

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

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

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Tongtai Machine & Tool Co., Ltd. as of and for the year ended December 31, 2024, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Tongtai Machine & Tool Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Tongtai Machine & Tool Co., Ltd.

By

Jui-Hsiung Yen, Chairman

March 20, 2025

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Tongtai Machine & Tool Co., Ltd. (the "Company") and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2024 and 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2024 and 2023, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We conducted our audits of the consolidated 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 Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries 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 consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated 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 and its subsidiaries' consolidated 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 (q) to the consolidated financial statements for the related accounting policies and disclosures on revenue recognition.

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

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 and its subsidiaries. As of December 31, 2024, inventory amounted to NT\$3,817,465 thousand, representing 31% of the Company and its subsidiaries' 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 (g), 5 (b) and 11 to the consolidated 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 consolidated 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\$1,028,504 thousand and NT\$2,034,634 thousand, representing 8% and 16% of the Company and its subsidiaries' total assets as of December 31, 2024 and 2023, respectively, and the total revenue from such subsidiaries amounted to NT\$651,260 thousand and NT\$1,773,330 thousand, representing 11% and 23% of the Company and its subsidiaries' total revenue for the years ended December 31, 2024 and 2023, respectively.

We have also audited the standalone financial statements of Tongtai Machine & Tool Co., Ltd. as of and for the years ended December 31, 2024 and 2023 on which we have issued an unmodified opinion with other matter paragraph.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company and its subsidiaries' 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 and its subsidiaries 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 and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in 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 consolidated 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 and its subsidiaries' 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 consolidated 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 and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the Company and its subsidiaries. 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 consolidated financial statements for the year ended December 31, 2024 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 consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated 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 consolidated financial statements shall prevail.

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 865,500	7	\$ 919,787	7
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	53	-
Notes receivable, net (Notes 5 and 10)	352,671	3	377,846	3
Accounts receivable, net (Notes 4, 5 and 10)	1,842,013	15	2,265,777	18
Accounts receivable - related parties (Notes 4, 5, 10 and 35)	12,527	-	16,523	-
Other receivables (Note 35)	87,575	1	54,532	1
Current tax assets (Note 28)	37,080	-	25,374	-
Inventories (Notes 4, 5 and 11)	3,817,465	31	4,042,549	32
Assets held for sale (Notes 4 and 12)	364,016	3	-	-
Other financial assets - current (Notes 15 and 36)	137,712	1	28,478	-
Other current assets (Note 35)	196,640	2	228,458	2
Total current assets	<u>7,713,199</u>	<u>63</u>	<u>7,959,377</u>	<u>63</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	411,332	3	177,323	2
Non-current financial assets at amortised cost (Notes 4 and 9)	52,785	1	20,000	-
Investments accounted for using the equity method (Notes 4 and 14)	779,774	6	750,365	6
Property, plant and equipment (Notes 4, 16 and 36)	1,537,912	13	1,900,770	15
Right-of-use assets (Notes 4 and 17)	559,594	5	655,455	5
Investment properties (Notes 4, 18 and 36)	468,944	4	484,203	4
Intangible assets (Notes 4 and 19)	37,017	-	44,000	-
Deferred tax assets (Notes 4 and 28)	531,830	4	447,672	4
Refundable deposits	19,691	-	17,487	-
Long-term notes and accounts receivable (Note 10)	51,442	-	49,796	-
Net defined benefit assets (Notes 4 and 24)	3,753	-	2,921	-
Other financial assets - non-current (Notes 15 and 36)	112,756	1	115,020	1
Other non-current assets (Note 10)	27,035	-	28,002	-
Total non-current assets	<u>4,593,865</u>	<u>37</u>	<u>4,693,014</u>	<u>37</u>
TOTAL	\$ 12,307,064	100	\$ 12,652,391	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 20 and 36)	\$ 2,629,964	22	\$ 2,499,033	20
Short-term bills payable (Note 20)	49,837	1	109,732	1
Contract liabilities - current (Notes 26 and 35)	897,376	7	850,990	7
Notes payable (Notes 21)	344,869	3	271,085	2
Notes payable - related parties (Notes 21 and 35)	8,879	-	1,882	-
Accounts payable (Note 21)	891,500	7	781,196	6
Accounts payable - related parties (Notes 21 and 35)	160,315	1	47,899	-
Other payables (Notes 22 and 35)	526,439	4	567,289	5
Current tax liabilities (Notes 4 and 28)	2,305	-	7,990	-
Provisions (Notes 4 and 23)	132,842	1	130,998	1
Lease liabilities - current (Notes 4 and 17)	33,524	-	33,911	-
Current portion of long-term bank borrowings (Notes 20 and 36)	478,465	4	1,026,022	8
Other current liabilities	117,267	1	67,974	1
Total current liabilities	<u>6,273,582</u>	<u>51</u>	<u>6,396,001</u>	<u>51</u>
NON-CURRENT LIABILITIES				
Long-term bank borrowings (Notes 20 and 36)	863,537	7	389,461	3
Deferred tax liabilities (Notes 4 and 28)	63,571	1	62,641	1
Lease liabilities -noncurrent (Notes 4 and 17)	642,990	5	640,492	5
Net defined benefit liabilities (Notes 4 and 24)	30,552	-	58,839	-
Guarantee deposits received	8,849	-	6,022	-
Total non-current liabilities	<u>1,609,499</u>	<u>13</u>	<u>1,157,455</u>	<u>9</u>
Total liabilities	<u>7,883,081</u>	<u>64</u>	<u>7,553,456</u>	<u>60</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 25 and 31)				
Ordinary shares	<u>2,548,265</u>	<u>21</u>	<u>2,548,265</u>	<u>20</u>
Capital surplus	<u>1,220,665</u>	<u>10</u>	<u>1,220,665</u>	<u>9</u>
Retained earnings				
Legal reserve	759,548	6	753,831	6
Special reserve	89,749	1	89,749	1
Unappropriated earnings (Accumulated deficit)	(437,093)	(4)	509,533	4
Total retained earnings	<u>412,204</u>	<u>3</u>	<u>1,353,113</u>	<u>11</u>
Other equity	<u>241,263</u>	<u>2</u>	(27,379)	-
Total equity attributable to owners of the Company	<u>4,422,397</u>	<u>36</u>	<u>5,094,664</u>	<u>40</u>
NON-CONTROLLING INTERESTS				
Total equity	<u>4,423,983</u>	<u>36</u>	<u>5,098,935</u>	<u>40</u>
TOTAL	\$ 12,307,064	100	\$ 12,652,391	100

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

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED 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, 26 and 35)	\$ 5,739,349	100	\$ 7,620,510	100
OPERATING COSTS (Notes 11, 24, 27 and 35)	<u>5,236,645</u>	<u>91</u>	<u>6,066,156</u>	<u>80</u>
GROSS PROFIT	<u>502,704</u>	<u>9</u>	<u>1,554,354</u>	<u>20</u>
UNREALIZED INTERCOMPANY PROFIT ON SALES	(2,483)	-	-	-
REALIZED INTERCOMPANY PROFIT ON SALES	<u>289</u>	<u>-</u>	<u>-</u>	<u>-</u>
REALIZED OPERATING GROSS PROFIT	<u>500,510</u>	<u>9</u>	<u>1,554,354</u>	<u>20</u>
OPERATING EXPENSES (Notes 10, 24, 27 and 35)				
Selling and marketing expenses	780,167	14	872,899	11
General and administrative expenses	534,235	9	581,742	8
Research and development expenses	220,267	4	238,768	3
Expected credit loss	<u>38,454</u>	<u>1</u>	<u>17,252</u>	<u>-</u>
Total operating expenses	<u>1,573,123</u>	<u>28</u>	<u>1,710,661</u>	<u>22</u>
PROFIT (LOSS) FROM OPERATIONS	(<u>1,072,613</u>)	(<u>19</u>)	(<u>156,307</u>)	(<u>2</u>)
NON-OPERATING INCOME AND EXPENSES (Notes 14, 27 and 35)				
Interest income	14,490	-	28,267	-
Other income	184,336	3	163,888	2
Other gains and losses	(73,552)	(1)	194,118	3
Finance costs	(125,090)	(2)	(139,291)	(2)
Share of profit (loss) of associates	<u>80,205</u>	<u>2</u>	<u>2,461</u>	<u>-</u>
Total non-operating income and expenses	<u>80,389</u>	<u>2</u>	<u>249,443</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	(\$ 992,224)	(17)	\$ 93,136	1
INCOME TAX EXPENSE (Notes 4 and 28)	(<u>81,913</u>)	(<u>1</u>)	(<u>28,351</u>)	(<u>1</u>)
NET PROFIT FOR THE YEAR	(<u>910,311</u>)	(<u>16</u>)	(<u>121,487</u>)	(<u>2</u>)

(Continued)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED 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 24, 25 and 28)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan	19,139	-	7,738	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	234,009	4	17,660	-
Share of Other Comprehensive Income of Associates Accounted for Using the Equity Method	154	-	-	-
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	44,050	1	(31,728)	-
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	286,324	5	(742)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(\$ 623,987)	(11)	\$ 120,745	2
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	(\$ 906,836)	(16)	\$ 50,131	1
Non-controlling interests	(3,475)	-	71,356	1
	(\$ 910,311)	(16)	\$ 121,487	2
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	(\$ 621,302)	(11)	\$ 49,634	1
Non-controlling interests	(2,685)	-	71,111	1
	(\$ 623,987)	(11)	\$ 120,745	2
EARNINGS PER SHARE (Note 29)				
Basic	(\$ 3.56)		\$ 0.20	
Diluted	(3.56)		0.20	

(Concluded)

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

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company										Other Equity	
	Retained Earnings					Exchange Differences on Translating Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through			Total Equity Attributable to Owners of the Company		
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings		Other Comprehensive Income	Total Other Equity	Non-controlling Interests			
BALANCE AT JANUARY 1, 2023	\$ 2,548,265	\$ 1,195,552	\$ 743,58	\$ 89,749	\$ 513,566	(\$ 120,957)	\$ 101,118	(\$ 19,839)	\$ 5,070,882	\$ 603,452	\$ 5,674,334	
Appropriation of 2022 earnings (Note 25)												
Legal reserve	-	-	10,24	-	(10,242)		-	-	-	-	-	
Cash dividends					(50,965)				(50,965)		(50,965)	
Net income (loss) for the year ended December 31, 2023			10,24		(61,207)				(50,965)		(50,965)	
Other comprehensive income for the year ended					50,131				50,131	71,356	121,487	
December 31, 2023, net of income tax						7,043	(25,200)	17,660	(7,540)	(497)	(245)	(742)
Total comprehensive income (loss) for the year ended						57,174	(25,200)	17,660	(7,540)	49,634	71,111	120,745
December 31, 2023												
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Notes 25 and 31)		25,113								25,113	99,225	124,338
Decrease in non-controlling interests (Note 25)											(769,517)	(769,517)
BALANCE AT DECEMBER 31, 2023	2,548,265	1,220,665	753,83	89,749	509,533	(146,157)	118,778	(27,379)	5,094,664	4,271	5,098,935	
Appropriation of 2023 earnings (Note 25)												
Legal reserve	-	-	5,71	-	(5,717)		-	-	-	-	-	-
Cash dividends					(50,965)				(50,965)		(50,965)	
Net income for the year ended December 31, 2024			5,71		(56,682)				(50,965)		(50,965)	
Other comprehensive income for the year ended					(906,836)				(906,836)	(3,475)	(910,311)	
December 31, 2024, net of income tax						16,892	34,633	234,009	268,642	285,534	790	286,324
Total comprehensive income (loss) for the year ended						(889,944)	34,633	234,009	268,642	(621,302)	(2,685)	(623,987)
December 31, 2024												
BALANCE AT DECEMBER 31, 2024	\$ 2,548,265	\$ 1,220,665	\$ 759,54	\$ 89,749	(\$ 437,093)	(\$ 111,524)	\$ 352,787	\$ 241,263	\$ 4,422,397	\$ 1,586	\$ 4,423,983	

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

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

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED 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	(\$ 992,224)	\$ 93,136
Adjustments for:		
Depreciation expense	235,791	271,958
Amortization expense	37,784	41,163
Expected credit loss	38,454	17,252
Net gain on fair value change of financial assets at fair value through profit or loss	(406)	1,488
Finance costs	125,090	139,291
Interest income	(14,490)	(28,267)
Dividend income	(7,007)	(13,421)
Share of the profit of associates	(80,205)	(2,461)
Loss (gain) on disposal of property, plant and equipment	11,029	(114,896)
Loss (gain) on disposal of intangible assets	185	-
Loss (gain) on disposal of investments	(857)	-
Impairment loss recognized on nonfinancial assets	405,182	59,765
Unrealized intercompany profit on sales	2,483	-
Realized intercompany profit on sales	(289)	-
Impairment Loss on Property, Plant and Equipment	14,727	-
Recognition of provisions	173,211	184,907
Loss (gain) on disposal of subsidiary	-	(113,635)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	459	10,407
Notes receivable and long-term notes and accounts receivable	23,529	106,720
Accounts receivable	384,398	62,261
Accounts receivable - related parties	3,996	(11,880)
Other receivables	(32,187)	19,782
Inventories	(179,195)	281,529
Other current assets	31,818	9,730
Contract liabilities	46,386	78,982
Notes payable	73,784	10,981
Notes payable - related parties	6,997	1,882
Accounts payable	110,304	(181,543)
Accounts payable - related parties	112,416	(14,185)
Other payables	(36,316)	(7,174)
Provisions	(172,498)	(126,021)
Other current liabilities	49,293	30,263
Net defined benefit liabilities	(12,382)	342
Cash generated from operations	359,260	808,356
Interest received	13,634	30,661
Dividend received	7,007	13,421

(Continued)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED 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 paid	(\$ 126,456)	(\$ 139,612)
Income taxes paid	(17,072)	(22,780)
Net cash generated from operating activities	<u>236,373</u>	<u>690,046</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Financial assets at amortized cost	(31,443)	(20,000)
Acquisition of investments accounted for using equity method	(10,000)	- -
Disposal of investments accounted for using equity method	28,642	- -
Net cash inflow (outflow) on disposal of subsidiary	- -	(374,069)
Acquisition of property, plant and equipment	(102,746)	(91,743)
Proceeds from disposal of property, plant and equipment	2,347	4,911
Increase in refundable deposits	(2,204)	- -
Decrease in refundable deposits	- -	3,169
Acquisition of intangible assets	(16,531)	(17,067)
Proceeds from disposal of intangible assets	14	- -
Increase in other financial assets	(106,970)	- -
Decrease in other financial assets	- -	87,080
Increase in other non-current assets	(7,296)	(6,849)
Dividend received from associates	30,972	- -
Net cash generated from (used in) investing activities	<u>(215,215)</u>	<u>(414,568)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	1,355,780	2,546,021
Decrease in short-term borrowings	(1,167,920)	(2,595,181)
Increase in short-term bills payable	- -	69,869
Decrease in short-term bills payable	(59,895)	- -
Proceeds from long-term bank borrowings	1,137,876	101,982
Repayments of long-term bank borrowings	(1,210,723)	(629,745)
Guarantee deposits received	2,827	- -
Guarantee deposits refunded	\$ - -	(\$ 10,749)
Repayment of principle of lease liabilities	(40,693)	(41,358)
Cash dividends paid	(50,965)	(50,965)
Disposal of percentage of ownership interests in subsidiaries	- -	124,338
Decrease in non-controlling interests	- -	(55,446)
Net cash used in financing activities	<u>(33,713)</u>	<u>(541,234)</u>
 EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(41,732)</u>	<u>(23,284)</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(54,287)</u>	<u>(289,040)</u>
 CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>919,787</u>	<u>1,208,827</u>
 CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 865,500</u>	<u>\$ 919,787</u>
		(Concluded)

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

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were 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 and its subsidiaries.

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

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
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 consolidated financial statements were authorized by the board of directors for issue, the Corporation and its subsidiaries have assessed that the application of other standards and interpretations will not have a material on the Corporation and its subsidiaries' financial position and financial performance.

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

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note)
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 Corporation and its subsidiaries shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Corporation and its subsidiaries shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Corporation and its subsidiaries labels items as 'other' only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Corporation and its subsidiaries as a whole, the Corporation and its subsidiaries shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were approved by the Company's board of directors and authorized for issue, the Company and its subsidiaries are continuously assessing the impact of the impending initial application of the aforementioned and other standards and the amendments to interpretations on their financial position and results of operations. The related impact will be disclosed when the Company completes its evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of Preparation

The consolidated 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 an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. 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 assets are 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 without an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired during the period are included in the consolidated statement of profit or

loss and other comprehensive income from the effective date of acquisition. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-Company and its subsidiaries transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Refer to Note 13, Table 7 and Table 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred and the fair value of the acquirer's previously held interests in the acquired entity, the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Company and its subsidiaries in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. The measurement period does not exceed one year from the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the balance sheet date in which the combination occurs, the Company and its subsidiaries report provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

f. Foreign currencies

In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (i.e., 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 consolidated 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.

g. Inventories

Inventories consisting of raw materials, supplies, work-in-progress, finished goods and merchandise 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, finished goods and merchandise are recorded at cost by the specific identification method.

h. Investments in associates

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

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

Any excess of the cost of acquisition over the Company and its subsidiaries' 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 and its subsidiaries subscribe 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 and its subsidiaries' proportionate interest in the associate. The Company and its subsidiaries 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 and its subsidiaries' 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 and its subsidiaries' share of losses of an associate equal or exceed 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 and its subsidiaries' net investment in the associate), the Company and its subsidiaries will discontinue recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company and its subsidiaries have 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 subsidiaries and its associates are recognized in the consolidated financial statements only to the extent of interests in the associate of entities that are not related to the Company and its subsidiaries.

i. 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.

Freehold land is not depreciated.

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.

j. 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.

Right-of-use assets related to real estate are reclassified to investment property at their carrying amount as of the lease commencement date, in accordance with the terms of the contract.

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.

k. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to the Company and its subsidiaries' cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit should be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized on goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

l. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. 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.

2) Internally generated intangible assets - research and development expenditures

Expenditure on research activities is recognized as expense in the period in which it is incurred.

An internal research and development project that has reached its development phase may be recognized as an internally-generated intangible asset if, and only if, all of the following have been demonstrated:

- a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b) The intention to complete the intangible asset and use or sell it;
- c) The ability to use or sell the intangible asset;
- d) How the intangible asset will generate probable future economic benefits;
- e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

- f) The ability to measure reliably the expenditures attributable to the intangible asset during its development.

The amount initially recognized as cost of internally generated intangible asset is the total expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, it is measured on the same basis as intangible asset acquired separately.

3) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets acquired separately.

4) Derecognition of intangible assets

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

m. Impairment of property, plant and equipment, right-of-use asset, investment properties, intangible assets other than goodwill

At the end of each reporting period, the Company and its subsidiaries review the carrying amounts of its property, plant and equipment, right-of-use asset, 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 and its subsidiaries estimate the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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.

n. Non-current Assets Held for Sale

Non-current assets are classified as held for sale when their carrying amounts are expected to be recovered primarily through a sale transaction rather than through continuing use. To qualify for this classification, 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 appropriate 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 on such assets ceases upon classification as held for sale.

o. Financial instruments

Financial assets and financial liabilities are recognized when the Company and its subsidiaries become 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 32.

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 three 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 and its subsidiaries 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 and its subsidiaries' 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 and its subsidiaries recognize a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivables).

The Company and its subsidiaries always recognize lifetime Expected Credit Losses (ECLs) for trade receivables. For all other financial instruments, the Company and its subsidiaries recognize 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 and its subsidiaries measure 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 and its subsidiaries

determine that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company and its subsidiaries):

- 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 and its subsidiaries have 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 and its subsidiaries 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 and its subsidiaries 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 and its subsidiaries enter into a variety of derivative financial instruments to manage their exposure to interest rate and foreign exchange rate risks, including cross-currency swap contracts, swap contracts and foreign exchange forward 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.

p. 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 and its subsidiaries' best estimate of the expenditure required to settle the obligations.

q. Revenue recognition

The Company and its subsidiaries identify 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.

r. Leasing

At the inception of a contract, the Company and its subsidiaries assess whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Company and its subsidiaries allocate 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 and its subsidiaries 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 and its subsidiaries as lessee

The Company and its subsidiaries recognize 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 consolidated 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 terms.

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 and its subsidiaries use 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 and its subsidiaries remeasure 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 consolidated 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.

s. Government grants

Government grants are not recognized until there is reasonable assurance that the Company and its subsidiaries 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 and its subsidiaries recognize 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 and its subsidiaries with no future related costs are recognized in profit or loss in the period in which they are received.

t. 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 (assets) represent the actual deficit (surplus) in the Company and its subsidiaries' defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

u. **Taxation**

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

1) **Current tax**

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for 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, unused loss carry forward 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 and its subsidiaries' 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 and its subsidiaries use judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company and its subsidiaries' 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 and its subsidiaries use 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	\$ 6,686	\$ 3,189
Checking accounts and demand deposits	826,618	859,810
Cash equivalents		
Time deposits with original maturities of less than three months	<u>32,196</u>	<u>56,788</u>
	<u><u>\$ 865,500</u></u>	<u><u>\$ 919,787</u></u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2024	2023
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets		
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 53</u>
At the balance sheet date, outstanding foreign exchange forward contracts not accounted for by hedge accounting were as follows:		

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>September 30, 2023</u>			

Foreign exchange forward MYR/USD 2024.04 MRY1,425/USD307

The Company and its subsidiaries entered into foreign exchange forward contracts to manage exposures to exchange rate and interest rate fluctuations of foreign currency denominated assets and liabilities. For the years ended December 31, 2024 and 2023, the Company and its subsidiaries recognized gain loss on cross-currency swap contracts not accounted for by hedge accounting in the amounts of NT\$406 thousand and NT\$(1,488) thousand, respectively, included in gain (loss) on financial instruments at fair value through profit or loss.

8. FINANCIAL ASSETS AT FAIR VALUE THOUGH 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>

9. 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%.

10. 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	\$ 353,980	\$ 379,155
Less: Unrealized interest revenue	<u>1,309</u>	<u>1,309</u>
	<u>\$ 352,671</u>	<u>\$ 377,846</u>

(Continued)

	December 31	
	2024	2023
Accounts receivable		
Gross carrying amount at amortized cost	\$ 2,301,577	\$ 2,686,518
Less: Allowance for impairment loss	<u>459,564</u>	<u>420,741</u>
	<u><u>\$ 1,842,013</u></u>	<u><u>\$ 2,265,777</u></u>
Accounts receivable - related parties		
Gross carrying amount at amortized cost	<u><u>\$ 12,527</u></u>	<u><u>\$ 16,523</u></u>
Long-term notes and accounts receivable (operating)		
Gross carrying amount at amortized cost	\$ 51,442	\$ 49,796
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u><u>\$ 51,442</u></u>	<u><u>\$ 49,796</u></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>	<u><u>\$ -</u></u>

(Concluded)

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

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

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

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

December 31, 2024

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	366 to 720 Days	Over 721 Days	Individual Identification	Total
Gross carrying amount	\$ 1,500,740	\$ 354,620	\$ 227,802	\$ 65,957	\$ 69,426	\$ 146,205	\$ 272,515	\$ 98,410	\$ 2,735,675
Loss allowance (Lifetime ECL)	(20,376)	(18,839)	(14,829)	(6,020)	(6,579)	(66,566)	(245,403)	(98,410)	(477,022)
	<u>\$ 1,480,364</u>	<u>\$ 335,781</u>	<u>\$ 212,973</u>	<u>\$ 59,937</u>	<u>\$ 62,847</u>	<u>\$ 79,639</u>	<u>\$ 27,112</u>	<u>\$ -</u>	<u>\$ 2,258,653</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 720 Days	Over 721 Days	Individual Identification	Total
Gross carrying amount	\$ 1,720,107	\$ 431,714	\$ 266,292	\$ 148,309	\$ 75,191	\$ 258,965	\$ 187,263	\$ 60,500	\$ 3,148,341
Loss allowance (Lifetime ECL)	(38,256)	(45,589)	(12,430)	(16,280)	(18,391)	(97,109)	(149,844)	(60,500)	(438,399)
	<u>\$ 1,681,851</u>	<u>\$ 386,125</u>	<u>\$ 253,862</u>	<u>\$ 132,029</u>	<u>\$ 56,800</u>	<u>\$ 161,856</u>	<u>\$ 37,419</u>	<u>\$ -</u>	<u>\$ 2,709,942</u>

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	\$ 438,399	\$ 493,241
Recognition	38,454	17,252
Written off	(743)	(60,889)
Disposal of subsidiary	-	(4,069)
Transfer out due to loss of control	-	(6,090)
Effects of foreign currency exchange differences	912	(1,046)
Balance, end of period	<u>\$ 477,022</u>	<u>\$ 438,399</u>

Refer to Note 34 for the amount of discounted notes receivable and related terms of the subsidiaries.

The amount of notes receivable pledged by the subsidiary as a guarantee for the loan (refer to note 36).

11. INVENTORIES

	December 31	
	2024	2023
Raw materials	\$ 1,816,225	\$ 1,916,414
Supplies	184,626	150,095
Work-in-progress	1,413,243	1,457,261
Finished goods	347,164	465,508
Merchandise	55,132	53,271
Inventory in transit	1,075	-
	<u>\$ 3,817,465</u>	<u>\$ 4,042,549</u>

The cost of inventories recognized as operating costs for the years ended December 31, 2024 and 2023 was NT\$5,236,645 thousand and NT\$6,066,156 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>\$ 405,182</u>	\$ 59,765

12. NON-CURRENT ASSETS HELD FOR SALE

	For the Year Ended December 31
	2024
Property, plant and equipment	\$ 231,579
Investment property	132,437
Total non-current assets held for sale	<u>\$ 364,016</u>

To support future business development and strengthen working capital, the Board of Directors resolved in November 2024 to authorize the Chairman to dispose of the Company's Luzhu Plant II real estate for a total consideration of NT\$1.52 billion, and to handle the execution of the sales agreement and related matters. The sales contract was signed with the buyer in January 2025, and the transaction is expected to be completed within twelve months.

As the expected selling price exceeds the carrying amount of the related net assets, no impairment loss was recognized upon reclassification of the above assets as non-current assets held for sale.

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Proportion of Ownership		Remark
			December 31, 2024	December 31, 2023	
Tongtai Machine & Tool Co., Ltd.	Union Top Industrial (Samoa) Limited (Union Top)	General investment	100.00	100.00	
	Tongfong Auto Tech Co., Ltd. (Tongfong)	Sales of electric automation equipment	100.00	100.00	
	Asia Pacific Elite Corp. (APEC)	Sales and manufacturing of equipment	99.83	99.83	
	Quick-Tech Machinery Co., Ltd. (Quick-Tech)	Sales and manufacturing of equipment	99.14	99.14	
	Tong-Yeh Precision Co., Ltd. (Tong-Yeh)	Manufacturing and processing of metal part	94.58	94.58	
	Tongtai Machine & Tool Japan Co., Ltd. (TTJP)	Sales and manufacturing of equipment	100.00	100.00	
	Tong Tai Machinery Co., Ltd. (TTM)	Sales of customized machine	100.00	100.00	
	Tongtai Seiki Vietnam Co., Ltd. (TTVN)	Sales of customized machine	100.00	100.00	
	Tongtai Machine Tool (SEA) Sdn. Bhd. (TTS)	Sales of customized machine	52.00	52.00	
	Tongtai Machine Tool (MFG) Sdn. Bhd. (TMM)	Sales and manufacturing of equipment	100.00	100.00	
Union Top	Tong-Tai Seiki USA, Inc. (TSU)	Sales of equipment	-	100.00	
	TTGroup America Inc. (TTGA)	Sales of equipment	100.00	100.00	
	Tongtai Mexico S.A.DE C.V (TTGMx)	Sales and maintenance of machine tools	100.00	100.00	
	Process Conception Ingenierie-Societe de Construction D'equipements, De Mecanisations Et De Machines (PCI-SCEMM)	Sales, manufacturing and maintenance of machine tools	100.00	100.00	
	Tongtai Europe B.V. (TTE)	Sales of merchandise	100.00	100.00	
Great Pursuit Limited	Tongan GmbH (Tongan)	General investment	100.00	100.00	
	Suzhou Tongyu Machine Tool Co., Ltd. (Suzhou Tongyu)	Manufacturing of digital control machine and system	100.00	100.00	Important subsidiary
	Shanghai Tong-Tai-Shin Trading Co., Ltd. (Shanghai Tong-Tai-Shin)	International trade	100.00	100.00	
	Tong-Yu Machine Tool (Shanghai) Co., Ltd. (Shanghai Tong-Yu)	Sales and maintenance of machine tools	100.00	100.00	
TTJP	Great Pursuit Limited	General investment	55.00	55.00	
	Hao-Tern-Shin Electronics (Shenzhen) Co., Ltd. (Hao-Tern-Shin)	Sales and manufacturing of printed circuit board	100.00	100.00	
PCI-SCEMM	SKTD Co., Ltd. (SKTD)	Design and development of machine tools	98.73	98.73	
Tongan	TTGroup France	Sales of machine tools	100.00	100.00	
	CERIMATEC	Sales of machine tools	100.00	100.00	
Anger	Mbi-group Beteiligung GmbH (MBI)	General investment	100.00	100.00	
	Anger Machining GmbH (Anger)	Sales, manufacturing and maintenance of machine tools	100.00	100.00	
Anger	Anger Machining Inc. (Anger - US)	Sales and maintenance of machine tools	100.00	100.00	
	Anger Service Deutschland GmbH (Anger - DE)	Sales and maintenance of machine tools	100.00	100.00	

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

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 31). After Honor Seiki re-elected directors in November 2023, the Company did not obtain more than half of the seats on the board of directors, and lost control, and recognized gain of disposal NT\$113,687 thousand (refer to Note 30).

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Company and its subsidiaries' investments accounted for using the equity method are all investment-related enterprises. The details are as follows:

	December 31	
	2024	2023
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><u>\$ 779,774</u></u>	<u><u>\$ 750,365</u></u>

a. Material associate

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

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

Honor Seiki

	For the Year Ended December 31,	
	2024	2023
Current assets	\$ 1,442,656	\$ 1,575,232
Non-current assets	830,445	858,284
Current liabilities	(624,670)	(880,031)
Non-current liabilities	(197,329)	(212,782)
equity	<u><u>\$ 1,451,102</u></u>	<u><u>\$ 1,340,703</u></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><u>\$ 763,109</u></u>	<u><u>\$ 741,343</u></u>

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

b. Material associate

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

	For the Year Ended December 31	
	2024	2023
The Company and its subsidiaries' share of		
Net income for the year	(\$ 163)	\$ 907
Other comprehensive income	-	-
Total comprehensive income8	<u>(\$ 163)</u>	<u>\$ 907</u>

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

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

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.

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

15. OTHER FINANCIAL ASSETS

	December 31	
	2024	2023
Current		
Pledged deposits and time deposits	\$ 72,128	\$ 9,440
Time deposits with original maturities more than three months	56,022	14,104
Deposits for projects	4,621	1,488
Restricted deposit	<u>4,941</u>	<u>3,446</u>
	<u>\$ 137,712</u>	<u>\$ 28,478</u>
Non-current		
Pledged deposits and time deposits	\$ 94,579	\$ 97,453
Deposits for projects	17,170	17,567
Restricted deposit	<u>1,007</u>	<u>-</u>
	<u>\$ 112,756</u>	<u>\$ 115,020</u>

Refer to Note 36 for information relating to other financial assets pledged as collateral.

16. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2024

Cost	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Balance at January 1, 2024	\$ 345,097	\$ 2,575,446	\$ 949,160	\$ 167,544	\$ 178,918	\$ 323,960	\$ 1,513	\$ 4,541,638
Additions	-	8,292	51,052	3,329	5,858	15,040	9,837	93,408
Disposals	-	-	(81,072)	(5,848)	(32,019)	(4,089)	-	(123,028)
Reclassifications	-	(54,000)	(4,900)	-	-	3,927	-	(54,973)
Reclassified to held for sale	-	(430,785)	-	-	(6,182)	(24,400)	-	(461,367)
Effects of foreign currency exchange difference	924	21,129	7,613	1,524	2,102	2,851	(66)	36,077
Balance at December 31, 2024	<u>346,021</u>	<u>2,120,082</u>	<u>921,853</u>	<u>166,549</u>	<u>148,677</u>	<u>317,289</u>	<u>11,284</u>	<u>4,031,755</u>
Accumulated depreciation and impairment								
Balance at January 1, 2024	-	1,374,728	712,975	140,944	153,587	258,634	-	2,640,868
Depreciation	-	85,447	54,134	6,873	7,074	18,241	-	171,769
Recognized impairment loss	-	-	5,603	-	-	9,124	-	14,727
Disposals	-	-	(68,278)	(5,462)	(31,828)	(4,084)	-	(109,652)
Reclassifications	-	(15,135)	(1,100)	-	-	1,030	-	(15,205)
Reclassified to held for sale	-	(201,718)	-	-	(6,182)	(21,888)	-	(229,788)
Effects of foreign currency exchange difference	-	9,796	5,998	1,072	1,784	2,474	-	21,124
Balance at December 31, 2024	<u>-</u>	<u>1,253,118</u>	<u>709,332</u>	<u>143,427</u>	<u>124,435</u>	<u>263,531</u>	<u>-</u>	<u>2,493,843</u>
Carrying amount at December 31, 2024	<u>\$ 346,021</u>	<u>\$ 866,964</u>	<u>\$ 212,521</u>	<u>\$ 23,122</u>	<u>\$ 24,242</u>	<u>\$ 53,758</u>	<u>\$ 11,284</u>	<u>\$ 1,537,912</u>

For the Year Ended December 31, 2023

Cost	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Balance at January 1, 2023	\$ 793,294	\$ 2,883,591	\$ 1,139,129	\$ 170,388	\$ 183,138	\$ 408,821	\$ 11,643	\$ 5,590,004
Additions	8,438	5,489	51,364	9,147	20,609	21,193	2,511	118,751
Disposals	-	(7,044)	(16,419)	(5,193)	(946)	(20,021)	-	(49,623)
Proceeds from disposal of subsidiary	(2,684)	(27,420)	(54,884)	(1,403)	(25,614)	(727)	(1,491)	(114,223)
Transfer out due to loss of control	(455,670)	(291,189)	(178,938)	(5,822)	(2,484)	(83,076)	-	(1,017,179)
Reclassifications	-	7,913	(1,751)	371	-	312	(10,767)	(3,922)
Effects of foreign currency exchange difference	1,719	4,106	10,659	56	4,215	(2,542)	(383)	17,830
Balance at December 31, 2023	<u>345,097</u>	<u>2,575,446</u>	<u>949,160</u>	<u>167,544</u>	<u>178,918</u>	<u>323,960</u>	<u>1,513</u>	<u>4,541,638</u>
Accumulated depreciation and impairment								
Balance at January 1, 2023	-	1,455,832	803,151	140,577	164,996	291,512	-	2,856,068
Depreciation	-	96,806	69,667	7,826	7,717	26,563	-	208,579
Disposals	-	(7,044)	(15,766)	(4,542)	(916)	(18,178)	-	(46,446)
Proceeds from disposal of subsidiary	-	(18,578)	(43,398)	(1,021)	(19,916)	(727)	-	(83,640)
Transfer out due to loss of control	-	(157,270)	(107,437)	(2,288)	(2,234)	(39,248)	-	(308,477)
Reclassifications	-	2,162	(1,751)	371	-	312	-	1,094
Effects of foreign currency exchange difference	-	2,820	8,509	21	3,940	(1,600)	-	13,690
Balance at December 31, 2023	<u>-</u>	<u>1,374,728</u>	<u>712,975</u>	<u>140,944</u>	<u>153,587</u>	<u>258,634</u>	<u>-</u>	<u>2,640,868</u>
Carrying amount at December 31, 2023	<u>\$ 345,097</u>	<u>\$ 1,200,718</u>	<u>\$ 236,185</u>	<u>\$ 26,600</u>	<u>\$ 25,331</u>	<u>\$ 65,326</u>	<u>\$ 1,513</u>	<u>\$ 1,900,770</u>

The subsidiary Anger evaluated that the estimated future cash inflows from machinery and equipment had declined due to unsatisfactory operating conditions, and the estimated recoverable amount was lower than the carrying amount. As a result, the subsidiary Anger has recognized impairment loss in previous years. The accumulated impairment for the years ended December 31, 2023 was NT\$28,927 thousand, respectively. The aforementioned machinery and equipment were fully written off in 2024.

The following items of property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Buildings		
Main structure		35-60 years
Mechanical and electrical facilities		5-35 years
Engineering system, Air conditioning system and Decoration		2-35 years
Machinery and equipment		2-13 years
Transportation equipment		2-15 years
Office equipment		3-10 years
Other equipment		2-15 years

Property, plant and equipment pledged by the Company and its subsidiaries as collateral for bank borrowings are described in Note 36.

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2024	2023
Carrying amounts		
Land	\$ 504,345	\$ 591,062
Buildings	35,830	46,218
Machinery	809	1,097
Transportation equipment	<u>18,610</u>	<u>17,078</u>
	<u>\$ 559,594</u>	<u>\$ 655,455</u>
	For the Year Ended December 31	
	2024	2023
Additions to right-of-use assets	<u>\$ 42,268</u>	<u>\$ 139,332</u>
Depreciation charge for right-of-use assets		
Land	\$ 24,564	\$ 22,527
Buildings	9,516	11,568
Machinery	943	1,983
Transportation equipment	<u>11,945</u>	<u>10,205</u>
	<u>\$ 46,968</u>	<u>\$ 46,283</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

	December 31	
	2024	2023
Carrying amounts		
Current	\$ 33,524	\$ 33,911
Non-current	<u>\$ 642,990</u>	<u>\$ 640,492</u>

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

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

c. Material lease activities and terms

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

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

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

d. Other lease information

	For the Year Ended December 31	
	2024	2023
Expenses relating to short-term leases and low-value asset leases	<u>\$ 31,040</u>	<u>\$ 31,128</u>
Total cash outflow for leases	<u>\$ 87,562</u>	<u>\$ 87,951</u>

The Company and its subsidiaries lease certain buildings, transportation equipment and office equipment which qualify as short-term leases and low-value asset leases. The Company and its subsidiaries have elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

18. INVESTMENT PROPERTIES

For the Year ended December 31, 2024

Cost	Land	Buildings	Right-of-use assets	Total
Balance at January 1, 2024	\$ 252,550	\$ 385,631	\$ -	\$ 638,181
Reclassification	-	54,000	104,420	158,420
Reclassified to held for sale	-	(195,480)	-	(195,480)
Effects of foreign currency exchange differences	-	3,503	-	3,503
Balance at December 31, 2024	<u>252,550</u>	<u>247,654</u>	<u>104,420</u>	<u>604,624</u>
 <u>Accumulated depreciation</u>				
Balance at January 1, 2024	-	153,978	-	153,978
Depreciation	-	16,514	540	17,054
Reclassification	-	15,135	11,313	26,448

(Continued)

	Land	Buildings	Right-of-use assets	Total
Reclassified to held for sale	-	(63,043)	-	(63,043)
Effects of foreign currency exchange differences	-	1,243	-	1,243
Balance at December 31, 2024	-	<u>123,827</u>	<u>11,853</u>	<u>135,680</u>
Carrying amount at December 31, 2024	<u>\$ 252,550</u>	<u>\$ 123,827</u>	<u>\$ 92,567</u>	<u>\$ 468,944</u> (Concluded)

For the Year ended December 31, 2023

Cost	Land	Buildings	Total
Balance at January 1, 2023	\$ 252,550	\$ 395,422	\$ 647,972
Reclassification	-	(7,913)	(7,913)
Effects of foreign currency exchange differences	-	(1,878)	(1,878)
Balance at December 31, 2023	<u>252,550</u>	<u>385,631</u>	<u>638,181</u>
Accumulated depreciation			
Balance at January 1, 2023	-	139,682	139,682
Depreciation	-	17,096	17,096
Reclassification	-	(2,162)	(2,162)
Effects of foreign currency exchange differences	-	(638)	(638)
Balance at December 31, 2023	<u>-</u>	<u>153,978</u>	<u>153,978</u>
Carrying amount at December 31, 2023	<u>\$ 252,550</u>	<u>\$ 231,653</u>	<u>\$ 484,203</u>

The abovementioned investment properties were leased out for 1 to 15 years. The leases do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	December 31, 2024	December 31, 2023
Year 1	\$ 26,299	\$ 22,587
Year 2	9,080	8,435
Year 3	6,740	5,760
Year 4	6,143	5,880
Year 5	6,120	6,000
Year 6 onwards	<u>25,680</u>	<u>31,800</u>
	<u>\$ 80,062</u>	<u>\$ 80,462</u>

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

Buildings	
Main structure	25-60 years
Engineering system	2-5 years
Right-of-use assets	30 years

The investment properties of the Company and its subsidiaries are located at Annan District in Tainan City, Hunei District in Kaohsiung City, Kaohsiung Science Park and Shanghai City in China. The fair value of the investment properties was assessed by the management of the Company and its subsidiaries based on the actual price registration information of nearby area or market evidence of transaction prices categorized as Level 3 input. Professional independent valuers were not involved in the fair value assessment. The fair value for the years ended December 31, 2024 and 2023 are NT\$829,903 thousand and NT\$820,080 thousand, respectively.

All of the Company and its subsidiaries' investment properties are held under freehold interests.

Investment properties pledged by the Company and its subsidiaries as collateral for bank borrowings are described in Note 36.

19. INTANGIBLE ASSETS

For the year ended December 31, 2024

Cost	Computer Software	Goodwill	Patents	Others	Total
Balance at January 1, 2024	\$ 278,603	\$ 11,989	\$ 1,172	\$ 8,666	\$ 300,430
Additions	16,498	-	33	-	16,531
Reclassification	(835)	-	-	-	(835)
Derecognition	(151,538)	-	-	(7,951)	(159,489)
Effects of foreign currency exchange differences	1,858	-	5	(715)	1,148
Balance at December 31, 2024	<u>144,586</u>	<u>11,989</u>	<u>1,210</u>	<u>-</u>	<u>157,785</u>
<u>Accumulated amortization</u>					
Balance at January 1, 2024	235,987	11,989	811	7,643	256,430
Amortization expenses	21,422	-	38	1,891	23,351
Reclassification	(636)	-	-	-	(636)
Derecognition	(151,538)	-	-	(7,951)	(159,489)
Effects of foreign currency exchange differences	2,692	-	3	(1,583)	1,112
Balance at December 31, 2024	<u>107,927</u>	<u>11,989</u>	<u>852</u>	<u>-</u>	<u>120,768</u>
Carrying amount at December 31, 2024	<u>\$ 36,659</u>	<u>\$ -</u>	<u>\$ 358</u>	<u>\$ -</u>	<u>\$ 37,017</u>

For the year ended December 31, 2023

Cost	Computer Software	Goodwill	Patents	Others	Total
Balance at January 1, 2023	\$ 265,404	\$ 13,731	\$ 3,651	\$ 7,177	\$ 289,963
Additions	15,682	-	374	1,011	17,067
Reclassification	10,767	-	-	1,068	11,835
Derecognition	(4,845)	-	(2,972)	-	(7,817)
Proceeds from disposal of subsidiary	(8,704)	-	-	(180)	(8,884)
Transfer out due to loss of control	(3,353)	(1,742)	-	-	(5,095)

(Continued)

	Computer Software	Goodwill	Patents	Others	Total
Effects of foreign currency exchange differences	3,652	-	119	(410)	3,361
Balance at December 31, 2023	<u>278,603</u>	<u>11,989</u>	<u>1,172</u>	<u>8,666</u>	<u>300,430</u>
Accumulated amortization					
Balance at January 1, 2023	224,753	11,989	3,597	7,171	247,510
Amortization expenses	24,089	-	71	3	24,163
Reclassification	-	-	-	1,068	1,068
Derecognition	(4,845)	-	(2,972)	-	(7,817)
Proceeds from disposal of subsidiary	(8,655)	-	-	(180)	(8,835)
Transfer out due to loss of control	(2,931)	-	-	-	(2,931)
Effects of foreign currency exchange differences	3,576	-	115	(419)	3,272
Balance at December 31, 2023	<u>235,987</u>	<u>11,989</u>	<u>811</u>	<u>7,643</u>	<u>256,430</u>
Carrying amount at December 31, 2023	<u>\$ 42,616</u>	<u>\$ -</u>	<u>\$ 361</u>	<u>\$ 1,023</u>	<u>\$ 44,000</u>
					(Concluded)

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

The above items of intangible assets are amortized on a straight-line basis over the following estimated useful lives:

Computer software	1-10 years
Patents	3-8 years
Others	5-8 years

20. BORROWINGS

a. Short-term borrowings

	December 31	
	2024	2023
Unsecured loans	\$ 2,293,057	\$ 1,865,328
Secured borrowings	<u>336,907</u>	<u>633,705</u>
	<u>\$ 2,629,964</u>	<u>\$ 2,499,033</u>
Annual interest rate of unsecured loan (%)	1.87~5.62	1.71~6.6
Annual interest rate of secured loan (%)	1.82~2.125	1.95~5.7

b. Short-term bills payable

	December 31	
	2024	2023
Commercial paper	\$ 50,000	\$ 110,000
Less: Unamortized discounts	(163)	(268)
	<u>\$ 49,837</u>	<u>\$ 109,732</u>
Annual interest rate (%)	1.81	1.58~1.77

The above commercial paper was secured by Mega Bills Finance Corporation, International Bills Finance Corporation, Taching Bill Finance Ltd. and Dah Chung Bills Finance Corporation.

c. Long-term borrowings

	December 31	
	2024	2023
Bank loans		
Due on various dates through May 2025, June 2027, September 2029, and April 2030	\$ 735,669	\$ 494,816
Mortgage loans		
Due on various dates through June 2027 and April 2035	<u>606,333</u>	<u>920,667</u>
	1,342,002	1,415,483
Less: Current portion	<u>478,465</u>	<u>1,026,022</u>
	<u>\$ 863,537</u>	<u>\$ 389,461</u>
Annual interest rate of unsecured loan (%)	0.22~1.954	0.22~5.312
Annual interest rate of secured loan (%)	1.985~2.272	1.8~2.14

The Subsidiaries MBI and Anger signed a loan contract with E.SUN Commercial Bank, Taishin Commercial Bank and Taipei Fubon Bank, and the contract period is until June 2025 to September 2025. According to the above loan contract, the company and its subsidiaries need to maintain a certain shareholding ratio in Tongan, MBI and Anger during the contract period, and need to maintain and pledge a certain ratio of deposit. The bank will check compliance with the loan agreement once every half year and quarterly, and the subsidiary did not violate the aforesaid loan agreement for the years ended December 31, 2023 and 2024.

21. NOTES PAYABLE AND ACCOUNTS PAYABLE

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

The Company and its subsidiaries have financial risk management policies to ensure that all payables are paid within the agreed credit terms.

22. OTHER PAYABLES

	December 31	
	2024	2023
Salaries and incentive bonus	\$ 240,964	\$ 224,534
Commission and service fee	51,884	114,848
Insurance	29,154	40,678
Employee compensation and remuneration of directors	1,201	15,436
Business tax	-	26,384
Others	<u>203,236</u>	<u>145,409</u>
	<u>\$ 526,439</u>	<u>\$ 567,289</u>

23. PROVISIONS

	December 31	
	2024	2023
Current		
Warranties	<u>\$ 132,842</u>	<u>\$ 130,998</u>
For the Year Ended December 31		
	2024	2023
Balance at January 1	\$ 130,998	\$ 95,291
Recognized	173,211	184,907
Paid	(172,498)	(126,021)
Proceeds from disposal of subsidiary	-	(4,426)
Transfer out due to loss of control	-	(19,756)
Effects of foreign currency exchange differences	<u>1,131</u>	<u>1,003</u>
Balance at December 31	<u>\$ 132,842</u>	<u>\$ 130,998</u>

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company and its subsidiaries' obligations for warranties under local sale of goods legislation. The estimate was made on the basis of historical warranty trends and may vary with actual as a result of new materials, altered manufacturing processes or other events affecting product quality.

24. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and its domestic subsidiaries 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.

The employees of subsidiaries Suzhou Tongyu, TTJP, TTS, TTGF, Anger and Cerimatec also make contributions at certain percentages of the basic salary of their employee in accordance with the local regulations.

b. Defined benefit plans

The Company and its domestic subsidiaries 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 and its domestic subsidiaries make 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 and its domestic subsidiaries assess 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 and its domestic subsidiaries are 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 and its subsidiaries have no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Company and its subsidiaries' defined benefit plans were as follows:

	December 31	
	2024	2023
Present value of defined benefit obligation	\$ 230,893	\$ 239,734
Fair value of plan assets	(204,094)	(183,816)
	26,799	55,918
Less: Net defined benefit liabilities	30,552	58,839
Net defined benefit assets	(\$ 3,753)	(\$ 2,921)

Movements of net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2023	<u>\$ 251,856</u>	(\$ 187,723)	\$ 64,133
Derecognized due to loss of control	(3,512)	2,693	(819)
Service cost			
Current service cost	1,091	-	1,091
Interest expense (income)	<u>3,617</u>	(2,607)	1,010
Recognized in profit or loss	<u>4,708</u>	(2,607)	2,101
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,367)	(1,367)
Actuarial loss - changes in financial assumptions	1,693	-	1,693
Actuarial gain - experience adjustments	(8,064)	-	(8,064)
Recognized in other comprehensive income	(6,371)	(1,367)	(7,738)
Contributions from the employer	-	(5,299)	(5,299)
Contributions from plan participants	(10,537)	10,537	-
Exchange loss	3,590	-	3,590
Others	-	(50)	(50)
	(6,947)	5,188	(1,759)
Balance at December 31, 2022	<u>239,734</u>	(183,816)	55,918
Service cost			
Current service cost	2,423	-	2,423
Interest expense (income)	<u>3,565</u>	(2,391)	1,174
Recognized in profit or loss	<u>5,988</u>	(2,391)	3,597
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(16,511)	(16,511)
Actuarial gain - changes in demographic assumptions	(6,870)	-	(6,870)

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Actuarial gain - changes in financial assumptions	(4,661)	-	(4,661)
Actuarial loss - experience adjustments	<u>8,903</u>	<u>-</u>	<u>8,903</u>
Recognized in other comprehensive income	(2,628)	(16,511)	(19,139)
Contributions from the employer	-	(15,237)	(15,237)
Contributions from plan participants	(14,258)	14,258	-
Exchange loss	2,057	-	2,057
Others	-	(397)	(397)
	(12,201)	(1,376)	(13,577)
Balance at December 31, 2023	<u>\$ 230,893</u>	<u>(\$ 204,094)</u>	<u>\$ 26,799</u> (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	\$ 2,843	\$ 1,595
Operating expenses	<u>754</u>	<u>506</u>
	<u>\$ 3,597</u>	<u>\$ 2,101</u>

Through the defined benefit plans under the Labor Standards Law, the Company and its subsidiaries are exposed to the following risks:

1) Investment 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.

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 (%)	1.60～3.35	1.3～3.2
Expected rate of salary increase (%)	2.25～2.90	2.00～2.625
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	(\$ 3,968)	(\$ 4,318)
0.25% decrease	<u>\$ 4,089</u>	<u>\$ 4,455</u>
Expected rate of salary increase		
0.25% increase	\$ 3,937	\$ 4,278
0.25% decrease	(\$ 3,839)	(\$ 4,168)

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>\$ 5,170</u>
The average duration of the defined benefit obligation	8-9 years	8-11 years

25. 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>
		(Continued)

	December 31	
	2024	2023
<u>May be used to offset a deficit only</u>		
Changes in percentage of ownership interests in subsidiaries	<u>3,838</u>	<u>3,838</u>
	<u><u>\$ 1,220,665</u></u>	<u><u>\$ 1,220,665</u></u>
		(Concluded)

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:

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

The appropriations of earnings for 2023 had been proposed in the Board of Directors' meetings in March 2024. The appropriations and dividends per share were as follows:

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

	For the Year Ended December 31	
	2024	2023
Balance at January 1	(\$ 146,157)	(\$ 120,957)
Recognized for the year		
Exchange differences on translating foreign operations	43,291	(31,500)
Income tax	<u>(8,658)</u>	<u>6,300</u>
Balance at December 31	<u><u>(\$ 111,524)</u></u>	<u><u>(\$ 146,157)</u></u>

2) Unrealized gain and loss on financial assets at FVTOCI

	For the Year Ended December 31	
	2024	2023
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><u>\$ 352,787</u></u>	<u><u>\$ 118,778</u></u>

f. Non-controlling interests

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ 118,778	\$ 603,452
Attributable to non-controlling interests:		
Share of net profit (loss) for the year	<u>234,009</u>	71,356
Exchange difference on translating foreign operations	<u>\$ 352,787</u>	(228)
Acquisition of partial interests in subsidiaries	<u>\$ 118,778</u>	-
Disposal of partial interests in subsidiaries		99,225
Dividend distributed by subsidiaries	<u>234,009</u>	(27,723)
Reduction of Cash Capital by subsidiaries	<u>\$ 352,787</u>	(27,723)
Remeasurement on defined benefit plans	<u>\$ 118,778</u>	(17)
Increase (decrease) in non-controlling interests		(<u>714,071</u>)
Balance at December 31	<u><u>234,009</u></u>	<u><u>\$ 4,271</u></u>

26. OPERATING REVENUE

a. Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Notes and accounts receivable, long-term notes and accounts receivables	\$ 2,258,653	\$ 2,709,942	\$ 3,080,073
Contract liabilities			
Sales of goods	\$ 897,376	\$ 850,990	\$ 1,125,643

b. Disaggregation of revenue

	Reportable Segments			
	Machine Manufacturer	Component Manufacturer	Others	Total
For the Year Ended December 31, 2024				
Revenue from sale of goods	\$4,200,691	\$ 291,155	\$ 220,757	\$4,712,603
Revenue from maintenance and rebuilding services	<u>910,673</u>	<u>47,792</u>	<u>68,281</u>	<u>1,026,746</u>
	<u>\$5,111,364</u>	<u>\$ 338,947</u>	<u>\$ 289,038</u>	<u>\$5,739,349</u>
For the Year Ended December 31, 2023				
Revenue from sale of goods	\$5,866,060	\$ 288,264	\$ 291,997	\$6,446,321
Revenue from maintenance and rebuilding services	<u>875,103</u>	<u>94,205</u>	<u>204,881</u>	<u>1,174,189</u>
	<u>\$6,741,163</u>	<u>\$ 382,469</u>	<u>\$ 496,878</u>	<u>\$7,620,510</u>

27. PROFIT BEFORE INCOME TAX

The following items were included in profit before income tax:

a. Other income

	For the Year Ended December 31	
	2024	2023
Rental income	\$ 77,614	\$ 66,918
Dividend income	7,007	13,421
Government subsidy income	4,144	6,736
Electricity income from investment Property	10,862	25,196
Recover accounts written off in previous years	10,303	-
VAT refund income	13,048	-
Others	<u>61,358</u>	<u>51,617</u>
	<u>\$ 184,336</u>	<u>\$ 163,888</u>

b. Other gains and losses

	For the Year Ended December 31	
	2024	2023
Net foreign exchange gain (loss)	\$ 59,297	\$ 10,587
Loss on financial instruments at fair value through profit (loss)	406	(1,488)

(Continued)

	For the Year Ended December 31	
	2024	2023
Gain (loss) on disposal of property, plant and equipment (Note 30)	(11,029)	114,896
Net Loss on Disposal of Intangible Assets	(185)	-
Depreciation expense	(19,067)	(19,401)
Impairment Loss on Property, Plant and Equipment (Note 16)	(14,727)	-
Gain on disposal of subsidiary (Note 30)	-	113,687
Loss on disposal of subsidiary (Note 30)	-	(52)
Restructuring Expenses	(73,748)	-
Others	(14,499)	(24,111)
	<u><u>(\$ 73,552)</u></u>	<u><u>\$ 194,118</u></u>
		(Concluded)

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

	For the Year Ended December 31	
	2024	2023
Foreign exchange gain	\$ 85,661	\$ 137,479
Foreign exchange loss	(26,364)	(126,892)
Net foreign exchange gain (loss)	<u><u>\$ 59,297</u></u>	<u><u>\$ 10,587</u></u>

c. Finance costs

	For the Year Ended December 31	
	2024	2023
Interest on bank loans	\$ 107,987	\$ 123,026
Interest on lease liabilities	15,829	15,465
Others	<u><u>1,274</u></u>	<u><u>800</u></u>
	<u><u>\$ 125,090</u></u>	<u><u>\$ 139,291</u></u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2024	2023
Depreciation and amortization expenses		
Property, plant and equipment	\$ 171,769	\$ 208,579
Right-of-use assets	46,968	46,283
Investment properties	17,054	17,096
Intangible assets	23,351	24,163
Others	<u><u>14,433</u></u>	<u><u>17,000</u></u>
	<u><u>\$ 273,575</u></u>	<u><u>\$ 313,121</u></u>

An analysis of depreciation by function

Operating costs	\$ 105,999	\$ 137,649
Operating expenses	110,725	114,908
Non-operating expenses	<u><u>19,067</u></u>	<u><u>19,401</u></u>
	<u><u>\$ 235,791</u></u>	<u><u>\$ 271,958</u></u>

An analysis of amortization by function

Operating costs	\$ 19,636	\$ 25,942
Operating expenses	<u><u>18,148</u></u>	<u><u>15,221</u></u>
	<u><u>\$ 37,784</u></u>	<u><u>\$ 41,163</u></u>

e. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2024	2023
Direct operating expenses of investment properties that generated rental income	<u>\$ 20,865</u>	<u>\$ 19,901</u>

f. Employee benefits

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	<u>\$ 1,526,132</u>	<u>\$ 1,747,675</u>
Post-employment benefits		
Defined contribution plans	74,688	82,257
Defined benefit plans (Note 24)	<u>3,597</u>	<u>2,101</u>
	<u>78,285</u>	<u>84,358</u>
	<u><u>\$ 1,604,417</u></u>	<u><u>\$ 1,832,033</u></u>
Analysis of employee benefits by function		
Operating costs	\$ 1,087,368	\$ 1,196,011
Operating expenses	<u>517,049</u>	<u>636,022</u>
	<u><u>\$ 1,604,417</u></u>	<u><u>\$ 1,832,033</u></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:

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

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

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

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

27. INCOME TAX

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

	For the Year Ended December 31	
	2024	2023
Current tax		
In respect of the current year	\$ 102	\$ 30,069
Income basic tax	-	4,840
Income tax on unappropriated earnings	-	4,631
Adjustments for prior years	<u>10,607</u>	(<u>8,544</u>)
	<u>10,709</u>	<u>30,996</u>
Deferred tax		
In respect of the current year	(81,315)	(\$ 58,707)
Adjustments for prior years	(<u>11,307</u>)	(<u>640</u>)
	(<u>92,622</u>)	(<u>59,347</u>)
	(<u> \$ 81,913</u>)	(<u> \$ 28,351</u>)

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

	For the Year Ended December 31	
	2024	2023
Profit before income tax	(<u> \$ 992,224</u>)	\$ <u>93,136</u>
Income tax expense calculated at the statutory rate (loss carryforwards benefit)	(\$ 221,573)	\$ 16,077
Non-deductible expenses in determining taxable income	(10,665)	(74,758)
Unrecognized Loss Carryforward	152,328	52,780
Tax-exempt income	(1,303)	(22,737)
Income tax under the Alternative Minimum Tax Act	-	4,840
Income tax on unappropriated earnings	-	4,631
Adjustments for prior years	(<u> 700</u>)	(<u> 9,184</u>)
	(<u> \$ 81,913</u>)	(<u> \$ 28,351</u>)

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

	For the Year Ended December 31	
	2024	2023
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

	December 31	
	2024	2023
Current tax assets		
Tax refund receivable	<u>\$ 37,080</u>	<u>\$ 25,374</u>
Current tax liabilities		
Income tax payable	<u>\$ 2,305</u>	<u>\$ 7,990</u>

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2024

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance, End of Year
Deferred tax assets					
Temporary differences					
Write-downs of inventory	\$ 124,436	\$ 76,461	\$ -	\$ 343	\$ 201,240
Allowance for bad debts	66,592	8,014	-	946	75,552
Share of loss of foreign subsidiaries	168,042	-	-	-	168,042
Exchange difference on translating foreign operations	36,539	-	(8,658)	-	27,881
Defined benefit plan	8,574	(2,753)	(2,370)	-	3,451
Provisions	15,861	380	-	222	16,463
Loss carryforwards	9,838	6,127	-	-	15,965
Others	<u>17,790</u>	<u>5,303</u>	<u>-</u>	<u>143</u>	<u>23,236</u>
	<u>\$447,672</u>	<u>\$ 93,532</u>	<u>(\$ 11,028)</u>	<u>\$ 1,654</u>	<u>\$531,830</u>
Deferred tax liabilities					
Temporary differences					
Land value increment tax	\$ 61,301	\$ -	\$ -	\$ -	\$ 61,301
Others	<u>1,340</u>	<u>910</u>	<u>-</u>	<u>20</u>	<u>2,270</u>
	<u>\$ 62,641</u>	<u>\$ 910</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 63,571</u>

For the Year Ended December 31, 2023

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Exchange Differences	Transfer Out Due to Loss of Control	Balance, End of Year
Deferred tax assets						
Temporary differences						
Write-downs of inventory	\$ 124,660	\$ 8,671	\$ -	(\$ 177)	(\$ 8,718)	\$ 124,436
Allowance for bad debts	74,549	2,871	-	(502)	(10,326)	66,592
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	10,881	(636)	(712)	-	(959)	8,574
Deduction of development cost	948	(948)	-	-	-	-
Provisions	15,787	4,342	-	(105)	(4,163)	15,861
Loss carryforwards	14,763	(4,925)	-	-	-	9,838
Others	<u>21,917</u>	<u>2,800</u>	<u>-</u>	<u>341</u>	<u>(7,268)</u>	<u>17,790</u>
	<u>\$416,476</u>	<u>\$ 57,485</u>	<u>\$ 5,588</u>	<u>(\$ 443)</u>	<u>(\$ 31,434)</u>	<u>\$447,672</u>
Deferred tax liabilities						
Temporary differences						
Land value increment tax	\$ 66,990	\$ -	\$ -	\$ -	(\$ 5,689)	\$ 61,301
Others	<u>4,441</u>	<u>(1,862)</u>	<u>-</u>	<u>62</u>	<u>(1,301)</u>	<u>1,340</u>
	<u>\$ 71,431</u>	<u>(\$ 1,862)</u>	<u>\$ -</u>	<u>\$ 62</u>	<u>(\$ 6,990)</u>	<u>\$ 62,641</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	<u>\$ 485,925</u>	<u>\$ 150,066</u>

The unrecognized loss carryforwards will expire through 2036.

f. Information about unused loss carryforwards

As of December 31, 2024, loss carryforwards comprised of the following:

Unused Amount	Expiry Year
\$ 3,651	2025
5,156	2026
68,517	2027
-	2028
<u>1,520,357</u>	Over 2029
<u>\$ 1,597,681</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 and the subsidiaries (included Tongfong, APEC, Quick-Tech and Tong-Yeh) through 2022 and the subsidiary APEC through 2021 have been assessed by the tax authorities.

29. 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
Attributable to owners of the Company	<u>(\$ 906,836)</u>	<u>\$ 50,131</u>

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	<u>-</u>	<u>192</u>
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.

30. DISPOSAL OF SUBSIDIARY

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

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

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

2) Gain on disposal of subsidiary

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

3) Net cash outflow from disposal of subsidiary

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

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

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

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

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

2) Loss on disposal of subsidiary

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

3) Net cash inflow on disposals of subsidiary

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

31. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

32. NON-CASH TRANSACTIONS

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

	For the Year Ended December 31	
	2024	2023
Investing activities affecting both cash and non-cash items		
Acquisition of property, plant and equipment	\$ 93,408	\$ 118,751
Decrease (increase) of payable for equipment	3,168	471
Increase (decrease) of prepayment for equipment	6,170	(2,668)
Increase (decrease) of inventories	-	(24,811)
Cash paid	<u>\$ 102,746</u>	<u>\$ 91,743</u>

33. CAPITAL MANAGEMENT

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

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

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

34. 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
<u>December 31, 2024</u>				
Financial assets at FVTOCI - non-current				
Domestic listed shares	\$ 380,878	\$ -	\$ -	\$ 380,878
Domestic unlisted shares	<u>-</u>	<u>-</u>	30,454	30,454
	<u>\$ 380,878</u>	<u>\$ -</u>	<u>\$ 30,454</u>	<u>\$ 411,332</u>
<u>December 31, 2023</u>				
Financial assets at fair value through profit or loss - current				
Foreign exchange forward contracts	\$ -	\$ 53	\$ -	\$ 53
Financial assets at FVTOCI - non-current				
Domestic listed shares	\$ 145,239	\$ -	\$ -	\$ 145,239
Domestic unlisted shares	<u>-</u>	<u>-</u>	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 2024 and 2023.

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

For the Year Ended December 31, 2024

	Equity Instruments	
	Financial Assets at FVTOCI	
	2024	2023
Financial assets		
Balance at January 1, 2024	\$ 32,084	\$ 36,299
Change in fair value recognized in other comprehensive income	(1,630)	(4,215)
Balance at December 31, 2024	<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. For CNY floating rate financial products, fair values were estimated on the basis of expected rate of return.

c. Categories of financial instruments

	December 31	
	2024	2023
Financial assets		
Financial assets at FVTPL	\$ -	\$ 53
Financial assets at amortized cost (1)	3,534,672	3,845,246
Financial assets at FVTOCI		
Equity instruments	411,332	177,323

	December 31	
	2024	2023
Financial liabilities		
Financial liabilities at amortized cost (2)	5,962,654	5,699,621
1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, Non-current financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables, other financial assets (current and non-current), refundable deposits, and long-term notes and accounts receivable.		
2) The balances included financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, notes and accounts payable (including related parties), other payables, long-term borrowings (including those due in one year) and deposits received.		

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

The carrying amounts of significant foreign currency monetary assets and liabilities at the balance sheet date are disclosed in Note 39.

The Company and its subsidiaries are mainly exposed to the USD, CNY and EUR. The following table details the Company and its subsidiaries' sensitivity to a 3% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key

management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 3%. The sensitivity analysis included only outstanding foreign currency denominated monetary items.

	USD Impact		CNY Impact		EUR Impact	
	For the Year Ended		For the Year Ended		For the Year Ended	
	December 31	2024	December 31	2024	December 31	2024
Profit or loss (Note)	(\$ 16,766)	(\$ 13,864)	(\$ 17,996)	(\$ 17,058)	(\$ 13,629)	(\$ 17,159)

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

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

b) Interest rate risk

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

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

	December 31	
	2024	2023
Fair value interest rate risk		
Financial assets	\$ 51,442	\$ 49,796
Financial liabilities	796,183	759,219
Cash flow interest rate risk		
Financial liabilities	3,787,085	3,472,043

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

If interest rates of financial liabilities had been 1% higher/lower and all other variables were held constant, the Company and its subsidiaries' pre-tax profit and loss would have been lower/higher by NT\$ 37,871 thousand and higher/ lower NT\$34,720 thousand for the years ended December 31, 2024 and 2023, respectively.

c) Other price risk

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

If domestic listed shares equity prices and mutual funds had been 1% higher/lower, the

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.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company and its subsidiaries. As of the balance sheet date, the Company and its subsidiaries' maximum exposure to credit risk is the carrying amount of the financial assets on the consolidated balance sheets.

The Company and its subsidiaries adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company and its subsidiaries' exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Except for the following customer, the Company and its subsidiaries did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

3) Liquidity risk

The Company and its subsidiaries manage liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company and its subsidiaries' operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The following table details the Company and its subsidiaries' remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company and its subsidiaries can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate at the end of the balance sheet date.

For the Year Ended December 31, 2024

	Less than				Total
	1 Year	1-5 Years	5+ Years		
Non-interest bearing liabilities	\$ 1,932,002	\$ 8,849	\$ -		\$ 1,940,851
Interest bearing liabilities	3,219,322	695,363	101,187		4,015,872
Finance lease liabilities	53,382	176,112	691,411		920,905
	<u>\$ 5,204,706</u>	<u>\$ 880,324</u>	<u>\$ 792,598</u>		<u>\$ 6,877,628</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>\$ 53,382</u>	<u>\$ 176,112</u>	<u>\$ 179,331</u>	<u>\$ 173,093</u>	<u>\$ 139,648</u>	<u>\$ 199,339</u>

For the Year Ended December 31, 2023

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

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

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 52,786</u>	<u>\$176,255</u>	<u>\$171,804</u>	<u>\$165,619</u>	<u>\$155,768</u>	<u>\$199,380</u>

e. Transferred Financial assets

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

For the year ended December 31, 2024 and 2023, the carrying amounts of the un-derecognition transferred bank acceptance receivable were NT\$43,712 thousand and NT\$36,156 thousand, respectively, and related debt were NT\$43,712 thousand and NT\$36,156 thousand, respectively.

35. TRANSACTIONS WITH RELATED PARTIES

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

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

Related Party Name	Relationship
Contrel Technology Co., Ltd.	Other related parties
F.S.E Corporation	Other related parties
Honor Seiki Co., Ltd. (Honor Seiki)	Other related parties (lost control in November 2023)
Ruei Yang Precision Co., Ltd. (Ruei Yang)	Other related parties
Shiang Jen Co., Ltd. (Shiang Jen)	Other related parties
Printin3d DigiTech Co., Ltd.	Other related parties
San Shin Co., Ltd. (San Shin)	Other related parties
Sheng Li Machine Industry Co., Ltd.	Other related parties
Pt Tong - Tai Seikindo Utama	Substantial related party
IAMECH TECHNOLOGY INC.	Substantial related party

b. Sales of goods

Account Item	Related Party Type	For the Year Ended December 31	
		2024	2023
Revenues from sales	Other related parties	<u>\$ 56,176</u>	<u>\$ 8,540</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
Other related parties	\$ 317,834	\$ 103,796

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

d. Receivables from related parties

Account Item	Related Party Type	December 31	
		2024	2023
Accounts receivable - related parties	Other related parties	\$ 12,527	\$ 16,523
Other accounts receivable	Other related parties	\$ 7,452	\$ 5,805

e. Payables to related parties

Account Item	Related Party Type	December 31	
		2024	2023
Notes payable - related parties	Honor Seiki	\$ 8,879	\$ 1,882
Accounts payable - related parties	Other related parties		
	Honor Seiki	\$ 109,772	\$ -
	Shiang Jen	28,350	27,559
	Shan Shin	14,475	9,185
	Other	7,718	11,155
		\$ 160,315	\$ 47,899
Other accounts payable	Other related parties	\$ 277	\$ 357

f. Contract liabilities

Account Item	Related Party Type	December 31	
		2024	2023
Contract liabilities - current	Other related parties	\$ 3,514	\$ -

g. Prepayments

Account Item	Related Party Type	December 31	
		2024	2023
Prepayment for purchases	Other related parties	\$ 15,390	\$ 32,748

h. Disposal of other assets

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

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

the same as the sale to a non-related party, and the difference between the consideration and carrying amount was recognized under the capital surplus (Refer to Note 31).

i. Other transactions with related parties

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

Related Party Type	For the Year Ended December 31	
	2024	2023
Other related parties	\$ 833	\$ 771

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

Related Party Type	For the Year Ended December 31	
	2024	2023
Other related parties	\$ 848	\$ 548

3) Rental income

Related Party Type	For the Year Ended December 31	
	2024	2023
Other related parties		
Shiang Jen	\$ 5,520	\$ 5,400
Others	286	2,080
	<u>\$ 5,806</u>	<u>\$ 7,480</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.

j. Compensation of key management personnel

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

36. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2024	2023
Notes receivable	\$ 43,712	\$ 36,156
Property, plant and equipment	801,436	1,112,021
Investment properties	123,044	225,658
Other financial assets (including current and non-current portion)	<u>166,707</u>	<u>106,893</u>
	<u>\$ 1,134,899</u>	<u>\$ 1,480,728</u>

37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in Note 17, significant commitments and contingencies of the Company and its subsidiaries 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 and its subsidiaries entered into credit facility agreements with banks for commitment amount of NT\$ 353,362 thousand.

38. 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.

39. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company and its subsidiaries and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands of New Taiwan Dollars)
December 31, 2024			
Monetary foreign currency assets			
USD	\$ 24,742	32.785 (USD: NTD)	\$ 811,166
USD	90	0.96 (USD: EUR)	2,951
USD	492	4.64 (USD: MYR)	16,130
USD	2,723	7.321 (USD: CNY)	89,274
CNY	137,671	4.478 (CNY: NTD)	616,491
EUR	15,613	34.14 (EUR: NTD)	533,028
Non-monetary foreign currency assets			
Investment accounted for using the equity method			
MYR	7,748	7.066 (MYR: NTD)	7,748
JPY	118,674	0.2099 (JPY: NTD)	118,674
Monetary foreign currency liabilities			
USD	8,351	32.785 (USD: NTD)	8,351
USD	2,586	0.96 (USD: EUR)	2,586
USD	63	4.64 (USD: MYR)	63
USD	1	7.321 (USD: CNY)	1
CNY	3,713	4.478 (CNY: NTD)	3,713
EUR	2,658	34.14 (EUR: NTD)	2,658
Non-monetary foreign currency liabilities			
Investment accounted for using the equity method			
USD	139	32.785 (USD: NTD)	139
EUR	6,152	34.14 (EUR: NTD)	6,152
December 31, 2023			
Monetary foreign currency assets			
USD	\$ 27,898	30.705 (USD: NTD)	\$ 856,612
USD	1,266	0.9036 (USD: EUR)	38,869

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands of New Taiwan Dollars)
USD	416	4.789 (USD: MYR)	12,770
CNY	135,244	4.327 (CNY: NTD)	585,200
EUR	18,472	33.98 (EUR: NTD)	627,673
Non-monetary foreign currency assets			
Investment accounted for using the equity method			
USD	85	30.705 (USD: NTD)	2,619
MYR	7,915	6.411 (MYR: NTD)	50,740
JPY	104,940	0.2172 (JPY: NTD)	22,793
Monetary foreign currency liabilities			
USD	11,730	30.705 (USD: NTD)	360,162
USD	2,781	0.9036 (USD: EUR)	85,380
USD	18	4.789 (USD: MYR)	561
CNY	3,838	4.327 (CNY: NTD)	16,609
EUR	1,639	33.98 (EUR: NTD)	55,690
Non-monetary foreign currency liabilities			
Investment accounted for using the equity method			
EUR	8,670	33.98 (EUR: NTD)	294,612
			(Concluded)

The total foreign exchange net gain (loss) amounted to NT\$59,297 thousand and 10,587 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.

40. ADDITIONAL DISCLOSURES

- Following are the additional disclosures required by the Securities and Futures Bureau for the Company:
 - Financial provided: Please see Table 1 attached;
 - Endorsement/guarantee provided: Please see Table 2 attached;
 - Marketable securities held (excluding investments in subsidiaries, associates and joint venture): Please see Table 3 attached;
 - Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;
 - Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None;
 - Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None;
 - 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;
 - Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see Table 5 attached;
 - Information about the derivative financial instruments transaction: Please see Note 7;
 - Others: The business relationship between the parent and the subsidiaries and significant transactions between them: Please see Table 6 attached;

- b. Information about Subsidiaries: Please see Table 7 attached;
- c. Information on investment in Mainland China
 - 1) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 8 attached;
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Please see Table 6 attached;
 - 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 and 5 attached;
 - c) The amount of property transactions and the amount of the resultant gains or losses: None;
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None;
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Please see Table 1 attached;
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.
- d. Information of major shareholders: Please see Table 9 attached.

41. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Reported segments of the Company and its subsidiaries were as follows:

- Machine Manufacturer Segment: Including the Company, Suzhou Tongyu, Honor Seiki (lost control in November 2023), APEC, PCI-SCEMM and Anger, which are engaging in the manufacturing and selling of machine tools and after-sales service.
- Component Manufacturer Segment: Including Tongfong, Tong-Yeh, HPC (was disposed in June 2023), CERIMATEC and SKTD, mainly engage in sales and manufacturing of parts, mold and maintenance of machine tool.
- Others: Apart from the aforementioned segments, mainly engage in sales of machines, and holding investment and so on.

a. Segment revenues and operating results

For the Year Ended December 31, 2024	Machine Manufacturer	Component Manufacturer	Others	Adjustment and Elimination	Total
Revenues from external customers	\$ 5,111,364	\$ 338,947	\$ 289,038	\$ -	\$ 5,739,349
Inter-segment revenues	<u>419,972</u>	<u>112,735</u>	<u>95,325</u>	(628,032)	-
Segment revenues	<u>\$ 5,531,336</u>	<u>\$ 451,682</u>	<u>\$ 384,363</u>	(\$ 628,032)	<u>\$ 5,739,349</u>

(Continued)

	Machine Manufacturer	Component Manufacturer	Others	Adjustment and Elimination	Total
Segment profit (loss)	(\$ 1,042,647)	(\$ 39,307)	(\$ 7,563)	\$ 16,904	(\$ 1,072,613)
Interest income	40,970	149	7,835	(34,464)	14,490
Financial costs	(125,500)	(4,290)	(29,764)	34,464	(125,090)
Share of the profit of associates and subsidiaries	80,205	-	-	-	80,205
Other non-operating income and expenses	134,224	(8,527)	(1,496)	(13,417)	110,784
Profit (loss) before income tax	(912,748)	(51,975)	(30,988)	3,487	(992,224)
Income tax expense (benefit)	(88,377)	1,192	5,272	-	(81,913)
Net profit (loss) for the year	(\$ 824,371)	(\$ 53,167)	(\$ 36,260)	\$ 3,487	(\$ 910,311)
For the Year Ended December 31, 2023					
Revenues from external customers	\$ 6,741,163	\$ 382,469	\$ 496,878	\$ -	\$ 7,620,510
Inter-segment revenues	662,150	185,414	84,755	(932,319)	\$ 7,620,510
Segment revenues	<u>\$ 7,403,313</u>	<u>\$ 567,883</u>	<u>\$ 581,633</u>	<u>(\$ 932,319)</u>	<u>\$ 7,620,510</u>
Segment profit (loss)	(\$ 209,719)	\$ 6,383	\$ 24,325	\$ 22,704	(\$ 156,307)
Interest income	51,364	154	4,653	(27,904)	28,267
Financial costs	(136,891)	(3,063)	(27,241)	27,904	(139,291)
Share of the profit of associates and subsidiaries	2,461	-	-	-	2,461
Other non-operating income and expenses	265,305	4,686	38,305	49,710	358,006
Profit (loss) before income tax	(27,480)	8,160	40,042	72,414	93,136
Income tax expense (benefit)	(40,706)	2,616	9,739	-	(28,351)
Net profit (loss) for the year	<u>\$ 13,226</u>	<u>\$ 5,544</u>	<u>\$ 30,303</u>	<u>\$ 72,414</u>	<u>\$ 121,487</u>

(Concluded)

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

b. Segment total assets and liabilities

	December 31	
	2024	2023
Segment assets		
Machine Manufacturer	\$ 13,897,665	\$ 14,573,551
Component Manufacturer	354,384	393,609
Others	1,791,266	1,254,383
Adjustment and Elimination	(3,736,251)	(3,569,152)
	<u>\$ 12,307,064</u>	<u>\$ 12,652,391</u>
Segment liabilities		
Machine Manufacturer	\$ 8,277,351	\$ 8,404,586
Component Manufacturer	312,512	405,495
Others	639,672	771,066
Adjustment and Elimination	(1,346,454)	(2,027,691)
	<u>\$ 7,883,081</u>	<u>\$ 7,553,456</u>

c. Revenues from major products and services

Revenues from major products and services of the Company and its subsidiaries were as follows:

	For the Year Ended December 31	
	2024	2023
Sales		
Machining Center	\$ 2,653,480	\$ 2,862,631
CNC Lathe	1,158,905	2,201,695
Special Purpose Machine	552,058	790,657
PCB Processing Machine	260,832	156,477
Others	87,328	434,861
Maintenance and rebuilding revenues	1,026,746	1,174,189
	<u>\$ 5,739,349</u>	<u>\$ 7,620,510</u>

d. Geographical information

The Company and its subsidiaries operate in three principal geographical areas - Taiwan, Asia and Europe.

The Company and its subsidiaries' revenues from continuing operations from external customers and information about their non-current assets by geographical location are detailed below:

	Revenues from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2024	2023	2024	2023
Taiwan	\$ 860,902	\$ 890,972	\$ 1,915,344	\$ 2,356,503
China	2,066,166	2,574,837	320,488	315,667
Europe	1,549,624	2,103,662	317,386	365,050
Asia	1,033,083	1,611,275	76,614	73,580
Others	229,574	439,764	670	1,630
	<u>\$ 5,739,349</u>	<u>\$ 7,620,510</u>	<u>\$ 2,630,502</u>	<u>\$ 3,112,430</u>

Non-current assets excluded financial assets, investment accounted for using the equity method, deferred tax assets and net defined benefit assets.

e. Geographical information

No revenue from any individual customer exceeds 10% of the Company and its subsidiaries' total revenues for the years ended December 31, 2024 and 2023.

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 (Note 5)	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits	Note
													Item	Value			
0	Tongtai Machine & Tool Co., Ltd.	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	Anger Machining 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.

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

TABLE 2

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE 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 (2), the total amount of endorsement/guarantee provided by the Company to any individual entity deriving from business relations shall not exceed the total business amount between such party and the Company for the twelve-month period immediately before the extension of endorsement/guarantee (the business amount refers to purchase amount or sales amount of the goods between the parties, whichever is higher).

TABLE 3

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

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	Same president	Financial assets at fair value through other comprehensive income – non-current	6,849,178	\$ 366,430	4	\$ 366,430	
	Contrel Technology Co., Ltd.		Financial assets at fair value through other comprehensive income - non-current	1,520,000	11,558	19	11,558	
	SHIANG JEN CO., LTD.		Financial assets at fair value through other comprehensive income - non-current	280,000	14,448	1	14,448	
	World Known MFG (Cayman) Limited		Financial assets at fair value through other comprehensive income - non-current	295,371	12,582	4	12,582	
	USYNC INC.	-	Financial assets at fair value through other comprehensive income - non-current	229,729	6,314	1	6,314	
	WORLD KNOWN MFG. CO., LTD.		Financial assets at fair value through other comprehensive income - non-current					
	Preference share	-	Financial assets at amortized cost non-current	20,000	\$ 20,000		\$ 20,000	
	POTZU CO., LTD.		Financial assets at amortized cost non-current	-	\$ 32,785	-	\$ 32,785	
	Financial bond							
	CATLIF_5.8_050934							

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

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

TABLE 5**TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance (Note 4)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	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-SCEMM	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.

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

TABLE 6**TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2024**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship	Transaction Details				% of Total Operating Revenues or Assets
				Financial Statement Accounts	Amount	Payment Terms		
0	Tongtai Machine & Tool Co., Ltd.	Quick-Tech Machinery Co., Ltd.	Parent to subsidiary	Sales	\$ 46,989	Based on contracts	0.82	
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Parent to subsidiary	Sales	234,666	Based on contracts	4.09	
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Parent to subsidiary	Accounts receivable	164,235	Based on contracts	1.33	
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Parent to subsidiary	Other receivable	91,426	Based on contracts and BOD resolution	0.74	
0	Tongtai Machine & Tool Co., Ltd.	PCI-SCEMM	Parent to subsidiary	Other receivable	95,915	Based on contracts and BOD resolution	0.78	
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	Parent to subsidiary	Other receivable	294,089	Based on contracts and BOD resolution	2.39	
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Parent to subsidiary	Other receivable	79,078	Based on contracts and BOD resolution	0.64	
0	Tongtai Machine & Tool Co., Ltd.	CERIMATEC	Parent to subsidiary	Other receivable	48,053	Based on contracts and BOD resolution	0.39	
1	Tongfong Auto Tech Co., Ltd.	Tongtai Machine & Tool Co., Ltd.	Subsidiary to Parent	Sales	51,233	Based on contracts	0.89	
2	Union Top Industrial (Samoa) Limited	PCI-SCEMM	Subsidiary to Subsidiary	Other Receivables – Related Parties – Others	36,507	Based on contracts and BOD resolution	0.30	
2	Union Top Industrial (Samoa) Limited	Mbi-group Beteiligung GmbH	Subsidiary to Subsidiary	Other Receivables – Related Parties – Others	35,104	Based on contracts and BOD resolution	0.29	

TABLE 7

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES

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)	Note	
Tongtai Machine & Tool Co., Ltd.	Tongfong Auto Tech Co., Ltd.	Kaohsiung City	Sales of electric automation equipment	14,005	14,005	1,500,000	100.00	27,474	(8,256)	(8,256)	Note	
Tongtai Machine & Tool Co., Ltd.	Asia Pacific Elite Corp.	Taichung City	Sales and manufacturing of equipment	409,240	409,240	14,515,634	99.83	194,029	48,187	49,141	Note	
Tongtai Machine & Tool Co., Ltd.	Quick-Tech Machinery Co., Ltd.	Kaohsiung City	Sales and manufacturing of equipment	197,989	197,989	11,896,891	99.14	98,919	15,908	16,418	Note	
Tongtai Machine & Tool Co., Ltd.	Tong-Yeh Precision Co., Ltd.	Kaohsiung City	Sales of electric automation equipment	28,020	28,020	1,659,790	94.58	(18,303)	(50,689)	(47,943)	Note	
Tongtai Machine & Tool Co., Ltd.	Tongtai Machine & Tool Japan Co., Ltd.	Japan	Sales and manufacturing of equipment	31,561	31,561	889	100.00	24,910	2,913	2,193	Note	
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	Note	
Tongtai Machine & Tool Co., Ltd.	Tongtai Seiki Vietnam Co.,Ltd.	Vietnam	Sales of customized machine	9,054	9,054	631,080	100.00	23,041	1,119	1,119	Note	
Tongtai Machine & Tool Co., Ltd.	Tongtai Machine Tool (SEA) Sdn. Bhd.	Malaysia	Sales of customized machine	5,107	5,107	520,000	52.00	16,524	(2,015)	(1,048)	Note	
Tongtai Machine & Tool Co., Ltd.	Tongtai Machine Tool (MFG) Sdn. Bhd.	Malaysia	Sales and manufacturing of equipment	71,952	71,952	8,500,000	100.00	38,219	(78)	(78)	Note	
Tongtai Machine & Tool Co., Ltd.	Tong-Tai Seiki USA, Inc.	USA	Sales of merchandise	-	71,667	-	100.00	-	-	-	-	Note
Tongtai Machine & Tool Co., Ltd.	TTGroup America Inc.	USA	Sales of merchandise	71,667	-	-	100.00	(4,570)	(7,214)	(7,214)	Note	
Tongtai Machine & Tool Co., Ltd.	Tongtai Mexico ,S.A. DE C.V.	Mexico	Sales and maintenance of machine tools	10,155	10,155	65,999	100.00	2,785	(1,237)	(1,237)	Note	
Tongtai Machine & Tool Co., Ltd.	PCI-SCEMM	France	Sales, manufacturing and maintenance of machine tools	182,200	182,200	1,000,000	100.00	(65,808)	(252,892)	(252,892)	Note	
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)	Note	
Tongtai Machine & Tool Co., Ltd.	Tongan GmbH	Austrian	General investment	981,154	597,771	35,000	100.00	(71,823)	(33,772)	(33,772)	Note	
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	-	-	-	Note	
Tongtai Machine & Tool Japan Co., Ltd.	SKTD Co., Ltd.	Japan	Design and development of machine tools	23,203	23,203	780	98.73	18,988	2,593	2,560	Note	
PCI-SCEMM	TTGroup France	France	Sales of merchandise	1,076	1,076	30,000	100.00	(687)	970	970	Note	
PCI-SCEMM	CERIMATEC	France	Design and development of machine tools	9,816	9,816	300,000	100.00	14,517	3,184	3,184	Note	
Tongan GmbH	Mbi-group Beteiligung GmbH	Austrian	General investment	946,577	611,202	-	100.00	(73,189)	(35,237)	(33,426)	Note	
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)	Note	
Anger Machining GmbH	Anger Machining Inc.	USA	Sales and maintenance of machine tools	122	122	60,000	100.00	23,116	8,543	8,543	Note	
Anger Machining GmbH	Anger Service Deutschland GmbH	Germany	Sales and maintenance of machine tools	868	868	-	100.00	4,831	1,233	1,233	Note	

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

TABLE 8

TONGTAI MACHINE & 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	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023 (Note 1)	Remittance of Funds		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	\$ -	Note 4
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	-	Note 4
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	-	Note 4
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	-	-	--	Note 4

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)
Tongtai Machine & Tool Co., Ltd.	\$ 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.

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

TABLE 9

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.