
Impairment loss recognized on nonfinancial assets	379,309	9,539
Unrealized intercompany profit on sales	8,884	
Realized intercompany profit on sales	-	( 3,160 )
Unrealized Foreign Exchange Gain	( 1,342 )	-
Recognition of provisions	19,609	23,088
Gain on disposal of subsidiaries under the equity method	-	( 113,687 )
Others	-	( 2,208 )
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	10,400
Notes receivable and long-term notes receivable	23,562	43,380
Notes receivable - related parties	245	1,934
Accounts receivable	34,506	234,764
Accounts receivable - related parties	( 44,828 )	36,536
Other receivables	( 3,409 )	( 1,588 )
Other receivables - related parties	854	( 4,639 )
Inventories	167,709	197,347
Other current assets	163	( 18,991 )
Contract liabilities	24,449	( 134,241 )
Notes payable	( 1,854 )	( 3,987 )
Notes payable - related parties	8,879	-
Accounts payable	60,959	( 174,839 )
Accounts payable - related parties	1,235	( 38,074 )
Other payables	( 12,559 )	( 19,102 )
Provisions	( 25,133 )	( 21,950 )
Other current liabilities	4,376	( 5,447 )
Net defined benefit liabilities	( 13,761 )	( 3,181 )
Cash generated from operations	118,830	215,285

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

## STANDALONE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2024	2023
Interest received	47,059	\$ 14,949
Dividend received	7,007	13,421
Interest paid	( 62,976 )	( 61,529 )
Income taxes paid	( 25,674 )	( 1,772 )
Net cash generated from operating activities	<u>84,246</u>	<u>180,354</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Financial assets at amortized cost	( 31,443 )	( 20,000 )
Acquisition of investments accounted for using the equity method	( 10,000 )	-
Disposal of investments accounted for using the equity method	28,642	-
Proceeds from capital reduction of investments accounted for using equity method	-	33,162
Acquisition of property, plant and equipment	( 28,168 )	( 15,340 )
Proceeds from disposal of property, plant and equipment	-	1,619
Decrease in refundable deposits	130	2,488
Decrease in other receivables - related parties	-	( 114,170 )
Increase in other receivables - related parties	212,591	-
Acquisition of computer software	( 7,219 )	( 12,724 )
Increase in other financial assets	( 63,468 )	-
Decrease in other financial assets	-	23,034
Increase in other non-current assets	( 8,316 )	( 6,473 )
Dividends received from subsidiaries and affiliates	<u>32,472</u>	<u>39,162</u>
Net cash generated from (used in) financing activities	<u>125,221</u>	<u>( 69,242 )</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	410,000	1,148,000
Decrease in short-term borrowings	( 230,000 )	( 882,840 )
Decrease in short-term bills payable	1,066,000	-
Repayments of long-term bank borrowings	( 1,143,333 )	( 342,833 )
Guarantee deposits received	1,093	-
Repayment of principle of lease liabilities	( \$ 23,747 )	( 21,200 )
Cash dividends paid	( 50,965 )	( 50,965 )
Acquisition of ownership interests in subsidiaries	( 383,384 )	-
Disposal of ownership interests in subsidiaries	-	124,338
Net cash used in financing activities	<u>( 354,336 )</u>	<u>( 25,500 )</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	( 144,869 )	85,612
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>238,941</u>	<u>153,329</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 94,072</u>	<u>\$ 238,941</u>

(Concluded)

The accompanying notes are an integral part of the standalone financial statements.  
(With Deloitte & Touche auditors' report dated March 20, 2025)

# TONGTAI MACHINE & TOOL CO., LTD.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The standalone financial statements were approved by the Company's board of directors and authorized for issue on March 13, 2025

### 3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2025

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 1)
Amendments to the Application Guidelines on the Classification of Financial Assets Related to the Amendments to IFRS 9 and IFRS 7 – 'Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026 (Note 2)

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.

Note 2: These amendments are effective for annual reporting periods beginning on or after January 1, 2026. Early application is permitted for periods beginning on or after January 1, 2025. On initial application, the amendments shall be applied retrospectively. Entities are not required to restate comparative periods. Instead, the cumulative effect of initial application shall be recognized in the opening balance of retained earnings (or other appropriate component of equity) at the date of initial application. However, if an entity can restate comparative periods without the use of hindsight, it may elect to do so.

As of the date the standalone financial statements were authorized by the board of directors for

issue, the Company has assessed that the application of other standards and interpretations will not have a material on the Company's financial position and financial performance.

- c. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective Date Issued by IASB (Note)</b>
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to the Application Guidelines on the Classification of Financial Assets Related to the Amendments to IFRS 9 and IFRS 7 – 'Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	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
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

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 Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as 'other' only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Company as a whole, the Company 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 standalone financial statements were approved by the Company's board of directors and authorized for issue, the Company is 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 standalone financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### **b. Basis of Preparation**

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

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which 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 the 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 the asset or liability.

When preparing its standalone financial statements, the Company used equity method to account for its investment in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the standalone financial statements to be the same with the amounts attributable to the owner of the Company in its standalone financial statements, adjustments arising from the differences in accounting treatment between standalone basis and consolidated basis were made to investments accounted for using equity method, share of profit or loss of subsidiaries and associates, share of other comprehensive income of subsidiaries and associates and related equity items, as appropriate, in the standalone financial statements.

##### **c. Classification of current and non-current assets and liabilities**

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets are realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being used for an exchange or used to settle a liability for more than 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities expected to be settled within twelve months after the reporting period; and
- 3) Liabilities for which the entity does not have a substantive right to defer settlement for at least 12 months after the balance sheet date.

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

##### **d. Foreign currencies**

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange

prevailing at the dates of the transactions.

At balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are stated at the historical translated amount.

For the purpose of presenting standalone financial statements, the functional currencies of the entities associated with the Company (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: assets and liabilities are translated at the exchange rates prevailing at the end of the balance sheet date; income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests as appropriate.

Goodwill and fair value adjustments on identifiable assets and liabilities recognized on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of balance sheet date. Exchange differences arising are recognized in other comprehensive income.

e. Inventories

Inventories consisting of raw materials, supplies, work-in-progress and finished goods are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Raw materials and supplies are recorded at the moving-average cost, and the work-in-progress and finished goods are recorded at cost by the specific identification method.

f. Investments accounted for equity method

The Company uses the equity method to account for its investments in subsidiaries and associates.

1) Investments in subsidiaries

Subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the share of other equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control over the subsidiary are accounted for as equity transaction. Any difference between the carrying amount of the investment and the fair value of consideration paid or received is directly recognized in equity.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from investment and the carrying amount is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Corporation loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Corporation had directly disposed of the related assets or liabilities.

Unrealized profits or losses on downstream transactions with subsidiaries are eliminated in the standalone financial statements. Profits and losses on transactions with subsidiaries other than downstream are recognized in standalone financial statements only to the extent of interests in the subsidiary that are not related to the Company

## 2) Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates. Under the equity method, investments in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included in the carrying amount of the investment and is not amortized.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the associate. The Company should record such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Company's ownership interest is reduced due to non-subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be a deduction to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is deducted from retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that



associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company will discontinue recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Investment in associate is tested for impairment by treating the entire carrying amount of the investment (including goodwill) as a single asset and then compare that carrying amount with the estimated recoverable amount. Any impairment loss recognized is deducted from investment and the carrying amount of the investment is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has subsequently increased.

Gains and losses resulting from upstream, downstream and sidestream transactions between and among the Company and its associates are recognized in the standalone financial statements only to the extent of interests in the associate of entities that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for the land is not depreciated, other depreciation of property, plant and equipment is recognized using the straight-line method.

Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Computer Software

Computer software with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

j. Impairment of property, plant and equipment, right-of-use asset, investment properties, intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right - of use assets, investment properties and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the individual cash-generating units; otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined for the asset or cash-generating unit (net of amortization and depreciation) had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

k. Non-current Assets Held for Sale

Non-current assets are classified as held for sale when their carrying amount is expected to be recovered principally through a sale transaction rather than through continuing use. To be classified as held for sale, the asset must be available for immediate sale in its present condition and the sale must be highly probable. A sale is considered highly probable when management with the appropriate level of authority is committed to a plan to sell the asset and the sale is expected to be completed within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Depreciation is no longer charged on these assets once they are classified as held for sale.

l. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at FVTOCI.

i Financial asset at FVTPL

Financial asset classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 30.

ii Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost, including cash and cash equivalents, notes and accounts receivable at amortized cost, other receivables, other financial assets, refundable deposits and long-term notes and accounts receivable, are measured at amortized cost, which equals to gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivables).

The Company always recognizes lifetime Expected Credit Losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

- i Internal or external information show that the debtor is unlikely to pay its creditors.
- ii When a financial asset is more than 90 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognize a financial asset only when the contractual rights to the cash flows from the asset expire or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive

income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are carried at amortized cost using the effective interest method:

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any interest or dividends paid on the financial liability.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage their exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, cross-currency swap contracts and swap contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each balance sheet date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

m. Provisions

Provisions are measured at the best estimate of the cash flows required to settle the present obligation at the end of the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products at the Company's best estimate of the expenditure required to settle the obligations.

n. Revenue recognition

The Company identifies contracts with customers, allocate the transaction price to the performance obligations and recognize revenue when performance obligations are satisfied.

Revenue from the sale of goods comes from sales of machine. Revenue from domestic sales is recognized when the installation of machine or tool is completed. Revenue from export sales is recognized according to the trade conditions or the completion date of machine installation. The customer has full discretion over the manner of distribution and price to sell the goods and bears the risks of obsolescence. Transaction price received is recognized as a contract liability

until performance obligations are satisfied.

Revenue from maintenance and rebuilding are recognized when services are provided.

o. Leasing

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the standalone balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease term.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the standalone balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as

expenses in the periods in which they are incurred.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized as a reduction of the related costs on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the year in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the year in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Company's defined benefit plans.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Current tax is the amount of tax at statutory rate calculated on the taxable profit (loss) at the balance sheet date.

According to the Income Tax Law in the ROC, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are generally recognized for all deductible temporary differences, loss carryforwards and research and development expenditure to the extent that it is probable

that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at each balance sheet date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

### 3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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.

### Key sources of estimation uncertainty

#### a. Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, refer to Note 9. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

#### b. Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Company uses



judgment and estimate to determine the net realizable value of inventory at the end of the reporting period. Since the net realizable value of inventory is mainly determined on the basis of future selling price, it might be adjusted significantly.

## 6. CASH AND CASH EQUIVALENTS

	December 31	
	2024	2023
Cash on hand	\$ 443	\$ 354
Checking accounts and demand deposits	89,695	232,446
Cash equivalents		
Time deposits with original maturities of less than three months	<u>3,934</u>	<u>6,141</u>
	<u>\$ 94,072</u>	<u>\$ 238,941</u>

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

	December 31	
	2024	2023
Investment in equity instruments		
Domestic investments		
Listed shares	\$ 380,878	\$ 145,239
Unlisted shares	<u>30,454</u>	<u>32,084</u>
	<u>\$ 411,332</u>	<u>\$ 177,323</u>

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

	December 31	
	2024	2023
Unlisted Preference shares	\$ 20,000	\$ 20,000
Cathay Pacific bank's subordinated bond	32,785	-
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 52,785</u>	<u>\$ 20,000</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%.

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

	December 31	
	2024	2023
Notes receivable (operating)		
Gross carrying amount at amortized cost	\$ 50,224	\$ 76,853
Less: Unrealized interest revenue	<u>1,309</u>	<u>1,309</u>
	<u>\$ 48,915</u>	<u>\$ 75,544</u>

(Continued)

	December 31	
	2024	2023
Notes receivable- related parties (operating)		
Gross carrying amount at amortized cost	\$ <u>-</u>	\$ <u>245</u>
Accounts receivable		
Gross carrying amount at amortized cost	\$ 586,585	\$ 623,044
Less: Allowance for impairment loss	<u>199,107</u>	<u>166,128</u>
	<u>\$ 387,478</u>	<u>\$ 456,916</u>
Accounts receivable - related parties		
Gross carrying amount at amortized cost	<u>\$ 210,192</u>	<u>\$ 165,364</u>
Long-term notes and accounts receivable (operating)		
Gross carrying amount at amortized cost	<u>\$ 7,035</u>	<u>\$ 2,167</u>
Overdue receivable (included in other noncurrent assets)		
Gross carrying amount at amortized cost	\$ 17,458	\$ 17,658
Less: Allowance for impairment loss	<u>17,458</u>	<u>17,658</u>
	<u>\$ -</u>	<u>\$ -</u>
		(Concluded)

The credit period of the Company's receivables depends on customer classification and product category. The Company makes 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 has 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 reviews 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's credit risk were significantly reduced.

The Company applies the simplified approach to providing for expected credit losses 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's 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's different customer base.

The Company writes 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 continues 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:

## December 31, 2024

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	366 to 545 Days	546 to 720 Days	Over 721 Days	Individual Identification	Total
Gross carrying amount	\$ 617,939	\$ 11,731	\$ 10,380	\$ 3,326	\$ 10,701	\$ 28,656	\$ 39,347	\$ 130,647	\$ 17,458	\$ 870,185
Loss allowance (Lifetime ECL)	( 16,802)	( 1,111)	( 3,172)	( 363)	( 1,391)	( 13,555)	( 32,249)	( 130,463)	( 17,458)	( 216,565)
Amortized cost	<u>\$ 601,137</u>	<u>\$ 10,620</u>	<u>\$ 7,208</u>	<u>\$ 2,963</u>	<u>\$ 9,310</u>	<u>\$ 15,101</u>	<u>\$ 7,098</u>	<u>\$ 184</u>	<u>\$ -</u>	<u>\$ 653,620</u>

## December 31, 2023

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	366 to 545 Days	546 to 720 Days	Over 721 Days	Individual Identification	Total
Gross carrying amount	\$ 452,171	\$ 46,125	\$ 43,358	\$ 78,894	\$ 42,481	\$ 82,728	\$ 45,239	\$ 75,361	\$ 17,658	\$ 884,022
Loss allowance (Lifetime ECL)	( 1,144)	( 6,626)	( 7,088)	( 10,417)	( 15,171)	( 43,709)	( 6,609)	( 75,361)	( 17,658)	( 183,786)
Amortized cost	<u>\$ 451,027</u>	<u>\$ 39,499</u>	<u>\$ 36,270</u>	<u>\$ 68,477</u>	<u>\$ 27,310</u>	<u>\$ 39,019</u>	<u>\$ 38,630</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 700,236</u>

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

	For the Year Ended December 31	
	2024	2023
Balance, beginning of period	\$ 183,786	\$ 171,055
Recognition (reversed)	33,131	12,741
Written off	( 352 )	( 10 )
Balance, end of period	<u>\$ 216,565</u>	<u>\$ 183,786</u>

## 10. INVENTORIES

	December 31	
	2024	2023
Raw materials	\$ 1,154,782	\$ 1,228,120
Supplies	134,362	134,235
Work-in-progress	470,467	909,397
Finished goods	<u>338,381</u>	<u>373,259</u>
	<u>\$ 2,097,992</u>	<u>\$ 2,645,011</u>

The cost of inventories recognized as operating costs for the years ended December 31, 2024 and 2023 was NT\$2,057,839 thousand and NT\$1,885,542 thousand, respectively, which included write-downs of inventories and unallocated manufacturing overhead as follows :

	For the Year Ended December 31	
	2024	2023
Inventory write-downs	<u>\$ 379,309</u>	<u>\$ 9,539</u>

## 11. NON-CURRENT ASSETS HELD FOR SALE

	December 31, 2024
Property, Plant and Equipment	\$ 231,579
Investment Property	<u>132,437</u>
Total	<u>\$ 364,016</u>

In November 2024, the Board of Directors resolved to authorize the Chairman to dispose of the property at the Luzhu Second Plant, with a total transaction price of NT\$1.52 billion, in order to support the Company's future growth initiatives and strengthen operating capital. The sale agreement was signed with the buyer in January 2025, and the disposal is expected to be completed within twelve months from the date of classification.

The expected selling price exceeds the carrying amount of the related net assets, and accordingly, no impairment loss is recognized.

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2024	2023
Investments in subsidiaries	\$ 1,180,565	\$ 1,098,989
Investments in associates	<u>779,774</u>	<u>750,365</u>
	1,960,339	1,849,354
Add: Credit balance for investments accounted for using the equity method	<u>232,889</u>	<u>469,787</u>
	<u>\$ 2,193,228</u>	<u>\$ 2,319,141</u>

### a. Investments in subsidiaries - unlisted companies

	December 31			
	2024		2023	
	Amount	% of Owner - ship	Amount	% of Owner - ship
Union Top Industrial (Samoa) Limited (Union Top)	\$ 959,351	100.00	\$ 972,634	100.00
Tongfong Auto Tech Co., Ltd. (Tongfong)	27,474	100.00	37,230	100.00
Asia Pacific Elite Corp. (APEC)	194,029	99.83	144,888	99.83
Quick-Tech Machinery Co., Ltd. (Quick-Tech)	98,919	99.14	82,501	99.14
Tong-Yeh Precision Co., Ltd. (Tong-Yeh)	( 18,303 )	94.58	29,099	94.58
Tongtai Machine & Tool Japan Co., Ltd. (TTJP)	24,910	100.00	22,793	100.00
Tong Tai Machinery Co., Ltd. (TTM)	28,202	100.00	25,132	100.00
Tongtai Seiki Vietnam Co., Ltd. (TTVN)	23,041	100.00	21,491	100.00
Tongtai Machine Tool (SEA) Sdn. Bhd. (TTS)	16,524	52.00	15,988	52.00
Tongtai Machine Tool (MFG) Sdn. Bhd. (TMM)	38,219	100.00	34,752	100.00
Tong-Tai Seiki USA, Inc.(TSU)	-	100.00	2,619	100.00
TTGroup America, Inc. ( TTGA )	( 4,570 )	100.00	-	100.00
Tongtai Mexico, S.A.DE C.V. (TTGMx)	2,785	100.00	4,474	100.00
Process Conception Ingenierie-Societe de Construction D'equipments, De Mekanisations Et De Machines (PCI)	( 65,808 )	100.00	175,175	100.00
Tongtai Europe B.V. (TTE)	( 72,385 )	100.00	( 56,383 )	100.00
Tongan GmbH (Tongan)	( <u>71,823</u> )	100.00	( <u>413,404</u> )	100.00
	<u>\$ 1,180,565</u>		<u>\$ 1,098,989</u>	

The Company recognized impairment loss amounted of NT\$17,286 thousand and NT\$11,989 thousand of the APEC and Quick-Teck, respectively, due to the recoverable amount was lower than the carrying amount.

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 28).

After Honor Seiki re-elected directors in November 2023, the Company lost control, and recognized gain on disposal \$113,687 thousand. Refer to notes 30 and 31 in the consolidated financial statement report for related share transaction.

The investments accounted for using the equity method and the share of loss and other comprehensive income of those investments for the years ended December 31, 2023 and 2022 were based on the subsidiaries' financial statements which have been audited for the same years.

b. Investments in associates

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Material associate		
Honor Seiki Co., Ltd. (Honor Seiki)	\$ 763,109	\$ 741,343
Associates that are not individually material	<u>16,665</u>	<u>9,022</u>
	<u>\$ 779,774</u>	<u>\$ 750,365</u>

1) Material associate

	<b>Percentage of Ownership and Voting Rights (%)</b>	
<b>Company</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Honor Seiki	44.88	46.63

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

Honor Seiki

	<b>For the Year Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Current assets	\$ 1,442,656	\$ 1,575,232
Non-current assets	830,445	858,284
Current liabilities	( 624,670 )	( 880,031 )
Non-current liabilities	( <u>197,329</u> )	( <u>212,782</u> )
equity	<u>\$ 1,451,102</u>	<u>\$ 1,340,703</u>
Ownership percentage (%)	44.88	46.63
Equity attributable to the Company and its subsidiaries	\$ 651,313	\$ 625,197
Goodwill	<u>111,796</u>	<u>116,146</u>
Carrying amount of the investment	<u>\$ 763,109</u>	<u>\$ 741,343</u>

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Operating revenues	<u>\$ 1,456,414</u>	<u>\$ 1,347,043</u>
Net profit for the year	\$ 179,058	\$ 141,380
Other comprehensive income	<u>344</u>	( <u>645</u> )
Total comprehensive income	<u>\$ 179,402</u>	<u>\$ 140,735</u>

2) Associates that are not individually material

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Printin3d DigiTech Co., Ltd.	\$ 10,211	\$ 9,022
Ruei Yang Precision Co., Ltd.	6,454	-
Cyber Laser Taiwan Co., Ltd.	<u>-</u>	<u>-</u>
	<u>\$ 16,665</u>	<u>\$ 9,022</u>

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
The Company's share of		
Net profit for the year	( \$ 163 )	\$ 907
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income	( <u>\$ 163</u> )	<u>\$ 907</u>

Refer to Table 6 "Information on Investees" for the above investees' main business nature, principal places of business and countries of incorporation.

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.

The investments accounted for using the equity method and the share of profit (loss) and other comprehensive income of those investments for the years 2024 and 2023 was based on the financial statements for the corresponding periods audited by certified public accountants.

### 13. OTHER FINANCIAL ASSETS

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<b>Current</b>		
Pledged deposits and time deposits	\$ 72,128	\$ 9,440
Deposits for projects	<u>4,621</u>	<u>1,488</u>
	<u>\$ 76,749</u>	<u>\$ 10,928</u>
<b>Non-current</b>		
Pledged deposits and time deposits	<u>\$ 94,579</u>	<u>\$ 96,932</u>

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

### 14. PROPERTY, PLANT AND EQUIPMENT

#### For the Year Ended December 31, 2024

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
<b>Cost</b>								
Balance at January 1, 2024	\$ 187,018	\$ 1,567,088	\$ 324,132	\$ 112,597	\$ 34,723	\$ 152,066	\$ 800	\$ 2,378,424
Additions	-	6,885	1,412	959	902	2,855	5,817	18,830
Reclassifications	-	( 54,000 )	( 3,927 )	-	-	3,927	-	( 54,000 )
Reclassified to held for sale	-	( 430,785 )	-	-	( 6,182 )	( 24,400 )	-	( 461,367 )
Balance at December 31, 2024	<u>187,018</u>	<u>1,089,188</u>	<u>321,617</u>	<u>113,556</u>	<u>29,443</u>	<u>134,448</u>	<u>6,617</u>	<u>1,881,887</u>
<b>Accumulated depreciation and impairment</b>								
Balance at January 1, 2024	-	901,344	223,855	98,554	32,948	131,308	-	1,388,009
Depreciation	-	50,192	25,553	4,095	1,004	5,997	-	86,841
Reclassifications	-	( 15,135 )	( 1,030 )	-	-	1,030	-	( 15,135 )
Reclassified to held for sale	-	( 201,718 )	-	-	( 6,182 )	( 21,888 )	-	( 229,788 )
Balance at December 31, 2024	<u>-</u>	<u>734,683</u>	<u>248,378</u>	<u>102,649</u>	<u>27,770</u>	<u>116,447</u>	<u>-</u>	<u>1,229,927</u>
Carrying amount at December 31, 2024	<u>\$ 187,018</u>	<u>\$ 354,505</u>	<u>\$ 73,239</u>	<u>\$ 10,907</u>	<u>\$ 1,673</u>	<u>\$ 18,001</u>	<u>\$ 6,617</u>	<u>\$ 651,960</u>

## For the Year Ended December 31, 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	\$ 187,018	\$ 1,541,431	\$ 308,030	\$ 112,597	\$ 33,348	\$ 152,228	\$ 10,767	\$ 2,345,419
Additions	-	3,614	19,545	-	1,375	11,063	800	36,397
Disposals	-	-	( 120 )	-	-	( 11,225 )	-	( 11,345 )
Reclassifications	-	22,043	( 3,323 )	-	-	-	( 10,767 )	7,953
Balance at December 31, 2023	<u>187,018</u>	<u>1,567,088</u>	<u>324,132</u>	<u>112,597</u>	<u>34,723</u>	<u>152,066</u>	<u>800</u>	<u>2,378,424</u>
Accumulated depreciation and impairment								
Balance at January 1, 2023	-	839,478	199,249	94,384	32,093	130,213	-	1,295,417
Depreciation	-	51,957	26,111	4,170	855	10,701	-	93,794
Disposals	-	-	( 120 )	-	-	( 9,606 )	-	( 9,726 )
Reclassifications	-	9,909	( 1,385 )	-	-	-	-	8,524
Balance at December 31, 2023	<u>-</u>	<u>901,344</u>	<u>223,855</u>	<u>98,554</u>	<u>32,948</u>	<u>131,308</u>	<u>-</u>	<u>1,388,009</u>
Carrying amount at December 31, 2023	<u>\$ 187,018</u>	<u>\$ 665,744</u>	<u>\$ 100,277</u>	<u>\$ 14,043</u>	<u>\$ 1,775</u>	<u>\$ 20,758</u>	<u>\$ 800</u>	<u>\$ 990,415</u>

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	2-35 years
Engineering system, Air conditioning system and Decoration	2-35 years

### Machinery and equipment

2-10 years

### Transportation equipment

2-15 years

### Office equipment

3-10 years

### Other equipment

2-15 years

Property, plant and equipment pledged by the Company as collateral for bank borrowings are described in Note 34.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	December 31	
	2024	2023
Carrying amounts		
Land	\$ 496,975	\$ 583,719
Transportation equipment	<u>9,199</u>	<u>5,785</u>
	<u>\$ 506,174</u>	<u>\$ 589,504</u>
	For the Year Ended December 31	
	2024	2023
Additions to right-of-use assets	<u>\$ 38,483</u>	<u>\$ 132,748</u>
Depreciation charge for right-of-use assets		
Land	\$ 24,336	\$ 22,302
Transportation equipment	<u>4,370</u>	<u>4,322</u>
	<u>\$ 28,706</u>	<u>\$ 26,624</u>

Except for the additions and depreciation expenses listed above, the Company and its subsidiaries did not incur any significant subleases or impairment of right-of-use assets in 2024 and 2023. Starting from 2024, the land associated with part of the leased factory premises at

the Company's Second Plant in Luzhu Science Park has been subleased to other companies under an operating lease arrangement. The related right-of-use asset has been reclassified as investment property. The relevant amounts of right-of-use assets mentioned above do not include those that meet the definition of investment property.

b. Lease liabilities

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Carrying amounts		
Current	<u>\$ 23,583</u>	<u>\$ 21,869</u>
Non-current	<u>\$ 604,274</u>	<u>\$ 591,252</u>

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

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Land	2.16~2.48	2.16~2.48
Transportation equipment	1.49~1.99	0.69~1.98

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.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 5,015</u>	<u>\$ 4,727</u>
Total cash outflow for leases	<u>\$ 43,615</u>	<u>( \$ 32,313 )</u>

The Company leases certain buildings, transportation equipment, and office equipment that qualify as short-term leases and leases of low-value assets. The Company has elected to apply the recognition exemption and, accordingly, has not recognized right-of-use assets or lease liabilities for these leases.

## 16. INVESTMENT PROPERTIES

For the Year ended December 31, 2024

	<b>Land</b>	<b>Buildings</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>				
Balance at January 1, 2024	\$ 269,465	\$ 326,664	\$ -	\$ 596,129
Reclassification	-	54,000	104,420	158,420
Reclassified to held for sale	-	( 195,480 )	-	( 195,480 )
Balance at December 31, 2024	<u>269,465</u>	<u>185,184</u>	<u>104,420</u>	<u>559,069</u>
<u>Accumulated depreciation</u>				
Balance at January 1, 2024	\$ -	\$ 153,149	\$ -	\$ 153,149
Depreciation	-	12,615	540	13,155

(Continued)



	<u>Land</u>	<u>Buildings</u>	<u>Buildings</u>	<u>Total</u>
Reclassification	-	15,135	11,313	26,448
Reclassified to held for sale	-	( 63,043 )	-	( 63,043 )
Balance at December 31, 2024	-	<u>117,856</u>	<u>11,853</u>	<u>129,709</u>
Carrying amount at December 31, 2024	<u>\$ 269,465</u>	<u>\$ 67,328</u>	<u>\$ 92,567</u>	<u>\$ 429,360</u> (Concluded)

For the Year Ended December 31, 2023

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Cost</u>			
Balance at January 1, 2023	\$ 269,465	\$ 348,707	\$ 618,172
Reclassification	-	( 22,043 )	( 22,043 )
Balance at December 31, 2023	<u>269,465</u>	<u>326,664</u>	<u>596,129</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2023	-	149,718	149,718
Depreciation	-	13,340	13,340
Reclassification	-	( 9,909 )	( 9,909 )
Balance at December 31, 2023	-	<u>153,149</u>	<u>153,149</u>
Carrying amount at December 31, 2023	<u>\$ 269,465</u>	<u>\$ 173,515</u>	<u>\$ 442,980</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 at December 31, 2024 was as follows:

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Year 1	\$ 24,884	\$ 19,244
Year 2	5,760	8,436
Year 3	5,880	5,760
Year 4	6,000	5,880
Year 5	6,120	6,000
Year 6 onwards	<u>25,680</u>	<u>31,800</u>
	<u>\$ 74,324</u>	<u>\$ 77,120</u>

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

Buildings	
Main structure	10-60 years
Engineering system	2-10 years
Right-of-use assets	30 years

The investment properties of the Company are located at Annan District in Tainan City, Hunei District in Kaohsiung City and Kaohsiung Science Park. The fair value of the investment properties was assessed by the management of the Company 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.

	December 31	
	2024	2023
Fair value	<u>\$ 1,050,740</u>	<u>\$ 1,001,780</u>

All of the Company's investment properties are held under freehold interests. Investment properties pledged by the Company as collateral for bank borrowings are described in Note 34.

## 17. COMPUTER SOFTWARE

The computer software is amortized on a straight-line basis over 3 to 10 years, the movements were as follows,

	Cost	Accumulated amortization	Carrying amount
Balance at January 1, 2023	\$ 149,976	( \$ 123,009 )	\$ 26,967
Additions	12,724	-	12,724
Reclassification	10,767	-	10,767
Amortization expenses	<u>-</u>	( <u>17,697</u> )	( <u>17,697</u> )
Balance at December 31, 2024	173,467	( 140,706 )	32,761
Additions	7,219	-	7,219
Amortization expenses	-	( 17,146 )	( 17,146 )
Derecognition	( <u>103,529</u> )	<u>103,529</u>	<u>-</u>
Balance at December 31, 2024	<u>\$ 77,157</u>	( <u>\$ 54,323</u> )	<u>\$ 22,834</u>

## 18. BORROWINGS

### a. Short-term borrowings

	December 31	
	2024	2023
Unsecured loans	\$ 1,410,000	\$ 1,290,000
Secured borrowings	<u>60,000</u>	<u>-</u>
	<u>\$ 1,470,000</u>	<u>\$ 1,290,000</u>
Annual interest rate of unsecured loan (%)	1.87~1.985	1.71~1.803
Annual interest rate of secured loan (%)	1.82	-

### b. Long-term borrowings

	December 31	
	2024	2023
Bank loans		
Due in May 2025 and September 2029, respectively.	\$ 616,000	\$ 410,000
Mortgage loans		
Due in June 2027	<u>400,000</u>	<u>683,333</u>
	1,016,000	1,093,333
Less: Current portion	<u>450,000</u>	<u>993,333</u>
	<u>\$ 566,000</u>	<u>\$ 100,000</u>
Annual interest rate of unsecured loan (%)	1.891~1.954	1.8671~2.0361
Annual interest rate of secured loan (%)	1.985	1.8~1.86

## 19. NOTES PAYABLE AND ACCOUNTS PAYABLE

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

The Company has financial risk management policies to ensure that all payables are paid within the agreed credit terms.

## 20. OTHER PAYABLES

	December 31	
	2024	2023
Salaries and incentive bonus	\$ 131,086	\$ 123,470
Commission and service fee	31,725	49,855
Employee compensation and remuneration of directors	853	1,111
Others	<u>37,004</u>	<u>42,311</u>
	<u>\$ 200,668</u>	<u>\$ 216,747</u>

## 21. PROVISIONS

	December 31	
	2024	2023
Current		
Warranties	<u>\$ 12,200</u>	<u>\$ 17,724</u>
Movements of the warranties were as follows,		
	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ 17,724	\$ 16,586
Recognition	19,609	23,088
Written off	( <u>25,133</u> )	( <u>21,950</u> )
Balance at December 31	<u>\$ 12,200</u>	<u>\$ 17,724</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's obligations for warranties under local sale of goods legislation. The estimate was made on the basis of historical warranty trends and may vary with actual as a result of new materials, altered manufacturing processes or other events affecting product quality.

## 22. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan in the Republic of China. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

### b. Defined benefit plans

The Company adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company makes contributions, equal to a certain percentage of total monthly salaries, to a pension fund, which is deposited in the Bank of

Taiwan in the name of and administered by the pension fund monitoring committee. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the standalone balance sheets in respect of the Company's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Present value of defined benefit obligation	\$ 213,928	\$ 219,955
Fair value of plan assets	( <u>196,672</u> )	( <u>177,087</u> )
Net defined benefit liabilities	<u>\$ 17,256</u>	<u>\$ 42,868</u>

Movements of net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2023	<u>\$ 228,440</u>	( <u>\$ 178,830</u> )	<u>\$ 49,610</u>
Service cost			
Current service cost			
Interest expense (income)	1,090	-	1,090
Recognized in profit or loss	<u>3,198</u>	( <u>2,539</u> )	<u>659</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	( 1,324 )	( 1,324 )
Actuarial loss - changes in financial assumptions	1,655	-	1,655
Actuarial gain - experience adjustments	( <u>3,892</u> )	-	( <u>3,892</u> )
Recognized in other comprehensive income	( <u>2,237</u> )	( <u>1,324</u> )	( <u>3,561</u> )
Contributions from the employer	-	( 4,930 )	( 4,930 )
Benefits paid	( <u>10,536</u> )	<u>10,536</u>	-
	( <u>10,536</u> )	<u>5,606</u>	( <u>4,930</u> )
Balance at December 31, 2023	<u>219,955</u>	( <u>177,087</u> )	<u>42,868</u>
Service cost			
Current service cost	941	-	941
Interest expense (income)	<u>2,859</u>	( <u>2,334</u> )	<u>525</u>
Recognized in profit or loss	<u>3,800</u>	( <u>2,334</u> )	<u>1,466</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	( 16,282 )	( 16,282 )
Actuarial gain - changes in financial assumptions	( 4,562 )	-	( 4,562 )
Actuarial loss - experience adjustments	<u>8,993</u>	-	<u>8,993</u>
Recognized in other comprehensive income	<u>4,431</u>	( <u>16,282</u> )	( <u>11,851</u> )

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Contributions from the employer	-	( 15,227 )	( 15,227 )
Benefits paid	( 14,258 )	14,258	-
	( 14,258 )	( 969 )	( 15,227 )
Balance at December 31, 2023	\$ 213,928	( \$ 196,672 )	\$ 17,256 (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans was as follows:

	For the Year Ended December 31	
	2024	2023
Operating costs	\$ 1,182	\$ 1,355
Selling expenses	226	310
General and administrative expenses	58	84
	<u>\$ 1,466</u>	<u>\$ 1,749</u>

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity securities, debt securities, and bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2024	2023
Discount rate (%)	1.60	1.30
Expected rate of salary increase (%)	2.25	2.25
Turnover rate (%)	1~30	1~30
Voluntary retirement rate (%)	5~100	5~100

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2024	2023
Discount rate		
0.25% increase	( \$ 3,884 )	( \$ 4,224 )
0.25% decrease	<u>\$ 4,002</u>	<u>\$ 4,357</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 3,853</u>	<u>\$ 4,185</u>
0.25% decrease	( \$ 3,758 )	( \$ 4,077 )

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2024	2023
The expected contributions to the plan for the next year	<u>\$ 4,567</u>	<u>\$ 4,930</u>
The average duration of the defined benefit obligation	9 years	10 years

## 23. EQUITY

### a. Ordinary Shares

	December 31	
	2024	2023
Numbers of shares authorized (in thousands)	<u>400,000</u>	<u>400,000</u>
Amount of shares authorized	<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>
Amount of shares issued	<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

	December 31	
	2024	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
Conversion of bonds	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
Interest compensation	5,577	5,577
Expired employee stock warrants	<u>1,234</u>	<u>1,234</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>\$ 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>December 31</b>		<b>Dividend Per Share (NT\$)</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>		

As the Company incurred a loss for the year ended December 31, 2024, the Board of Directors proposed in March 2025 that no earnings distribution be made.

The proposal is subject to the resolution in the shareholders' meeting to be held in June 2025.

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 Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	( \$ 146,157 )	( \$ 120,957 )
Recognized for the year		
Exchange differences on translating foreign operations	3,266	( 9,859 )
Share of exchange difference of subsidiaries accounted for using the equity method	40,025	( 21,641 )
Income tax	( 8,658 )	6,300
Balance at December 31	( \$ 111,524 )	( \$ 146,157 )

2) Unrealized gain and loss on financial assets at FVTOCI

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 118,778	\$ 101,118
Recognized for the year		
Unrealized gain and loss - equity instruments	<u>234,009</u>	<u>17,660</u>
Balance at December 31	<u>\$ 352,787</u>	<u>\$ 118,778</u>

## 24. OPERATING REVENUE

a. Contract balances

	<b>December 31, 2024</b>	<b>December 31, 2023</b>	<b>January 1, 2023</b>
Notes and accounts receivable, long-term notes and accounts receivables	<u>\$ 653,620</u>	<u>\$ 700,236</u>	<u>\$ 1,029,591</u>
Contract liabilities			
Sales of goods	<u>\$ 292,741</u>	<u>\$ 268,292</u>	<u>\$ 402,533</u>

b. Disaggregation of revenue

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Revenue from sale of goods	\$ 1,669,367	\$ 2,084,999
Revenue from maintenance and rebuilding services	<u>261,341</u>	<u>335,048</u>
	<u>\$ 1,930,708</u>	<u>\$ 2,420,047</u>

## 25. PROFIT BEFORE INCOME TAX

The following items were included in profit before income tax:

a. Other income

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Rental income	\$ 76,693	\$ 64,249
Electricity income from investment Property	10,862	25,196
Dividend income	7,007	13,421
Others	<u>12,409</u>	<u>11,486</u>
	<u>\$ 106,971</u>	<u>\$ 114,352</u>



b. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Net foreign exchange gain (loss)	\$ 55,061	\$ 5,421
Depreciation expense	( 14,214 )	( 14,692 )
Gain on disposal of investments	857	-
Gain (loss) on financial instruments at fair value through profit or loss	-	( 1,548 )
Gain on disposal of property, plant and equipment	-	113,267
Gain on disposal of subsidiary (Note 12)	-	113,687
Others	( <u>142</u> )	( <u>4,461</u> )
	<u>\$ 41,562</u>	<u>\$ 211,674</u>

The components of net foreign exchange loss were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Foreign exchange gain	\$ 56,009	\$ 43,272
Foreign exchange loss	( <u>948</u> )	( <u>37,851</u> )
Net foreign exchange gain (loss)	<u>\$ 55,061</u>	<u>\$ 5,421</u>

c. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Interest on bank loans	\$ 47,128	\$ 46,574
Interest on lease liabilities	14,853	13,984
Interest on short-term bills	<u>643</u>	<u>748</u>
	<u>\$ 62,624</u>	<u>\$ 61,306</u>

d. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Depreciation expenses		
Property, plant and equipment	\$ 86,841	\$ 93,794
Right-of-use assets	28,706	26,624
Investment properties	<u>13,155</u>	<u>13,340</u>
	<u>\$ 128,702</u>	<u>\$ 133,758</u>
An analysis of depreciation by function		
Operating costs	\$ 49,766	\$ 54,030
Operating expenses	64,722	65,036
Non-operating expenses	<u>14,214</u>	<u>14,692</u>
	<u>\$ 128,702</u>	<u>\$ 133,758</u>
Amortization expenses		
Computer software	\$ 17,146	\$ 17,697
Others	<u>13,477</u>	<u>13,372</u>
	<u>\$ 30,623</u>	<u>\$ 31,069</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
An analysis of amortization by function		
Operating costs	\$ 15,470	\$ 16,063
Operating expenses	<u>15,153</u>	<u>15,006</u>
	<u>\$ 30,623</u>	<u>\$ 31,069</u>
		(Concluded)

e. Operating expenses directly related to investment properties

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Direct operating expenses of investment properties that generated rental income	<u>\$ 16,965</u>	<u>\$ 15,890</u>

f. Employee benefits

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Short-term employee benefits		
Salaries	\$ 392,602	\$ 423,683
Insurance	46,477	49,869
Others	<u>22,478</u>	<u>24,088</u>
	<u>461,557</u>	<u>497,640</u>
Post-employment benefits		
Defined contribution plans	20,761	22,154
Defined benefit plans (Note 22)	<u>1,466</u>	<u>1,749</u>
	<u>22,227</u>	<u>23,903</u>
	<u>\$ 483,784</u>	<u>\$ 521,543</u>
Analysis of employee benefits by function		
Operating costs	\$ 351,056	\$ 370,197
Operating expenses	<u>132,728</u>	<u>151,346</u>
	<u>\$ 483,784</u>	<u>\$ 521,543</u>

g. Employees' compensation and remuneration of directors and supervisors

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

Due to a loss in 2024, employee and director compensation was not accrued.

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

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

	<b>For the Year Ended December 31</b>
	<b>2023</b>
In Cash	
Employees' compensation	\$ 853
Remuneration of directors and supervisors	258

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

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

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

## 26. INCOME TAX

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

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Current tax		
Income basic tax	\$ -	\$ 4,840
Income tax on unappropriated earnings	-	2,061
Adjustments for prior years	<u>10,607</u>	<u>\$ 945</u>
	<u>10,607</u>	<u>7,846</u>
Deferred tax		
In respect of the current year	( 80,181 )	( 46,226 )
Adjustments for prior years	( <u>11,307</u> )	( <u>640</u> )
	( <u>91,488</u> )	( <u>46,866</u> )
	( \$ 80,881 )	( \$ 39,020 )

The reconciliation of accounting profit and income tax expense was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Profit before income tax	( \$ 987,717 )	<u>\$ 11,111</u>
Income tax expense calculated at the statutory rate (loss carryforwards benefit)	( \$ 197,543 )	\$ 2,222
Non-deductible expenses in determining taxable income	50,798	( 25,630 )
Tax-exempt income	67,764	( 22,737 )
Income tax under the Alternative Minimum Tax Act	( 1,200 )	4,759
Income tax on unappropriated earnings	-	2,061
Adjustments for prior years	-	<u>305</u>
	( <u>700</u> )	( <u>\$ 39,020</u> )

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

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Deferred tax		
In respect of the current period		
Translation of foreign operations	\$ 8,658	( \$ 6,300 )
Remeasurement on defined benefit plans	<u>2,370</u>	( <u>712</u> )
	<u>\$ 11,028</u>	( <u>\$ 5,588</u> )

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Current tax assets		
Tax refund receivable	<u>\$ 11,520</u>	<u>\$ 1,855</u>
Current tax liabilities		
Income tax payable	<u>\$ -</u>	<u>\$ 5,402</u>

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2024

	<b>Balance, Beginning of Year</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Exchange Differences</b>
<b>Deferred tax assets</b>				
Temporary differences	\$ 99,152	\$ 75,862	\$ -	\$ 175,014
Write-downs of inventory	34,994	6,653	-	41,647
Allowance for bad debts	168,042	-	-	168,042
Share of loss of foreign subsidiaries	36,539	-	( 8,658 )	27,881
Exchange difference on translating foreign operations	8,574	( 2,753 )	( 2,370 )	3,451
Defined benefit plan	2,164	9,267	-	11,431
Loss carryforwards	<u>11,306</u>	<u>2,459</u>	<u>-</u>	<u>13,765</u>
Others	<u>\$ 360,771</u>	<u>\$ 91,488</u>	<u>( \$ 11,028 )</u>	<u>\$ 441,231</u>
<b>Deferred tax liabilities</b>				
Temporary differences	<u>\$ 61,301</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,301</u>
Land value increment tax	\$ 99,152	\$ 75,862	\$ -	\$ 175,014

For the Year Ended December 31, 2023

	<b>Balance, Beginning of Year</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Exchange Differences</b>
<b>Deferred tax assets</b>				
Temporary differences				
Write-downs of inventory	\$ 97,244	\$ 1,908	\$ -	\$ 99,152
Allowance for bad debts	31,810	3,184	-	34,994
Share of loss of foreign subsidiaries	122,732	45,310	-	168,042
Exchange difference on translating foreign operations	30,239	-	6,300	36,539
Defined benefit plan	9,922	( 636 )	( 712 )	8,574
Loss carryforwards	7	2,157	-	2,164
Others	<u>16,363</u>	<u>( 5,057 )</u>	<u>-</u>	<u>11,306</u>
	<u>\$ 308,317</u>	<u>\$ 46,866</u>	<u>\$ 5,588</u>	<u>\$ 360,771</u>
<b>Deferred tax liabilities</b>				
Temporary differences				
Land value increment tax	<u>\$ 61,301</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,301</u>

- e. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2024	2023
Subsidiary		
Loss carryforwards	\$ 338,819	\$ -
The unrecognized loss carryforwards will expire through 2034.		

- f. Information about Loss carryforwards

As of December 31, 2023, loss carryforwards comprised of the following:

Unused Amount	Expiry Year
\$ 7,515	2030
49,640	2033
338,819	2034
<u>\$ 395,974</u>	

- g. Summary Amount of Temporary Differences Related to Investments for which Deferred Tax Assets Have Not Been Recognized

As of December 31, 2024, the temporary differences related to investments in subsidiaries for which deferred tax assets have not been recognized amounted to NT\$263,960 thousand.

- h. Income tax assessments

The income tax returns of the Company through 2022 have been assessed by the tax authorities.

## 27. EARNINGS PER SHARE

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

### Net profit for the year

	For the Year Ended December 31	
	2024	2023
Net profit for the year	( \$ 906,836 )	\$ 50,131

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

	For the Year Ended December 31	
	2024	2023
Weighted average number of ordinary shares in computation of basic earnings per share	254,827	254,827
Effect of potentially dilutive potential ordinary shares:		
Employees' compensation	-	192
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>254,827</u>	<u>255,019</u>

Due to a net loss incurred in 2024, the calculation of diluted loss per share would result in anti-dilution; therefore, diluted loss per share was not calculated.

Since the Company offered to settle the compensation paid to employees by cash or shares, the Company assumed that the entire amount of the compensation would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used

in the computation of diluted earnings per share, as the shares have a dilutive effect. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

## 28. INVESTMENT IN SUBSIDIARIES-WITHOUT IMPACT OF CONTROLLING

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

## 29. DISPOSAL OF SUBSIDIARY - LOSS OF CONTROL

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, resulting in the loss of control over it. Refer to note 30 in consolidated financial statement report.

## 30. NON-CASH TRANSACTIONS

For the years ended December 31, 2024 and 2023, the Company entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows:

	For the Year Ended December 31	
	2024	2023
Investing activities affecting both cash and non-cash items		
Acquisition of property, plant and equipment	\$ 18,830	\$ 36,397
Decrease (increase) of payable for equipment	3,168	54
Increase (decrease) of prepayment for equipment	6,170	3,216
Decrease of inventory	-	( 24,327 )
Cash paid	<u>\$ 28,168</u>	<u>\$ 15,340</u>

## 31. CAPITAL MANAGEMENT

The Company manages its capital to ensure that, as a whole, it will be able to continue as going concerns; the Company uses operating capital effectively and optimize debt and equity balance. The overall strategy of the Company has not significantly changed over in 2023.

The key management personnel of the Company 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 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 consists of net debt and equity, and is not subject to compliance with other external capital regulations.

## 32. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<b>December 31, 2024</b>				
Financial assets at FVTOCI - non-current				
Domestic listed shares	\$ 380,878	\$ -	\$ -	\$ 380,878
Domestic unlisted shares	-	-	30,454	30,454
	<u>\$ 380,878</u>	<u>\$ -</u>	<u>\$ 30,454</u>	<u>\$ 411,332</u>
<b>December 31, 2023</b>				
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>

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2024 and 2023.

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

	<b>Equity Instruments - Financial Assets at FVTOCI</b>	
	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
<b>Financial assets</b>		
Balance at January 1	\$ 32,084	\$ 36,299
Change in fair value recognized in other comprehensive income	( <u>1,630</u> )	( <u>4,215</u> )
Balance at December 31	<u>\$ 30,454</u>	<u>\$ 32,084</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.

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<b>Financial assets</b>		
Financial assets at amortized cost (1)	\$ 1,650,548	\$ 1,966,522
Financial assets at FVTOCI		
Equity instruments	411,332	177,323
<b>Financial liabilities</b>		
Financial liabilities at amortized cost (2)	\$ 3,179,764	\$ 3,022,864

1) The balances included financial assets at amortized cost, which comprise cash and cash

equivalents, financial assets at amortized cost - non-current, notes and accounts receivable (including related parties), other receivables (including related parties), other financial assets (current and non-current), refundable deposits, and long-term notes and accounts receivable.

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

d. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, notes and accounts receivable, notes and accounts payable, short-term and long-term borrowings 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 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 minimizes the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's 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 does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company's 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's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company is 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 37.

The Company is mainly exposed to the USD, CNY and EUR. The following table details the Company's 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 Year Ended December 31		For the Year Ended December 31		For the Year Ended December 31	
	2024	2023	2024	2023	2024	2023
Profit or loss (Note)	(\$ 18,482)	(\$ 16,249)	(\$ 12,220)	(\$ 13,745)	(\$ 13,534)	(\$ 19,215)



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

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

b) Interest rate risk

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

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

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Fair value interest rate risk		
Financial assets	\$ 7,035	\$ 2,167
Financial liabilities	627,857	913,121
Cash flow interest rate risk		
Financial liabilities	2,486,000	2,083,333

The sensitivity analysis below was determined based on the Company's 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's pre-tax profit and loss would have been lower/higher by NT\$24,860 thousand and higher/ lower NT\$20,833 thousand for the years ended December 31, 2024 and 2023, respectively.

c) Other price risk

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

If domestic listed shares equity prices and mutual funds had been 1% higher/lower, the other comprehensive income (loss) for the years ended December 31, 2024 and 2023 would have been higher/lower by NT\$3,809 thousand and NT\$1,452 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. As of the balance sheet date, the Company's maximum exposure to credit risk is the carrying amount of the financial assets on the

standalone balance sheets.

The Company 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's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

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

<b>Customer</b>	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Suzhou Tongyu Machine Tool Co., Ltd. (Suzhou Tongyu)	\$ 164,235	\$ 258,570
Company A	108,125	-
Company B	51,875	82,406
Company C	<u>26,564</u>	<u>86,288</u>
	<u>\$ 350,799</u>	<u>\$ 427,264</u>

### 3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Company's 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's 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 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.

#### December 31, 2024

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>	<b>Total</b>
Non-interest bearing liabilities	\$ 689,219	\$ 4,545	\$ -	\$ 693,764
Interest bearing liabilities	1,941,578	597,068	-	2,538,646
Finance lease liabilities	37,999	142,124	680,133	860,256
Financial guarantee liabilities	<u>869,357</u>	<u>-</u>	<u>-</u>	<u>869,357</u>
	<u>\$3,538,153</u>	<u>\$ 743,737</u>	<u>\$ 680,133</u>	<u>\$4,962,023</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>\$ 37,999</u>	<u>\$ 142,124</u>	<u>\$ 170,573</u>	<u>\$ 170,573</u>	<u>\$ 139,648</u>	<u>\$ 199,339</u>

December 31, 2023

	Less than 1 Year	1-5 Years	5+ Years	Total
Non-interest bearing liabilities	\$ 636,079	\$ 3,452	\$ -	\$ 639,531
Interest bearing liabilities	2,298,313	102,380	-	2,400,693
Finance lease liabilities	35,951	132,367	679,878	848,196
Financial guarantee liabilities	<u>1,066,043</u>	<u>-</u>	<u>-</u>	<u>1,066,043</u>
	<u>\$4,036,386</u>	<u>\$ 238,199</u>	<u>\$ 679,878</u>	<u>\$4,954,463</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>\$ 35,951</u>	<u>\$132,367</u>	<u>\$162,365</u>	<u>\$162,365</u>	<u>\$155,768</u>	<u>\$199,380</u>

### 33. TRANSACTIONS WITH RELATED PARTIES

Except for the information discloses in other notes, details of transactions between the Company and other related parties were as follows:

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

Related Party Name	Relationship
Tongfong	Subsidiary
APEC	Subsidiary
Quick-Tech	Subsidiary
Tong-Yeh	Subsidiary
Suzhou Tongyu	Subsidiary
TTJP	Subsidiary
TTM	Subsidiary
TTVN	Subsidiary
TTS	Subsidiary
TMM	Subsidiary
SKTD Co., Ltd.	Subsidiary
PCI	Subsidiary
Anger Machining GmbH (Anger)	Subsidiary
HPC Produktions GmbH	Subsidiary (was disposed out the shares in June 2023)
TTE	Subsidiary
Union Top	Subsidiary
Tongan	Subsidiary
Mbi-group Beteiligung GmbH	Subsidiary
TTGroup France (TTGF)	Subsidiary
Control Technology Co., Ltd.	Other related parties
F.S.E Corporation	Other related parties
Honor Seiki	Other related parties (out of control in November 2023)
Shiang Jen Co., Ltd. (Shiang Jen)	Other related parties
San Shin Co., Ltd. (San Shin)	Other related parties
Sheng Li Machine Industry Co., Ltd.	Other related parties
PT. Tong-Tai Seikindo Utama	Substantial related party

b. Sales of goods

Account Item	Related Party Type	For the Year Ended December 31	
		2024	2023
Revenues from sales	Subsidiaries		
	Suzhou Tongyu	\$ 234,666	\$ 158,212
	Quick-Tech	46,989	127,259
	Others	79,673	217,214
	Other related parties	<u>42,623</u>	<u>4,291</u>
		<u>\$ 403,951</u>	<u>\$ 506,976</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 Year Ended December 31	
	2024	2023
Subsidiaries	\$ 110,016	\$ 148,004
Other related parties	<u>96,686</u>	<u>103,796</u>
	<u>\$ 206,702</u>	<u>\$ 251,800</u>

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

d. Receivables from related parties (not including loans to related parties)

Account Item	Related Party Type	December 31	
		2024	2023
Notes receivables - related parties	Subsidiaries	<u>\$ -</u>	<u>\$ 245</u>
Accounts receivable-related parties	Subsidiaries		
	Suzhou Tongyu	\$ 164,235	\$ 80,915
	TTE	13,440	14,530
	PCI	8,457	23,914
	Quick-Tech	2,197	17,423
	Others	13,652	26,376
	Other related parties	<u>8,211</u>	<u>2,206</u>
		<u>\$ 210,192</u>	<u>\$ 165,364</u>
Other receivables - related parties	Subsidiaries	\$ 21,037	\$ 34,212
	Other related parties	<u>6,688</u>	<u>5,799</u>
		<u>\$ 27,725</u>	<u>\$ 40,011</u>

e. Payables to related parties

Account Item	Related Party Type	December 31	
		2024	2023
Notes payable - related parties	Honor Seiki	<u>\$ 8,879</u>	<u>\$ -</u>
Accounts payable - related parties	Subsidiaries		
	Tongfong	\$ 26,691	\$ 35,646
	Others	21,270	18,916

(Continued)

Account Item	Related Party Type	December 31	
		2024	2023
	Other related parties		
	Shiang Jen	28,350	27,559
	San Shin	14,475	8,847
	Others	<u>7,717</u>	<u>6,300</u>
		<u>\$ 98,503</u>	<u>\$ 97,268</u>
Other payables - related parties	Subsidiaries	\$ 12,740	\$ 9,620
	Other related parties	<u>277</u>	<u>355</u>
		<u>\$ 13,017</u>	<u>\$ 9,975</u>

(Concluded)

f. Contract liabilities

Account Item	December 31	
	2024	2023
Subsidiaries	<u>\$ 5,243</u>	<u>\$21,391</u>

g. 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 disposal price is equivalent to a non-related party. Any difference between the disposal and the carrying amount is recognized under the capital surplus (Refer to Note 28).

h. Loans to related parties

Account Item	December 31	
	2024	2023
Other receivables - related parties		
Subsidiaries		
Anger	\$ 286,776	\$ 486,254
PCI	91,315	50,970
Suzhou Tongyu	89,560	173,080
TTE	75,406	70,622
Others	92,681	68,161
De facto related party	<u>758</u>	<u>-</u>
	<u>\$ 636,496</u>	<u>\$ 849,087</u>

Account Item	For the Year Ended December 31	
	2024	2023
Interest income		
Subsidiaries	<u>\$ 27,556</u>	<u>\$23,083</u>

The Company provided short-term loans to its subsidiaries, with the interest rate calculated based on the average rate of the Company's bank loans from ordinary financial institutions.

i. Endorsements and guarantees

Related Party Type	For the Year Ended December 31	
	2024	2023
Amount endorsed		
Subsidiaries		
Anger	\$ 737,424	\$ 937,848
Union Top	505,873	473,778
APEC	235,000	235,000
Others	<u>115,570</u>	<u>145,390</u>
	<u>\$ 1,593,867</u>	<u>\$ 1,792,016</u>
Amount utilized		
Subsidiaries		
Anger	\$ 460,890	\$ 458,730
Union Top	314,197	353,033
APEC	72,770	198,800
Others	<u>21,500</u>	<u>55,480</u>
	<u>\$ 869,357</u>	<u>\$ 1,066,043</u>

(Concluded)

j. Other transactions with related parties

Related Party Type	For the Year Ended December 31	
	2024	2023
1) After-sales service expenses (recognized as selling and marketing expenses)		
Subsidiaries		
TTJP	\$ 17,770	\$ 18,605
Suzhou Tongyu	3,348	6,658
TTGF	5,071	15,173
Others	11,621	5,329
Other related parties	<u>833</u>	<u>771</u>
	<u>\$ 38,643</u>	<u>\$ 46,536</u>
2) Commission expense (recognized as selling and marketing expenses)		
Subsidiaries	\$ 610	\$ 1,780
Other related parties	<u>848</u>	<u>548</u>
	<u>\$ 1,458</u>	<u>\$ 2,328</u>
3) Rental income		
Subsidiaries	\$ 2,969	\$ 2,501
Other related parties		
Shiang Jen	5,520	5,400
Others	<u>286</u>	<u>2,080</u>
	<u>\$ 8,775</u>	<u>\$ 9,981</u>

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

k. Compensation of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Short-term employee benefits	\$ 10,985	\$ 14,035
Post-employment benefits	<u>486</u>	<u>572</u>
	<u><b>\$ 11,471</b></u>	<u><b>\$ 14,607</b></u>

### 34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Property, plant and equipment	\$ 530,729	\$ 832,948
Investment properties	146,335	249,967
Other financial assets (including current and non-current portion)	<u>166,707</u>	<u>106,372</u>
	<u><b>\$ 843,771</b></u>	<u><b>\$ 1,189,287</b></u>

### 35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in Note 15, significant commitments and contingencies of the Company as of December 31, 2024 were as follows:

- Unused letters of credit in the amount of NT\$ 12,475 thousand.
- For sales, bidding, export tariff and commodity tax, the Company entered into credit facility agreements with banks for commitment amount of NT\$ 321,692 thousand.

### 36. SIGNIFICANT SUBSEQUENT EVENT

In response to the Group's operational and funding needs in the European region, the Company resolved in March 2025, through a Board of Directors' resolution, to transfer the loan facility originally granted to its subsidiary PCI to TTGroup Technologies, a newly established subsidiary formed in February 2025.

### 37. 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 the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands of New Taiwan Dollars)</b>
<b>December 31, 2024</b>			
Monetary foreign currency assets			
CNY	\$ 19,302	32.785 (CNY: NTD)	\$ 632,816
EUR	13,366	34.14 (EUR: NTD)	456,315
USD	93,652	4.478 (USD: NTD)	419,374
			(Continued)

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
Non-monetary foreign currency assets				
Investment accounted for using the equity method				
MYR	7,748	7.066	(MYR: NTD)	54,743
JPY	118,674	0.2099	(JPY: NTD)	24,910
Monetary foreign currency liabilities				
USD	511	32.785	(USD: NTD)	16,753
EUR	152	34.14	(EUR: NTD)	5,189
CNY	2,686	4.478	(CNY: NTD)	12,028
Non-monetary foreign currency liabilities				
Investment accounted for using the equity method				
EUR	139	32.785	(EUR: NTD)	4,570
USD	6,152	34.14	(USD: NTD)	210,016
December 31, 2023				
Monetary foreign currency assets				
CNY	\$ 107,844	4.327	(CNY: NTD)	\$ 466,640
USD	18,686	30.705	(USD: NTD)	573,744
EUR	18,877	33.98	(EUR: NTD)	641,443
Non-monetary foreign currency assets				
Investment accounted for using the equity method				
MYR	7,915	6.411	(MYR: NTD)	50,740
JPY	104,940	0.2172	(JPY: NTD)	22,793
USD	85	30.705	(USD: NTD)	2,619
Monetary foreign currency liabilities				
USD	1,046	30.705	(USD: NTD)	32,102
EUR	27	33.98	(EUR: NTD)	928
CNY	1,957	4.327	(CNY: NTD)	8,469
Non-monetary foreign currency liabilities				
Investment accounted for using the equity method				
EUR	8,670	33.98	(EUR: NTD)	294,612
				(Concluded)

(Concluded)

The total foreign exchange net gain amounted to NT\$55,061 thousand and 5,421 thousand for the years ended December 31, 2024 and 2023, respectively. It is impractical to disclose the net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies.

### 38. ADDITIONAL DISCLOSURES

- Following are the additional disclosures required by the Securities and Futures Bureau for the Company:



- 1) Financial provided: Please see Table 1 attached;
  - 2) Endorsement/guarantee provided: Please see Table 2 attached;
  - 3) Marketable securities held (excluding investments in subsidiaries, associates and joint venture): Please see Table 3 attached;
  - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;
  - 5) Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None;
  - 6) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None;
  - 7) Total purchase from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Please see Table 4 attached;
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see Table 5 attached;
  - 9) Information about the derivative financial instruments transaction: None;
- b. Names, locations, and related information of investees over which the Company and its subsidiaries exercises significant influence (excluding information on investment in Mainland China): Please see Table 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 4 attached;
    - c) The amount of property transactions and the amount of the resultant gains or losses: None;
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None;
    - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Please see Table 1 attached;
    - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.
- d. Information of major shareholders: Please see Table 8 attached.

### 39. SEGMENT INFORMATION

Disclosure of the segment information in standalone financial statements is waived.

TABLE 1

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

## FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2024

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

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	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.	Anger Machining GmbH	Other receivables - related party	Yes	\$ 508,291	\$ 286,776	\$ 286,776	3.15~4.75	Note 1	-	Operating capital	\$ -		\$ -	\$ 442,239	\$ 884,479	Note 2
0	Tongtai Machine & Tool Co., Ltd.	PCI-SCEMM	Other receivables - related party	Yes	165,519	147,437	91,315	4~5.269	Note 1	-	Operating capital	-		-	442,239	884,479	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Other receivables - related party	Yes	181,800	89,560	89,560	2.4~2.8	Note 1	-	Operating capital	-		-	442,239	884,479	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Other receivables - related party	Yes	154,090	154,090	75,406	3.8~4.75	Note 1	-	Operating capital	-		-	442,239	884,479	Note 2
0	Tongtai Machine & Tool Co., Ltd.	CERIMATEC	Other receivables - related party	Yes	69,030	66,573	47,796	2.5~4	Note 1	-	Operating capital	-		-	442,239	884,479	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Machinery Co., Ltd.	Other receivables - related party	Yes	71,055	68,849	32,785	3.8~4	Note 1	\$ -	Operating capital	-		-	442,239	884,479	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Tong-Yeh Precision Co., Ltd.	Other receivables - related party	Yes	40,000	40,000	12,100	1.81	Note 1	-	Operating capital	-		-	442,239	884,479	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	-		-	442,239	884,479	Note 2
0	Tongtai Machine & Tool Co., Ltd.	TTGroup France	Other receivables - related party	Yes	7,080	6,828	-	-	Note 1	-	Operating capital	-		-	442,239	884,479	Note 2
0	Tongtai Machine & Tool Co., Ltd.	PT TONG-TAI SEIKINDO	Other receivables - related party	Yes	1,073	1,073	758	4	Note 1	-	Operating capital	-		-	442,239	884,479	Note 2
1	Union Top	Mbi-group Beteiligung GmbH	Other receivables - related party	Yes	45,240	34,140	34,140	3~4.7	Note 1	-	Operating capital	-		-	96,858	193,716	Note 3
1	Union Top	PCI-SCEMM	Other receivables - related party	Yes	35,520	34,140	34,140	4.971	Note 1	-	Operating capital	-		-	96,858	193,716	Note 3
1	Union Top	TTGROUP AMERICA, INC.	Other receivables - related party	Yes	14,776	14,753	14,753	6.5	Note 1	-	Operating capital	-		-	96,858	193,716	Note 3
1	Union Top	Anger Machining GmbH	Other receivables - related party	Yes	95,881	-	-	1.5	Note 1	-	Operating capital	-		-	96,858	193,716	Note 3
1	Union Top	Tongan GmbH	Other receivables - related party	Yes	17,490	-	-	3.5	Note 1	-	Operating capital	-		-	96,858	\$ 193,716	Note 3
2	PCI-SCEMM	CERIMATEC	Other receivables - related party	Yes	35,520	34,140	29,405	5.57	Note 1	-	Operating capital	-		-	442,239	884,479	Note 4
2	PCI-SCEMM	TTGroup France	Other receivables - related party	Yes	7,104	6,828	6,828	5.57	Note 1	-	Operating capital	-		-	442,239	884,479	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 providing loans to others as established by the subsidiary, when intercompany loans are conducted between foreign subsidiaries in which the Company directly or indirectly holds 100% of the voting rights, the total loan amount and individual loan amount shall not exceed 20% and 10% of the Company's net worth, respectively.

TABLE 2

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

## ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2024

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

No.	Endorsement/Guarantee Provider	Endorsee/Guarantee		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement /Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	The Company owns directly or indirectly over 50% ownership of the investee company	\$ 1,326,719	\$ 944,472	\$ 737,424	\$ 460,890	\$ -	16.67	\$ 2,211,198	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Union Top Industrial (Samoa) Limited	The Company owns directly or indirectly over 50% ownership of the investee company	1,326,719	506,664	505,873	314,197	-	11.44	2,211,198	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Asia Pacific Elite Corp.	The Company owns directly or indirectly over 50% ownership of the investee company	1,326,719	235,000	235,000	72,770	-	5.31	2,211,198	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Tong-Yeh Precision Co., Ltd.	A company in which more than 50% of the voting shares are directly or indirectly held by the Company	1,326,719	25,000	25,000	21,500	-	0.57	2,211,198	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	1,326,719	57,835	57,785	-	-	1.31	2,211,198	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Machine Tool (SEA) Sdn. Bhd.	A company in which more than 50% of the voting shares are directly or indirectly held by the Company	1,326,719	32,835	32,785	-	-	0.74	2,211,198	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Mbi-group Beteiligung GmbH	The Company owns directly or indirectly over 50% ownership of the investee company	1,326,719	35,520	-	-	-	-	2,211,198	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 (3), 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

DECEMBER 31, 2024

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

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2023				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	\$ 366,430	4	\$ 366,430	
	SHIANG JEN CO., LTD.	The held company as its director	Financial assets at fair value through other comprehensive income - non-current	1,520,000	11,558	19	11,558	
	World Known MFG (Cayman) Limited	-	Financial assets at fair value through other comprehensive income - non-current	280,000	14,448	1	14,448	
	USYNC INC.	-	Financial assets at fair value through other comprehensive income - non-current	295,371	12,582	4	12,582	
	WORLD KNOWN MFG. CO., LTD.	-	Financial assets at fair value through other comprehensive income - non-current	229,729	6,314	1	6,314	
					<u>\$ 411,332</u>		<u>\$ 411,332</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>\$ 32,785</u>	-	<u>\$ 32,785</u>	

TABLE 4

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer (Seller)	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Purchase/Sale Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Subsidiary	Sales	( \$ 234,666 )	12.15	Comparable with ones of non-related party transactions	\$ -	-	\$ 164,235	25.4	

TABLE 5

## 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

DECEMBER 31, 2024

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Subsidiary	\$ 255,661 (Note 1)	1.91	\$ -	-	\$ 7,982	\$ -
	Anger Machining GmbH	Subsidiary	294,150 (Note 2)	-	-	-	-	-
	PCI-SCHEM	Subsidiary	104,372 (Note 3)	0.15	-	-	-	-

Note 1: Including accounts receivable amounted of NT\$164,235 thousand and other receivable amounted of NT\$91,426 thousand. Other receivable was excluded in the calculation turnover rate.

Note 2: Including accounts receivable amounted of NT\$61 thousand and other receivable amounted of NT\$294,089 thousand. Other receivable was excluded in the calculation turnover rate.

Note 3: Including accounts receivable amounted of NT\$8,457 thousand and other receivable amounted of NT\$95,915 thousand. Other receivable was excluded in the calculation turnover rate.

TABLE 6

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

## INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2024

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
Tongtai Machine & Tool Co., Ltd.	Union Top Industrial (Samoa) Limited	Samoa	General investment	\$ 560,867	\$ 560,867	16,465,400	100.00	\$ 959,351	( \$ 46,618 )	( \$ 46,618 )	
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	27,474	( 8,256 )	( 8,256 )	
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	194,029	48,187	49,141	
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	98,919	15,908	16,418	
Tongtai Machine & Tool Co., Ltd.	Tong-Yeh Precision Co., Ltd.	Kaohsiung City	Sales, manufacturing and processing of machine component	28,020	28,020	1,659,790	94.58	( 18,303 )	( 50,689 )	( 47,943 )	
Tongtai Machine & Tool Co., Ltd.	Tongtai Machine & Tool Japan Co., Ltd.	Japan	Sales and manufacturing of equipment	31,561	31,561	889	100.00	24,910	2,913	2,193	
Tongtai Machine & Tool Co., Ltd.	Tong Tai Machinery Co., Ltd.	Thailand	Sales of customized machine	5,854	5,854	999,998	100.00	28,202	1,315	1,315	
Tongtai Machine & Tool Co., Ltd.	Tongtai Seiki Vietnam Co.,Ltd.	Vietnam	Sales of customized machine	9,054	9,054	631,080	100.00	23,041	1,119	1,119	
Tongtai Machine & Tool Co., Ltd.	Tongtai Machine Tool (SEA) Sdn. Bhd.	Malaysia	Sales of customized machine	5,107	5,107	520,000	52.00	16,524	( 2,015 )	( 1,048 )	
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	38,219	( 78 )	( 78 )	
Tongtai Machine & Tool Co., Ltd.	Tong-Tai Seiki USA, Inc.	USA	Sales of merchandise	-	71,667	-	100.00	-	-	-	
Tongtai Machine & Tool Co., Ltd.	TTGroup America Inc.	USA	Sales of merchandise	71,667	-	-	100.00	( 4,570 )	( 7,214 )	( 7,214 )	
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	2,785	( 1,237 )	( 1,237 )	
Tongtai Machine & Tool Co., Ltd.	PCI-SCEMM	France	Sales, manufacturing and maintenance of machine tools	182,200	182,200	1,000,000	100.00	( 65,808 )	( 252,892 )	( 252,892 )	
Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Netherlands	Sales of merchandise	96,221	96,221	9,000	100.00	( 72,385 )	( 16,013 )	( 16,013 )	
Tongtai Machine & Tool Co., Ltd.	Tongan GmbH	Austrian	General investment	981,154	597,771	35,000	100.00	( 71,823 )	( 33,772 )	( 33,772 )	
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	763,109	179,058	80,368	
Tongtai Machine & Tool Co., Ltd.	Ruei Yang Precision Co., Ltd.	Tainan City	Manufacturing and processing of mechanical parts	10,000	-	1,000,000	20.00	6,454	( 6,761 )	( 1,352 )	
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	10,211	2,972	1,189	
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	-	-	-	
Union Top Industrial (Samoa) Limited	Great Pursuit Limited	Samoa	General investment	40,054	40,054	-	55.00	-	-	-	
Tongtai Machine & Tool Japan Co., Ltd.	SKTD Co., Ltd.	Japan	Design and development of machine tools	23,203	23,203	780	98.73	18,988	2,593	2,560	
PCI-SCEMM	TTGroup France	France	Sales of merchandise	1,076	1,076	30,000	100.00	( 687 )	970	970	
PCI-SCEMM	CERIMATEC	France	Design and development of machine tools	9,816	9,816	300,000	100.00	14,517	3,184	3,184	
Tongan GmbH	Mbi-group Beteiligung GmbH	Austrian	General investment	946,577	611,202	-	100.00	( 73,189 )	( 35,237 )	( 33,426 )	
Mbi-group Beteiligung GmbH	Anger Machining GmbH	Austrian	Sales, manufacturing and maintenance of machine tools	991,615	595,855	-	100.00	( 14,214 )	( 33,733 )	( 33,733 )	
Anger Machining GmbH	Anger Machining Inc.	USA	Sales and maintenance of machine tools	122	122	60,000	100.00	23,116	8,543	8,54	
Anger Machining GmbH	Anger Service Deutschland GmbH	Germany	Sales and maintenance of machine tools	868	868	-	100.00	4,831	1,233	1,233	

TABLE 7

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

## INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2024

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

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 2)	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 December 31, 2024 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024	Note
					Outward	Inward							
Tong-Yu Machine Tool (Shanghai) Co., Ltd.	Sales and maintenance of machine tools	\$ 78,946	Investments through a holding company registered in a third region	\$ 78,946	\$	\$	\$ 78,946	( \$ 5,591 )	100.00	( \$ 5,591 )	\$ 81,536	\$ -	-
Suzhou Tongyu Machine Tool Co., Ltd.	Manufacturing of digital control machine and system	819,625	Investments through a holding company registered in a third region	819,625			819,625	( 9,332 )	100.00	( 9,332 )	1,082,711	-	-
Shanghai Tong-Tai-Shin Trading Co., Ltd.	International trade	6,557	Investments through a holding company registered in a third region	6,557			6,557	( 87 )	100.00	( 87 )	10,014	-	-
Hao-Tern-Shin Electronics (Shenzhen) Co., Ltd.	Sales and manufacturing of printed circuit board	81,963	Investments through a holding company registered in a third region	45,079			45,079	-	55.00	-	-	-	-

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2024 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
The Company	\$ 950,207	\$ 950,207	\$ 2,653,438

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

Note 2: The basis for recognition of investment income (loss) is based on the financial statements reviewed and attested by R.O.C. parent company's CPA.

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.



TABLE 8

**TONGTAI MACHINE & TOOL CO., LTD.**  
**INFORMATION OF MAJOR SHAREHOLDERS**  
**DECEMBER 31, 2024**

Name of The Major Shareholder	Shares	
	Number of Shares Owned (shares)	Percentage of Ownership (%)
San Shin Investment Co., Ltd.	16,238,889	6.37

Note 1: Major shareholders in the Table above are shareholders owning 5% or more of the Company's common shares (only ones that have completed dematerialized registration and delivery) based on calculations performed by the Taiwan Depository & Clearing Corporation using data as of the last business date at the end of each quarter.

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

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**STATEMENT 1****TONGTAI MACHINE & TOOL CO., LTD****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

<b>Item</b>	<b>Amount</b>
Cash on hand	<u>\$ 443</u>
Bank deposits in New Taiwan dollar	
Demand deposits	<u>63,731</u>
Foreign currency deposits (Note)	
USD 472 thousand	15,486
CNY 1,688 thousand	7,558
EUR 65 thousand	2,218
JPY 3,034 thousand	637
GBP 2 thousand	<u>65</u>
	<u>25,964</u>
	<u>90,138</u>
Cash equivalents	
HSBC Bank - USD time deposit amounted of USD 120 thousand with annual interest rate 4.5% and maturity date at 2025.01.08	<u>3,934</u>
	<u>\$ 94,072</u>

Note: US\$1=NT\$32.785, CNY¥1=NT\$4.478, JPY¥1=NT\$0.2099, EUR€1=NT\$34.14 and GBPE£1=NT\$41.19.

**TONGTAI MACHINE & TOOL CO., LTD****STATEMENT OF NOTES RECEIVABLES AND LONG-TERM NOTES RECEIVABLES  
DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

<b>Customer Name</b>	<b>Amount</b>
Notes receivable	
Non-Related Parties	
Company D	\$ 15,728
Company E	5,198
Company F	4,503
Company G	4,275
Company H	3,600
Company I	3,465
Company J	3,191
Company K	2,548
Others (Note)	<u>7,716</u>
	50,224
Less: Unrealized interest revenue	<u>1,309</u>
	<u>\$ 48,915</u>
Long-term notes receivable	
Company H	<u>\$ 7,035</u>

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

**STATEMENT 3****TONGTAI MACHINE & TOOL CO., LTD****STATEMENT OF ACCOUNTS RECEIVABLES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

<b>Customer Name</b>	<b>Amount</b>	<b>Overdue for more than one year</b>	<b>Note</b>
Non-Related Parties			
Company A	\$ 108,125	\$ -	Sale of goods
Company B	51,875	46,925	Sale of goods
Others (Note)	<u>426,585</u>	<u>151,725</u>	
	586,585	<u>\$ 198,650</u>	
Less: Allowance for impairment loss	<u>199,107</u>		
	<u>\$ 387,478</u>		
Related Parties			
Suzhou Tongyu Machine Tool Co., Ltd.	\$ 164,235	\$ -	Sale of goods and maintenance services
TTE	13,440	-	Sale of goods and maintenance services
Others (Note)	<u>32,517</u>	<u>-</u>	
	<u>\$ 210,192</u>	<u>\$ -</u>	

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

**STATEMENT 4****TONGTAI MACHINE & TOOL CO., LTD****STATEMENT OF OTHER RECEIVABLES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Amount</b>
Non-Related Parties	
Tax refund receivable	\$ 5,366
Income receivable	1,974
Others (Note)	<u>3,619</u>
	<u>\$ 10,959</u>
Related Parties	
Receivable from financing provided to others	\$ 636,496
Others (Note)	<u>27,725</u>
	<u>\$ 664,221</u>

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

**STATEMENT 5****TONGTAI MACHINE & TOOL CO., LTD****STATEMENT OF INVENTORIES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Amount</b>	
	<b>Carrying Value (Note 1)</b>	<b>Net Realizable Value (Note 2)</b>
Raw materials	\$ 1,154,782	\$ 1,342,289
Supplies	134,362	151,207
Work-in-progress	470,467	639,192
Finished goods	<u>338,381</u>	<u>401,143</u>
	<u>\$ 2,097,992</u>	<u>\$ 2,533,831</u>

Note 1: Net carrying value with a deduction of allowance for loss on inventory value decline of inventories amounted of NT\$875,069 thousand.

Note 2: Refer to Note 4 for information of net realizable value.

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

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NONCURRENT  
 FOR THE YEAR ENDED DECEMBER 31, 2024  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Marketable Securities	Balance, January 1, 2024		Additions		Decrease		Balance, December 31, 2024		Collateral	Note
	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value (Note 1)		
Domestic listed shares										
Control Technology Co., Ltd.	6,849,178	\$ 126,367	-	\$ 240,063	-	\$ -	6,849,178	\$ 366,430	None	
World Known MFG (Cayman) Limited	280,000	18,872	-	-	-	4,424	280,000	14,448	None	
Domestic unlisted shares										
Shiang Jen Co., Ltd	1,520,000	14,115	-	-	-	2,557	1,520,000	11,558	None	
USYNC INC.	295,371	11,655	-	927	-	-	295,371	12,582	None	
WORLD KNOWN MFG. CO., LTD.	229,729	6,314	-	-	-	-	229,729	6,314	None	
		<u>\$ 177,323</u>		<u>\$ 240,990</u>		<u>\$ 6,981</u>		<u>\$ 411,332</u>		

Note 1: Fair values are measured on the basis of the closing price on the balance sheet date or measured using the valuation techniques in Note 32.



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

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Balance, January 1, 2024		Additions (Note 1)		Decrease		Balance, December 31, 2024			Net Assets Value		
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	% of Owners hip	Amount	Unit Price	Total Amount	Collateral
Investments in subsidiaries												
Tongfong Auto Tech Co., Ltd.	1,500,000	\$ 37,230	-	\$ -	-	( \$ 9,756 )	1,500,000	100.00	\$ 27,474	\$ 18.2	\$ 27,474	None
Asia Pacific Elite Corp.	14,515,634	162,174	-	49,141	-	-	14,515,634	99.83	211,315	13.42	194,806	None
Quick-Tech Machinery Co., Ltd.	11,896,891	94,490	-	16,418	-	-	11,896,891	94.14	110,908		105,207	None
Tong-Yeh Precision Co., Ltd.	1,659,790	29,099	-	-	-	( 47,402 )	1,659,790	94.58	( 18,303 )	( 11.03 )	( 18,303 )	None
Tongtai Machine & Tool Japan Co., Ltd.	889	22,793	-	2,117	-	-	889	100.00	24,910	28,020.25	24,910	None
Tong Tai Machinery Co., Ltd.	999,998	25,132	-	3,070	-	-	999,998	100.00	28,202	28.20	28,202	None
Tongtai Seiki Vietnam Co., Ltd.	631,080	21,491	-	1,550	-	-	631,080	100.00	23,041	36.51	23,041	None
Tongtai Machine Tool (SEA) Sdn. Bhd.	520,000	15,988	-	536	-	-	520,000	52.00	16,524	31.78	16,524	None
Tongtai Machine Tool (MFG) Sdn. Bhd.	8,500,000	34,752	-	3,467	-	-	8,500,000	100.00	38,219	4.50	38,219	None
Tong-Tai Seiki USA, Inc.	100	2,619	-	-	100	( 2,619 )	-	100.00	-	-	-	None
TTGroup America, Inc.	-	-	100	-	-	( 4,570 )	100	100.00	( 4,570 )	( 45,700 )	( 4,570 )	
Tongtai Mexico, S.A. DE C. V.	65,999	4,474	-	-	-	( 1,689 )	65,999	100.00	2,785	42.20	2,785	None
Process Conception Ingenierie-Societe de Construction D' equipments, De Mecanisations Et De Machines	1,000,000	175,175	-	-	-	( 240,983 )	1,000,000	100.00	( 65,808 )	( 65.81 )	( 65,808 )	None
Tongtai Europe B.V.	9,000	( 56,383 )	-	-	-	( 16,002 )	9,000	100.00	( 72,385 )	( 8,042.78 )	( 72,385 )	None
Union Top Industrial (Samoa) Limited	16,465,400	972,634	-	-	-	( 13,283 )	16,465,400	100.00	959,351	58.83	968,581	None
Tongan GmbH	35,000	( 413,404 )	-	341,581	-	-	35,000	100.00	( 71,823 )	( 2,052.09 )	( 71,823 )	None
		1,128,264		417,880		( 336,304 )			1,209,840		1,196,860	
Accumulated impairment												
Asia Pacific Elite Corp.		( 17,286 )		-		-			( 17,286 )		-	
Quick-Tech Machinery Co., Ltd.		( 11,989 )		-		-			( 11,989 )		-	
Add: Credit balance for investments accounted for using the equity method		469,787		-		( 236,898 )			232,889		-	
		1,568,776		417,880		( 573,202 )			1,413,454		1,196,860	
Investments in associates												
Cyber Laser Taiwan Co., Ltd.	2,000,000	7,841	-	-	-	-	2,000,000	33.00	7,841	-	-	None
Honor Seiki Co., Ltd.	16,088,893	741,343	-	21,766	603,000	-	15,485,893	44.88	763,109	42.06	651,313	None
Ruei Yang Precision Co., Ltd.	-	-	1,000,000	6,454	-	-	1,000,000	20.00	6,454	8.65	6,454	None
Printin3d DigiTech Co., Ltd.	1,000,000	9,022	-	1,189	-	-	1,000,000	40.00	10,211	10.21	10,211	None
		758,206		29,409		-			787,615		667,978	
Accumulated impairment- Cyber Laser Taiwan Co., Ltd.		( 7,841 )		-		-			( 7,841 )		-	
		750,365		29,409		-			779,774		667,978	
		\$ 2,319,141		\$ 447,289		( \$ 573,202 )			\$ 2,193,228		\$ 1,864,838	

Note 1: Except for increase or decrease in investment, the change in the current year was mainly from the elimination of unrealized profit or loss from downstream transactions, gain and loss from investment, adjustments in equity from investments and dividends received.

**STATEMENT 8****TONGTAI MACHINE & TOOL CO., LTD****STATEMENT OF RIGHT-OF-USE ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Balance, January 1, 2024	Additions ( Note )	Decrease	Reclassification	Balance, December 31, 2024
Cost					
Land	\$ 670,583	\$ 30,699	\$ -	( \$ 104,420 )	\$ 596,862
Transportation equipment	<u>12,572</u>	<u>7,784</u>	( <u>6,332</u> )	<u>-</u>	<u>14,024</u>
Total	<u>683,155</u>	<u>\$ 38,483</u>	( <u>\$ 6,332</u> )	( <u>\$ 104,420</u> )	<u>610,886</u>
Accumulated depreciation					
Land	86,864	\$ 24,336	\$ -	( \$ 11,313 )	99,887
Transportation equipment	<u>6,787</u>	<u>4,370</u>	( <u>6,332</u> )	<u>-</u>	<u>4,825</u>
Total	<u>93,651</u>	<u>\$ 28,706</u>	( <u>\$ 6,332</u> )	( <u>\$ 11,313</u> )	<u>104,712</u>
	<u>\$ 589,504</u>				<u>\$ 506,174</u>

Note : The increase in right-of-use assets was due to new lease agreement.

**STATEMENT 9****TONGTAI MACHINE & TOOL CO., LTD****STATEMENT OF OTHER FINANCIAL ASSETS****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

<b>Bank Name</b>	<b>Interest Rates (%)</b>	<b>Period</b>	<b>Amount</b>	<b>Note</b>
<b>Current</b>				
Bank of Taiwan - Demand deposits	-	-	\$ 4,621	Note 1
CATHAY UNITED Bank - Time deposits	4.50	2024.12.16~2025.01.16	36,064	Note 2
CATHAY UNITED Bank - Time deposits	4.44	2024.12.30~2025.01.30	<u>36,064</u>	Note 2
			<u>\$ 76,749</u>	
<b>Noncurrent</b>				
CTBC Bank - Time deposit	4.25	2024.08.09~2025.02.09	\$ 22,950	Note 3
E.SUN Bank - Time deposit	3.30	2024.11.14~2025.02.14	6,557	Note 3
TAISHIN Bank - Time deposit	4.65	2024.12.16~2025.03.16	32,785	Note 3
FUBON Bank - Time deposit	4.55	2024.12.28~2025.03.28	3,606	Note 3
FUBON Bank - Time deposit	4.62	2024.11.06~2025.02.06	3,606	Note 3
FUBON Bank - Time deposit	4.72	2024.10.08~2025.01.08	1,311	Note 3
HSBC - Time deposit	4.50	2024.10.15~2025.01.15	7,050	Note 4
Bank of Taiwan - Time deposit	1.70	2024.07.01~2025.07.01	4,000	Note 5
Bank of Taiwan - Time deposit	1.70	2024.07.02~2025.07.02	3,914	Note 5
Bank of Taiwan - Time deposit	1.575	2024.03.09~2025.03.09	4,500	Note 5
Bank of Taiwan - Time deposit	1.575	2024.03.09~2025.03.09	<u>4,300</u>	Note 5
			<u>\$ 94,579</u>	

Note 1: Deposit due to Technology development program.

Note 2: Deposit due to loan for Tongtai.

Note 3: Deposit due to loan for subsidiary, Anger.

Note 4: Deposit due to bank guarantee for subsidiary, TTGA.

Note 5: Deposit due to lease of land.

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

## STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2024

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

Type	Contract Period	Range of Interest Rates (%)	Balance, End of Year	Loan Commitments	Collateral	Note
Unsecured loans						
First Commercial Bank	113.11.29~114.02.28	1.875	\$ 130,000	\$ 500,000	None	Note 1
First Commercial Bank	113.10.30~114.01.30	1.875	200,000	500,000	None	Note 1
First Commercial Bank	113.12.31~114.02.07	1.875	20,000	500,000	None	Note 1
First Commercial Bank	113.11.20~114.02.20	1.875	100,000	100,000	None	
The Shanghai Commercial & Savings Bank	113.12.23~114.01.03	1.985	30,000	200,000	None	
Taiwan Cooperative Bank	113.09.05~114.09.05	1.928	150,000	150,000	None	
Bank of Taiwan	113.11.04~114.03.28	1.8819	150,000	300,000	None	Note 2
Bank of Taiwan	113.12.16~114.03.28	1.8819	150,000	300,000	None	Note 2
E.SUN Bank	113.12.17~114.03.14	1.87	200,000	300,000	None	
Cathay United Bank	113.12.16~114.01.15	1.905	60,000	80,000	None	Note 3
Cathay United Bank	113.12.31~114.01.03	1.91	20,000	80,000	None	Note 3
Chang Hwa Bank	113.12.30~114.03.28	1.875	200,000	400,000	None	
			<u>1,410,000</u>			
Secured loans						
Cathay United Bank	113.12.30~114.01.30	1.82	30,000	100,000	Time deposit	Note 4
Cathay United Bank	113.12.16~114.01.15	1.82	<u>30,000</u>	100,000	Time deposit	Note 4
			<u>60,000</u>			

Note 1: Loan Commitment: NT\$500,000 thousand.

Note 2: Loan Commitment: NT\$300,000 thousand.

Note 3: Loan Commitment: NT\$80,000 thousand.

Note 4: Loan Commitment: NT\$100,000 thousand.

**TONGTAI MACHINE & TOOL CO., LTD****STATEMENT OF CONTRACT LIABILITIES - CURRENT****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

<b>Customer Name</b>	<b>Amount</b>
Advance from Customers	
Company L	\$ 25,081
Company M	23,333
Company N	19,726
Company O	18,087
Company P	18,017
Others (Note)	<u>188,497</u>
	<u>\$ 292,741</u>

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

**TONGTAI MACHINE & TOOL CO., LTD**
**STATEMENT OF ACCOUNTS PAYABLE**  
**DECEMBER 31, 2024**  
**(In Thousands of New Taiwan Dollars)**

<b>Vendor Name</b>	<b>Amount</b>
Non-related Parties	
Company Q	\$ 26,568
Others (Note)	<u>354,542</u>
	<u>\$ 381,110</u>
Related Parties	
Shiang Jen Co., Ltd.	\$ 28,350
Tongfong Auto Tech Co., Ltd.	26,691
San Shin Co., Ltd.	14,475
Asia Pacific Elite Corp.	10,565
Contrel Technology Co., Ltd.	7,434
Tong-Yeh Precision Co., Ltd.	5,226
Others (Note)	<u>5,762</u>
	<u>\$ 98,503</u>

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

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

## STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2024

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

Bank Name	Contract Period and Repayment Method	Interest Rates (%)	Balance, December 31,2024			Collateral	Note
			Current	Over 1 Year	Total		
Unsecured Loans							
Export-Import Bank of the Republic of China	Repayable in May 2025	1.954	\$ 350,000	\$ -	\$ 350,000	None	
Export-Import Bank of the Republic of China	Repayable semiannually through September 2026 to September 2029	1.891	-	266,000	266,000	None	
			350,000	266,000	616,000		
Mortgage loans							
Bank of Taiwan	Repayable semiannually through December 2024 to June 2027	1.985	100,000	300,000	400,000	Note	
			450,000	566,000	1,016,000		

Note: Refer to Note 34 for further information.

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

## STATEMENT OF LEASE LIABILITIES

DECEMBER 31, 2024

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

Item	Object	Period	Discount Rates (%)	Amount
Land	Note	2007.06 ~ 2043.03	2.16 ~ 2.48	\$ 618,597
Transportation Equipment	Lease of company cars	2022.07 ~ 2029.11	1.49 ~ 1.99	<u>9,260</u>
				627,857
Less: Current portion				<u>23,583</u>
Lease liabilities-noncurrent				<u>\$ 604,274</u>

Note: Refer to Note 15 for lease content.



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

STATEMENT OF OPERATING REVENUES  
 FOR THE YEAR ENDED DECEMBER 31, 2024  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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Item	Quantities (Number)	Amount
Total Operating Revenues		
Revenue from sale of goods		
Machining Center	195	\$ 720,350
CNC Lathe	150	534,309
PCB Processing Machine	88	261,459
Others (Note)	27	<u>154,319</u>
		1,670,437
Revenue from maintenance service		<u>262,989</u>
		1,933,426
Sales return and allowance		
Sales allowance		( 1,070 )
Maintenance return and allowance		( <u>1,648</u> )
		<u>\$ 1,930,708</u>

Note: The amount of each item included in others does not exceed 10% of the account balance.

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

**STATEMENT OF OPERATING COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials, beginning of year	\$ 1,228,120
Raw material purchased	655,137
Raw materials, end of year	( 1,154,782 )
Transfer in from work-in-progress	128,302
Sale of raw materials	( 38,266 )
Others	<u>2,445</u>
Raw materials used	<u>820,956</u>
Supplies, beginning of year	134,235
Supplies purchased	151,941
Supplies, end of year	( 134,362 )
Transfer in from work-in-progress	52,176
Sale of supplies	( 9,643 )
Others	<u>655</u>
Supplies used	<u>195,002</u>
Direct labor	221,011
Manufacturing expenses	<u>289,327</u>
Manufacturing cost	1,526,296
Work in progress, beginning of year	909,397
Work in progress, end of year	( 470,467 )
Transfer in from finished goods	13,088
Transfer out to raw materials	( 128,302 )
Transfer out to supplies	( 52,176 )
Transfer out to expense	( <u>180,454</u> )
Total manufacturing cost	1,617,382
Finished goods, beginning of year	373,259
Finished goods purchased	32,950
Finished goods, end of year	( 338,381 )
Transfer out to work-in-progress	( 13,088 )
Transfer out to property, plant and equipment	( <u>1,411</u> )
Total production cost	1,670,711
Sale of raw materials and supplies	<u>47,909</u>
Cost of goods sold	1,718,620
Warranties cost	16,726
Maintenance and repair cost	191,162
Others	<u>131,331</u>
Operating costs	<u>\$ 2,057,839</u>

Note: The inventories were stated as net carrying value with a deduction of allowance for loss on inventory value decline of inventories.

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

STATEMENT OF OPERATING EXPENSES  
 FOR THE YEAR ENDED DECEMBER 31, 2024  
 (In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Loss of expected Credit Loss	Total
Payroll expenses (including pension and remuneration of director)	\$ 68,827	\$ 44,522	\$ -	\$ -	\$ 113,349
After sales service expenses	61,576	-	-	-	61,576
Advertising Expenses	47,492	32	-	-	47,524
Entertainment expenses	16,558	979	-	-	17,537
Import/export expenses	15,776	-	-	-	15,776
Travel Expenses	15,239	3,974	102	-	19,315
Depreciation expenses	6,278	58,008	436	-	64,722
Utilities Expenses	1,290	41,146	-	-	42,436
Labor Expenses	-	19,686	730	-	20,416
Loss of expected credit loss	-	-	-	33,131	33,131
Others	53,403	70,519	150,429	-	274,351
	<u>\$ 286,439</u>	<u>\$ 238,866</u>	<u>\$ 151,697</u>	<u>\$ 33,131</u>	<u>\$ 710,133</u>

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

**STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31, 2024				For the Year Ended December 31, 2023			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Others	Total	Classified as Operating Costs	Classified as Operating Expenses	Classified as Others	Total
Employee benefits								
Salaries	\$ 284,839	\$ 105,608	\$ -	\$ 390,447	\$ 300,643	\$ 120,832	\$ -	\$ 421,475
Labor and health insurance	35,320	11,157	-	46,477	37,271	12,598	-	49,869
Post-employment benefits	16,641	5,586	-	22,227	17,647	6,256	-	23,903
Remuneration of directors	-	2,155	-	2,155	-	2,208	-	2,208
Others	<u>14,256</u>	<u>8,222</u>	<u>-</u>	<u>22,478</u>	<u>14,636</u>	<u>9,452</u>	<u>-</u>	<u>24,088</u>
	<u>\$ 351,056</u>	<u>\$ 132,728</u>	<u>\$ -</u>	<u>\$ 483,784</u>	<u>\$ 370,197</u>	<u>\$ 151,346</u>	<u>\$ -</u>	<u>\$ 521,543</u>
Depreciation	\$ 49,766	\$ 64,722	\$ 14,214	\$ 128,702	\$ 54,030	\$ 65,036	\$ 14,692	\$ 133,758
Amortization	15,470	15,153	-	30,623	16,063	15,006	-	31,069

Note 1: As of December 31, 2024 and 2023, the Company had 647 and 678 employees, respectively, including 11 non-employee directors in each year.

Note 2: Average employee benefits for the years ended December 31, 2024 and 2023 were NT\$757 thousand and NT\$779 thousand, respectively.

Note 3: Average salaries for the years ended December 31, 2024 and 2023 were NT\$614 thousand and NT\$632 thousand, respectively.

Note 4: Changes of adjustments of average salaries was 3%.

Note 5: The Company has established an Audit Committee to replace supervisors.

Note 6: The Company's remuneration policies are as follows:

The remuneration of independent directors of the Company is set at NT\$420 thousand per person per year and the Compensation Committee may adjust it at its discretion according to the value of its participation in and contribution to the Company's operations.

The Articles of Incorporation of the Company stipulated the Company to distribute remuneration of directors at the rates no higher than 5% of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. After the board of directors resolved the amount of directors' remuneration, the Compensation Committee will then make a distribution proposal based on the individual director's participation in the Company's operations and contribution value.

The salary of the Company's managers is determined and regularly evaluated by the Compensation Committee based on Taiwan's human resources market, industry categories of the same nature, and the value of the managers' participation in and contribution to the Company's operations. The remuneration of managers is based on the provisions of the Company's Articles of Incorporation. If there is profit in any given fiscal year, it shall allocate at the rates no less than 1% of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. After the board of directors resolved the amount of employee compensation, the

Compensation Committee will then formulate a distribution proposal based on the manager's personal and departmental performance achievement rate and the degree of important contribution to the Company, and the distribution will be distributed after the board of directors' resolutions.

The Articles of Incorporation of the Company stipulated the Company to distribute employees' compensation at the rates no less than 1% of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. After the board of directors resolved the amount of employee compensation, bonuses will be issued based on the results of the employees' annual performance appraisal.