

**CHIEFTEK PRECISION CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2024 AND 2023**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of CHIEFTEK PRECISION CO., LTD.

Introduction

We have reviewed the accompanying consolidated balance sheets of CHIEFTEK PRECISION CO., LTD. and subsidiaries (the "Group") as of September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-month periods then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

The financial statements and related information disclosed in Note 13 of insignificant consolidated subsidiaries were not reviewed by independent auditors. Those statements reflect total assets of NT\$326,749 thousand and NT\$346,495 thousand, constituting 8% and 9% of the consolidated total assets, and total liabilities of NT\$89,071 thousand and NT\$92,662 thousand, constituting 5% and 6% of the consolidated total liabilities as of September 30, 2024 and 2023, respectively, and total comprehensive income of NT\$5,669 thousand, NT\$3,123 thousand, NT\$15,729 thousand and NT\$12,270 thousand, constituting 45%, 8%, 18% and 10% of the consolidated total comprehensive income for the three-month and nine-month periods then ended, respectively.

Qualified conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries been reviewed by independent auditors as described in the Basis for qualified conclusion section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2024 and 2023, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Independent Auditors

Yeh, Fang-Ting

Tien, Chung-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

November 6, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	September 30, 2024		December 31, 2023		(As amended) September 30, 2023		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 987,068	23	\$ 834,093	21	\$ 891,474	22
1136	Financial assets at amortized cost -	6(2) and 8						
	current		84,853	2	32,639	1	33,584	1
1150	Notes receivable, net	6(4)	23,409	1	15,656	-	15,221	-
1170	Accounts receivable, net	6(4) and 12	231,646	6	224,709	6	218,125	6
1200	Other receivables		4,675	-	2,960	-	3,784	-
1220	Current income tax assets	6(23)	14,045	-	-	-	-	-
130X	Inventories	6(5)	645,724	15	647,192	16	667,392	17
1410	Prepayments		27,116	1	57,739	2	56,035	1
11XX	Total current assets		<u>2,018,536</u>	<u>48</u>	<u>1,814,988</u>	<u>46</u>	<u>1,885,615</u>	<u>47</u>
Non-current assets								
1510	Financial assets at fair value	6(3)						
	through profit or loss - non-current		48,785	1	-	-	-	-
1600	Property, plant and equipment	6(6) and 8	1,961,547	46	1,942,263	49	1,906,138	48
1755	Right-of-use assets	6(7)	82,547	2	77,470	2	78,546	2
1780	Intangible assets	6(8)	56,889	1	63,322	2	64,469	2
1840	Deferred income tax assets	6(23)	34,994	1	34,967	1	32,888	1
1915	Prepayments for equipment	6(6)	22,141	1	7,377	-	7,427	-
1920	Guarantee deposits paid		11,536	-	12,099	-	13,065	-
1990	Other non-current assets		4,495	-	2,498	-	4,497	-
15XX	Total non-current assets		<u>2,222,934</u>	<u>52</u>	<u>2,139,996</u>	<u>54</u>	<u>2,107,030</u>	<u>53</u>
1XXX	Total assets		<u>\$ 4,241,470</u>	<u>100</u>	<u>\$ 3,954,984</u>	<u>100</u>	<u>\$ 3,992,645</u>	<u>100</u>

(Continued)

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	September 30, 2024		December 31, 2023		(As amended) September 30, 2023		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Liabilities								
Current liabilities								
2100	Short-term borrowings	6(9) and 8	\$ 210,000	5	\$ 365,000	9	\$ 285,950	7
2130	Current contract liabilities	6(16)	628	-	440	-	292	-
2150	Notes payable		60,718	1	41,913	1	64,472	2
2170	Accounts payable		47,348	1	17,975	1	26,577	1
2200	Other payables	6(10)	124,521	3	112,141	3	141,083	3
2230	Current income tax liabilities	6(23)	907	-	29,880	1	31,307	1
2280	Current lease liabilities	6(7)	4,116	-	3,674	-	3,658	-
2320	Long-term liabilities, current portion	6(11), 8 and 9	288,776	7	81,259	2	205,131	5
21XX	Total current liabilities		<u>737,014</u>	<u>17</u>	<u>652,282</u>	<u>17</u>	<u>758,470</u>	<u>19</u>
Non-current liabilities								
2540	Long-term borrowings	6(11), 8 and 9	1,021,912	24	846,915	21	753,014	19
2570	Deferred income tax liabilities	6(23)	28,087	1	24,505	1	26,120	1
2580	Non-current lease liabilities	6(7)	83,972	2	78,778	2	79,703	2
2640	Non-current net defined benefit liabilities	6(12)	8,657	-	8,936	-	5,686	-
25XX	Total non-current liabilities		<u>1,142,628</u>	<u>27</u>	<u>959,134</u>	<u>24</u>	<u>864,523</u>	<u>22</u>
2XXX	Total liabilities		<u>1,879,642</u>	<u>44</u>	<u>1,611,416</u>	<u>41</u>	<u>1,622,993</u>	<u>41</u>
Equity								
Share capital								
3110	Common stock	6(13)	892,619	21	892,619	23	892,619	22
Capital reserves								
3200	Capital surplus	6(14)	446,121	10	446,121	11	446,121	11
Retained earnings								
3310	Legal reserve	6(15)	257,422	6	247,879	6	247,879	6
3320	Special reserve		25,061	1	24,491	1	24,491	1
3350	Unappropriated retained earnings		893,530	21	905,089	23	916,039	23
3400	Other equity interest		(5,355)	-	(25,061)	(1)	(9,927)	-
3500	Treasury stocks	6(13)	(147,570)	(3)	(147,570)	(4)	(147,570)	(4)
3XXX	Total equity		<u>2,361,828</u>	<u>56</u>	<u>2,343,568</u>	<u>59</u>	<u>2,369,652</u>	<u>59</u>
Significant Contingent Liabilities and 9								
Unrecognized Contract Commitments								
3X2X	Total liabilities and equity		<u>\$ 4,241,470</u>	<u>100</u>	<u>\$ 3,954,984</u>	<u>100</u>	<u>\$ 3,992,645</u>	<u>100</u>

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

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

	Items	Notes	Three months ended September 30				Nine months ended September 30			
			2024		2023		2024		2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(16)	\$ 280,376	100	\$ 245,156	100	\$ 784,373	100	\$ 838,397	100
5000	Operating costs	6(5)(12)(21)(22)	(164,831)	(59)	(141,319)	(58)	(466,163)	(60)	(470,103)	(56)
5900	Net operating margin		<u>115,545</u>	<u>41</u>	<u>103,837</u>	<u>42</u>	<u>318,210</u>	<u>40</u>	<u>368,294</u>	<u>44</u>
	Operating expenses	6(8)(12)(21)(22), 7 and 12								
6100	Selling expenses		(30,764)	(11)	(31,435)	(13)	(80,639)	(10)	(89,449)	(11)
6200	General and administrative expenses		(38,549)	(14)	(32,640)	(13)	(113,957)	(15)	(109,346)	(13)
6300	Research and development expenses		(20,391)	(7)	(18,261)	(7)	(58,006)	(7)	(56,161)	(7)
6450	Expected credit impairment loss		(3,522)	(1)	(22)	-	(1,651)	-	(470)	-
6000	Total operating expenses		(93,226)	(33)	(82,358)	(33)	(254,253)	(32)	(255,426)	(31)
6900	Operating profit		<u>22,319</u>	<u>8</u>	<u>21,479</u>	<u>9</u>	<u>63,957</u>	<u>8</u>	<u>112,868</u>	<u>13</u>
	Non-operating income and expenses									
7100	Interest income	6(2)(17)	1,132	-	629	-	5,234	1	4,253	1
7010	Other income	6(18)	3,041	1	705	-	11,532	1	5,193	1
7020	Other gains and losses	6(3)(19) and 12	(831)	-	20,501	9	22,193	3	36,839	4
7050	Finance costs	6(6)(7)(20)	(8,911)	(3)	(6,941)	(3)	(16,630)	(2)	(14,433)	(2)
7000	Total non-operating income and expenses		(5,569)	(2)	14,894	6	22,329	3	31,852	4
7900	Profit before income tax		<u>16,750</u>	<u>6</u>	<u>36,373</u>	<u>15</u>	<u>86,286</u>	<u>11</u>	<u>144,720</u>	<u>17</u>
7950	Income tax expense	6(23)	(3,297)	(1)	(11,169)	(5)	(17,923)	(2)	(38,338)	(5)
8200	Profit for the period		<u>\$ 13,453</u>	<u>5</u>	<u>\$ 25,204</u>	<u>10</u>	<u>\$ 68,363</u>	<u>9</u>	<u>\$ 106,382</u>	<u>12</u>
	Other comprehensive (loss) income (Net)									
	Components of other comprehensive (loss) income that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations		(\$ 716)	-	\$ 13,723	6	\$ 19,706	2	\$ 14,564	2
8300	Total other comprehensive (loss) income for the period		(\$ 716)	-	\$ 13,723	6	\$ 19,706	2	\$ 14,564	2
8500	Total comprehensive income for the period		<u>\$ 12,737</u>	<u>5</u>	<u>\$ 38,927</u>	<u>16</u>	<u>\$ 88,069</u>	<u>11</u>	<u>\$ 120,946</u>	<u>14</u>
	Earnings per share (in dollars)	6(24)								
9750	Basic		<u>\$ 0.15</u>		<u>\$ 0.29</u>		<u>\$ 0.78</u>		<u>\$ 1.22</u>	
9850	Diluted		<u>\$ 0.15</u>		<u>\$ 0.29</u>		<u>\$ 0.78</u>		<u>\$ 1.22</u>	

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

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Notes	Share capital - common stock	Capital reserve	Retained Earnings			Other Equity Interest	Treasury stocks	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations		
<u>For the nine-month period ended September 30, 2023</u>								
	\$ 892,619	\$ 446,121	\$ 213,096	\$ 50,626	\$ 992,829	(\$ 24,491)	(\$ 147,570)	\$ 2,423,230
	-	-	-	-	106,382	-	-	106,382
	-	-	-	-	-	14,564	-	14,564
	-	-	-	-	106,382	14,564	-	120,946
Appropriations of 2022 earnings:								
	-	-	34,783	-	(34,783)	-	-	-
6(15)	-	-	-	-	(174,524)	-	-	(174,524)
	-	-	-	(26,135)	26,135	-	-	-
	\$ 892,619	\$ 446,121	\$ 247,879	\$ 24,491	\$ 916,039	(\$ 9,927)	(\$ 147,570)	\$ 2,369,652
<u>For the nine-month period ended September 30, 2024</u>								
	\$ 892,619	\$ 446,121	\$ 247,879	\$ 24,491	\$ 905,089	(\$ 25,061)	(\$ 147,570)	\$ 2,343,568
	-	-	-	-	68,363	-	-	68,363
	-	-	-	-	-	19,706	-	19,706
	-	-	-	-	68,363	19,706	-	88,069
Appropriations of 2023 earnings:								
	-	-	9,543	-	(9,543)	-	-	-
	-	-	-	570	(570)	-	-	-
6(15)	-	-	-	-	(69,809)	-	-	(69,809)
	\$ 892,619	\$ 446,121	\$ 257,422	\$ 25,061	\$ 893,530	(\$ 5,355)	(\$ 147,570)	\$ 2,361,828

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

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	For the nine-month periods ended	
		September 30	
		2024	2023 (As amended)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 86,286	\$ 144,720
Adjustments			
Adjustments to reconcile profit (loss)			
Loss on valuation of financial assets at fair value through profit or loss	6(3)(19)	1,215	-
Expected credit impairment loss	12	1,651	470
Loss on inventory market price decline	6(5)	9,032	2,666
Depreciation	6(6)(7)(21)	47,712	51,944
Loss on disposal of property, plant and equipment	6(19)	8	-
Amortization	6(8)(21)	7,624	7,556
Interest income	6(17)	(5,234)	(4,253)
Interest expense	6(20)	16,630	14,433
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(7,753)	(1,291)
Accounts receivable		(9,483)	63,139
Other receivables		(1,715)	1,485
Inventories		(8,713)	34,323
Prepayments		30,623	(240)
Changes in operating liabilities			
Current contract liabilities		188	(372)
Notes payable		19,229	(76,821)
Accounts payable		29,373	(19,948)
Other payables		9,922	(23,950)
Non-current net defined benefit liabilities		(279)	(259)
Cash inflow generated from operations		226,316	124,956
Interest received		5,234	4,253
Interest paid		(17,024)	(13,895)
Income tax paid		(57,386)	(97,908)
Net cash flows from operating activities		<u>157,140</u>	<u>17,406</u>

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CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	For the nine-month periods ended September 30	
		2024	2023 (As amended)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortized cost - current		(\$ 52,214)	(\$ 16,838)
Acquisition of financial assets at fair value through profit or loss - non-current		(50,000)	-
Cash paid for acquisition of property, plant and equipment	6(25)	(37,810)	(73,720)
Interest paid for acquisition of property, plant and equipment	6(6)(20)(25)	(7,298)	(3,114)
Acquisition of intangible assets	6(8)	(1,210)	(947)
Increase in prepayments for equipment		(23,917)	(14,444)
Decrease (increase) in guarantee deposits paid		563	(3,714)
Increase in other non-current assets		(1,997)	(1,002)
Net cash flows used in investing activities		(173,883)	(113,779)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(26)	730,000	750,950
Decrease in short-term borrowings	6(26)	(885,000)	(690,000)
Payments of lease liability	6(26)	(3,038)	(2,700)
Increase in long-term borrowings	6(26)	882,653	300,620
Decrease in long-term borrowings	6(26)	(507,876)	(131,073)
Payments of cash dividends	6(15)	(69,809)	(174,524)
Net cash flows from financing activities		146,930	53,273
Effect of foreign exchange rate changes on cash and cash equivalents		22,788	10,356
Net increase (decrease) in cash and cash equivalents		152,975	(32,744)
Cash and cash equivalents at beginning of period	6(1)	834,093	924,218
Cash and cash equivalents at end of period	6(1)	\$ 987,068	\$ 891,474

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

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

(1) CHIEFTEK PRECISION CO., LTD. (the “Company”) was incorporated on October 19, 1998 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and other related regulations. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the research, development, manufacture and sales of miniature linear guides, miniature ball screws, miniature linear modules, electro-optics equipment and semiconductor process equipment.

(2) The common stocks of the Company were originally listed on the Taipei Exchange from December 28, 2012, and have been authorized to trade in Taiwan Stock Exchange since December 23, 2020.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on November 6, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board (“IASB”)</u>
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment 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
Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026

Except for IFRS 18, 'Presentation and disclosure in financial statements', the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 18, 'Presentation and disclosure in financial statements':

IFRS 18 replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2023, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Statement of compliance

- A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.
- B. The consolidated financial statements of the Group should be read together with the consolidated financial statements for the year ended December 31, 2023.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets at fair value through profit or loss.
 - (b) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5, ‘Critical accounting judgments, estimates and key sources of assumption uncertainty’.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements is the same as the consolidated financial statements for the year ended December 31, 2023.
- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
CHIEFTEK PRECISION CO., LTD. (“CHIEFTEK PRECISION”)	CHIEFTEK PRECISION HOLDING CO., LTD.	Professional investment	100	100	100	-
CHIEFTEK PRECISION CO., LTD.	CHIEFTEK PRECISION INTERNATIONAL LLC	Lease of real estate property	100	100	100	Note
CHIEFTEK PRECISION CO., LTD.	CHIEFTEK PRECISION USA CO., LTD. (“cpc USA”)	Sales of high precision linear motion components and rendering after-sales service	100	100	100	Note
CHIEFTEK PRECISION CO., LTD.	cpc Europa GmbH (“cpc Europa”)	Sales of high precision linear motion components and rendering after-sales service	100	100	100	-
CHIEFTEK PRECISION HOLDING CO., LTD.	Chieftek Machinery (Kunshan) Co., Ltd. (“Chieftek (Kunshan)”)	Production, processing and sales of high precision linear motion components and after-sales service	100	100	100	-

Note: The financial statements of the entity as of and for the nine-month periods ended September 30, 2024 and 2023 were not reviewed by independent auditors as the entity did not meet the definition of a significant subsidiary.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interest that are material to the Group: None.

(4) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(5) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(6) Income tax

The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There have been no significant changes as of September 30, 2024. Refer to Note 5 in the consolidated financial statements for the year ended December 31, 2023.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>(As amended)</u> <u>September 30, 2023</u>
Cash:			
Cash on hand	\$ 1,116	\$ 1,506	\$ 1,340
Demand deposits of repatriating offshore funds (Note)	-	-	63,460
Checking accounts and demand deposits	<u>792,799</u>	<u>769,734</u>	<u>760,694</u>
	<u>793,915</u>	<u>771,240</u>	<u>825,494</u>
Cash Equivalents:			
Time deposits	<u>193,153</u>	<u>62,853</u>	<u>65,980</u>
	<u>\$ 987,068</u>	<u>\$ 834,093</u>	<u>\$ 891,474</u>

Note: Refer to Note 6(2), ‘Financial assets at amortized cost - current’.

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Group has no cash and cash equivalents pledged to others as of September 30, 2024, December 31, 2023 and September 30, 2023.

(2) Financial assets at amortized cost - current

	September 30, 2024	December 31, 2023	(As amended) September 30, 2023
Restricted time deposits	\$ 8,700	\$ 8,700	\$ 8,700
Time deposits with maturity of over 3 months	76,153	23,939	24,884
	<u>\$ 84,853</u>	<u>\$ 32,639</u>	<u>\$ 33,584</u>

- A. In accordance with the revised regulations of IFRS FAQ issued by the Financial Supervisory Commission on January 5, 2024, the Group reclassified the undrawn balances of \$63,460 and \$60,064 in the repatriated capital special account which were applicable to “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act” on September 30, 2023 and January 1, 2023 to cash and cash equivalents. As of September 30, 2023, cash and cash equivalents and financial assets at amortized cost - current were \$828,014 and \$891,474 before the adjustments and \$97,044 and \$33,584 after the adjustments, respectively; in the Group’s statements of cash flows for the nine-month period ended September 30, 2023, cash flow used in financial assets at amortized cost and total net cash used in investing activities were \$20,234 and \$16,838 before the adjustments and \$117,175 and \$113,779 after the adjustments, respectively.
- B. The Group recognized interest income of \$182, \$241, \$594 and \$381 from financial assets at amortized cost for the three-month and nine-month periods ended September 30, 2024 and 2023, respectively, shown as part of “Interest income”.
- C. As of September 30, 2024, December 31, 2023 and September 30, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was its book value.
- D. For more information about the Group’s time deposits pledged to others as collateral as of September 30, 2024, December 31, 2023 and September 30, 2023, refer to Note 8, ‘Pledged assets’.
- E. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2), ‘Financial instruments’. The counterparties of the Group’s investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(3) Financial assets at fair value through profit or loss - non-current

	<u>September 30, 2024</u>
Financial assets mandatorily measured at fair value through profit or loss	
Unlisted stocks	\$ 50,000
Valuation adjustment	(1,215)
	<u>\$ 48,785</u>

There was no such situation as of December 31, 2023 and September 30, 2023.

A. The Group recognized net loss of \$1,189 and \$1,215 on financial assets at fair value through profit or loss (listed as “Other gains and losses”) for the three-month and nine-month periods ended September 30, 2024.

B. The Group has no financial assets at fair value through profit or loss pledged to others as of September 30, 2024.

(4) Notes and accounts receivable, net

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Notes receivable	\$ 23,409	\$ 15,656	\$ 15,221
	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Accounts receivable	\$ 254,323	\$ 244,840	\$ 234,995
Less: Allowance for doubtful accounts	(22,677)	(20,131)	(16,870)
	<u>\$ 231,646</u>	<u>\$ 224,709</u>	<u>\$ 218,125</u>

A. The ageing analysis of the Group’s notes and accounts receivable is as follows:

	<u>September 30, 2024</u>		<u>December 31, 2023</u>		<u>September 30, 2023</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>
Not past due	\$ 23,224	\$ 190,779	\$ 15,483	\$ 178,761	\$ 13,634	\$ 167,503
Up to 30 days	4	23,196	-	12,914	1,410	21,724
31 to 90 days	-	12,594	-	24,592	-	25,436
91 to 180 days	-	9,060	-	10,969	-	3,235
181 to 365 days	-	2,150	-	4,183	-	3,501
Over 365 days	181	16,544	173	13,421	177	13,596
	<u>\$ 23,409</u>	<u>\$ 254,323</u>	<u>\$ 15,656</u>	<u>\$ 244,840</u>	<u>\$ 15,221</u>	<u>\$ 234,995</u>

The above ageing analysis was based on past due date.

B. The Group’s notes receivable and accounts receivable were all from contracts with customers. As of January 1, 2023, the balances of notes receivable and accounts receivable from contracts with customers amounted to \$312,064.

C. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group’s notes and accounts receivable was its book value.

D. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group does not hold any collateral as security for accounts receivable.

E. Information relating to credit risk is provided in Note 12(2), 'Financial instruments'.

(5) Inventories

	September 30, 2024		
	Cost	Allowance for market price decline	Book value
Raw materials	\$ 60,129	(\$ 6,068)	\$ 54,061
Supplies	83,358	(20,717)	62,641
Work in process	323,300	(26,448)	296,852
Finished goods	269,530	(37,360)	232,170
	<u>\$ 736,317</u>	<u>(\$ 90,593)</u>	<u>\$ 645,724</u>
	December 31, 2023		
	Cost	Allowance for market price decline	Book value
Raw materials	\$ 46,872	(\$ 5,300)	\$ 41,572
Supplies	74,862	(18,712)	56,150
Work in process	317,360	(23,261)	294,099
Finished goods	288,510	(33,139)	255,371
	<u>\$ 727,604</u>	<u>(\$ 80,412)</u>	<u>\$ 647,192</u>
	September 30, 2023		
	Cost	Allowance for market price decline	Book value
Raw materials	\$ 48,037	(\$ 5,476)	\$ 42,561
Supplies	79,985	(17,554)	62,431
Work in process	320,840	(19,919)	300,921
Finished goods	299,088	(37,609)	261,479
	<u>\$ 747,950</u>	<u>(\$ 80,558)</u>	<u>\$ 667,392</u>

The cost of inventories recognized as expense for the period:

	<u>For the three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Cost of goods sold	\$ 159,183	\$ 137,378
Loss on inventory market price decline	5,421	4,034
Loss (gain) on physical inventory	293 (5)
Revenue from sale of scraps	(66)	(88)
	<u>\$ 164,831</u>	<u>\$ 141,319</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Cost of goods sold	\$ 456,844	\$ 468,264
Loss on inventory market price decline	9,032	2,666
Loss (gain) on physical inventory	506 (296)
Revenue from sale of scraps	(219)	(531)
	<u>\$ 466,163</u>	<u>\$ 470,103</u>

(6) Property, plant and equipment

		Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements and other equipment	Construction in progress and equipment before acceptance inspection	Total
<u>At January 1, 2024</u>								
Cost	\$ 401,691	\$ 773,878	\$ 965,344	\$ 4,535	\$ 24,710	\$ 179,440	\$ 922,224	\$ 3,271,822
Accumulated depreciation	-	(234,967)	(900,786)	(3,836)	(23,144)	(166,826)	-	(1,329,559)
	<u>\$ 401,691</u>	<u>\$ 538,911</u>	<u>\$ 64,558</u>	<u>\$ 699</u>	<u>\$ 1,566</u>	<u>\$ 12,614</u>	<u>\$ 922,224</u>	<u>\$ 1,942,263</u>
<u>Nine-month period ended September 30, 2024</u>								
At January 1, 2024	\$ 401,691	\$ 538,911	\$ 64,558	\$ 699	\$ 1,566	\$ 12,614	\$ 922,224	\$ 1,942,263
Additions	2,377	26,871	8,555	-	640	1,695	7,398	47,536
Transferred from prepayments for equipment	-	-	-	-	-	-	9,153	9,153
Transferred after acceptance inspection	-	785,504	148	2,492	-	752	(788,896)	-
Depreciation	-	(21,489)	(16,632)	(504)	(803)	(4,687)	-	(44,115)
Disposals – Cost	-	-	(136)	(135)	(148)	(294)	-	(713)
– Accumulated depreciation	-	-	136	135	148	286	-	705
Net currency exchange differences	2,966	3,365	308	11	15	53	-	6,718
At September 30, 2024	<u>\$ 407,034</u>	<u>\$ 1,333,162</u>	<u>\$ 56,937</u>	<u>\$ 2,698</u>	<u>\$ 1,418</u>	<u>\$ 10,419</u>	<u>\$ 149,879</u>	<u>\$ 1,961,547</u>
<u>At September 30, 2024</u>								
Cost	\$ 407,034	\$ 1,590,734	\$ 975,242	\$ 6,959	\$ 25,450	\$ 181,832	\$ 149,879	\$ 3,337,130
Accumulated depreciation	-	(257,572)	(918,305)	(4,261)	(24,032)	(171,413)	-	(1,375,583)
	<u>\$ 407,034</u>	<u>\$ 1,333,162</u>	<u>\$ 56,937</u>	<u>\$ 2,698</u>	<u>\$ 1,418</u>	<u>\$ 10,419</u>	<u>\$ 149,879</u>	<u>\$ 1,961,547</u>

		Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements and other equipment	Construction in progress and equipment before acceptance inspection	Total
<u>At January 1, 2023</u>								
Cost	\$ 399,025	\$ 766,458	\$ 967,522	\$ 4,386	\$ 23,461	\$ 177,643	\$ 816,430	\$ 3,154,925
Accumulated depreciation	-	(211,231)	(896,856)	(3,278)	(21,432)	(160,390)	-	(1,293,187)
	<u>\$ 399,025</u>	<u>\$ 555,227</u>	<u>\$ 70,666</u>	<u>\$ 1,108</u>	<u>\$ 2,029</u>	<u>\$ 17,253</u>	<u>\$ 816,430</u>	<u>\$ 1,861,738</u>
<u>Nine-month period ended September 30, 2023</u>								
At January 1, 2023	\$ 399,025	\$ 555,227	\$ 70,666	\$ 1,108	\$ 2,029	\$ 17,253	\$ 816,430	\$ 1,861,738
Additions	822	2,461	7,884	150	1,414	727	43,755	57,213
Transferred from prepayments for equipment	-	-	-	-	-	-	26,277	26,277
Transferred after acceptance inspection	-	3,264	12,632	-	-	291	(16,187)	-
Depreciation	-	(16,866)	(22,069)	(463)	(1,677)	(7,642)	-	(48,717)
Disposals – Cost	-	(1,232)	(24,818)	-	(344)	(1,399)	-	(27,793)
– Accumulated depreciation	-	1,232	24,818	-	344	1,399	-	27,793
Net currency exchange differences	3,780	5,586	192	5	18	46	-	9,627
At September 30, 2023	<u>\$ 403,627</u>	<u>\$ 549,672</u>	<u>\$ 69,305</u>	<u>\$ 800</u>	<u>\$ 1,784</u>	<u>\$ 10,675</u>	<u>\$ 870,275</u>	<u>\$ 1,906,138</u>
<u>At September 30, 2023</u>								
Cost	\$ 403,627	\$ 778,224	\$ 964,231	\$ 4,554	\$ 24,752	\$ 177,425	\$ 870,275	\$ 3,223,088
Accumulated depreciation	-	(228,552)	(894,926)	(3,754)	(22,968)	(166,750)	-	(1,316,950)
	<u>\$ 403,627</u>	<u>\$ 549,672</u>	<u>\$ 69,305</u>	<u>\$ 800</u>	<u>\$ 1,784</u>	<u>\$ 10,675</u>	<u>\$ 870,275</u>	<u>\$ 1,906,138</u>

- A. Property, plant and equipment of the Group were all for operating purposes as of September 30, 2024, December 31, 2023 and September 30, 2023.
- B. Amount of borrowing costs capitalized as part of property, plant and equipment and the interest rates for such capitalization are as follows:

	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Amount capitalized	<u>\$ 7,298</u>	<u>\$ 3,114</u>
Interest rate for capitalization	<u>1.85%</u>	<u>1.63%</u>

There was no such situation for the three-month periods ended September 30, 2024 and 2023.

- C. Information about the property, plant and equipment that were pledged to others as collateral as of September 30, 2024, December 31, 2023 and September 30, 2023 is provided in Note 8, 'Pledged assets'.

(7) Leasing arrangements — lessee

- A. The Group leases land in Southern Taiwan Science Park Bureau of the Ministry of Science and Technology. Rental contracts are typically made for a period of 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

Carrying amount:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Land	<u>\$ 82,547</u>	<u>\$ 77,470</u>	<u>\$ 78,546</u>

Depreciation charge:

	<u>For the three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Land	<u>\$ 1,199</u>	<u>\$ 1,076</u>

Depreciation charge:

	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Land	<u>\$ 3,597</u>	<u>\$ 3,227</u>

- C. For the nine-month periods ended September 30, 2024 and 2023, there were no additions to right-of-use assets; revaluations to right-of-use assets were \$8,674 and (\$42,140), respectively.

D. The information on income and expense accounts relating to lease contracts is as follows:

	<u>For the three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 399	\$ 377
Expense on short-term lease contracts	\$ 3,395	\$ 2,985
	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,210	\$ 1,144
Expense on short-term lease contracts	\$ 10,301	\$ 8,944

E. For the nine-month periods ended September 30, 2024 and 2023, the Group's total cash outflow for leases were \$14,549 and \$12,788, respectively.

(8) Intangible assets

	Trademarks	Patents	Software	Turn-key professional technique	Others	Total
<u>At January 1, 2024</u>						
Cost	\$ 685	\$ 12,981	\$ 14,885	\$ 90,718	\$ 60,000	\$ 179,269
Accumulated amortization	(595)	(5,899)	(13,166)	(36,287)	(13,500)	(69,447)
Accumulated impairment	-	-	-	-	(46,500)	(46,500)
Net value	<u>\$ 90</u>	<u>\$ 7,082</u>	<u>\$ 1,719</u>	<u>\$ 54,431</u>	<u>\$ -</u>	<u>\$ 63,322</u>
<u>Nine-month period ended September 30, 2024</u>						
Net value at January 1, 2024	\$ 90	\$ 7,082	\$ 1,719	\$ 54,431	\$ -	\$ 63,322
Additions – acquired separately	67	928	215	-	-	1,210
Amortization	(10)	(571)	(239)	(6,804)	-	(7,624)
Net currency exchange differences	-	-	(19)	-	-	(19)
Net value at September 30, 2024	<u>\$ 147</u>	<u>\$ 7,439</u>	<u>\$ 1,676</u>	<u>\$ 47,627</u>	<u>\$ -</u>	<u>\$ 56,889</u>
<u>At September 30, 2024</u>						
Cost	\$ 752	\$ 13,909	\$ 15,246	\$ 90,718	\$ 60,000	\$ 180,625
Accumulated amortization	(605)	(6,470)	(13,570)	(43,091)	(13,500)	(77,236)
Accumulated impairment	-	-	-	-	(46,500)	(46,500)
Net value	<u>\$ 147</u>	<u>\$ 7,439</u>	<u>\$ 1,676</u>	<u>\$ 47,627</u>	<u>\$ -</u>	<u>\$ 56,889</u>

	<u>Trademarks</u>	<u>Patents</u>	<u>Software</u>	<u>Turn-key professional technique</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2023</u>						
Cost	\$ 685	\$ 12,103	\$ 13,336	\$ 90,718	\$ 60,000	\$ 176,842
Accumulated amortization	(584)	(5,144)	(12,820)	(27,216)	(13,500)	(59,264)
Accumulated impairment	-	-	-	-	(46,500)	(46,500)
Net value	<u>\$ 101</u>	<u>\$ 6,959</u>	<u>\$ 516</u>	<u>\$ 63,502</u>	<u>\$ -</u>	<u>\$ 71,078</u>
<u>Nine-month period ended September 30, 2023</u>						
Net value at January 1, 2023	\$ 101	\$ 6,959	\$ 516	\$ 63,502	\$ -	\$ 71,078
Additions – acquired separately	-	844	103	-	-	947
Amortization	(8)	(567)	(177)	(6,804)	-	(7,556)
Net value at September 30, 2023	<u>\$ 93</u>	<u>\$ 7,236</u>	<u>\$ 442</u>	<u>\$ 56,698</u>	<u>\$ -</u>	<u>\$ 64,469</u>
<u>At September 30, 2023</u>						
Cost	\$ 685	\$ 12,947	\$ 13,523	\$ 90,718	\$ 60,000	\$ 177,873
Accumulated amortization	(592)	(5,711)	(13,081)	(34,020)	(13,500)	(66,904)
Accumulated impairment	-	-	-	-	(46,500)	(46,500)
Net value	<u>\$ 93</u>	<u>\$ 7,236</u>	<u>\$ 442</u>	<u>\$ 56,698</u>	<u>\$ -</u>	<u>\$ 64,469</u>

A. For the three-month and nine-month periods ended September 30, 2024 and 2023, no borrowing costs were capitalized as part of intangible assets.

B. Details of amortization on intangible assets are as follows:

	For the three-month periods ended September 30,	
	2024	2023
General and administrative expenses	\$ 8	\$ 8
Research and development expenses	2,536	2,519
	<u>\$ 2,544</u>	<u>\$ 2,527</u>
	For the nine-month periods ended September 30,	
	2024	2023
General and administrative expenses	\$ 25	\$ 14
Research and development expenses	7,599	7,542
	<u>\$ 7,624</u>	<u>\$ 7,556</u>

(9) Short-term borrowings

Nature	September 30, 2024	Interest rate range	Collateral
Bank unsecured borrowings	<u>\$ 210,000</u>	1.70%~1.75%	None
Nature	December 31, 2023	Interest rate range	Collateral
Bank secured borrowings	\$ 30,000	1.81%	Buildings and structures
Bank unsecured borrowings	<u>335,000</u>	1.35%~1.88%	None
	<u>\$ 365,000</u>		
Nature	September 30, 2023	Interest rate range	Collateral
Bank unsecured borrowings	<u>\$ 285,950</u>	1.45%~1.81%	None

For more information about interest expense recognized by the Group for the three-month and nine-month periods ended September 30, 2024 and 2023, refer to Note 6(20), 'Finance costs'.

(10) Other payables

	September 30, 2024	December 31, 2023	September 30, 2023
Accrued salaries and bonuses	\$ 58,280	\$ 55,594	\$ 60,763
Employees' compensation and directors' remuneration payable	11,076	13,478	32,654
Equipment payable	6,969	4,117	3,988
Miscellaneous payable	4,216	3,423	3,903
Others	43,980	35,529	39,775
	<u>\$ 124,521</u>	<u>\$ 112,141</u>	<u>\$ 141,083</u>

(11) Long-term borrowings

<u>Nature</u>	<u>Expiry date</u>	<u>September 30, 2024</u>	<u>Interest rate range</u>	<u>Collateral</u>
Long-term bank borrowings				
Secured borrowings	May 15, 2027~ February 15, 2031	\$ 978,013	1.82%~ 2.81%	Land, buildings and structures
Unsecured borrowings	August 21, 2025~ February 19, 2029	<u>332,675</u>	1.99%~ 4.20%	None
		1,310,688		
Less: Current portion		(<u>288,776</u>)		
		<u>\$ 1,021,912</u>		

<u>Nature</u>	<u>Expiry date</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Long-term bank borrowings				
Secured borrowings	May 15, 2027~ August 25, 2028	\$ 549,388	1.73%~ 2.81%	Land, buildings and structures
Unsecured borrowings	February 25, 2025~ May 15, 2027	<u>378,786</u>	1.84%~ 4.56%	None
		928,174		
Less: Current portion		(<u>81,259</u>)		
		<u>\$ 846,915</u>		

<u>Nature</u>	<u>Expiry date</u>	<u>September 30, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Long-term bank borrowings				
Secured borrowings	May 15, 2027~ August 25, 2028	\$ 580,582	1.73%~ 2.81%	Land, buildings and structures
Unsecured borrowings	February 25, 2025~ May 15, 2027	<u>377,563</u>	1.84%~ 4.43%	None
		958,145		
Less: Current portion		(<u>205,131</u>)		
		<u>\$ 753,014</u>		

For more information about interest expense recognized by the Group for the three-month and nine-month periods ended September 30, 2024 and 2023, refer to Note 6(20), 'Finance costs'.

(12) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to

retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

(b) No pension cost was recognized under the aforementioned defined benefit pension plan of the Company for the three-month and nine-month periods ended September 30, 2024 and 2023.

(c) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to \$360.

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The other subsidiaries are subject to local government sponsored defined contribution plan. In accordance with related laws of the respective local government, the independent pension fund of employees is administered by the government. Other than the monthly contributions, these subsidiaries do not have further obligations. The pension costs under the defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2024 and 2023 were \$3,458, \$3,734, \$10,336 and \$12,148, respectively.

(13) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows (in thousands of shares):

	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Balance at beginning and end of period	<u>87,262</u>	<u>87,262</u>

B. Treasury stocks

(a) Reason for share reacquisition and movements in the number of the Company's treasury stocks are as follows (in thousands of shares):

<u>Reason for reacquisition</u>	<u>Balance at beginning and end of the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
To be reissued to employees	<u>2,000</u>	<u>2,000</u>

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury stock should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus. As of September 30, 2024, December 31, 2023 and September 30, 2023, treasury stocks purchased by the Company amounted to \$147,570.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury stocks should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury stocks should be reissued to the employees within 5 years from the reacquisition date and shares not reissued within the 5 year period are to be retired.
- C. As of September 30, 2024, the Company's authorized capital was \$1,500,000 (including \$30,000 reserved for employee stock options), and the paid-in capital was \$892,619 (89,262 thousand shares) with par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(14) Capital reserve

For the nine-month periods ended September 30, 2024 and 2023	Share premium	Treasury share transactions	Others	Total
Balances at beginning and end of period	\$ 440,553	\$ 5,454	\$ 114	\$ 446,121

Pursuant to the R.O.C. Company Act, capital reserve arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital reserve to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(15) Retained earnings

- A. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks, or to distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company's paid-in capital.
- B. According to the Company's Articles of Incorporation, the Company's dividend policy is to distribute the current year's earnings, if any, in the following order:
- (1) pay all taxes and dues;
 - (2) offset any loss of prior years;

- (3) set aside 10% as legal reserve;
- (4) set aside or reverse special reserve as required by regulations or the Competent Authority;
- (5) The appropriation of the remaining amount after deducting items (1) to (4), along with the unappropriated retained earnings of prior years can be distributed in accordance with a resolution passed during a meeting of the Board of Directors and approved at the shareholders' meeting. However, the distribution of dividends shall not be lower than 20% of the current year's profit after deducting items (1) to (4). In order to continually expand the scale of operations, increase competitiveness and support the Company's long-term development plans, future capital requirements and long-term financial plan, the Company's dividend policy is to distribute stock dividends and partially as cash dividends. Cash dividends shall not be less than 10% of the total dividends distributed to shareholders. The Board of Directors of the Company shall adopt a resolution by a majority of more than two-thirds of the directors present to distribute whole or a part of the distributable dividends, bonuses, capital reserves or legal reserve in the form of cash, and report to the shareholders during their meetings. The above is not subject to provisions that require shareholders' approval.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings. As of September 30, 2024, the above special reserve amounted to \$25,061.
- D. The Company recognized cash dividends distributed to owners amounting to \$69,809 (\$0.8 (in dollars) per share) and \$174,524 (\$2.0 (in dollars) per share) for the nine-month periods ended September 30, 2024 and 2023, respectively.

(16) Operating revenue

- A. The Group derives revenue from the transfer of goods at a point in time in segments. Revenue from contracts with customers is broken down by product category as follows:

	<u>For the three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Miniature linear guides	\$ 167,046	\$ 152,435
Large linear guides	97,079	75,671
Linear motor	16,031	16,975
Others	220	75
	<u>\$ 280,376</u>	<u>\$ 245,156</u>

	For the nine-month periods ended September 30,	
	2024	2023
Miniature linear guides	\$ 439,762	\$ 480,285
Large linear guides	276,474	311,920
Linear motor	67,614	45,377
Others	523	815
	<u>\$ 784,373</u>	<u>\$ 838,397</u>

B. The Group has recognized revenue-related contract liabilities amounting to \$628, \$440, \$292 and \$664 as of September 30, 2024, December 31, 2023, September 30, 2023 and January 1, 2023, respectively. Revenue recognized that were included in the contract liability balance at the beginning of 2024 and 2023 for the three-month and nine-month periods ended September 30, 2024 and 2023 were \$11, \$—, \$419 and \$452, respectively.

(17) Interest income

	For the three-month periods ended September 30,	
	2024	2023 (As amended)
Interest income from bank deposits	\$ 950	\$ 388
Interest income from financial assets measured at amortized cost	182	241
	<u>\$ 1,132</u>	<u>\$ 629</u>

	For the nine-month periods ended September 30,	
	2024	2023 (As amended)
Interest income from bank deposits	\$ 4,640	\$ 3,872
Interest income from financial assets measured at amortized cost	594	381
	<u>\$ 5,234</u>	<u>\$ 4,253</u>

(18) Other income

	For the three-month periods ended September 30,	
	2024	2023
Income from sales of solar energy power	\$ 2,208	\$ 426
Other income	833	279
	<u>\$ 3,041</u>	<u>\$ 705</u>

	For the nine-month periods ended September 30,	
	2024	2023
Income from sales of solar energy power	\$ 8,409	\$ 1,203
Other income	3,123	3,990
	<u>\$ 11,532</u>	<u>\$ 5,193</u>

(19) Other gains and losses

	<u>For the three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Currency exchange gain	\$ 366	\$ 20,539
Net loss on financial assets at fair value through profit or loss	(1,189)	-
Loss on disposal of property, plant and equipment	(8)	-
Other losses	-	(38)
	<u>(\$ 831)</u>	<u>\$ 20,501</u>

	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Currency exchange gain	\$ 23,437	\$ 36,907
Net loss on financial assets at fair value through profit or loss	(1,215)	-
Loss on disposal of property, plant and equipment	(8)	-
Other losses	(21)	(68)
	<u>\$ 22,193</u>	<u>\$ 36,839</u>

(20) Finance costs

	<u>For the three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Interest expense:		
Interest expense on bank borrowings	\$ 8,512	\$ 6,564
Interest expense on lease liabilities	399	377
	<u>\$ 8,911</u>	<u>\$ 6,941</u>

	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Interest expense:		
Interest expense on bank borrowings	\$ 22,718	\$ 16,403
Interest expense on lease liabilities	1,210	1,144
Less: Capitalization of qualifying assets	(7,298)	(3,114)
	<u>\$ 16,630</u>	<u>\$ 14,433</u>

(21) Expenses by nature

	For the three-month period ended September 30, 2024		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefit expense	\$ 51,479	\$ 32,385	\$ 83,864
Depreciation	8,911	9,373	18,284
Amortization	-	2,544	2,544
	<u>\$ 60,390</u>	<u>\$ 44,302</u>	<u>\$ 104,692</u>

	For the three-month period ended September 30, 2023		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefit expense	\$ 49,426	\$ 37,023	\$ 86,449
Depreciation	9,513	6,421	15,934
Amortization	-	2,527	2,527
	<u>\$ 58,939</u>	<u>\$ 45,971</u>	<u>\$ 104,910</u>

	For the nine-month period ended September 30, 2024		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefit expense	\$ 149,041	\$ 120,702	\$ 269,743
Depreciation	27,017	20,695	47,712
Amortization	-	7,624	7,624
	<u>\$ 176,058</u>	<u>\$ 149,021</u>	<u>\$ 325,079</u>

	For the nine-month period ended September 30, 2023		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefit expense	\$ 162,385	\$ 126,558	\$ 288,943
Depreciation	31,273	20,671	51,944
Amortization	-	7,556	7,556
	<u>\$ 193,658</u>	<u>\$ 154,785</u>	<u>\$ 348,443</u>

(22) Employee benefit expense

	For the three-month period ended September 30, 2024		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Wages and salaries	\$ 42,280	\$ 27,666	\$ 69,946
Labor and health insurance expense	4,978	2,298	7,276
Pension costs	2,156	1,302	3,458
Other personnel expenses	2,065	1,119	3,184
	<u>\$ 51,479</u>	<u>\$ 32,385</u>	<u>\$ 83,864</u>

	For the three-month period ended September 30, 2023		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 39,577	\$ 32,011	\$ 71,588
Labor and health insurance expense	5,411	2,395	7,806
Pension costs	2,280	1,454	3,734
Other personnel expenses	2,158	1,163	3,321
	<u>\$ 49,426</u>	<u>\$ 37,023</u>	<u>\$ 86,449</u>
	For the nine-month period ended September 30, 2024		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 122,295	\$ 105,550	\$ 227,845
Labor and health insurance expense	14,207	7,640	21,847
Pension costs	6,297	4,039	10,336
Other personnel expenses	6,242	3,473	9,715
	<u>\$ 149,041</u>	<u>\$ 120,702</u>	<u>\$ 269,743</u>
	For the nine-month period ended September 30, 2023		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 129,496	\$ 110,918	\$ 240,414
Labor and health insurance expense	18,245	7,776	26,021
Pension costs	7,796	4,352	12,148
Other personnel expenses	6,848	3,512	10,360
	<u>\$ 162,385</u>	<u>\$ 126,558</u>	<u>\$ 288,943</u>

- A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 3% to 15% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.
- B. For the three-month and nine-month periods ended September 30, 2024 and 2023, the Company's employees' compensation were \$3,529, \$2,000, \$9,180 and \$8,462, respectively; while directors' remuneration were \$706, \$400, \$1,896 and \$1,692, respectively. The aforementioned amounts were recognized in salary expenses and were estimated and accrued based on the earnings of current period and the percentage specified in the Articles of Incorporation of the Company.

The employees' compensation and directors' remuneration for 2023 as resolved by the Board of Directors were \$11,048 and \$2,430, respectively. The employees' compensation and directors' remuneration for 2023 as resolved by the Board of Directors were equal to the amounts recognized in the 2023 financial statements. The employees' compensation was distributed in the form of cash.

Information about the appropriation of employees' compensation and directors' remuneration of the Company as proposed by the Board of Directors is posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense:

Components of income tax expense:

	For the three-month periods ended September 30,	
	2024	2023
Current income tax:		
Income tax incurred in current period	\$ 4,881	\$ 11,247
Prior year income tax over estimation	(16)	-
Total current income tax	<u>4,865</u>	<u>11,247</u>
Deferred income tax:		
Origination and reversal of temporary differences	(1,568)	(78)
Income tax expense	<u>\$ 3,297</u>	<u>\$ 11,169</u>
	For the nine-month periods ended September 30,	
	2024	2023
Current income tax:		
Income tax incurred in current period	\$ 17,200	\$ 38,694
Prior year income tax (over) under estimation	(2,832)	2,024
Total current income tax	<u>14,368</u>	<u>40,718</u>
Deferred income tax:		
Origination and reversal of temporary differences	3,555	(2,380)
Income tax expense	<u>\$ 17,923</u>	<u>\$ 38,338</u>

B. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority. There were no disputes existing between the Company and the Tax Authority as of November 6, 2024.

(24) Earnings per share (“EPS”)

	<u>For the three-month period ended September 30, 2024</u>		
	<u>Amount after tax</u>	<u>Weighted average number of shares outstanding (shares in thousands)</u>	<u>EPS (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 13,453</u>	<u>87,262</u>	<u>\$ 0.15</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 13,453	87,262	
Assumed conversion of all dilutive potential ordinary shares Employees’ compensation	<u>-</u>	<u>95</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 13,453</u>	<u>87,357</u>	<u>\$ 0.15</u>
	<u>For the three-month period ended September 30, 2023</u>		
	<u>Amount after tax</u>	<u>Weighted average number of shares outstanding (shares in thousands)</u>	<u>EPS (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 25,204</u>	<u>87,262</u>	<u>\$ 0.29</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 25,204	87,262	
Assumed conversion of all dilutive potential ordinary shares Employees’ compensation	<u>-</u>	<u>136</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 25,204</u>	<u>87,398</u>	<u>\$ 0.29</u>

For the nine-month period ended September 30, 2024

	<u>Amount after tax</u>	<u>Weighted average number of shares outstanding (shares in thousands)</u>	<u>EPS (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 68,363	87,262	\$ 0.78
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 68,363	87,262	
Assumed conversion of all dilutive potential ordinary shares Employees' compensation	-	116	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 68,363	87,378	\$ 0.78

For the nine-month period ended September 30, 2023

	<u>Amount after tax</u>	<u>Weighted average number of shares outstanding (shares in thousands)</u>	<u>EPS (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 106,382	87,262	\$ 1.22
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 106,382	87,262	
Assumed conversion of all dilutive potential ordinary shares Employees' compensation	-	151	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 106,382	87,413	\$ 1.22

(25) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the nine-month periods ended September 30,	
	2024	2023
Purchase of property, plant and equipment	\$ 47,536	\$ 57,213
Add: Opening balance of notes payable	1,487	22,828
Opening balance of payable for equipment	4,117	4,405
Less: Ending balance of notes payable	(1,063)	(3,624)
Ending balance of payable for equipment	(6,969)	(3,988)
Capitalization of interest	(7,298)	(3,114)
Cash paid for purchase of property, plant and equipment	<u>\$ 37,810</u>	<u>\$ 73,720</u>

B. Investing activities with no cash flow effects:

	For the nine-month periods ended September 30,	
	2024	2023
Prepayments for equipment reclassified to property, plant and equipment	<u>\$ 9,153</u>	<u>\$ 26,277</u>

(26) Changes in liabilities from financing activities

	Short-term borrowings	Lease liability	Long-term borrowings	Liabilities from financing activities-gross
At January 1, 2024	\$ 365,000	\$ 82,452	\$ 928,174	\$ 1,375,626
Changes in cash flow from financing activities	(155,000)	(3,038)	374,777	216,739
Revaluations	-	8,674	-	8,674
Impact of changes in foreign exchange rate	-	-	7,737	7,737
At September 30, 2024	<u>\$ 210,000</u>	<u>\$ 88,088</u>	<u>\$ 1,310,688</u>	<u>\$ 1,608,776</u>

	Short-term borrowings	Lease liability	Long-term borrowings	Liabilities from financing activities-gross
At January 1, 2023	\$ 225,000	\$ 128,201	\$ 783,160	\$ 1,136,361
Changes in cash flow from financing activities	60,950	(2,700)	169,547	227,797
Changes in cash flow from other non-financing activities	-	(42,140)	-	(42,140)
Impact of changes in foreign exchange rate	-	-	5,438	5,438
At September 30, 2023	<u>\$ 285,950</u>	<u>\$ 83,361</u>	<u>\$ 958,145</u>	<u>\$ 1,327,456</u>

7. RELATED PARTY TRANSACTIONS

(1) Significant transactions and balances with related parties

None.

(2) Key management compensation

	<u>For the three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Salaries and other short-term employee benefits	<u>\$ 7,398</u>	<u>\$ 6,754</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Salaries and other short-term employee benefits	<u>\$ 22,308</u>	<u>\$ 22,719</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

<u>Asset pledged</u>	<u>Book value</u>			<u>Purpose of collateral</u>
	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>	
Restricted time deposits (Note 1)	\$ 8,700	\$ 8,700	\$ 8,700	Performance guarantee
Land (Note 2)	372,715	371,047	373,809	Guarantee for long- term borrowings
Buildings and structures- net (Note 2)	513,237	520,831	529,988	Guarantee for long and short-term borrowings
	<u>\$ 894,652</u>	<u>\$ 900,578</u>	<u>\$ 912,497</u>	

(Note 1) Listed as 'Financial assets at amortized cost - current'.

(Note 2) Listed as 'Property, plant and equipment'.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

- (1) As of September 30, 2024, December 31, 2023 and September 30, 2023, the endorsements and guarantees provided by the Company to the subsidiary, cpc Europa GmbH, amounted to \$265,350, \$186,890 and \$—, respectively, and the actual amounts drawn down were \$132,675, \$122,328 and \$—, respectively.
- (2) As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group's remaining balance due for construction in progress and prepayments for equipment were \$104,888, \$164,838 and \$130,059, respectively.
- (3) On January 3, 2024, the Company entered into a mid-term secured syndicated loan contract for a credit line facility of \$2,000,000 with 10 financial institutions including Mega International Commercial Bank Co., Ltd. The credit term is 7 years. Under the terms of the syndicated loan, the Company agrees that:
 - A. The financial ratios stated in the Company's semi-annual reviewed financial statements and annual audited financial statements shall meet the following financial ratios which will be assessed semi-annually:
 - (a) Current ratio (current assets/current liabilities): At least 100%.
 - (b) Liability ratio (total liabilities/net equity): Less than 220% from 2023 to 2025; less than 200% in 2026 and 2027; less than 180% from 2028.
 - (c) Tangible net value (shareholders' equity less intangible assets): At least \$1,300,000.
 - B. If the Company violates the above financial covenants, the Company should improve within 9 months after the fiscal year or half fiscal year. It will not be considered as default, if the audited or reviewed financial ratios comply with the covenants after the improvement period. During the improvement period, the credit line which has not been withdrawn will be frozen, until the financial covenants are met. In addition, for withdrawn credit, its financing rate shall be increased by an additional 0.125% per annum from the date after the notification by the management bank to the date after the completion of improvement.

As of September 30, 2024, the Company has not violated any of the above covenants.

- (4) For the details of operating lease agreements, refer to Note 6(7), 'Leasing arrangements—lessee'.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce the level of debt.

(2) Financial instruments

A. Details of the Group's financial instruments by category are provided in Note 6.

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

I. Foreign exchange risk

(i) The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries denominated in various functional currency, primarily with respect to USD, EUR and JPY. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

(ii) Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.

(iii) The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. However, as the objective of the net investments in foreign operations is for strategic purposes, the Group does not hedge the investments.

(iv) The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD, the subsidiaries' functional currency: USD, EUR and CNY). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

				September 30, 2024		
				Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$	4,052	31.65	\$	128,232	
JPY:NTD		48,688	0.2223		10,835	
EUR:NTD		2,289	35.38		80,994	
<u>Financial liabilities</u>						
<u>Monetary items</u>						
JPY:NTD		8,546	0.2223		1,900	
EUR:NTD		844	35.38		30,143	
				December 31, 2023		
				Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$	11,553	30.705	\$	354,749	
JPY:NTD		126,745	0.2172		27,529	
EUR:NTD		1,537	33.98		52,225	
<u>Financial liabilities</u>						
<u>Monetary items</u>						
EUR:NTD		313	33.98		10,760	
				September 30, 2023		
				Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$	12,250	32.27	\$	395,320	
JPY:NTD		102,167	0.2162		22,088	
EUR:NTD		4,207	33.91		142,659	
<u>Financial liabilities</u>						
<u>Monetary items</u>						
EUR:NTD		389	33.91		13,195	

Sensitivity analysis of foreign exchange risk is primarily for foreign currency monetary items at financial reporting date. If the exchange rate of NTD to other currencies had appreciated/depreciated by 1% with all other factors remaining constant, the Group's net profit after tax for the nine-month periods ended September 30, 2024 and 2023 would decrease/increase by \$1,504 and \$4,375, respectively.

- (v) The total exchange gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and nine-month periods ended September 30, 2024 and 2023 amounted to \$366, \$20,539, \$24,437 and \$36,907, respectively.

II. Price risk

The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio and set stop-loss amounts for these instruments. The Group expects no significant market risk.

III. Cash flow and fair value interest rate risk

- (i) The Group's main interest rate risk arises from short-term and long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. However, partial interest rate risk is offset by cash and cash equivalents held at variable rates. For the nine-month periods ended September 30, 2024 and 2023, the Group's borrowings at variable rate were mainly denominated in NTD, EUR, and USD.
- (ii) The Group's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- (iii) If the borrowing interest rate had increased/decreased by 10% with all other variables held constant, profit, net of tax for the nine-month periods ended September 30, 2024 and 2023 would have decreased/increased by \$1,817 and \$1,312, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- I. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- II. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored.
- III. The Group manages its credit risk, whereby if the contract payments are past due over based on the terms, there has been a significant increase in credit risk on that instrument. If the contract payment are past due over 365 days based on the terms, the default has occurred.

IV. The Group classifies customers' accounts receivable in accordance with the credit rating of customers and credit risk on trade. The Group applies the simplified approach using the provision matrix and the forecast ability to adjust historical and timely information to estimate expected credit loss. The Group's provision matrix as of September 30, 2024, December 31, 2023 and September 30, 2023 is as follows:

			More than 181	
<u>September 30, 2024</u>	<u>Current</u>	<u>Up to 180 days</u>	<u>days past due</u>	<u>Total</u>
Expected loss rate	0.03%~2%	0.03%~37.34%	0.03%~100%	
Total book value	\$ 190,779	\$ 44,850	\$ 18,694	\$ 254,323
Loss allowance	1,115	4,195	17,367	22,677
<u>December 31, 2023</u>	<u>Current</u>	<u>Up to 180 days</u>	<u>More than 181 days past due</u>	<u>Total</u>
Expected loss rate	0.03%~2%	0.03%~35.81%	22%~100%	
Total book value	\$ 178,761	\$ 48,475	\$ 17,604	\$ 244,840
Loss allowance	719	4,241	15,171	20,131
<u>September 30, 2023</u>	<u>Current</u>	<u>Up to 180 days</u>	<u>More than 181 days past due</u>	<u>Total</u>
Expected loss rate	0.03%~2%	0.03%~37.06%	22%~100%	
Total book value	\$ 167,503	\$ 50,395	\$ 17,097	\$ 234,995
Loss allowance	710	1,028	15,132	16,870

V. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	For the nine-month periods ended September 30,	
	2024	2023
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 20,131	\$ 16,325
Provision for impairment	1,651	470
Effect of foreign exchange	895	75
At September 30	<u>\$ 22,677</u>	<u>\$ 16,870</u>

(c) Liquidity risk

- I. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- II. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities,

choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. The Group is expected to readily generate cash inflows for managing liquidity risk.

III. The Group has the following undrawn borrowing facilities:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Floating rate:			
Expiring within one year	\$ 874,050	\$ 864,050	\$ 914,050
Expiring beyond one year	1,372,675	2,524,562	2,604,775
	<u>\$ 2,246,725</u>	<u>\$ 3,388,612</u>	<u>\$ 3,518,825</u>

IV. The table below analyses the Group's non-derivative financial liabilities and relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>September 30, 2024</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 210,553	\$ -	\$ -	\$ -
Notes payable	60,178	-	-	-
Accounts payable	47,348	-	-	-
Other payables	124,521	-	-	-
Lease liability	5,665	5,665	16,995	75,060
Long-term borrowings (including current portion)	321,291	363,013	312,449	416,863
<u>December 31, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 366,915	\$ -	\$ -	\$ -
Notes payable	41,913	-	-	-
Accounts payable	17,975	-	-	-
Other payables	112,141	-	-	-
Lease liability	5,126	5,126	15,378	71,760
Long-term borrowings (including current portion)	100,097	385,958	483,771	-

<u>September 30, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 286,671	\$ -	\$ -	\$ -
Notes payable	64,472	-	-	-
Accounts payable	26,577	-	-	-
Other payables	141,083	-	-	-
Lease liability	5,126	5,126	15,378	73,042
Long-term borrowings (including current portion)	224,420	358,694	420,161	-

V. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortized cost - current, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable, other payables and long-term borrowings (including current portion)) are approximate to their fair values.

C. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets is as follows:

The related information on the nature of the assets is as follows:

September 30, 2024	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 48,785	\$ 48,785

There was no such situation as of December 31, 2023 and September 30, 2023.

D. The methods and assumptions the Group used to measure fair value are as follows:

The fair value of financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

E. For the nine-month periods ended September 30, 2024 and 2023, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3:

	For the nine-month period ended September 30, 2024
	<u>Equity instrument</u>
At January 1	\$ -
Acquired during the period	50,000
Losses recognized in profit or loss	(1,215)
At September 30	<u>\$ 48,785</u>

There was no such situation for the nine-month period ended September 30, 2023.

G. Group treasury is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at September 30, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Equity securities	\$ 48,785	Net asset value	Not applicable	—	Not applicable

13. SUPPLEMENTARY DISCLOSURES

(According to the regulatory requirement, only information for the nine-month period ended September 30, 2024 is disclosed.)

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Group's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Refer to table 3.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting period: None.
- J. Significant inter-company transactions during the reporting period: Refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 6.

(3) Information on investments in Mainland China

- A. Basic information: Refer to table 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 8.

(4) Major shareholders information

Major shareholders information: Refer to table 9.

14. SEGMENT INFORMATION

(1) General information

The management of the Group has identified the operating segments based on how the Group's chief operating decision maker regularly reviews information in order to make decisions. The Group's chief operating decision maker manages the business from an entity's perspective. The Group's corporate composition, the basis for division and the basis for measuring departmental information have not changed significantly during the current period.

(2) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the nine-month period ended September 30, 2024					
	CHIEFTEK PRECISION	Chieftek (Kunshan)	cpc Europa	cpc USA	Others	Total
Segment revenue	\$ 593,004	\$102,594	\$ 263,357	\$ 148,836	\$ 8,580	\$ 1,116,371
Inter-segment revenue	323,339	-	79	-	8,580	331,998
External revenue	269,665	102,594	263,278	148,836	-	784,373
Interest income	3,038	855	24	887	430	5,234
Depreciation and amortization	50,550	65	1,973	167	2,581	55,336
Capital expenditures	68,197	148	4,217	101	-	72,663
Interest expense	10,676	-	4,103	-	1,851	16,630
Segment pre-tax income	81,170	9,332	487	14,152	2,376	107,517
Segment assets	3,457,043	209,062	248,573	121,143	205,649	4,241,470
Segment liabilities	1,641,895	2,218	146,458	4,291	84,780	1,879,642

	For the nine-month period ended September 30, 2023					
	CHIEFTEK PRECISION	Chieftek (Kunshan)	cpc Europa	cpc USA	Others	Total
Segment revenue	\$ 617,176	\$ 96,198	\$ 297,326	\$ 149,379	\$ 8,288	\$ 1,168,367
Inter-segment revenue	321,374	-	308	-	8,288	329,970
External revenue	295,802	96,198	297,018	149,379	-	838,397
Interest income	2,766	1,144	2	308	33	4,253
Depreciation and amortization	53,444	124	1,939	1,501	2,492	59,500
Capital expenditures	66,840	-	5,454	310	-	72,604
Interest expense	12,153	-	439	-	1,841	14,433
Segment pre-tax income	131,355	4,493	24,536	18,133	1,857	180,374
Segment assets	3,203,299	189,991	252,820	133,669	212,866	3,992,645
Segment liabilities	1,397,994	2,588	129,749	3,311	89,351	1,622,993

(3) Reconciliation for segment income

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segments pre-tax income to profit before income tax from continuing operations is provided as follows:

	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Reportable segments pre-tax income	\$ 105,141	\$ 178,517
Other segments pre-tax gain	2,376	1,857
Inter segments gain	(21,231)	(35,654)
Profit before income tax	<u>\$ 86,286</u>	<u>\$ 144,720</u>

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the nine-month period ended September 30, 2024

Table 1

Expressed in thousands of NTD

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount during the period	Outstanding endorsement/ guarantee amount at September 30, 2024	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	CHIEFTEK PRECISION CO., LTD.	cpc Europa GmbH	1	\$ 1,180,914	\$ 266,400	\$ 265,350	\$ 132,675	\$ -	11%	\$ 1,180,914	Y	N	N	—

(Note 1) The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

(Note 2) The following code represents the relationship with the Company:

- (1) The Company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(Note 3) (1) The limit of total amount of endorsements/guarantees is 50% of the Company's net worth of the latest financial statements, and the limit of total amount of endorsements/guarantees for a single party is 20% of the Company's net worth of the latest financial statements.

Between companies whose voting shares are held by the Company directly and indirectly more than 90%, an endorsement guarantee may be made and its amount shall not exceed 10% of the Company's net worth of the latest financial statements. However, this does not apply to inter-company endorsement guarantees where the Company directly or indirectly holds 100% of the voting shares.

- (2) For any endorsements or guarantees provided by the Company due to business dealings, except for the abovementioned limit, the amount of endorsements or guarantees shall be limited to the business dealing amount of the most recent year. The business dealing amount is product purchase or sale amount between the entities, whichever is higher.
- (3) Between companies whose voting shares are 100% held by the Company directly and indirectly, and the limit of total amount of endorsements/guarantees is 50% of the company's, who provide endorsement guarantee, net worth of the latest financial statements, and the limit of total amount of endorsements/guarantees to a single party is 50% of the company's, who provide endorsement guarantee, net worth of the latest financial statements.
- (4) The limit of total amount of endorsements/guarantees provided by the Company and subsidiaries is 50% of the Company's net worth of the latest financial statements, and the limit of total amount of endorsements/guarantees provided by the Company and subsidiaries to a single party is 50% of the Company's net worth of the latest financial statements.

(Note 4) Foreign currencies were translated into New Taiwan Dollars using the exchange rate (USD:NTD 1:31.65) as of September 30, 2024.

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

September 30, 2024

Table 2

Expressed in thousands of NTD

				<u>As of September 30, 2024</u>					
<u>Securities held by</u>	<u>Marketable securities</u>	<u>Relationship with thesecurities issuer</u>	<u>General ledger account</u>	<u>Number of shares</u>	<u>Book value</u>	<u>Ownership (%)</u>	<u>Fair value</u>	<u>Footnote</u>	
CHIEFTEK PRECISION CO., LTD.	Stocks: Phoenix VI Innovation Investment Co., Ltd.	—	Financial assets at fair value through profit or loss - non-current	5,000,000	\$ 48,785	2.54%	\$ 48,785	—	

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more

For the nine-month period ended September 30, 2024

Table 3

Expressed in thousands of NTD

If the counterparty is a related party, information as to the last transaction of the
real estate is disclosed below:

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
CHIEFTEK PRECISION CO., LTD.	Sugu new factory construction phase II	May 17, 2019	\$ 467,579	\$ 467,579	Hong Sheng Construction Corp.	—	—	—	—	\$ -	Negotiation	Building for operation use In use	—

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the nine-month period ended September 30, 2024

Table 4

Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Transaction			Differences in transaction terms compared to third party			Notes/accounts receivable (payable)		Footnote
				Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
CHIEFTEK PRECISION CO., LTD.	cpc Europa GmbH	Subsidiary	(Sales)	(\$ 144,758)	(24%)	(Note 1)	\$ -	(Note 2)	\$ 28,028	13%	—	
cpc Europa GmbH	CHIEFTEK PRECISION CO., LTD.	Parent company	Purchases	144,758	88%	(Note 1)	-	(Note 3)	(28,028)	(99%)	—	

(Note 1) 180 days after monthly-closing, T/T.

(Note 2) The Company's collection terms to third parties are 30 to 180 days after monthly statements.

(Note 3) The Company's payment terms to third parties are 30 to 60 days after monthly statements.

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the nine-month period ended September 30, 2024

Table 5

Expressed in thousands of NTD

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	CHIEFTEK PRECISION CO., LTD.	cpc Europa GmbH	1	Endorsements and guarantees	\$ 265,350	—	6%
				Sales revenue	(144,758)	180 days after monthly-closing, T/T	(18%)
				Accounts receivable	28,028	—	1%
		CHIEFTEK PRECISION USA CO., LTD.	1	Sales revenue	(88,945)	180 days after monthly-closing, T/T	(11%)
				Accounts receivable	46,695	—	1%
				Sales revenue	(89,636)	180 days after monthly-closing, T/T	(11%)
1	CHIEFTEK PRECISION USA CO., LTD.	CHIEFTEK PRECISION INTERNATINAL LLC	3	Accounts receivable	29,171	—	1%
				Rent payment	8,580	—	1%
				Guarantee deposits paid	1,583	—	—

(Note 1) The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

(Note 2) Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

(Note 3) Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

(Note 4) Only transactions over 1 million are disclosed.

(Note 5) Foreign currencies were translated into New Taiwan Dollars using the exchange rate (USD:NTD 1:31.65) as of September 30, 2024.

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Names, locations and other information of investee companies (not including investees in Mainland China)

For the nine-month period ended September 30, 2024

Table 6

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of September 30, 2024			Net profit (loss) of the investee for the nine-month period ended September 30, 2024	Investment income (loss) recognized by the Company for the nine-month period ended September 30, 2024	Footnote
				Balance as of September 30, 2024	Balance as of December 31, 2023	Number of shares	Ownership (%)	Book value			
CHIEFTEK PRECISION CO., LTD.	CHIEFTEK PRECISION HOLDING CO., LTD.	Samoa	Professional investment	\$ 152,263	\$ 152,263	5,100,000	100%	\$ 177,675	\$ 6,194	\$ 6,194	Subsidiary
	CHIEFTEK PRECISION INTERNATIONAL LLC	United States of America	Lease of real estate property	110,054	110,054	-	100%	118,303	2,024	2,024	Subsidiary
	CHIEFTEK PRECISION USA CO., LTD.	United States of America	Sales of high precision linear motion components and rendering after-sale services	50,027	50,027	1,660,000	100%	106,841	13,704	13,704	Subsidiary
	cpc Europa GmbH	Germany	Sales of high precision linear motion components and rendering after-sale services	98,695	98,695	-	100%	74,087 (691) (691)	Subsidiary

(Note) Foreign currencies were translated into New Taiwan Dollars using the exchange rate (USD:NTD 1:31.65) as of September 30, 2024.

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China - Basic information

For the nine-month period ended September 30, 2024

Table 7

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine-month period ended September 30, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024	Net income of investee for the nine-month period ended September 30, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the nine-month period ended September 30, 2024 (Note 2)	Book value of investments in Mainland China as of September 30, 2024	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2024	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Chieftek Machinery (Kunshan) Co., Ltd.	Production, processing and sales of high precision linear motion components and rendering after-sale services	\$ 161,415	Note 1	\$ 161,415	\$ -	\$ -	\$ 161,415	\$ 6,194	100%	\$ 6,194	\$ 189,422	\$ 258,373	—

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)		Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
CHIEFTEK PRECISION CO., LTD.	\$ 161,415	\$ 161,415	\$ 1,417,097	

(Note 1) Through investing in an existing company in the third area (CHIEFTEK PRECISION HOLDING CO., LTD.) which then invested in the investee in Mainland China.

(Note 2) The investment income (loss) is recognized based on the investees' financial statements that were reviewed by the parent company's auditors for the nine-month period ended September 30, 2024.

(Note 3) The ceiling amount is 60% of the higher of net worth or consolidated net worth.

(Note 4) Foreign currencies were translated into New Taiwan Dollars using the exchange rate (USD:NTD 1:31.65) as of September 30, 2024.

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China - Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area

For the nine-month period ended September 30, 2024

Table 8

Expressed in thousands of NTD

Investee in Mainland China	Sales (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing			Interest during the nine-month period ended September 30, 2024	Others
	Amount	%	Amount	%	Balance at September 30, 2024	%	Balance at September 30, 2024	Purpose	Maximum balance during the nine-month period ended September 30, 2024	Balance at September 30, 2024	Interest rate		
Chieftek Machinery (Kunshan) Co., Ltd.	\$ 89,636	11%	\$ -	-	\$ 29,171	1%	\$ -	-	\$ -	\$ -	-	\$ -	\$ -

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Major shareholders information

September 30, 2024

Table 9

Expressed in shares

Name of the major shareholder	Number of shares		Ownership (%)
	Common stock		
Hsu, Ming-Che	6,137,271	6.87%	

Note: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the different calculation basis.