

ThinTech Materials
Technology Co., Ltd. and Its
Subsidiaries

Consolidated Financial
Statements and Independent
Auditor's Review Report
For the Nine Months Ended September 30,
2024 and 2023

Address of the Headquarters: 8F-4 Floor, No. 140, Zhongshan
North Road, Gangshan District,
Kaohsiung City

Address of the Branch: No. 1, Luke 8th Road, Luzhu
District, Kaohsiung City (mailing
address)

Tel.: (07)695-5125

Independent Auditor's Report

To ThinTech Materials Technology Co., Ltd.,

Introduction

We have reviewed the accompanying consolidated balance sheets of ThinTech Materials Technology Co., Ltd. (the "Company") and its subsidiaries (collectively to as the "Group") as of September 30, 2024 and 2023, the consolidated statements of comprehensive income for the three months ended September 30, 2024 and 2023, and nine months ended September 30, 2024 and 2023, and the consolidated statements of changes in equity and of cash flows for the nine months ended September 30, 2024 and 2023, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the consolidated financial statements). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Corporation and its subsidiaries as of September 30, 2024 and 2023, and of its consolidated financial performance for the three months ended September 30, 2024 and 2023, and nine months ended September 30, 2024 and 2023, and its consolidated cash flows for the nine months ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the FSC.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, in May 2024, the Company acquired 70% of Changzhou China Steel Precision Materials Co., Ltd. for cash and issue ordinary shares. The aforementioned transaction was an reorganization of the organization under common control which should be regarded as a default consolidation and a retrospective restatement of the consolidated financial statements for the comparative period. We have not modified our review conclusion as a result of the foregoing.

The engagement partners on the reviews resulting in this independent auditors' review report are Wang, Chao-Chun and Kuo, Li-Yua.

Deloitte &
Touche Taipei,
Taiwan
Republic of
China

October 30, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

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

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Consolidated Balance sheets

Unit: NT\$ thousand

Code	Assets	September 30, 2024		December 31, 2023 (After Restatement)		September 30, 2023 (After Restatement)	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Notes 6)	\$ 486,708	11	\$ 741,919	15	\$ 602,327	11
1110	Financial assets at fair value through profit or loss - current (Notes 7)	6,436	-	7,236	-	40	-
1139	Financial assets for hedging - current (Notes 31)	5,227	-	14,007	-	18,008	-
1150	Notes payable (Notes 9)	691,953	16	949,137	19	1,160,961	22
1170	Accounts receivable, net (Notes 9 and 32)	465,002	10	513,102	10	543,035	10
1200	Other receivables (Note 9 and 32)	8,612	-	9,372	-	5,323	-
1220	Current income tax assets	-	-	35	-	3,417	-
130X	Inventory (Notes 10)	1,487,235	34	1,507,483	30	1,603,302	30
1410	Prepayments (Note 12 and 32)	73,299	2	225,620	4	308,496	6
1460	Non-current assets held for sale(Note 4 and 11)	163,648	4	-	-	-	-
1476	Other financial assets - current (Notes 13 and 33)	46,483	1	121,326	2	119,868	2
1479	Other current assets	<u>244</u>	<u>-</u>	<u>4,464</u>	<u>-</u>	<u>3,173</u>	<u>-</u>
11XX	Total current assets	<u>3,434,847</u>	<u>78</u>	<u>4,093,701</u>	<u>80</u>	<u>4,367,950</u>	<u>81</u>
	Non-current assets						
1513	Financial assets at fair value through profit or loss - non-current (Notes 7)	12,449	-	-	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 8)	30,625	1	33,422	1	39,045	1
1550	Investments using the equity method (Notes 15)	35,233	1	33,688	1	32,222	1
1600	Property, plant and equipment (Notes 16 and 33)	573,315	13	640,226	13	624,826	12
1755	Right-of-use assets (Notes 17)	200,528	5	210,491	4	214,963	4
1760	Investment properties(Notes 4 and 18)	18,756	-	19,009	-	19,758	-
1801	Computer software	4,798	-	2,396	-	2,620	-
1840	Deferred tax assets	45,084	1	43,166	1	41,134	1
1915	Prepayments for equipment	22,259	1	9,239	-	11,162	-
1920	Guarantee deposits paid (Note 32)	5,157	-	4,188	-	3,989	-
1975	Net defined benefit assets (Notes 4)	16,186	-	16,021	-	12,296	-
1990	Other non-current assets (Note 9)	<u>3,195</u>	<u>-</u>	<u>3,931</u>	<u>-</u>	<u>3,604</u>	<u>-</u>
15XX	Total non-current assets	<u>967,585</u>	<u>22</u>	<u>1,015,777</u>	<u>20</u>	<u>1,005,619</u>	<u>19</u>
1XXX	Total assets	<u>\$ 4,402,432</u>	<u>100</u>	<u>\$ 5,109,478</u>	<u>100</u>	<u>\$ 5,373,569</u>	<u>100</u>
	Liabilities and equity						
	Current liabilities						
2100	Short-term borrowings (Notes 19 and 33)	\$ 245,590	6	\$ 544,869	11	\$ 768,008	14
2110	Short-term bills payable(Notes 19 and 33)	-	-	-	-	30,000	1
2126	Financial liabilities for hedging - current (Notes 31)	88,244	2	81,032	2	80,689	2
2130	Contract liabilities - current (Notes 25)	125,308	3	85,835	2	102,774	2
2150	Notes payable	604,709	14	1,045,808	21	999,455	19
2170	Accounts payable	47,807	1	22,870	-	63,038	1
2219	Other payables (Notes 21 and 32)	95,977	2	105,892	2	120,743	2
2230	Current tax liabilities	9,133	-	16,583	-	5,993	-
2260	Liabilities directly associated with non-current assets held for sale (Notes 4 and 11)	134,180	3	-	-	-	-
2280	Lease liabilities - current (Notes 17)	5,863	-	5,671	-	5,688	-
2310	Unearned receipts(Notes 18 and 32)	3,792	-	3,627	-	3,701	-
2321	Current portion of bonds payable (Notes 20)	17,581	-	-	-	-	-
2322	Current portion of long-term liabilities (Notes 19)	41,667	1	-	-	-	-
2399	Other current liabilities	<u>1,323</u>	<u>-</u>	<u>1,401</u>	<u>-</u>	<u>1,673</u>	<u>-</u>
21XX	Total current liabilities	<u>1,421,174</u>	<u>32</u>	<u>1,913,588</u>	<u>38</u>	<u>2,181,762</u>	<u>41</u>
	Non-current liabilities						
2530	Bonds payable(Notes 20)	-	-	189,728	4	188,618	3
2541	Long-term bank borrowings (Notes 19)	458,333	11	-	-	-	-
2550	Provisions - noncurrent (Notes 4 and 22)	67,410	2	50,665	1	33,688	1
2570	Deferred tax liabilities	5,013	-	3,693	-	3,935	-
2580	Lease liabilities - non-current (Notes 17)	104,154	2	103,319	2	104,725	2
2630	Long-term unearned revenue (Notes 29)	-	-	2,676	-	2,748	-
2645	Guarantee deposits received	995	-	692	-	706	-
2670	Other non-current liabilities (Notes 18 and 32)	<u>12,015</u>	<u>-</u>	<u>12,191</u>	<u>-</u>	<u>13,390</u>	<u>-</u>
25XX	Total non-current liabilities	<u>647,920</u>	<u>15</u>	<u>362,964</u>	<u>7</u>	<u>347,810</u>	<u>6</u>
2XXX	Total liabilities	<u>2,069,094</u>	<u>47</u>	<u>2,276,552</u>	<u>45</u>	<u>2,529,572</u>	<u>47</u>
	Equity attributable to owners of the Company (Note 24)						
	Share capital						
3110	Ordinary share capital	1,009,723	23	735,012	14	734,980	14
3140	Capital collected in advance	<u>68,108</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>32</u>	<u>-</u>
3100	Total share capital	<u>1,077,831</u>	<u>24</u>	<u>735,012</u>	<u>14</u>	<u>735,012</u>	<u>14</u>
3200	Capital surplus	<u>785,133</u>	<u>18</u>	<u>352,020</u>	<u>7</u>	<u>352,020</u>	<u>6</u>
	Retained earnings						
3310	Legal reserve	47,494	1	43,142	1	43,142	1
3350	Undistributed earnings	<u>42,084</u>	<u>1</u>	<u>60,830</u>	<u>1</u>	<u>57,913</u>	<u>1</u>
3300	Total retained earnings	<u>89,578</u>	<u>2</u>	<u>103,972</u>	<u>2</u>	<u>101,055</u>	<u>2</u>
	Other equity						
3410	Exchange differences arising from the translation of the financial statements of foreign operations	(146,984)	(3)	(4,012)	-	(2,944)	-
3420	Unrealized gain or loss on financial assets at fair value through other comprehensive income	<u>6,165</u>	<u>-</u>	<u>8,662</u>	<u>-</u>	<u>12,972</u>	<u>-</u>
3400	Total other equity	(<u>140,819</u>)	(<u>3</u>)	<u>4,650</u>	<u>-</u>	<u>10,028</u>	<u>-</u>
31XX	Total equity attributable to owners of the Company	<u>1,811,723</u>	<u>41</u>	<u>1,195,654</u>	<u>23</u>	<u>1,198,115</u>	<u>22</u>
35XX	Equity attributable to former owner of business combination under common control	-	-	1,146,091	22	1,152,215	22
36XX	Non-controlling interests	<u>521,615</u>	<u>12</u>	<u>491,181</u>	<u>10</u>	<u>493,667</u>	<u>9</u>
3XXX	Total equity	<u>2,333,338</u>	<u>53</u>	<u>2,832,926</u>	<u>55</u>	<u>2,843,997</u>	<u>53</u>
	Total liabilities and equity	<u>\$ 4,402,432</u>	<u>100</u>	<u>\$ 5,109,478</u>	<u>100</u>	<u>\$ 5,373,569</u>	<u>100</u>

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

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Consolidated Statements of Comprehensive Income

Unit: In NT\$ thousand, except for earnings per share in NT\$

Code		For the Three Months Ended September 30				For the Nine Months Ended September 30			
		2024		2023 (After Restatement)		2024		2023 (After Restatement)	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue, net (Notes 25 and 32)	\$1,432,784	100	\$1,586,038	100	\$3,995,771	100	\$4,461,710	100
5000	Operating costs (Notes 10, and 26)	<u>1,343,821</u>	<u>94</u>	<u>1,501,655</u>	<u>95</u>	<u>3,707,881</u>	<u>93</u>	<u>4,162,689</u>	<u>93</u>
5900	Gross profit	<u>88,963</u>	<u>6</u>	<u>84,383</u>	<u>5</u>	<u>287,890</u>	<u>7</u>	<u>299,021</u>	<u>7</u>
	Operating expenses (Notes 9, 26, and 32)								
6100	Selling expenses	15,077	1	15,265	1	50,592	1	47,066	1
6200	Administrative expenses	45,628	3	38,307	2	112,745	3	103,340	2
6300	R&D expenses	15,649	1	14,025	1	52,870	1	39,729	1
6450	Expected credit impairment losses (gain on reversal)	(<u>434</u>)	<u>-</u>	(<u>93</u>)	<u>-</u>	<u>208</u>	<u>-</u>	(<u>330</u>)	<u>-</u>
6000	Total operating expenses	<u>75,920</u>	<u>5</u>	<u>67,504</u>	<u>4</u>	<u>216,415</u>	<u>5</u>	<u>189,805</u>	<u>4</u>
6900	Net operating income	<u>13,043</u>	<u>1</u>	<u>16,879</u>	<u>1</u>	<u>71,475</u>	<u>2</u>	<u>109,216</u>	<u>3</u>
	Non-operating income and expenses (Notes 26, 29 and 32)								
7100	Interest income	900	-	1,757	-	9,513	-	5,722	-
7010	Other income	14,708	1	5,503	-	17,339	-	15,407	-
7020	Other gains and losses	(6,118)	(1)	12,101	1	9,998	-	11,744	-
7050	Financial costs	(5,626)	-	(7,016)	-	(17,713)	-	(24,103)	-
7060	Share of profit or loss on affiliates using the equity method	<u>329</u>	<u>-</u>	<u>482</u>	<u>-</u>	<u>477</u>	<u>-</u>	<u>1,025</u>	<u>-</u>
7000	Total non-oper- ating income and expenses	<u>4,193</u>	<u>-</u>	<u>12,827</u>	<u>1</u>	<u>19,614</u>	<u>-</u>	<u>9,795</u>	<u>-</u>
7900	Net income before tax	17,236	1	29,706	2	91,089	2	119,011	3
7950	Income tax expense (Notes 4 and 27)	<u>9,869</u>	<u>-</u>	<u>3,813</u>	<u>1</u>	<u>25,840</u>	<u>1</u>	<u>35,086</u>	<u>1</u>
8200	Net income for the period	<u>7,367</u>	<u>1</u>	<u>25,893</u>	<u>1</u>	<u>65,249</u>	<u>1</u>	<u>83,925</u>	<u>2</u>
	Other comprehensive income (Notes 24)								
8310	Items not reclassified to profit or loss								
8316	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income	(630)	-	(5,658)	-	(2,797)	-	7,318	-

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C o d e		For the Three Months Ended September 30				For the Nine Months Ended September 30			
		2024		2023		2024		2023	
		(After Restatement)		(After Restatement)		(After Restatement)		(After Restatement)	
		Amount	%	Amount	%	Amount	%	Amount	%
8321	Remeasurements of defined benefit plans of affiliates	\$ -	-	\$ -	-	\$ -	-	\$ 2	-
8326	Unrealized gains or losses on affiliates' investment in equity instruments at fair value through other comprehensive income	(139)	-	(952)	-	2,933	-	3,035	-
8360	Items that may subsequently be reclassified to profit or loss								
8361	Exchange differences arising from the translation of the financial statements of foreign operations	<u>19,752</u>	<u>1</u>	<u>51,275</u>	<u>3</u>	<u>66,073</u>	<u>2</u>	(<u>380</u>)	<u>-</u>
8300	Other comprehensive income for this year (net of tax)	<u>18,983</u>	<u>1</u>	<u>44,665</u>	<u>3</u>	<u>66,209</u>	<u>2</u>	<u>9,975</u>	<u>-</u>
8500	Total comprehensive income for the period	<u>\$ 26,350</u>	<u>2</u>	<u>\$ 70,558</u>	<u>4</u>	<u>\$ 131,458</u>	<u>3</u>	<u>\$ 93,900</u>	<u>2</u>
8610	Net profit attributable to: Owners of the Company	\$ 3,283		\$ 21,532		\$ 27,074		\$ 39,676	
8615	Former owner of business combination under common control	-		3,056		19,474		30,979	
8620	Non-controlling interests	<u>4,084</u>		<u>1,305</u>		<u>18,701</u>		<u>13,270</u>	
8600		<u>\$ 7,367</u>		<u>\$ 25,893</u>		<u>\$ 65,249</u>		<u>\$ 83,925</u>	
8710	Total comprehensive income attributable to: Owners of the Company	\$ 24,041		\$ 16,614		\$ 38,627		\$ 50,046	
8715	Former owner of business combination under common control	-		37,765		62,397		30,703	
8720	Non-controlling interests	<u>2,309</u>		<u>16,179</u>		<u>30,434</u>		<u>13,151</u>	
8700		<u>\$ 26,350</u>		<u>\$ 70,558</u>		<u>\$ 131,458</u>		<u>\$ 93,900</u>	
	Earnings per share (Note 28)								
9750	Basic	\$ 0.03		\$ 0.24		\$ 0.45		\$ 0.70	
9850	Diluted								
	Remeasurements of defined benefit plans of affiliates	0.03		0.24		0.44		0.69	

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

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Consolidated Statements of Changes in Equity

Unit: NT\$ thousand

		Equity attributable to owners of the Company											
		Share capital		Capital surplus	Retained earnings			Other equity items		Total	Equity Attributable to Former Owner of Business Combination Under Common Control (Note 4 and 24)	Non-controlling Interests (Note 24)	Total equity
Code		Ordinary share capital	Capital collected in advance		Legal reserve	Special reserve	Undistributed earnings	Exchange differences arising from the translation of the financial statements of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive income				
A1	Balance as of January 1, 2024	\$ 735,012	\$ -	\$ 352,020	\$ 43,142	\$ -	\$ 60,830	(\$ 4,012)	\$ 8,662	\$ 1,195,654	\$ 1,146,091	\$ 491,181	\$ 2,832,926
	Earnings appropriation and distribution for 2023 (Note 24)												
B1	Legal reserve	-	-	-	4,352	-	(4,352)	-	-	-	-	-	-
B5	Cash dividend	-	-	-	-	-	(44,101)	-	-	(44,101)	-	-	(44,101)
		-	-	-	4,352	-	(48,453)	-	-	(44,101)	-	-	(44,101)
D1	Net income for the nine months ended September 30, 2024	-	-	-	-	-	27,074	-	-	27,074	19,474	18,701	65,249
D3	Other comprehensive income after tax for the nine months ended September 30, 2024	-	-	-	-	-	-	11,417	136	11,553	42,923	11,733	66,209
D5	Total comprehensive income for the nine months ended September 30, 2024	-	-	-	-	-	27,074	11,417	136	38,627	62,397	30,434	131,458
H3	Restructuring (Note 24 and 36)	274,711	-	327,538	-	-	-	(154,389)	-	447,860	(1,208,488)	-	(760,628)
I1	Convertible bonds converted to ordinary shares	-	68,108	105,575	-	-	-	-	-	173,683	-	-	173,683
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income (Note 24)	-	-	-	-	-	2,633	-	(2,633)	-	-	-	-
Z1	Balance as of September 30, 2024	\$ 1,009,723	\$ 68,108	\$ 785,133	\$ 47,494	\$ -	\$ 42,084	(\$ 146,984)	\$ 6,165	\$ 1,811,723	\$ -	\$ 521,615	\$ 2,333,338
A1	Balance as of January 1, 2023	\$ 734,980	\$ -	\$ 324,681	\$ 34,666	\$ 3,660	\$ 95,623	(\$ 2,959)	\$ 3,545	\$ 1,194,196	\$ -	\$ -	\$ 1,194,196
A4	Retrospective restatement of business combinations under common control with former owner	-	-	-	-	-	-	-	-	-	1,211,568	519,243	1,730,811
A5	Balance at January 1, 2023 after restatement	734,980	-	324,681	34,666	3,660	95,623	(2,959)	3,545	1,194,196	1,211,568	519,243	2,925,007
	Earnings appropriation and distribution for 2022 (Note 24)												
B1	Legal reserve	-	-	-	8,476	-	(8,476)	-	-	-	-	-	-
B3	Reversal of special reserve	-	-	-	-	(3,660)	3,660	-	-	-	-	-	-
B5	Cash dividend	-	-	-	-	-	(73,498)	-	-	(73,498)	-	-	(73,498)
		-	-	-	8,476	(3,660)	(78,314)	-	-	(73,498)	-	-	(73,498)
C5	Equity component of convertible bonds issued by the Company (Note 20)	-	-	27,277	-	-	-	-	-	27,277	-	-	27,277
D1	Net income for the nine months ended September 30, 2023	-	-	-	-	-	39,676	-	-	39,676	30,979	13,270	83,925
D3	Other comprehensive income after tax for the nine months ended September 30, 2023	-	-	-	-	-	2	15	10,353	10,370	(276)	(119)	9,975
D5	Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	-	39,678	15	10,353	50,046	30,703	13,151	93,900
E1	Cash Capital Increase by subsidiaries	-	-	-	-	-	-	-	-	-	307	-	307
I1	Convertible bonds converted to ordinary shares	-	32	62	-	-	-	-	-	94	-	-	94
T1	Changes in equity attributable to former owner of business combination under common control	-	-	-	-	-	-	-	-	-	(90,363)	(38,727)	(129,090)
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income (Note 24)	-	-	-	-	-	926	-	(926)	-	-	-	-
Z1	Balance as of September 30, 2023	\$ 734,980	\$ 32	\$ 352,020	\$ 43,142	\$ -	\$ 57,913	(\$ 2,944)	\$ 12,972	\$ 1,198,115	\$ 1,152,215	\$ 493,667	\$ 2,843,997

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

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Consolidated Statements of Cash Flows

Unit: NT\$ thousand

Code		For the Nine Months Ended September 30	
		2024	2023 (After Restatement)
	Cash flows from operating activities		
A10000	Net income before tax	\$ 91,089	\$ 119,011
A20010	Income and expense items		
A20100	Depreciation expenses	69,430	68,663
A20200	Amortization expenses	2,081	1,885
A20300	Expected credit impairment losses (gain on reversal)	208	(330)
A20400	Net gain on financial assets and liabilities at fair value through profit or loss	(4,998)	(1,480)
A20900	Financial costs	17,713	24,103
A21200	Interest income	(9,513)	(5,722)
A21300	Share of profit on affiliates using the equity method	(73)	(162)
A22300	Share of the profit of associates	(477)	(1,025)
A22500	Loss (gain) on disposal of property, plant and equipment	4,566	(35)
A23800	Losses on inventory valuation loss (gains on inventory value recovery)	(14,340)	12,872
A29900	Recognition of provisions	17,690	6,415
A29900	Others	(53)	(53)
A30000	Net movements in operating assets and liabilities		
A31115	Financial assets mandatorily at fair value through profit or loss	(334)	1,325
A31130	Notes receivable	253,993	318,260
A31150	Accounts receivable	(8,579)	(43,536)
A31180	Other receivables	(40)	16,395
A31200	Inventory	4,535	506,441
A31230	Prepayments	151,922	(144,915)
A31240	Other current assets	4,220	30,408
A31990	Net defined benefit assets	(165)	(1,410)
A32120	Financial liabilities for hedging	7,212	(158,371)
A32125	Contract liabilities	39,473	(45,138)
A32130	Notes payable	(441,099)	(356,223)
A32150	Accounts payable	31,910	33,316

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		For the Nine Months Ended September 30	
		2024	2023
Code			(Reviewed after Restatement)
A32180	Other payables	\$ 6,929	(\$ 33,769)
A32210	Unearned receipts	165	6
A32200	Provisions	(3,497)	(4,138)
A32230	Other current liabilities	(78)	180
A32990	Other non-current liabilities	(176)	(613)
A33000	Cash inflow from operations	219,714	342,360
A33500	Income tax returned (paid)	(34,514)	(38,345)
AAAA	Net cash inflow from operating activities	<u>185,200</u>	<u>304,015</u>
Cash flows from investing activities			
B00010	Acquisition of financial assets at fair value through other comprehensive income	(12,840)	-
B01500	Acquisition of financial assets for hedging	14,862	(16,221)
B02000	Increase in prepayments for investme	-	(10,000)
B02200	Net cash outflow on disposal of subsidiaries	(760,628)	-
B02700	Acquisition of property, plant and equipment	(27,967)	(33,353)
B02800	Proceeds from disposal of property, plant and equipment	1,187	1,301
B03700	Increase in guarantee deposits paid	(978)	-
B03800	Decrease in guarantee deposits paid	-	606
B04500	Acquisition of computer software	(3,644)	(1,644)
B06500	Increase in other financial assets	-	(98,972)
B06600	Decrease in other financial assets	74,843	-
B06700	Increase in other non-current assets	(239)	(3,149)
B07100	Increase in prepayments for equipment	(13,020)	-
B07500	Interest received	10,313	5,401
B07600	Dividends received from affiliates	1,854	782
B07600	Dividends received from others	<u>73</u>	<u>162</u>
BBBB	Net cash outflow from investing activities	<u>(716,184)</u>	<u>(155,087)</u>
Cash flows from financing activities			
C00100	Increase in short-term borrowings	1,194,815	1,563,693
C00200	Decrease in short-term borrowings	(1,393,062)	(1,846,539)
C00500	Increase in short-term bills payable	161,000	30,000
C00600	Decrease in short-term bills payable	(161,000)	-
C01200	Proceed from bonds payable	-	214,263
C01600	Proceeds from long-term borrowings	500,000	-
C03000	Proceeds from guarantee deposits received	303	1

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		For the Nine Months Ended September 30	
		2024	2023
Code			(Reviewed after Restatement)
C04020	Repayment of lease principal	(\$ 4,473)	(\$ 4,263)
C04500	Cash dividend paid out	(44,101)	(73,498)
C04600	Cash Capital Increase	-	307
C05600	Interest paid	(14,422)	(21,792)
C05800	Decrease in non-controlling interests	-	(38,727)
C09900	Decrease in equity attributable to former owner of business combination under common control	-	(90,363)
CCCC	Net cash inflow (outflow) from financing activities	<u>239,060</u>	<u>(266,918)</u>
DDDD	Effect of movements in exchange rates on cash and cash equivalents	<u>55,460</u>	<u>(1,060)</u>
EEEE	Net decrease in cash and cash equivalents	(236,464)	(119,050)
E00100	Opening balance of cash and cash equivalents	<u>741,919</u>	<u>721,377</u>
E00200	Ending balance of cash and cash equivalents	<u>\$ 505,455</u>	<u>\$ 602,327</u>

		For the Nine Months Ended September 30	
		2024	2023
Code			
E00210	Cash and cash equivalents in the consolidated balance sheets	\$ 486,708	\$ 602,327
E00212	Cash and cash equivalents classified to non-current assets held for sale	<u>18,747</u>	<u>-</u>
E00200	Ending balance of cash and cash equivalents	<u>\$ 505,455</u>	<u>\$ 602,327</u>

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

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Notes to Consolidated Financial Statements
For the nine months ended September 30, 2024 and 2023
(In NT\$ thousand, unless otherwise specified)

1. Company history

ThinTech Materials Technology Co., Ltd. (hereinafter referred to as "the Company") was incorporated in March 2000 and mainly engages in the processing and sales of a variety of thin film sputtering targets and precious metals, as well as trading of commodity metals.

The Company's parent company is Gains Investment Corporation (with substantive control power), which held 47.21%, 31.86% and 31.86% of the Company's ordinary shares as of September 30, 2024, December 31 and September 30, 2023, respectively. The Company's ultimate parent company is China Steel Corporation.

The Company's stock has been listed on the Taipei Exchange for trading since November 20, 2012.

In May 2024, the Company acquired 70% of Changzhou China Steel Precision Materials Co., Ltd. (CSPM) for US\$23,168 thousand and issued 27,471 thousand ordinary shares. The aforementioned transaction was an reorganization of the organization under common control which should be regarded as a default consolidation and a retrospective restatement of the consolidated financial statements for the comparative period. Please refer to Note 4(3) 、(4) and Note 36 to the consolidated financial statement.

The consolidated financial statements are presented in the Company's functional currency, i.e., New Taiwan dollar (NTD).

2. Date and Procedures for Approval of Financial Statements

The consolidated financial statements were published after being approved by the Board of Directors on October 30, 2024.

3. Application of New and Revised Standards and Interpretation

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

The application of the IFRSs endorsed and issued into effect by the FSC will not cause a material change in the Group's accounting policies.

- (2) Application of IFRSs endorsed by FSC in 2025

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

Note : An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

- (3) The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note : Unless otherwise noted, the above new/revised/amended standards and interpretations take effective in their respective annual reporting periods beginning on or after their respective dates.

IFRS 18 “Presentation and Disclosures in Financial Statements”

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

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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. Summary of Significant Accounting Policies

(1) Statement of compliance

For readers' convenience, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If inconsistencies arise between the English version and the Chinese version or if differences arise in the interpretations between the two versions, the Chinese version of the consolidated financial statements shall prevail.

(2) Basis of preparation

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

The fair value measurement is classified into three levels based on the observability and significance of relevant inputs:

- (I) Level 1 inputs: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date.
- (II) Level 2 inputs: Inputs, other than quoted market prices within level 1 that are observable, either directly (i.e. prices) or indirectly (derived from prices) for assets or liabilities.
- (III) Level 3 inputs: Unobservable inputs for assets or liabilities.

(3) Basis of consolidation

See Note 14 and Tables 6 and 7 for more information on subsidiaries' statements shareholding ratios, and main business.

(4) Business combinations

Business combinations involving entities under common control are not accounted for using the acquisition method but are accounted for at the carrying amounts of the entities. Comparative information of the prior period in the consolidated financial statements is restated as if a business combination involving entities under common control had already occurred in that period. (Refer to Note 36).

(5) Other significant accounting policies

Except for the following, refer to the summary of significant accounting policies and basis of preparation in the consolidated financial statements for the year ended December 31, 2023.

I. Criteria for classification of current and non-current assets and liabilities

Current assets include:

- (I) Assets held primarily for the purpose of trading;
- (II) Assets expected to be realized within 12 months after the balance sheet date; and
- (III) Cash or cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

- (I) Liabilities held primarily for the purpose of trading;
- (II) Liabilities due to be settled within 12 months after the reporting period, (even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue); and
- (III) Liabilities for which the Corporation and its subsidiaries do not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current. The terms of a liability may be settled by transferring an equity instrument of the Company and its subsidiaries at the option of the counterparty. If the Company and its subsidiaries classify the option as an equity instrument, such terms do not affect the classification of the liability as current or noncurrent.

II. Investment properties

Investment property is held to earn rentals or for capital appreciation or both.

Investment properties are initially stated at cost (including transaction costs) and subsequently measured at cost less accumulated depreciation. Subsidiaries depreciate investment properties on a straight-line basis.

Upon derecognition of an investment property, the difference between the net disposal price and the carrying amount of the investment property is recognized in profit or loss.

III. Non-current assets held for sale

The carrying amount of a noncurrent asset or disposal group is classified as held for sale when it is expected to be recovered principally through a sale transaction rather than through continuous use. Non-current assets or disposal groups that qualify for this classification must be available for immediate sale in their present condition and their sale must be highly enforceable. A sale is highly enforceable when management at the appropriate level is committed to a plan to sell the asset and the sale transaction is expected to be completed within one year from the date of classification.

If control over a subsidiary is to be lost upon sale, all assets and liabilities of the subsidiary are classified as held for sale and all investments in the subsidiary are classified as held for sale, regardless of whether or not a noncontrolling interest in the former subsidiary is retained after the sale.

Non-current assets or disposal groups classified as held for sale are measured at the lower of carrying amount or fair value less costs to sell, and depreciation of such assets is discontinued.

IV. Provisions

The amount recognized as provision for liabilities is the best estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties of the obligation. The provision for liabilities is measured at the discounted cash flow value of the obligation.

V. Revenue recognition

After the Group identifies its performance obligations in contracts with clients, it allocates the transaction costs to each obligation in the contracts and recognizes revenue upon completion of performance obligations.

The merchandise sales revenue is from the sales of precious metals and thin film sputtering targets、titanium/nickel and Rutile Products. Except precious metal transactions, which are recognized at spot prices, the merchandise sales revenue is recognized after it is delivered as a client has the right to set the price and use the product, assumes the main responsibility for reselling the merchandise, and bears the risk of obsolescence and debited to accounts receivable or unearned revenue (contract liabilities).

When supplying materials for outsourced processing, as the control of the ownership of the processed products has not been transferred, revenue is not recognized when the materials are supplied.

VI. Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

VII. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated on an interim period's pre-tax income by applying to the tax rate that would be applicable to expected total annual earnings.

5. Major uncertainties sources of critical financial judgment, estimates and assumpti

In applying the accounting policies in this consolidated financial report, management is required to make judgments, estimates and assumptions that are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from these estimates.

Management will continue to review estimates and basic assumptions. Revisions to estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies, estimates and underlying assumptions used by the Group have been evaluated by the management of the Group and there are no significant accounting judgments, estimates and assumptions that are uncertain.

6. Cash and cash equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand and working capital	\$ 417	\$ 561	\$ 475
Demand deposits in banks	312,044	401,689	221,872
Cash equivalents			
Bank demand deposits with initial duration of more than 3 months	<u>174,247</u>	<u>339,669</u>	<u>379,980</u>
	<u>\$486,708</u>	<u>\$741,919</u>	<u>\$602,327</u>

7. Financial instruments at fair value through profit or loss

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets - current			
Mandatorily at fair value through profit or loss			
Derivatives (not designated for hedging)			
Forward exchange agreements	\$ 59	\$ 214	\$ -
Convertible bonds call options and put options,net (Note 20)	<u>16</u>	<u>80</u>	<u>40</u>
	<u>75</u>	<u>294</u>	<u>40</u>
Domestic emerging market shares	<u>6,361</u>	<u>6,942</u>	<u>-</u>
	<u>\$ 6,436</u>	<u>\$ 7,236</u>	<u>\$ 40</u>
Financial assets - non-current			
Mandatorily at fair value through profit or loss			
Mutual funds	<u>\$12,449</u>	<u>\$ -</u>	<u>\$ -</u>

The Company's trading of precious metals futures contracts mainly aims to cope with the risks arising from changes in international precious metal prices. The Company's financial hedging strategy is to cope with most of the changes in fair values. Gains and losses on assets arising from the absence of hedge recognized in the financial assets at fair value through profit or loss and liabilities. As of September 30, 2023, all precious metals futures contracts have been due and settled. For unexpired precious metal futures contracts applicable to hedging accounting, please refer to Note 31.

The trading of the Company's forward exchange agreements mainly aims to hedge the risks of foreign-currency assets and liabilities due to exchange rate fluctuations. Due to the failure to adopt hedge accounting, such trading for the three months and nine months ended September 30, 2024 and 2023 results in a gain of NT\$54 thousand, a loss of NT\$364 thousand, a loss of NT\$490 thousand and a loss of NT\$932 thousand, respectively, those were recognized in the financial assets at fair value through profit or loss and liabilities.

At the consolidated balance sheet date, the outstanding forward exchange agreements are as follows:

	Currency	Due period	Contract amount (in thousands of dollars)
<u>September 30, 2024</u>			
Forward exchange agreements	From USD to NTD	2024.10	USD150／NTD4,803
<u>December 31, 2023</u>			
Forward exchange agreements	From USD to NTD	2024.01	USD300／NTD9,402
<u>September 30, 2023</u>			
Forward exchange agreements	From USD to NTD	2023.10	USD500／NTD16,097

8. Financial assets at fair value through other comprehensive income

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Non-current</u>			
Domestic investment			
Emerging market shares	<u>\$ 30,625</u>	<u>\$ 33,422</u>	<u>\$ 39,045</u>

The Group invests in the domestic stocks in alignment with the medium- and long-term strategic purposes and anticipates to make profits through long-term investment. The Group's management believes that if the short-term fair value fluctuations of such investments are recognized in profit or loss, it is inconsistent with the afore-mentioned long-term investment strategy, so it has chosen to designate such investments as at fair value through other comprehensive income.

9. Notes and accounts receivable and other receivables

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable (from operations)			
At amortized cost	<u>\$ 691,953</u>	<u>\$ 949,137</u>	<u>\$ 1,160,961</u>
Accounts receivable			
At amortized cost			
Total carrying amount	\$ 465,036	\$ 513,295	\$ 543,035
Less: Allowance for losses	<u>34</u>	<u>193</u>	<u>-</u>
	<u>\$ 465,002</u>	<u>\$ 513,102</u>	<u>\$ 543,035</u>
Other receivables			
Business tax refund	\$ 8,296	\$ 8,253	\$ 4,595
Others	<u>293</u>	<u>1,119</u>	<u>704</u>
	<u>\$ 8,589</u>	<u>\$ 9,372</u>	<u>\$ 5,299</u>

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	September 30, 2024	December 31, 2023	September 30, 2023
Overdue receivables collected (recognized in other non-current assets)			
At amortized cost			
Total carrying amount	\$ 70	\$ 14,855	\$ 15,155
Less: Allowance for losses	<u>70</u>	<u>14,855</u>	<u>15,155</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Notes and accounts receivable

The Group's average credit periods for the sales and the production of silver materials are net 7-10 days and 30-120 days after the end of each month, respectively.

The Group prudently assesses its clients, which are companies or institutions with good credit ratings and without significant credit risk expected. However, the Group has an issue of significant client concentration, so the credit concentration risk is high.

To mitigate credit risk, the Group's management assigns a team dedicated to determining and approving clients' credit lines and carrying out other monitoring procedures to ensure that appropriate actions have been taken to recover overdue account receivables. In addition, the Group will review the recoverable amount of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables. As such, the Group's management believes that its credit risk has been significantly reduced.

The Group recognizes an allowance for losses on accounts receivable on the basis of lifetime expected credit losses. Lifetime expected credit losses are calculated using a provision matrix based on each client's past default record, current financial position, and industry outlook. Based on the Group's history of credit losses, as there was no significant difference in the loss patterns among different groups of clients, the groups of clients were not further differentiated in the provision matrix, and only expected credit loss ratio was set based on the number of days for which accounts receivable was past due.

When there was evidence indicating that the counterparty was in severe financial difficulty and the Group could not reasonably expect the amount to be recovered, the Group would write off relevant accounts receivable and continued to collect the overdue receivables. The receivable recovered was recognized in profit or loss.

The table below shows the allowance for losses on notes and accounts receivable based on the Group's provision matrix:

September 30, 2023

	Not past due	Overdue 1-30 days	Overdue 31-60 days	Overdue 61-180 days	Overdue 181-365 days	Identified individually	Total
Total carrying amount	\$1,154,501	\$ 2,056	\$ 108	\$ 324	\$ -	\$ -	\$1,156,989
Allowance for losses (lifetime expected credit losses)	-	-	(2)	(32)	-	-	(34)
Amortized cost	<u>\$1,154,501</u>	<u>\$ 2,056</u>	<u>\$ 106</u>	<u>\$ 292</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,156,955</u>

December 31, 2024

	Not past due	Overdue 1-30 days	Overdue 31-60 days	Overdue 61-180 days	Overdue 181-365 days	Identified individually	Total
Total carrying amount	\$1,449,273	\$ 3,443	\$ 9,716	\$ -	\$ -	\$ -	\$1,462,432
Allowance for losses (lifetime expected credit losses)	-	-	(193)	-	-	-	(193)
Amortized cost	<u>\$1,449,273</u>	<u>\$ 3,443</u>	<u>\$ 9,523</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,462,239</u>

September 30, 2023

	Not past due	Overdue 1-30 days	Overdue 31-60 days	Overdue 61-180 days	Overdue 181-365 days	Identified individually	Total
Total carrying amount	\$1,690,845	\$ 13,151	\$ -	\$ -	\$ -	\$ -	\$1,703,996
Allowance for losses (lifetime expected credit losses)	-	-	-	-	-	-	-
Amortized cost	<u>\$1,690,845</u>	<u>\$ 13,151</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,703,996</u>

Movements in the allowance for losses on accounts receivable and overdue receivables are as follows

	For the Nine Ended September 30			
	2024		2023	
	Accounts receivable	Overdue receivables	Accounts receivable	Overdue receivables
Opening balance	\$ 193	\$14,855	\$ 154	\$15,308
Provision (reversal)	252	(44)	(154)	(176)
Amounts written off	(261)	-	-	-
Transferred to non-current assets held for sale	(155)	(15,408)	-	-
Foreign currency translation difference	5	667	-	23
Ending balance	<u>\$ 34</u>	<u>\$ 70</u>	<u>\$ -</u>	<u>\$15,155</u>

(2) Other receivables

The Group's allowance for losses is provided by estimating the amount that cannot be recovered based on the historical experience, clients' past default records, and their current financial position. As of September 30, 2024 and December 31 and September 30, 2023, there was no balance of an allowance for losses provided.

10. Inventory

	September 30, 2024	December 31, 2023	September 30, 2023
Raw materials and supplies	\$ 588,548	\$ 512,952	\$ 641,370
Work in progress	465,023	457,388	466,399
Semi-finished goods	304,299	374,118	326,257
Finished goods	43,908	144,740	57,086
Merchandise	80,398	9,630	112,190
Inventory in transit	5,059	8,655	-
	<u>\$1,487,235</u>	<u>\$1,507,483</u>	<u>\$1,603,302</u>

The costs of inventories recognized as operating costs for the three months and nine months ended September 30, 2024 and 2023 were NT\$1,343,821 thousand, NT\$1,501,655 thousand, NT\$3,707,881 thousand and NT\$4,162,689 thousand, respectively, including loss on inventory NT\$8,321 thousand, reversal of loss on inventory NT\$8,060 thousand, reversal of loss on inventory NT\$14,340 thousand and loss on inventory NT\$12,872 thousand, respectively. The increase in net realizable value of inventories was due to the increase in selling prices of inventories in specific markets and the reversal of losses on inventories for which a decline in value had been recorded

11. NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

The Board of Directors of the Company resolved in June 2024 to dispose of 100% of the equity interest in Taicang TCMC, and in July 2024 to complete the signing of contract with the buyer. The disposal procedure had not been completed as of September 30, 2024; therefore, the relevant assets and liabilities attributed to the subsidiary were reclassified as disposal groups held for sale and presented separately in the consolidated balance sheets. The major classes of assets and liabilities of the disposal groups held for sale were as follows:

	September 30, 2024
Cash and cash equivalents	\$ 18,747
Accounts receivable	59,661
Inventory	30,053
Other current assets	407
Property, plant and equipment	41,632
Right-of-use assets	12,991
Other non-current assets	157
Non-current assets held for sale	<u>\$163,648</u>
Short-term borrowings	\$110,814
Accounts payable	6,973
Other payables	13,650
Other current liabilities	2,743
Liabilities directly associated with non current assets held for sale	<u>\$134,180</u>

Since the disposal price of this transaction was higher than the carrying amount of the relevant net assets, no impairment loss should be recognized.

12. Prepayments

	September 30, 2024	December 31, 2023	September 30, 2023
Prepayments to suppliers	\$ 36,075	\$180,946	\$288,992
Prepaid expenses	<u>37,224</u>	<u>44,674</u>	<u>19,504</u>
	<u>\$ 73,299</u>	<u>\$225,620</u>	<u>\$308,496</u>

13. Other Financial Assets - Current

	September 30, 2024	December 31, 2023	September 30, 2023
Time deposits with the initial duration of more than 3 months	\$ 45,230	\$ 92,115	\$ 96,810
Pledged time deposits (Note 33)	-	21,090	23,058
Deposits for projects	<u>1,253</u>	<u>8,121</u>	<u>-</u>
	<u>\$ 46,483</u>	<u>\$121,326</u>	<u>\$119,868</u>

14. Subsidiary

(1) Subsidiaries included in the consolidated financial statements:

Entities covered by the consolidated financial statements are as follows:

Name of investor	Name of subsidiary	Nature of business	Shareholding (%)			Remarks
			September 30, 2024	December 31, 2023	September 30, 2023	
The Company	Thintech Global Limited (TTGL)	An investment holding company	100	100	100	-
The Company	OmniGains Investment Corporation (OmniGains)	An investment holding company	100	100	100	Note1
The Company	Changzhou CSPM, Ltd.(Changzhou CSPM)	Production and sale of titanium and titanium alloys, nickel and nickel alloys	35	35	35	Note 2
TTGL	Taicang TCMC, Ltd. (Taicang TCMC)	Manufacturing and sales of metal targets	100	100	100	-
OmniGains	Changzhou CSPM, Ltd.(Changzhou CSPM)	Production and sale of titanium and titanium alloys, nickel and nickel alloys	35	35	35	Note 1 and 3

Note1 : The company issued 27,471 thousand new shares of common stock and conduct a share exchange with OmniGains, the share exchange ratio is 1.18571427 common shares of the company for every 1 share of OmniGains common stock. The company will indirectly acquire 35% equity of CSPM(refer to Note 3). The aforementioned transaction was anreorganization of the organization under common control which should be regarded as an ab initio consolidation and a retrospective restatement of the consolidated financial statements for the comparative period.

Note2 : The company acquired 35% equity interest in CSPM from China Steel Asia Pacific Holdings Pte. Ltd., a subsidiary of CSC, for US\$23,168 thousand. The aforementioned transaction was anreorganization of the organization under common control which should be regarded as a default consolidation and a retrospective restatement of the consolidated financial statements for the comparative period.

Note3 : OmniGains purchased 35% equity interest in CSPM from China Steel Asia Pacific Holdings Pte. Ltd., a subsidiary of CSC, for a total price of \$749,480 thousand in October 2023.

The Board of Directors of the Company resolved in June 2024 to dispose of 100% of the equity interest in Taicang TCMC, and in July 2024 to complete the signing of contract with the buyer. With respect to the repayment of Taicang TCMC's loan, related taxes and fees, the two parties are still negotiating a supplemental agreement on the payment and collection of the equity transfer price. It is expected that the equity transfer will be completed by the end of 2024, and the transaction is assessed as not giving rise to a material gain or loss on disposal.

(2) Information on Subsidiaries with Significant Non-Controlling Interests

Name of subsidiary	Percentage of shareholding and voting rights held by non-controlling interests		
	September 30, 2024	December 31, 2023	September 30, 2023
Changzhou CSPM	30%	30%	30%

The information of nation that the principal place of business and company registered.

Name of subsidiary	Net income for the period allocated to non-controlling interests				Non-controlling interests		
	For the Three Months Ended September 30		For the Nine Months Ended September 30		September 30, 2024	December 31, 2023	September 30, 2023
	2024	2023	2024	2023			
Changzhou CSPM	<u>\$ 4,084</u>	<u>\$ 1,305</u>	<u>\$ 18,701</u>	<u>\$ 13,270</u>	<u>\$521,615</u>	<u>\$491,181</u>	<u>\$493,667</u>

The summary financial information of Changzhou CSPM is prepared on the basis of intercompany transactions before elimination:

	September 30, 2024
Current assets	\$2,330,190
Non-current assets	490,006
Current liabilities	(1,001,062)
Non-current liabilities	(80,419)
Equity	<u>\$1,738,715</u>
Equity attributable to :	
Owners of the Company	\$1,217,100
Non-controlling interests	<u>521,615</u>
	<u>\$1,738,715</u>
	For the period ended September 30, 2024
Operating revenue, net	<u>\$1,896,418</u>
Net income for the period	\$ 62,337
Other comprehensive income	-
Total comprehensive income	<u>\$ 62,337</u>
Net profit and comprehensive income attributable to:	
Owners of the Company	\$ 24,162
Former owner of business combination under common control	19,474
Non-controlling interests	<u>18,701</u>
	<u>\$ 62,337</u>

15. Investments Using the Equity Method

	September 30, 2024	December 31, 2023	September 30, 2023
Individually immaterial affiliates	<u>\$ 35,233</u>	<u>\$ 33,688</u>	<u>\$ 32,222</u>

The Company's total shareholdings in the investees valued using the equity method and the parent company, China Steel Corporation, and its sister companies reach 20% or more, so they are valued using the equity method.

The share of profit or loss and other comprehensive income of associates for the nine months ended September 30, 2024 and 2023, were calculated based on the reviewed financial statements. The Corporation's management considered the use of unreviewed financial statements as acceptable and will not have material impact on both the investments and income accounted for using the equity method.

16. Property, plant and equipment

For the nine months ended September 30 2024

	Buildings	Machinery equipment	Transportatio n equipment	Office equipment	Other equipment	Unfinished construction and equipment to be accepted	Total
<u>Cost</u>							
Balance as of January 1, 2024(Before Restatement)	\$ 380,602	\$ 446,677	\$ 20,214	\$ 26,461	\$ 68,068	\$ 47,806	\$ 989,828
Acquired through a business combination	<u>431,349</u>	<u>572,429</u>	<u>2,848</u>	<u>-</u>	<u>60,696</u>	<u>87</u>	<u>1,067,409</u>
Balance as of January 1, 2024 (After Restatement)	811,951	1,019,106	23,062	26,461	128,764	47,893	2,057,237
Additions	789	65,085	2,590	686	1,607	(47,297)	23,460
Disposal	(5,118)	(23,663)	(2,577)	(79)	(2,350)	-	(33,787)
Transferred to non-current assets held for sale	(74,451)	(53,094)	(2,375)	(2,401)	(19,693)	-	(152,014)
Net exchange difference	<u>22,677</u>	<u>28,072</u>	<u>244</u>	<u>102</u>	<u>3,586</u>	<u>4</u>	<u>54,685</u>
Balance as of September 30, 2024	<u>755,848</u>	<u>1,035,506</u>	<u>20,944</u>	<u>24,769</u>	<u>111,914</u>	<u>600</u>	<u>1,949,581</u>
<u>Accumulated depreciation and impairment</u>							
Balance as of January 1, 2024(Before Restatement)	216,156	405,310	17,867	21,932	61,807	-	723,072
Acquired through a business combination	<u>259,945</u>	<u>386,863</u>	<u>1,975</u>	<u>-</u>	<u>45,156</u>	<u>-</u>	<u>693,939</u>
Balance as of January 1, 2024 (After Restatement)	476,101	792,173	19,842	21,932	106,963	-	1,417,011
Depreciation	24,580	30,048	1,003	1,739	3,760	-	61,130
Disposal	(2,315)	(20,989)	(2,532)	(78)	(2,120)	-	(28,034)
Transferred to non-current assets held for sale	(46,874)	(41,421)	(1,643)	(2,203)	(18,241)	-	(110,382)
Net exchange difference	<u>13,938</u>	<u>19,508</u>	<u>165</u>	<u>97</u>	<u>2,833</u>	<u>-</u>	<u>36,541</u>
Balance as of September 30, 2024	<u>465,430</u>	<u>779,319</u>	<u>16,835</u>	<u>21,487</u>	<u>93,195</u>	<u>-</u>	<u>1,376,266</u>
Net amount as of December 31, 2023(After Restatement)	<u>\$ 335,850</u>	<u>\$ 226,933</u>	<u>\$ 3,220</u>	<u>\$ 4,529</u>	<u>\$ 21,801</u>	<u>\$ 47,893</u>	<u>\$ 640,226</u>
Net amount as of September 30, 2024	<u>\$ 290,418</u>	<u>\$ 256,187</u>	<u>\$ 4,109</u>	<u>\$ 3,282</u>	<u>\$ 18,719</u>	<u>\$ 600</u>	<u>\$ 573,315</u>

For the nine months ended September 30 2023

	Buildings	Machinery equipment	Transportatio n equipment	Office equipment	Other equipment	Unfinished construction and equipment to be accepted	Total
<u>Cost</u>							
Balance as of January 1, 2023(Before Restatement)	\$ 373,689	\$ 439,011	\$ 20,264	\$ 25,622	\$ 66,780	\$ 26,181	\$ 951,547
Acquired through a business combination	<u>438,372</u>	<u>573,227</u>	<u>2,902</u>	<u>-</u>	<u>54,746</u>	<u>5,363</u>	<u>1,074,610</u>
Balance as of January 1, 2023 (After Restatement)	812,061	1,012,238	23,166	25,622	121,526	31,544	2,026,157
Additions	6,406	6,264	-	484	7,569	6,538	27,261
Disposal	-	(14,656)	-	-	(2,194)	-	(16,850)
Net exchange difference	<u>817</u>	<u>1,002</u>	<u>9</u>	<u>4</u>	<u>138</u>	<u>20</u>	<u>1,990</u>
Balance as of September 30, 2023	<u>819,284</u>	<u>1,004,848</u>	<u>23,175</u>	<u>26,110</u>	<u>127,039</u>	<u>38,102</u>	<u>2,038,558</u>
<u>Accumulated depreciation and impairment</u>							
Balance as of January 1, 2023(Before Restatement)	203,587	408,550	16,532	20,019	62,049	-	710,737
Acquired through a business combination	<u>245,550</u>	<u>364,524</u>	<u>1,842</u>	<u>-</u>	<u>44,680</u>	<u>-</u>	<u>656,596</u>
Balance as of January 1, 2023 (After Restatement)	449,137	773,074	18,374	20,019	106,729	-	1,367,333
Depreciation	24,361	30,816	1,151	1,560	2,689	-	60,577
Disposal	-	(13,447)	-	-	(2,137)	-	(15,584)
Net exchange difference	<u>537</u>	<u>756</u>	<u>6</u>	<u>3</u>	<u>104</u>	<u>-</u>	<u>1,406</u>
Balance as of September 30, 2023	<u>474,035</u>	<u>791,199</u>	<u>19,531</u>	<u>21,582</u>	<u>107,385</u>	<u>-</u>	<u>1,413,732</u>
Net amount as of September 30, 2023	<u>\$ 345,249</u>	<u>\$ 213,649</u>	<u>\$ 3,644</u>	<u>\$ 4,528</u>	<u>\$ 19,654</u>	<u>\$ 38,102</u>	<u>\$ 624,826</u>

Based on the business strategy plan, as the recoverable amount of the Company's equipment for producing silver powder and conductive adhesive was lower than its book value, it was recognized in impairment losses. As of September 30, 2024, the cumulative impairment of the equipment was NT\$1,615 thousand.

The Group's property, plant and equipment are depreciated on a straight-line basis over the useful lives below:

Buildings	2 to 35 years
Machinery equipment	2 to 20 years
Transportation equipment	3 to 15 years
Office equipment	2 to 5 years
Other equipment	2 to 11 years

Please refer to Note 17 for the information on the locations of the Group's plants leased from the government.

Please refer to Note 33 for the amount of property, plant and equipment provided by the Company as collateral for borrowings.

17.

Lease agreements

(1) Right-of-use assets

	September 30, 2024	December 31, 2023	September 30, 2023	
Carrying amount of right-of-use assets				
Land	\$ 200,504	\$ 210,316	\$ 214,727	
Transportation equipment	14	135	176	
Office equipment	<u>10</u>	<u>40</u>	<u>60</u>	
	<u>\$ 200,528</u>	<u>\$ 210,491</u>	<u>\$ 214,963</u>	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Additions to right-of-use assets			<u>\$ 5,500</u>	<u>\$ -</u>
Right-of-use asset depreciation expenses				
Land	\$ 2,362	\$ 2,259	\$ 7,054	\$ 6,791
Transportation equipment	40	40	121	151
Office equipment	<u>10</u>	<u>21</u>	<u>30</u>	<u>62</u>
	<u>\$ 2,412</u>	<u>\$ 2,320</u>	<u>\$ 7,205</u>	<u>\$ 7,004</u>

In addition to the additions and those recognized in depreciation expenses above, the Group's right-of-use assets were not significantly subleased or impaired for the nine months ended September 30, 2024 and 2023.

(2) Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amount of lease liabilities			
Current	<u>\$ 5,863</u>	<u>\$ 5,671</u>	<u>\$ 5,688</u>
Non-current	<u>\$ 104,154</u>	<u>\$ 103,319</u>	<u>\$ 104,725</u>

The range of discount rates for lease liabilities is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Land	1.6007	1.6007	1.6007
Transportation equipment	0.6487~0.7616	0.6487~0.7616	0.6487~0.7616
Office equipment	5.774~6.071	5.774~6.071	5.774~6.071

(3) Major lease activities and terms

The Company has leased land from the government in the Kaohsiung Industrial Park in the Southern Taiwan Science Park. The lease term will expire in May 2027. According to the lease agreement, the Company may sign a new agreement with the government when the lease term ends, but the government may adjust the rent when the assessed present value increases and may terminate the lease under certain conditions.

The land use right acquired by the Company's subsidiary, Taicang TCMC, in September 2012 in mainland China, with a useful life of 50 years will expire in September 2062.

The land use right acquired by the Company's subsidiary, Changzhou CSPM, in December 2008 and October 2009 in mainland China, with a useful life of 50 years will expire in October 2059.

(4) Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Short-term lease and low-value asset lease expenses	<u>\$ 760</u>	<u>\$ 317</u>	<u>\$ 2,463</u>	<u>\$ 1,531</u>
Total cash outflows from leases			<u>\$ 8,287</u>	<u>\$ 7,150</u>

The Group has elected to apply the recognition exemptions to the leases of buildings, transportation equipment and other equipment that qualify as short-term and low-value asset leases and does not recognize such leases in relevant right-of-use assets and lease liabilities.

18. Investment properties

For the Nine Months Ended September 30, 2024

	Buildings
<u>Cost</u>	
Balance as of January 1, 2024 (After Restatement)	\$ 31,587
Net exchange difference	<u>1,431</u>
Balance as of September 30, 2024	<u>33,018</u>
<u>Accumulated depreciation and impairment</u>	
Balance as of January 1, 2024 (After Restatement)	12,578
Depreciation	1,095
Net exchange difference	<u>589</u>
Balance as of September 30, 2024	<u>14,262</u>
Net amount as of December 31, 2023	<u>\$ 19,009</u>
Net amount as of September 30, 2024	<u>\$ 18,756</u>

For the Nine Months Ended September 30, 2023

	<u>Buildings</u>
<u>Cost</u>	
Balance as of January 1, 2023 (After Restatement)	\$ 32,178
Net exchange difference	<u>51</u>
Balance as of September 30, 2023	<u>32,229</u>
<u>Accumulated depreciation and impairment</u>	
Balance as of January 1, 2023 (After Restatement)	11,365
Depreciation	1,082
Net exchange difference	<u>24</u>
Balance as of September 30, 2023	<u>12,471</u>
Net amount as of September 30, 2023	<u>\$ 19,758</u>

The investment properties are depreciated on a straight-line basis over 20 years

The above investment properties were leased to Changzhou CSPM. for a term of 20 years at a lump-sum factory rent of RMB730 thousand and an annual land rent of RMB473 thousand, respectively. As of September 30, 2024 and December 31 and September 30, 2023, The balance of rentals received in advance amounted to \$12,015 thousand 、12,191 thousand and 13,390 thousand, which are classified under current and noncurrent liabilities, respectively, as described in Note 33.

The fair value of this investment property has not been evaluated by an independent evaluator and has been measured solely by the management of the subsidiary using Level 3 inputs based on recently traded prices.

19. Borrowings

(1) Short-term Borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
Secured bank borrowings	\$ 245,590	\$ 532,970	\$ 695,867
Unsecured bank borrowings	<u>-</u>	<u>11,899</u>	<u>72,141</u>
	<u>\$ 245,590</u>	<u>\$ 544,869</u>	<u>\$ 768,008</u>
Annual rate of interest (%)			
Secured borrowings	-	3.80~4.49	4.05~4.15
Unsecured borrowings	-	3.80	1.74~3.80

(2) Short-term bills payable

	September 30, 2024	December 31, 2023	September 30, 2023
Guarantee Institution			
China Bills Finance Corporation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,000</u>
Discount Rate (%)	-	-	1.758

(3) Long-term borrowings		September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank borrowings				
Due by March 2031 at				
1.875% per annum		<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ -</u>
		500,000	-	-
Less: Current portion		<u>41,667</u>	<u>-</u>	<u>-</u>
		<u><u>\$ 458,333</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
20.	<u>Bonds Payable</u>	September 30, 2024	December 31, 2023	September 30, 2023
(1)	Liability component			
	1. Proceeds from issuance	\$ 18,200	\$ 199,900	\$ 199,900
	Deduction: Discount of			
	corporate bonds payable	815	8,956	8,956
	Issuance cost of			
	bonds payable	<u>422</u>	<u>4,637</u>	<u>4,637</u>
	Original amortized cost	16,963	186,307	186,307
	Addition: Discount			
	amortization	<u>618</u>	<u>3,421</u>	<u>2,311</u>
	Amortized cost	17,581	189,728	188,618

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	September 30, 2024	December 31, 2023	September 30, 2023
Less: Current portions	<u>(\$ 17,581)</u> <u>\$ -</u>	<u>\$ -</u> <u>\$ 189,728</u>	<u>\$ -</u> <u>\$ 188,618</u>
2. Financial asset (liability) at FVTPL : call and put options	<u>\$ 16</u>	<u>\$ 80</u>	<u>\$ 40</u>
(2) Components of equity			
Common stock options	\$ 27,956	\$ 27,956	\$ 27,956
Deduction: Issuance cost - stock option	<u>679</u>	<u>679</u>	<u>679</u>
Original capital surplus-stock options	27,277	27,277	27,277
Deduction: Converted into ordinary shares	<u>24,794</u>	<u>13</u>	<u>13</u>
Capital surplus-stock options	<u>\$ 2,483</u>	<u>\$ 27,264</u>	<u>\$ 27,264</u>

In March 2023, the Corporation issued secured domestic convertible bonds at par and conducted public underwriting through bidding auction, The issuance price was NT109.8, total amount issued was NT\$219,595 thousand with a face value of NT\$100 thousand each, zero coupon rate and issuance period of 3 years from March 2023 to March 2026. Bank SinoPac acted as guarantee banks. The creditors may request the bonds to be converted into the Corporation's ordinary shares in accordance with the terms of conversion after three months from the issue date.(except for the prescribed relevant transfer period). After two years from the issue date, the bondholders may request the Company to redeem the bond in cash at 100.5006% of the par value (yield to put of 0.25% per annum) within 5 business days after the benchmark date. From the day following the 3-month issuance period to 40 days before the expiration date, if the closing price of the Company's ordinary shares exceeds the conversion price by 30% for 30 consecutive business days or when the outstanding balance of bonds is less than 10% of the total face value of the original issue, the Company may redeem the outstanding convertible bonds in cash at face value within 5 business days after the benchmark date. As of September 30, 2024 and December 31 and September 30, 2023, the conversion situation of the third convertible bonds of the company was listed as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
The conversion and redemption situation			
Number of ordinary shares converted from bonds (in thousands)	6,814	3	3
Amount of ordinary shares converted from bonds	\$ 68,140	\$ 32	\$ 32
Face amount of corporate bonds that have been converted	181,800	100	100
Write-off capital surplus - redemption	24,794	13	13
Capital reserve generated - conversion premium from bonds	130,431	75	75

The derivatives embedded in the bonds, including put options and redemption options were recognized separately from the host contract - corporate bonds as financial instruments at fair value through profit or loss (Note 7) and measured at fair value in accordance with IAS 32 and IFRS 9.

21. Other payables

	September 30, 2024	December 31, 2023	September 30, 2023
Processing fees payable	\$ 27,733	\$ 31,062	\$ 34,552
Salary and wages and bonuses payable	26,671	32,892	35,583
Taxes payable	11,486	3,114	18,141
Consumable costs payable	3,306	4,355	4,508
Pension payable	2,392	2,022	3,447
Payables for purchases of equipment	573	5,090	857
Employee remuneration and directors' remuneration payable	-	3,346	3,383
Others	<u>23,816</u>	<u>24,011</u>	<u>20,272</u>
	<u>\$ 95,977</u>	<u>\$105,892</u>	<u>\$120,743</u>

22. Provisions

	September 30, 2024	December 31, 2023	September 30, 2023
Noncurrent			
Specialized Reserve Fund	<u>\$67,410</u>	<u>\$50,665</u>	<u>\$33,688</u>
	For the Nine Months Ended September 30		
	2024	2023	
Opening balance	\$ 50,665	\$ 31,351	
Recognized (reversed)	17,690	6,415	
Paid	(3,497)	(4,138)	
Effect of foreign currency exchange differences	<u>2,552</u>	<u>60</u>	
Ending balance	<u>\$67,410</u>	<u>\$33,688</u>	

Changzhou CSPM, a subsidiary of the Company, has set aside a special reserve fund in accordance with the laws and regulations of the PRC. The fund is used to calculate the amount of production safety expenses, and is drawn down as a percentage of operating revenues on a super progressive basis.

23. Post-employment benefit plans

(1) Defined contribution pension plan

The Company adopted a pension scheme under the Labor Pension Act, which is a government-managed defined contribution plan. Under the act, the Company makes monthly contributions, equal to 6% of their monthly salary and wages, to employees' individual pension accounts under the Bureau of Labor Insurance.

(2) Defined benefit plan

For the three months and nine months ended September 30, 2024 and 2023, employee benefit expenses in respect of the Company defined benefit retirement plans were calculated using the actuarially determined pension cost rate as of December 31, 2023 and 2022.

24. Equity

(1) Ordinary share capital

	September 30, 2024	December 31, 2023	September 30, 2023
Authorized number of shares (in thousands)	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Authorized share capital	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Number of shares issued and fully paid (in thousands)	<u>100,972</u>	<u>73,501</u>	<u>73,498</u>
Share capital publicly offered	<u>\$ 864,312</u>	<u>\$ 589,601</u>	<u>\$ 589,569</u>
Number of shares issued and fully paid (in thousands)			
Share capital through private placement			
Initial share capital publicly offered	140,000	140,000	140,000
Share capital received due to capitalization of earnings	<u>5,411</u>	<u>5,411</u>	<u>5,411</u>
	<u>145,411</u>	<u>145,411</u>	<u>145,411</u>
Share capital already publicly offered	<u>\$ 1,009,723</u>	<u>\$ 735,012</u>	<u>\$ 734,980</u>
Capital collected in advance	<u>\$ 68,108</u>	<u>\$ -</u>	<u>\$ 32</u>

In May 2023, the Board of Directors resolved to increase the capital by issuing new shares of 27,471 thousand shares in order to carry out a share swap with OmniGains, and the Board of Directors resolved to set May 16, 2024 as the base date for the capital increase, and completed the registration of the change on July 2, 2024.

The capital collected in advance of the Company on September 30, 2024 was due to the execution of the conversion and issuance of new shares by the holders of the convertible bonds. The Board of Directors resolved to propose October 30, 2024 as the base date for capital increase. The Company has not yet registered the change with the Ministry of Economic Affairs before the date of adoption and publication of the consolidated financial statements.

To enrich the working capital, repay debts, and attract strategic investors, the Company conducted a private placement of 7,000,000 ordinary shares in 2010 and 2011, respectively, at the issue prices of NT\$16 and NT\$35.7, respectively. The difference between the par value and the issue price was recognized in "capital surplus - additional paid-in capital".

In principle, the rights and obligations of the ordinary shares in the private placements are the same as those of the ordinary shares issued by the Company.

(2) Capital surplus

	September 30, 2024	December 31, 2023	September 30, 2023
For loss make-up, payment in cash or capitalization as equity (Note)			
Additional paid-in capital - issuance of shares	\$ 610,874	\$ 283,336	\$ 283,336
Additional paid-in capital - conversion of corporate bonds	170,238	39,882	39,882
Stock options invalidated	1,469	1,469	1,469
Treasury shares traded	69	69	69
May not be used for any purpose			
Convertible corporate debt options	<u>2,483</u>	<u>27,264</u>	<u>27,264</u>
	<u>\$ 785,133</u>	<u>\$ 352,020</u>	<u>\$ 352,020</u>

Note: Such capital surplus may be used to make up for losses or, when the Company has no losses, to distribute cash or to capitalize equity, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.

(3) Retained earnings and dividend policy

As per the earnings distribution policy, where the Company makes a profit for a fiscal year, the profit shall be first used for paying the tax in accordance with the laws and regulations, offsetting the cumulative deficit, setting aside 10% of the remaining profit as a legal reserve, unless it has reached the total amount of the Company's paid-in capital, setting aside an amount for or reversing a special reserve in accordance with the laws and regulations; and then any remaining profit, together with any undistributed retained earnings from the prior period, shall be adopted by the Company's Board of Directors as the basis for making a distribution proposal, which shall then be submitted to the shareholders' meeting for a resolution.

The industry, in which Company is in, is still growing. We must take into account the current and future operating conditions and focus on the stability of dividends when drawing up a dividend policy. When the Company has cumulative distributable earnings, the amount to be distributed shall not be lower than 50%, of which the cash dividends to be distributed shall not be lower than 50% of the total amount to be distributed.

The legal reserve may be used to offset losses. If there is no loss, the amount of legal reserve in excess of the paid-in capital by 25% could be allocated as capital stock and paid out in cash.

The 2023 and 2022 earnings distribution proposals approved by the resolution of the Company's general shareholders' meetings in April 2024 and June 2023 are as follows:

	Earnings distribution proposals		Dividend per share (NTD)	
	2023	2022	2023	2022
Legal reserve	\$ 4,352	\$ 8,476		
Reversal of special reserve	-	3,660		
Cash dividend	44,101	73,498	\$ 0.6	\$ 1.0

(4) Other equity items

I. Exchange differences arising from the translation of the financial statements of foreign operations

	For the Nine Months Ended September 30	
	2024	2023
Opening balance	(\$ 4,012)	(\$ 2,959)
Recognized for the period		
Exchange differences arising from the translation of the financial statements of foreign operations	11,417	15
Former owner of business combinations under common control and non-controlling interests transferred to owners of the Company	(154,389)	-
Ending balance	(\$146,984)	(\$ 2,944)

II. Unrealized gain or loss on financial assets at fair value through other comprehensive income

	For the Nine Months Ended September 30	
	2024	2023
Opening balance	\$ 8,662	\$ 3,545
Incurred during the year		
Equity instruments - unrealized gains and losses	(2,797)	7,318

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	For the Nine Months Ended September 30	
	2024	2023
Shares of affiliates using the equity method	\$ 2,933	\$ 3,035
Cumulative gains and losses from the disposal of equity instruments by affiliates transferred to retained earnings	(<u>2,633</u>)	(<u>926</u>)
Ending balance	<u>\$ 6,165</u>	<u>\$ 12,972</u>

(5) Former owner of business combination under common control

	For the Nine Months Ended September 30	
	2024	2023
Opening balance	\$1,146,091	\$1,211,568
Attributed to former owner of business combination under common control		
Net income for the period	19,474	30,979
Exchange differences on translation of the financial statements of foreign operations	42,923	(276)
Cash dividends from subsidiaries	-	(90,363)
Cash capital increase of subsidiaries	-	307
Former owner of business combinations under common control transferred to owners of the Company	(<u>1,208,488</u>)	<u>-</u>
Ending balance	<u>\$ -</u>	<u>\$ 1,152,215</u>

(6) Non-controlling interests

	For the Nine Months Ended September 30	
	2024	2023
Opening balance	\$491,181	\$519,243
Net income for the period	18,701	13,270
Exchange differences on translation of the financial statements of foreign operations	11,733	(119)
Cash dividends from subsidiaries	-	(<u>38,727</u>)
Ending balance	<u>\$521,615</u>	<u>\$493,667</u>

25.

Revenue

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Revenue from customer contracts				
Merchandise sales revenue	<u>\$ 1,432,784</u>	<u>\$ 1,586,038</u>	<u>\$ 3,995,771</u>	<u>\$ 4,461,710</u>

(1) Balance of contracts

	September 30, 2024	December 31, 2023	September 30, 2023	January 1 2023
Notes receivable	<u>\$ 691,953</u>	<u>\$ 949,137</u>	<u>\$1,160,961</u>	<u>\$1,479,221</u>
Accounts receivable	<u>\$ 465,002</u>	<u>\$ 513,102</u>	<u>\$ 543,035</u>	<u>\$ 499,169</u>
Contract liabilities - current				
Merchandise sales	\$ 50,050	\$ 62,286	\$ 71,894	\$ 113,574
Collection of clients' scrapped targets in advance	<u>75,258</u>	<u>23,549</u>	<u>30,880</u>	<u>34,338</u>
	<u>\$ 125,308</u>	<u>\$ 85,835</u>	<u>\$ 102,774</u>	<u>\$ 147,912</u>

The movements in contract liabilities mainly arise from the difference between the point at which performance obligations are satisfied and the point at which clients pay.

The amounts of contract liabilities from the beginning of this period recognized in revenue for this year are as follows:

	For the Nine Months Ended September 30	
	2024	2023
Merchandise sales revenue	<u>\$ 58,832</u>	<u>\$110,442</u>

(2) Details of revenue from customer contracts

For the nine months ended September 30, 2024

	The Company	Taicang TCMC	Changzhou CSPM	Total
Major regional markets				
Taiwan	\$ 1,917,682	\$ 12,249	\$ 7,616	\$ 1,937,547
Asia	70,842	96,819	1,853,798	2,021,459
The Americas	26,360	-	-	26,360
Europe	-	10,405	-	10,405
	<u>\$ 2,014,884</u>	<u>\$ 119,473</u>	<u>\$ 1,861,414</u>	<u>\$ 3,995,771</u>
Major products				
Sputtering targets	\$ 349,534	\$ 105,119	\$ -	\$ 454,653
Precious metals	1,499,762	3,173	-	1,502,935
Titanium/nickel Products	-	-	1,407,542	1,407,542
Rutile products, etc.	-	-	445,278	445,278
Others	165,588	11,181	8,594	185,363
	<u>\$ 2,014,884</u>	<u>\$ 119,473</u>	<u>\$ 1,861,414</u>	<u>\$ 3,995,771</u>

For the nine months ended September 30, 2023

	The Company	Taicang TCMC	Changzhou CSPM	Total
Major regional markets				
Taiwan	\$ 1,582,241	\$ 3,847	\$ 12,242	\$ 1,598,330
Asia	58,276	126,990	2,649,951	2,835,217
The Americas	10,444	-	-	10,444
Europe	-	17,719	-	17,719
	<u>\$ 1,650,961</u>	<u>\$ 148,556</u>	<u>\$ 2,662,193</u>	<u>\$ 4,461,710</u>
Major products				
Sputtering targets	\$ 336,396	\$ 133,036	\$ -	\$ 469,432
Precious metals	1,146,854	3,468	-	1,150,322
Titanium/nickel Products	-	-	2,211,498	2,211,498
Rutile products, etc.	-	-	440,959	440,959
Others	167,711	12,052	9,736	189,499
	<u>\$ 1,650,961</u>	<u>\$ 148,556</u>	<u>\$ 2,662,193</u>	<u>\$ 4,461,710</u>

26. Net income before tax

Net income before tax includes the following components:

(1) Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Technical service income	\$ 10,000	\$ 4,000	\$ 10,000	\$ 10,000
Grant income	1,271	275	1,361	1,791
Rental income	968	964	2,889	2,884
Others	2,469	264	3,089	732
	<u>\$ 14,708</u>	<u>\$ 5,503</u>	<u>\$ 17,339</u>	<u>\$ 15,407</u>

(2) Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Net foreign exchange gain or loss	(\$ 2,394)	\$ 10,556	\$ 14,004	\$ 11,305
Net loss on financial assets and liabilities at fair value through profit or loss	(345)	96	(1,084)	(307)
Hedging ineffectiveness gains and losses				
The ineffective part of fair value hedging	(536)	1,787	6,082	1,787

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	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Gain (loss) on disposal of property, plant and equipment	(\$ 2,654)	(\$ 5)	(\$ 4,566)	\$ 35
Others	(189)	(333)	(4,438)	(1,076)
	<u>(\$ 6,118)</u>	<u>\$12,101</u>	<u>\$ 9,998</u>	<u>\$11,744</u>

The above net foreign exchange gains and losses are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Total foreign exchange gains	\$ 195	\$10,321	\$20,897	\$16,360
Total foreign exchange losses	(2,589)	235	(6,893)	(5,055)
Net gains or losses	<u>(\$ 2,394)</u>	<u>\$10,556</u>	<u>\$14,004</u>	<u>\$11,305</u>

(3) Financial costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Interest on bank borrowings	\$ 4,524	\$ 3,588	\$12,572	\$14,942
Interest on silver materials borrowed	428	1,865	1,669	5,481
Interest on the lease liabilities	444	446	1,351	1,356
Convertible corporate bond interest	169	1,104	1,978	2,311
Others	<u>61</u>	<u>13</u>	<u>143</u>	<u>13</u>
	<u>\$ 5,626</u>	<u>\$ 7,016</u>	<u>\$17,713</u>	<u>\$24,103</u>

(4) Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Depreciation				
Property, plant and equipment	\$ 20,791	\$ 20,086	\$ 61,130	\$ 60,577
Investment properties	371	358	1,095	1,082
Right-of-use assets	<u>2,412</u>	<u>2,320</u>	<u>7,205</u>	<u>7,004</u>
	<u>\$ 23,574</u>	<u>\$ 22,764</u>	<u>\$ 69,430</u>	<u>\$ 68,663</u>

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	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Amortization				
Computer software	\$ 473	\$ 194	\$ 1,286	\$ 372
Others	<u>202</u>	<u>398</u>	<u>795</u>	<u>1,513</u>
	<u>\$ 675</u>	<u>\$ 592</u>	<u>\$ 2,081</u>	<u>\$ 1,885</u>
Depreciation aggregated by function				
Operating cost	\$ 19,614	\$ 19,101	\$ 57,623	\$ 57,966
Operating expense	<u>3,960</u>	<u>3,663</u>	<u>11,807</u>	<u>10,697</u>
	<u>\$ 23,574</u>	<u>\$ 22,764</u>	<u>\$ 69,430</u>	<u>\$ 68,663</u>
Amortization aggregated by function				
Operating cost	\$ 447	\$ 268	\$ 1,307	\$ 1,066
Operating expense	<u>228</u>	<u>324</u>	<u>774</u>	<u>819</u>
	<u>\$ 675</u>	<u>\$ 592</u>	<u>\$ 2,081</u>	<u>\$ 1,885</u>
(5) Employee benefit expenses				
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Short-term employee benefits				
Salary and wages	\$ 61,088	\$ 71,870	\$ 202,855	\$ 205,932
Labor and health insurance	6,907	6,396	20,849	19,181
Others	<u>8,055</u>	<u>7,289</u>	<u>25,886</u>	<u>19,950</u>
	<u>76,050</u>	<u>85,555</u>	<u>249,590</u>	<u>245,063</u>
Post-employment benefits				
Defined contribution pension plan	7,044	6,644	21,045	20,121
Defined benefit plan	(<u>55</u>)	(<u>44</u>)	(<u>165</u>)	(<u>132</u>)
	<u>6,989</u>	<u>6,600</u>	<u>20,880</u>	<u>19,989</u>
Termination benefits				
Other employee benefits	<u>9,552</u>	<u>-</u>	<u>10,324</u>	<u>-</u>
	<u>\$ 92,591</u>	<u>\$ 92,155</u>	<u>\$ 280,794</u>	<u>\$ 265,052</u>
Aggregated by function				
Operating cost	\$ 55,821	\$ 58,521	\$ 179,374	\$ 171,032
Operating expense	<u>36,770</u>	<u>33,634</u>	<u>101,420</u>	<u>94,020</u>
	<u>\$ 92,591</u>	<u>\$ 92,155</u>	<u>\$ 280,794</u>	<u>\$ 265,052</u>

The Company offsets the cumulative deficit with the income before tax, less employee remuneration and directors' remuneration, for the year and then distributes no lower than 0.1% of the balance as employee remuneration and no higher than 0.1% of the balance as directors' remuneration. The estimated for the three months and nine months ended September 30, 2024 and 2023 employee remuneration and directors' remuneration are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Employee remuneration	\$ -	\$ 1,646	\$ -	\$ 3,027
Directors' remuneration	-	194	-	356

The Company's 2023 and 2022 employee remuneration and directors' remuneration resolved by the Board of Directors in February 2024 and February 2023, respectively (all paid out in cash) are as follows:

	2023	2022
Employee remuneration	\$ 2,993	\$ 6,561
Directors' remuneration	352	772

If there is a change in the amount after the release date of the annual consolidated financial statements are approved, the change will be accounted for as a change in accounting estimate and the adjustment accounted for in the following year.

The amounts of the employee remuneration and directors' remuneration resolved by the Board of Directors in February 2024 and February 2023 were different from those recognized in the 2023 and 2022 consolidated financial statements. The differences were adjusted for the nine months ended September 30, 2024 and 2023 profit and loss, respectively.

	2023		2022	
	Employee remuneration	Directors' remuneration	Employee remuneration	Directors' remuneration
Amount to be distributed by the resolution of the Board of Directors	<u>\$ 2,993</u>	<u>\$ 352</u>	<u>\$ 6,561</u>	<u>\$ 772</u>
Amounts recognized in the annual consolidated financial statements	<u>\$ 2,994</u>	<u>\$ 352</u>	<u>\$ 7,003</u>	<u>\$ 824</u>

For information on the remuneration to employees and directors resolved by the Board of Directors, please visit the Market Observation Post System (MOPS) of Taiwan Stock Exchange.

27. Income tax

(1) Income tax recognized in profit or loss

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Current income tax expenses				
In respect of the current period	\$ 16,435	\$ 3,264	\$ 28,440	\$ 24,937
Income tax on unappropriated earnings	-	-	-	323
Adjustment to the prior years	<u>312</u>	<u>45</u>	<u>(2,002)</u>	<u>4,724</u>
	<u>16,747</u>	<u>3,309</u>	<u>26,438</u>	<u>29,984</u>
Deferred tax				
In respect of the current period	(6,878)	(122)	(598)	4,625
Adjustment to the prior years	<u>-</u>	<u>626</u>	<u>-</u>	<u>477</u>
	<u>(6,878)</u>	<u>504</u>	<u>(598)</u>	<u>5,102</u>
	<u>\$ 9,869</u>	<u>\$ 3,813</u>	<u>\$ 25,840</u>	<u>\$ 35,086</u>

(2) Income tax return approval

The Company's profit-seeking enterprise income tax returns filed up to 2022 have been approved by the tax authority.

28. Earnings Per Share

The net income (attributable to the owners of the Company) and weighted average number of ordinary shares used to calculate earnings per share are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Profit for the period attributable to owners of the Company	\$ 3,283	\$ 21,532	\$ 27,074	\$ 39,676
Profit for the period attributable to former owner of business combination under common control	<u>-</u>	<u>3,056</u>	<u>19,474</u>	<u>30,979</u>
Earnings used in the computation of basic earnings per share	3,283	24,588	46,548	70,655
Effect of potentially dilutive ordinary shares				
Interest and valuation on convertible bonds (after tax)	<u>175</u>	<u>1,251</u>	<u>1,280</u>	<u>2,349</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 3,458</u>	<u>\$ 25,839</u>	<u>\$ 47,828</u>	<u>\$ 73,004</u>

Number of shares

Unit: In thousands of shares

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023 (After Restatement)		2023 (After Restatement)	
	2024		2024	
Weighted average number of ordinary shares used to calculate the basic earnings per shar	109,998	100,971	104,003	100,970
Influence of potential common stock with dilutive effect:				
Employee remuneration	-	85	13	128
convertible bonds	<u>12,414</u>	<u>6,642</u>	<u>4,102</u>	<u>4,721</u>
Weighted average number of ordinary shares used to calculate the diluted earnings per shar	<u>122,412</u>	<u>107,698</u>	<u>108,118</u>	<u>105,819</u>

The share swap with OmniGains under the share swap agreement was treated as a reorganization of the organization under common control. In calculating the earnings per share for the comparative period, the Company retroactively adjusted the weighted-average number of shares outstanding based on the share swap ratio agreed upon in the share swap agreement.

If the Company may elect to pay employee remuneration in stock or cash, when diluted earnings per share are calculated, it is assumed that employee remuneration will be paid out in stock, and when the ordinary shares are potentially dilutive, they will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. The dilution effect of these potential ordinary shares will also continue to be considered when the diluted earnings per share is calculated before the following year's shareholders' meeting resolves a decision on the number of shares distributed for employee remuneration.

29. Government grants

Since subsidiaries, Taicang TCMC and TUMC have been officially put into production. As per the investment agreements, government grants of NT\$3,802 thousand and NT\$5,420 thousand (787 thousand RMB and 1,122 thousand RMB), respectively, totaling NT\$9,222 thousand, related to the costs of plant construction in July 2013, was obtained. The amounts were reclassified to profit or loss during the useful lives of the relevant assets. However, the Company sold the entire equity in its subsidiary, TUMC, in March 2019, so the long-term unearned revenue of NT\$4,554 thousand was recognized. As of September 30, 2024 and December 31 and September 30, 2023, the balances that have not been reclassified to profit or loss were NT\$2,743 thousand , NT\$2,676 thousand and NT\$2,748 thousand, included the liabilities directly associated with non current assets held for sale and long-term unearned revenue. The revenue generated for the three months and nine months ended September 30 ,2024 and 2023 was NT\$18 thousand, NT\$18 thousand, NT\$53 thousand and NT\$53 thousand, respectively, which were recognized in other income.

30. Capital risk management

The Group engages in capital management to ensure that it can maximize shareholder returns by optimizing debt and equity balances while continuing to operate. The Group's capital structure consists of net liability and equity and is not subject to other external requirements for capital.

31. Financial instruments

- (1) Fair value of financial instruments that are not measured at fair value

The Management Team of Group believe that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximated their fair values.

- (2) Fair value information - financial instruments measured at fair value on a recurring basis

I. Fair value hierarchy

	Level 1	Level 2	Level 3	Total
September 30, 2024				
Financial assets at fair value through profit or loss				
Forward exchange agreements	\$ -	\$ 59	\$ -	\$ 59
Domestic emerging market shares	-	-	6,361	6,361
Convertible bonds call options and put options, net	-	-	16	16
Mutual funds	-	-	12,449	12,449
	<u>\$ -</u>	<u>\$ 59</u>	<u>\$ 18,826</u>	<u>\$ 18,885</u>
Financial assets for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 5,227</u>	<u>\$ -</u>	<u>\$ 5,227</u>
Financial assets at fair value through other comprehensive income				
Domestic emerging market shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,625</u>	<u>\$ 30,625</u>
December 31, 2023				
Financial assets at fair value through profit or loss				
Forward exchange agreements	\$ -	\$ 214	\$ -	\$ 214
Domestic emerging market shares	-	-	6,942	6,942

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	Level 1	Level 2	Level 3	Total
Convertible bonds call options and put options, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80</u>	<u>\$ 80</u>
	<u>\$ -</u>	<u>\$ 214</u>	<u>\$ 7,022</u>	<u>\$ 7,236</u>
Financial assets for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 14,007</u>	<u>\$ -</u>	<u>\$ 14,007</u>
Financial assets at fair value through other comprehensive income				
Domestic emerging market shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,422</u>	<u>\$ 33,422</u>
September 30, 2023				
Financial assets at fair value through profit or loss				
Convertible bonds call options and put options, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40</u>	<u>\$ 40</u>
Financial assets for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 18,008</u>	<u>\$ -</u>	<u>\$ 18,008</u>
Financial assets at fair value through other comprehensive income				
Domestic emerging market shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,045</u>	<u>\$ 39,045</u>

There were no transfers between Level 1 and Level 2 fair values for the nine months ended September 30, 2024 and 2023.

II. Reconciliation of financial instruments measured at fair value in Level 3

	Financial assets at fair value through profit or loss			
	Derivatives		Non-derivative financial assets	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
Financial assets	2024	2023	2024	2023
Opening balance	\$ 6,942	\$ -	\$ -	\$ -
Additions	-	-	12,840	-

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	Financial assets at fair value through profit or loss			
	Derivatives		Non-derivative financial assets	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Financial assets				
Recognized in profit or loss	(\$ 581)	\$ -	(\$ 391)	\$ -
Ending balance	<u>\$ 6,361</u>	<u>\$ -</u>	<u>\$ 12,449</u>	<u>\$ -</u>

	Financial assets at fair value through other comprehensive income	
	Equity instruments	
	For the Nine Months Ended September 30	
	2024	2023
Financial assets		
Opening balance	\$ 33,422	\$ 31,727
Recognized in other comprehensive income	(2,797)	7,318
Ending balance	<u>\$ 30,625</u>	<u>\$ 39,045</u>

	Financial assets (Liability) at fair value through profit or loss	
	Convertible bonds call options and put options, net	
	For the Nine Months Ended September 30	
	2024	2023
Financial assets (liabilities)		
Opening balance	\$ 80	\$ -
Additions	-	(585)
Conversion	(442)	-
Recognized in profit or loss	<u>378</u>	<u>625</u>
Ending balance	<u>\$ 16</u>	<u>\$ 40</u>

III. Valuation techniques and inputs for Level 2 fair value measurement

Types of financial instruments	Valuation techniques and inputs
Derivatives - precious metals futures contracts	There is no market price available as a reference for the precious metals futures contracts traded by the Company, and such contracts were estimated through valuation. The estimates and assumptions adopted in the valuation are consistent with the information adopted by market participants for estimation and assumption when they priced financial instruments.
Derivatives - forward exchange agreements	The Company estimated the future cash flow based on the observable forward exchange rates and the exchange rates specified in the agreements at the end of the period and discounted each of them at a discount rate that could reflect each counterparty's credit risk. The estimates and assumptions adopted in the valuation are consistent with the information adopted by market participants for estimation and assumption when they priced financial instruments.

IV. Valuation techniques and inputs for Level 3 fair value measurement

Derivative financial instruments - convertible bonds were determined using the binomial option pricing model, where the unobservable input is stock market volatility, risk-free interest rate, discount rate and liquidity risk.

For market shares of emerging stock board company, fair values were estimated on the basis of the closing price and the liquidity discount on the balance sheet date.

The fair value of the beneficiary certificates was estimated by reference to the net worth of the Company.

(3) Types of financial instruments

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
At fair value through profit or loss			
- mandatorily at fair value through profit or loss	\$ 18,885	\$ 7,236	\$ 40
Financial assets for hedging	5,227	14,007	18,008
Financial assets at amortized cost (Note 1)	1,782,332	2,339,044	2,435,503
Financial assets at fair value through other comprehensive income - investment in equity instruments	30,625	33,422	39,045
<u>Financial liabilities</u>			
Financial liabilities for hedging	88,244	81,032	80,689
At amortized cost (Note 2)	1,644,096	1,909,859	2,170,568

Note 1: The balance includes cash and cash equivalents, notes receivable, accounts receivable, net, other receivables, other financial assets -current, and guarantee deposits paid. This balance includes the balance of related assets transferred to the disposal group held for sale.

Note 2: The balance represents financial liabilities at amortized cost, including short-term borrowings, short-term bills payable, notes payable, accounts payable, other payables current portion of bonds payable, bonds payable long-term bank borrowings, current portion of long-term liabilities and guarantee deposits received. This balance includes the balance of the related liabilities transferred to the disposal group held for sale.

(4) Purpose and policy of financial risk management

The Group's main financial instruments include notes receivable, accounts receivable, net, short-term and long-term borrowings, notes payable, accounts payable, bonds payable, and lease liabilities. The Group's Management Department provides services to each business unit, coordinates the operations of investments in the domestic and international financial markets, and supervises and manages the financial risks related to the Group's operations by analyzing the internal risk reports on the exposure as per the breadth and depth of risks. Such risks include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group adopts derivatives to avoid risk of exposure, thereby reducing the impact of these risks. The trading of derivatives is regulated by the policies approved by the Group's Board of Directors; such policies are the written principles to regulate exchange rate risk, interest rate risk, credit risk, trading of derivatives and non-derivatives, and investment with surplus liquidity. Internal auditors continue to review the compliance with the policies and the amounts exposed to such risks. The Group does not trade financial instruments (including derivatives) for speculative purposes.

Market risk

I. Exchange rate risk

The Group's silver material transactions are all denominated in non-functional currency (USD). In addition, part of the income from processing services is traded in a non-functional currency, which has resulted in exchange rate fluctuation risk. The Group has adopted derivatives, such as forward foreign exchange agreements and purchase of foreign currency deposits to reduce the exchange rate risk.

Please refer to Note 35 for the carrying amounts of the Group's monetary assets and monetary liabilities denominated in non-functional currencies on the balance sheet date.

The Group is mainly affected by the exchange rate fluctuations of the USD, RMB, and JPY. The table below details the Company's sensitivity analysis when the exchange rate of the Group's functional currency against the USD, RMB, and JPY increased and decreased by 1%. One percent is the sensitivity rate used in reporting the exchange rate risk to the key management team within the Group and represents the management's assessment of the reasonable range of potential changes in foreign-currency exchange rates. The sensitivity analysis only included monetary items in foreign currencies in circulation. The table below shows the influence on profit and loss before tax when the Group's functional currency depreciated by 1% against the USD, RMB, and JPY:

	For the Nine Months Ended September 30	
	2024	2023
USD	<u>\$ 1,489</u>	<u>\$ 3,186</u>
RMB	<u>\$ 250</u>	<u>\$ 1,015</u>
JPY	<u>\$ 85</u>	<u>\$ 140</u>

Note: It is mainly due to the USD, RMB, and JPY including cash and cash equivalents, accounts receivable, other receivables, guarantee deposits paid, other financial assets - current and accounts payable still in circulation on the balance sheet date, the cash flows of which have not been hedged.

The management believes that sensitivity analysis cannot represent the inherent exchange rate risk as foreign currency exposures on the balance sheet date cannot reflect the interim exposures. Sales denominated in USD will vary with clients' orders and spot prices.

II. Exchange rate risk

Interest rate exposures arise when the Group borrows funds at both fixed and floating interest rates. The Group diversifies the risk of interest rate changes by maintaining an appropriate combination of fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities exposed to the interest rate risk on the balance sheet date are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Fair value interest rate risk			
Financial liabilities	\$ 127,598	\$ 298,718	\$ 329,031
Cash flow interest rate risk			
Financial assets	328,524	401,689	221,872
Financial liabilities	745,590	544,869	768,008

The following sensitivity analyses are based on the interest rate risk exposure of the non-derivative instruments on the balance sheet date. For liabilities at floating rates, the analysis is based on the assumption that the amounts of the liabilities outstanding at the balance sheet date were all outstanding throughout the reporting period. An increase or decrease in interest rates by 1% is the sensitivity rate adopted in reporting the interest rate risk to the key management team within the Group and represents the management's assessment of the reasonable range of potential changes in interest rates.

If the interest rate decreased/increased by 1%, with all other variables remaining unchanged, the Group's net income before tax for the nine months ended September 30, 2024 and 2023 would have decreased/increased by NT\$5,592 thousands and NT\$5,760 thousands, respectively.

(5) Other price risks

The Group engage in precious metal futures trading to hedge the risks arising from price fluctuations of inventories. The Group hold spot positions in underlying derivatives, so the market price risk is not significant.

The Group signed precious metal borrowing contracts with suppliers with the prices being the quotes in the international precious metal market, plus a certain percentage of profit margin. To manage the inventory exposed to the risk of precious metals prices, the Group adopts the international precious metal borrowing contracts in the same category and quantity as the fair value risk hedging instrument for the precious metal price risk component contained in the inventory. As per the historical experience, the movements in the fair values of the designated precious metal price risk components cover the movements in prices of the overall contracts on average, so the market price risk is not significant.

Hedge accounting

The Group entered into fair value hedges by engaging in precious metal borrowing contracts to mitigate the risk of changes in fair value of financial liabilities due to fluctuations in international precious metal prices, and by engaging in precious metal futures contracts to hedge the risk of changes in price of inventories. The fair value of precious metal borrowing transactions at the balance sheet date is estimated based on the market price of precious metals. The fair value of precious metal futures transactions at the balance sheet date is estimated by holding the spot position of the underlying derivatives.

The above precious metal borrowing transactions and precious metals futures contracts matched the terms of financial liabilities. As per the Group's qualitative assessment, precious metal borrowing transactions and precious metals futures contracts and the values of hedged financial items will change in reverse in a

systematic manner due to the movements in the hedged international precious metal prices. The hedge ineffectiveness mainly comes from the influence of the credit risk between the Group and the counterparties on the fair values of the precious metal borrowing transactions. The credit risk will not affect the hedged items due to the movements in the fair values of the international precious metal prices. No other sources of hedge ineffectiveness appeared during the hedge period.

The information on the hedging of the risk from the movements in the international precious metal prices exposed to the Group is aggregated as follows:

September 30, 2024

Hedging instruments	Contract amount	Due period	Balance sheet line items	Carrying amount Asset/Liability	Movements in the fair values of hedging instruments used to evaluate the hedge ineffectiveness for the year
Fair value hedge					
Precious metal borrowing contracts	\$ 88,244	-	Financial liabilities for hedging	\$ 88,244	\$ -
Sell futures contracts-Silver	31,776	2024.12	Financial Assets for hedging	5,227	(1,497)
Sell futures contracts-Silver	299,183	2024.03~ 2024.09	Financial Assets for hedging	-	(1,104)

Hedged items	Carrying amount Assets	Cumulative fair value adjustments Assets	Movements in the fair values of hedged items used to evaluate the hedge ineffectiveness for the year
Fair value hedge			
Inventory - Borrowing materials for hedging	\$ 88,244	\$ -	\$ -
Inventory - futures contracts	<u>24,758</u>	<u>8,631</u>	<u>8,631</u>
	<u>\$ 113,002</u>	<u>\$ 8,631</u>	<u>\$ 8,631</u>

December 31, 2023

Hedging instruments	Contract amount	Due period	Balance sheet line items	Carrying amount Asset/Liability	Movements in the fair values of hedged items used to evaluate the hedge ineffectiveness for the year
Fair value hedge					
Precious metal borrowing contracts	\$ 81,032	-	Financial liabilities for hedging	\$ 81,032	\$ -
Sell futures contracts-Silver	67,944	2024.01	Financial Assets for hedging	14,007	(155)
Sell futures contracts-Silver	67,732	2023.11	Financial Assets for hedging	-	1,236

			Movements in the fair values of hedged items used to evaluate the hedge ineffectiveness for the year
	Carrying amount	Cumulative fair value adjustments	
Hedged items	Assets	Assets	
Fair value hedge			
Inventory - Borrowing materials for hedging	\$ 81,032	\$ -	\$ -
Inventory - futures contracts	80,570	103	103
	<u>\$161,602</u>	<u>\$ 103</u>	<u>\$ 103</u>

September 30, 2023

					Movements in the fair values of hedged items used to evaluate the hedge ineffectiveness for the year
Hedging instruments	Contract amount	Due period	Balance sheet line items	Carrying amount Asset/Liability	
Fair value hedge					
Precious metal borrowing contracts	<u>\$ 80,689</u>	-	Financial liabilities for hedging	<u>\$ 80,689</u>	<u>\$ -</u>
Sell futures contracts-Silver	<u>\$ 71,185</u>	2023.11	Financial Assets for hedging	<u>\$ 18,008</u>	<u>\$ 738</u>

					Movements in the fair values of hedged items used to evaluate the hedge ineffectiveness for the year
	Carrying amount	Cumulative fair value adjustments			
Hedged items	Assets	Assets			
Fair value hedge					
Inventory - Borrowing materials for hedging	\$ 80,689	\$ -			\$ -
Inventory - futures contracts	69,213	1,049			1,049
	<u>\$149,902</u>	<u>\$ 1,049</u>			<u>\$ 1,049</u>

(6) Credit risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations, resulting in a financial loss to the Group. As of the balance sheet date, the Group's maximum exposure to credit risk of financial loss due to non-performance by counterparties is from the carrying amounts of financial assets recognized in consolidated balance sheets.

Except for a small number of clients whose accounts receivable and overdue receivable were estimated to be irrecoverable with significant credit risks and an allowance for such losses already provide, the Group's clients are all companies with good credit ratings. The business unit grants each of such clients a credit line based on

the credit investigation results and regularly tracks their payment status; thus, no significant credit risk is expected.

The Group's receivables are significantly concentrated in certain clients, most of whom engage in similar business activities with similar economic characteristics, and their ability to perform contracts is also similarly influenced by their financial positions or other conditions, so significant credit risk concentration exists. The balance of accounts receivable from clients, on which the credit risk is significantly concentrated, (accounting for 10% or more of the balance of notes receivable, accounts receivable, and other receivables) is as follows:

Name of client	September 30, 2024	December 31, 2023	September 30, 2023
Company A	\$ 122,391	\$ 113,256	\$ 143,214
Company B	<u>14,378</u>	<u>189,529</u>	<u>295,673</u>
	<u>\$ 136,769</u>	<u>\$ 302,785</u>	<u>\$ 438,887</u>

(7) Liquidity risk

The Group manages and maintains sufficient cash and cash equivalents to support the operations and signs loan contracts with financial institutions to maintain an appropriate amount required for business operations. As the Group's equity in the capital structure is much greater than its liabilities, and remaining amount of bank loans is sufficient. As of September 30, 2024 and December 31 and September 30, 2023, the Group's unused bank financing facilities were NT\$4,010,523 thousand, NT\$3,151,556 thousand and NT\$3,199,855 thousand, respectively. Thus, no liquidity risk was posed to the Company.

The table below lists the analysis of the Group's financial liabilities during the agreed repayment period based on the maturity dates and the undiscounted principal amounts:

	Less than 1 year	1 to 5 years	5 years or above	Total
September 30, 2024				
Short-term Borrowings	\$ 247,884	\$ -	\$ -	\$ 247,884
Financial liabilities for hedging - current	88,244	-	-	88,244
Payable	652,516	-	-	652,516
Lease liabilities	7,581	30,226	87,528	125,335
Bonds payable	18,200	-	-	18,200
Liabilities directly associated with non-current assets held for sale	142,224	-	-	142,224
Other payables	95,196	-	-	95,196
long-term bank borrowings	<u>50,977</u>	<u>441,406</u>	<u>41,992</u>	<u>534,375</u>
	<u>\$ 1,302,822</u>	<u>\$ 471,632</u>	<u>\$ 129,520</u>	<u>\$ 1,903,974</u>

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	Less than 1 year	1 to 5 years	5 years or above	Total
<u>December 31, 2023</u>				
Short-term Borrowings	\$ 549,252	\$ -	\$ -	\$ 549,252
Financial liabilities for hedging - current	81,032	-	-	81,032
Payable	1,068,678	-	-	1,068,678
Lease liabilities	7,375	28,771	88,711	124,857
Bonds payable	-	199,900	-	199,900
Other payables	<u>105,892</u>	<u>-</u>	<u>-</u>	<u>105,892</u>
	<u>\$1,812,229</u>	<u>\$ 228,671</u>	<u>\$ 88,711</u>	<u>\$2,129,611</u>
<u>September 30, 2023</u>				
Short-term Borrowings	\$ 769,831	\$ -	\$ -	\$ 769,831
Financial liabilities for hedging - current	80,689	-	-	80,689
Payable	1,062,493	-	-	1,062,493
Lease liabilities	7,414	28,796	90,509	126,719
Bonds payable	-	199,900	-	199,900
Other payables	<u>120,336</u>	<u>-</u>	<u>-</u>	<u>120,336</u>
	<u>\$2,040,763</u>	<u>\$ 228,696</u>	<u>\$ 90,509</u>	<u>\$2,359,968</u>

Further information on maturity analysis of lease liabilities is as follows:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	20 years or above
<u>September 30, 2024</u>						
Lease liabilities	<u>\$ 7,581</u>	<u>\$ 30,226</u>	<u>\$ 30,226</u>	<u>\$ 30,226</u>	<u>\$ 27,076</u>	<u>\$ -</u>
<u>December 31, 2023</u>						
Lease liabilities	<u>\$ 7,375</u>	<u>\$ 28,771</u>	<u>\$ 28,771</u>	<u>\$ 28,771</u>	<u>\$ 28,771</u>	<u>\$ 2,398</u>
<u>September 30, 2023</u>						
Lease liabilities	<u>\$ 7,414</u>	<u>\$ 28,796</u>	<u>\$ 28,771</u>	<u>\$ 28,771</u>	<u>\$ 28,771</u>	<u>\$ 4,196</u>

(8) Financial Asset Transfer Information

The subsidiary, Changzhou CSPM, entered into a contract for discounting notes receivable with a bank. According to the contract, if the bank acceptance receivable is uncollectible upon maturity, the transferee has the right to demand the subsidiary, Changzhou CSPM, to pay the outstanding balance. Therefore, Changzhou CSPM did not transfer the material risks and rewards of the bankers' acceptance receivables and continued to recognize all bankers' acceptance receivables and used the transferred bankers' acceptance receivables as collaterals for its borrowings, as described in Note 33.

As of September 30, 2024 and December 31 and September 30, 2023, the carrying amounts of the un-derecognized transferred bank acceptance receivables were \$245,590 thousand, \$413,977 thousand and \$658,339 thousand, respectively, and the carrying amounts of the related liabilities were \$245,590 thousand, \$413,977 thousand and \$658,339 thousand, respectively.

32. Related Party Transactions

Except for those disclosed in other notes, transactions between the Group and related parties are as follows.

(1) Name of related party and relations therewith

Name of related party	Relations with the Group
China Steel Corporation (CSC)	Ultimate parent company
Gains Investment Corporation	Parent company
CSC Solar Corporation	Sister company
CSGT Japan Co., Ltd. (CSGT Japan)	Sister company
China Steel Global Trading Corporation (CSGT)	Sister company
C.S. Aluminium Corporation (CSAC)	Sister company
China Steel Chemical Corporation	Sister company
Ever Wealthy International	Sister company
Chung Hung Steel Corporation	Sister company
CHC Resources Corporation	Sister company
China Steel Security Corporation	Sister company
Dragon Steel Corporation	Sister company
Steel Castle Technology Corporation	Sister company
Mentor Consulting Corporation	Sister company
Sing Da Marine Structure Corporation	Sister company
Changzhou China Steel New Materials Technology Co., Ltd.(CSNM)	Sister company
Changshu Walsin Specialty Steel Co., Ltd.	Enterprises with significant influence over subsidiaries
Yantai Walsin Stainless Steel Co., Ltd.	Enterprises with significant influence over subsidiaries
United Renewable Energy Co., Ltd.	A director of the Company

(2) Operating revenue

Account	Category of related party	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2024	2023	2024	2023
Sales revenue	Enterprises with significant influence over subsidiaries	\$ 192	\$ 4,140	\$ 27,023	\$ 9,157
	Ultimate parent company	1	1,446	254	2,309
	Sister company	<u>6,123</u>	<u>4,218</u>	<u>13,305</u>	<u>8,451</u>
		<u>\$ 6,316</u>	<u>\$ 9,804</u>	<u>\$ 40,582</u>	<u>\$ 19,917</u>

There is no similar transaction available to be used to compare with the sales revenue from part of the sales to the ultimate parent company, and there is no significant difference in the selling prices and payment terms between the transactions with the ultimate parent company and non-related parties.

(3) Purchases

Category of related party	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Sister company	\$ -	\$ -	\$ 147	\$ -
Ultimate parent company	-	-	2,204	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,351</u>	<u>\$ -</u>

Regarding purchases from related parties, the transaction prices cannot be compared because the same products were not purchased from a non-related party, and the payment terms are not significantly different from those for general suppliers. Payments are made in 30 to 60 days at the end of each month.

(4) Other related party transactions

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
<u>Processing fees</u>				
Sister company				
CSAC	\$ 6,155	\$ 10,675	\$ 26,227	\$ 19,709
Ultimate parent company	-	27	-	76
	<u>\$ 6,155</u>	<u>\$ 10,702</u>	<u>\$ 26,227</u>	<u>\$ 19,785</u>

The Company pays processing fees to the above related parties. As no non-related party was not entrusted to provide similar product processing services, the transaction prices could not be compared. The payment terms are 30 to 60 days at the end of each month for the above related parties and 60 to 90 days at the end of each month for the non-related parties.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
<u>Research and professional services fees</u>				
Ultimate parent company	<u>\$ 378</u>	<u>\$ 415</u>	<u>\$ 1,641</u>	<u>\$ 1,245</u>
<u>Security fees</u>				
Sister company	<u>\$ 569</u>	<u>\$ 547</u>	<u>\$ 1,699</u>	<u>\$ 1,627</u>
<u>Corporate Consultancy Fee</u>				
Ultimate parent company	\$ 3,971	\$ -	\$ 3,971	\$ -
Sister company	100	-	100	-
	<u>\$ 4,071</u>	<u>\$ -</u>	<u>\$ 4,071</u>	<u>\$ -</u>

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		For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2024	2023	2024	2023
<u>Technical service income</u>					
Ultimate parent company		<u>\$ 10,000</u>	<u>\$ 4,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>
<u>Rental income</u>					
Sister company		<u>\$ 967</u>	<u>\$ 938</u>	<u>\$ 2,863</u>	<u>\$ 2,833</u>
(5)	Ending balance				
		September 30, 2024	December 31, 2023	September 30, 2023	
Accounts receivable					
Sister company		\$ 6,375	\$ 10,699	\$ 11,666	
Enterprises with significant influence over subsidiaries		-	-	1,270	
		-	-	1,305	
		<u>\$ 6,375</u>	<u>\$ 10,699</u>	<u>\$ 14,241</u>	
Other receivables					
Sister company		<u>\$ 190</u>	<u>\$ 178</u>	<u>\$ 180</u>	
Prepayments					
Ultimate parent company					
Sister company		\$ -	\$ 294	\$ -	
		260	-	57	
		<u>\$ 260</u>	<u>\$ 294</u>	<u>\$ 57</u>	
Rent received in advance (Recorded as unearned receipts)					
Sister company					
CSNM		<u>\$ 3,792</u>	<u>\$ 3,627</u>	<u>\$ 3,701</u>	
Guarantee deposits paid					
Sister company					
CSGT Japan		<u>\$ 3,268</u>	<u>\$ 3,193</u>	<u>\$ 3,178</u>	
Other payables					
Sister company					
Ultimate parent company		\$ 703	\$ 4,023	\$ 4,101	
Accounts receivable		2,952	882	446	
Parent company		-	186	178	
A director of the Company		-	93	89	
		<u>\$ 3,655</u>	<u>\$ 5,184</u>	<u>\$ 4,814</u>	

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	September 30, 2024	December 31, 2023	September 30, 2023
Rent received in advance (Recorded as other non-current liabilities)			
Sister company CSNM	<u>\$12,015</u>	<u>\$12,191</u>	<u>\$13,390</u>

(6) Remuneration to key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Short-term employee benefits	\$2,535	\$2,786	\$9,074	\$8,314
Post-employment benefits	<u>72</u>	<u>71</u>	<u>216</u>	<u>214</u>
	<u>\$2,607</u>	<u>\$2,857</u>	<u>\$9,290</u>	<u>\$8,528</u>

32. Pledged Assets

The Group has provided the assets below as collateral for the bank borrowing facilities, borrowings drawn, dormitory leased from the Southern Taiwan Science Park Bureau, customs import, precious metal borrowing and discounted notes receivable:

	September 30, 2024	December 31, 2023	September 30, 2023
notes receivable	\$245,590	\$413,977	\$658,339
Buildings	113,078	117,916	119,529
Pledged time deposits (recognized in other financial assets - current)	<u>-</u>	<u>21,090</u>	<u>23,058</u>
	<u>\$358,668</u>	<u>\$552,983</u>	<u>\$800,926</u>

34. Material Contingencies and Unrecognized Contractual Commitments

- (1) As of September 30, 2024, to purchase raw materials, the Company guaranteed the amount of NT\$142,966 thousand from financial institutions.
- (2) As of September 30, 2024, the company signed a contract to purchase property, plant and equipment, and the outstanding amount was NT\$18,652 thousand.

35. Information on Foreign Currency Assets and Liabilities with Significant Effect

The information below is aggregated and presented in foreign currencies other than the Group's functional currency. The exchange rates disclosed refer to the rates at which these foreign currencies are converted to the functional currency. The information on foreign currency assets and liabilities with significant effect is as follows:

Unit: In thousands in each foreign currency / exchange rate

	Foreign currency	Exchange rate		Carrying amount
September 30, 2024				
Foreign currency assets under monetary items				
USD	\$ 3,953	31.65	(USD: NTD)	\$ 125,108
USD	767	6.9976	(USD: RMB)	24,269
RMB	5,517	4.523	(RMB: NTD)	24,952
JPY	38,134	0.2223	(JPY: NTD)	8,477
Foreign currency liabilities under monetary items				
USD	7	31.65	(USD: NTD)	220
USD	9	6.9976	(USD: RMB)	281
December 31, 2023				
Foreign currency assets under monetary items				
USD	7,636	30.705	(USD: NTD)	234,456
USD	551	7.0972	(USD: RMB)	16,928
RMB	13,486	4.327	(RMB: NTD)	58,355
JPY	57,004	0.2172	(JPY: NTD)	12,381
Foreign currency liabilities under monetary items				
USD	7	30.705	(USD: NTD)	225
USD	4	7.0972	(USD: RMB)	128
September 30, 2023				
Foreign currency assets under monetary items				
USD	9,552	32.27	(USD: NTD)	308,229
USD	413	7.3099	(USD: RMB)	13,332
RMB	23,436	4.415	(RMB: NTD)	103,470
JPY	64,655	0.2162	(JPY: NTD)	13,978
Foreign currency liabilities under monetary items				
USD	88	32.27	(USD: NTD)	2,850
USD	4	7.3099	(USD: RMB)	135
RMB	454	4.415	(RMB: NTD)	2,003

The Group's net foreign exchange gain or loss for the three months and nine months ended September 30, 2024 and 2023 was a loss of NT\$2,394 thousand, a gain of NT\$10,556 thousand, a gain of NT\$14,004 thousand and a gain of NT\$11,305 thousand, respectively. Due to the wide variety of foreign currencies used in transactions, it is impossible to disclose the exchange gains and losses by foreign currencies with significant influence.

36. Business combinations under common control

In order to strengthen the Group's operational integration and resource consolidation, the Company's shareholders' meeting in June 2023 resolved to acquire 70% of the shares of China Steel Precision Materials Limited, a subsidiary of China Steel, through a share swap and for cash consideration. The Company issued 27,471 thousand shares of common stock to OmniGains in exchange for 1.18571427 shares of the Company's common stock for every 1 share of OmniGains' common stock, and indirectly acquired 35% of the shares of CSC Precision Materials. In addition, the Company acquired a 35% stake in Changzhou CSPM from China Steel Asia Pacific Holdings Pte. Ltd., a subsidiary of CSC, for US\$23,168 thousand. Since the above transaction was a reorganization of the organization under common control, it should be regarded as a merger from the beginning and the comparative financial statements should be restated retroactively.

(1) Subsidiaries acquired

	Nature of business	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Changzhou CSPM	Production and sale of titanium and titanium alloys, nickel and nickel alloys	May 16, 2024	70	<u>\$1,035,339</u>

(2) Consideration transferred

	Changzhou CSPM
Cash	\$ 760,628
Equity instruments issued	<u>274,711</u>
	<u>\$1,035,339</u>

(3) Net assets at acquisition date

	Changzhou CSPM
Current assets	
Cash and cash equivalents	\$ 526,946
Notes receivable, accounts receivables and other receivables	963,091
Inventory	1,030,187
Other current assets	34,939
Non-current assets	
Property, plant and equipment	369,490
Right-of-use assets	95,237
Investment properties	19,223
Intangible assets	985
Other non-current assets	14,321
Current liabilities	
Short-term borrowings	(298,621)
Notes payable ,accounts payable and Other payables	(881,976)
Current tax liabilities	(1,447)
Other current liabilities	(73,026)

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	<u>Changzhou CSPM</u>
Non-current liabilities	
Lease liabilities - non-current	(\$ 58,510)
Other non-current liabilities	(<u>14,428</u>)
	<u>\$1,726,411</u>

(4) Effect of business combination of companies under common control

	<u>Changzhou CSPM</u>
Consideration transferred	\$1,035,339
Plus: reorganization of the organization under common control - capital surplus	327,538
Plus: Non-controlling Interests	517,923
Less: Exchange differences arising from the translation of the financial statements of foreign operations	(154,389)
Less: Book value of identifiable net assets acquired	(<u>1,726,411</u>)
	<u>\$ -</u>

The Company pays the difference between the consideration transferred and the carrying amount, adjusting the capital surplus generated from the issue premium.

(5) Effect of retrospective restatements on the 2023 financial statements

December 31, 2023 Consolidated Balance Sheets

	Before Restatement	Impact of Restatement	After Restatement
Current assets	\$ 1,306,743	\$ 2,786,958	\$ 4,093,701
Non-current assets	<u>516,697</u>	<u>499,080</u>	<u>1,015,777</u>
Total assets	<u>\$ 1,823,440</u>	<u>\$ 3,286,038</u>	<u>\$ 5,109,478</u>
Current liabilities	\$ 328,370	\$ 1,585,218	\$ 1,913,588
Non-current liabilities	<u>299,416</u>	<u>63,548</u>	<u>362,964</u>
Total liabilities	<u>\$ 627,786</u>	<u>\$ 1,648,766</u>	<u>\$ 2,276,552</u>
Total equity	<u>\$ 1,195,654</u>	<u>\$ 1,637,272</u>	<u>\$ 2,832,926</u>

September 30, 2023 Consolidated Balance Sheets

	Before Restatement	Impact of Restatement	After Restatement
Current assets	\$ 1,360,441	\$ 3,007,509	\$ 4,367,950
Non-current assets	<u>484,362</u>	<u>521,257</u>	<u>1,005,619</u>
Total assets	<u>\$ 1,844,803</u>	<u>\$ 3,528,766</u>	<u>\$ 5,373,569</u>

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	Before Restatement	Impact of Restatement	After Restatement
Current liabilities	\$ 346,662	\$ 1,835,100	\$ 2,181,762
Non-current liabilities	<u>300,026</u>	<u>47,784</u>	<u>347,810</u>
Total liabilities	<u>\$ 646,688</u>	<u>\$ 1,882,884</u>	<u>\$ 2,529,572</u>
 Total equity	 <u>\$ 1,198,115</u>	 <u>\$ 1,645,882</u>	 <u>\$ 2,843,997</u>

For the period ended September 30, 2023, Consolidated Statements of Comprehensive Income

	Before Restatement	Impact of Restatement	After Restatement
Net income	<u>\$39,676</u>	<u>\$44,249</u>	<u>\$83,925</u>
Total comprehensive income	<u>\$50,046</u>	<u>\$43,854</u>	<u>\$93,900</u>

37. Additional Disclosures

(1) Information on material transactions and (2) information on investees for the six months ended September 30, 2024:

- I. Loans to others. (Table 1)
- II. Endorsements/Guarantees to others. (Table 2)
- III. Marketable securities held (investments in subsidiaries and affiliates are not included). (Table 3)
- IV. Securities acquired or sold at costs or prices at least NT\$300 million or 20% of the paid-in capital. (Table 4)
- V. Acquisition of individual property at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- VI. Disposal of individual property at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- VII. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
- VIII. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
- IX. Derivatives trading. (Note 7)
- X. Other: Business relations and important transactions between parent company and subsidiaries and among subsidiaries and amounts (Table 5)
- XI. Information on investees. (Table 6)

(3) Information on investment in Mainland China

- I. Information on investees in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, percentage of ownership, profit or loss and investment income or loss recognized for the period, book value of the investment at the end of the period, repatriation of investment income, and limit on the amount of investment in the mainland China area. (Table 7)
- II. Any of the following significant transactions with investees in mainland China, either directly or indirectly through a third region, and the price:

- (I) The amount and percentage of purchases and the balance and percentage of the relevant payables at the end of the period: (None)
- (II) The amount and percentage of sales and the balance and percentage of the relevant receivables at the end of the year: Table 5
- (III) The amount of property transactions and the amount of the resulting gains or losses. (None)
- (IV) The balance of negotiable instrument endorsements or guarantees or collateral pledged at the end of the period and the purposes. (Table 2)
- (V) The highest balance, the closing balance, the interest rate range, and total current-period interest with respect to financing of funds. (Table 1)
- (VI) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of labor services. (None)
- (4) Information on major shareholders: The name of shareholders, each holding 5% or more of total shares, and the number and percentage of shares held. (Table 8)

38. Additional Disclosures

Segment Information

The Group's information reported to the chief operating decision-maker for resource allocation and segment performance assessment focuses on types of goods or services delivered or provided. The Group's reportable operating segments are as follows:

- ThinTech Materials Technology Co., Ltd.

Mainly engaging in the processing and sales of various thin film sputtering targets and precious metals, as well as trading of general metals.

- Taicang TCMC, Ltd.

Mainly engaging in the manufacturing and sales of metal targets.

- Changzhou CSPM, Ltd.

Production and sale of titanium and titanium alloys, nickel and nickel alloys

- Others - The subsidiaries of the consolidated entity are the operating segments. Please refer to Note 14. All the operating segments have not reached the quantitative threshold.

- (1) Segment revenue and operating performance

The Group's segment revenue and operating performance are as follows:

	The Company	Taicang TCMC	Changzhou CSPM	Other	Adjustments and write-offs	Consolidation
<u>For the Nine Months Ended September 30, 2024</u>						
Revenue from clients other than the parent company and subsidiaries	\$ 2,014,884	\$ 119,473	\$ 1,861,414	\$ -	\$ -	\$ 3,995,771
Revenue from the parent company and subsidiaries	<u>5,474</u>	<u>15,091</u>	<u>35,004</u>	<u>-</u>	<u>(55,569)</u>	<u>-</u>
Total revenue	<u>\$ 2,020,358</u>	<u>\$ 134,564</u>	<u>\$ 1,896,418</u>	<u>\$ -</u>	<u>(\$ 55,569)</u>	<u>\$ 3,995,771</u>
Profit (Loss) of segments	\$ 25,811	(\$ 34,083)	\$ 79,330	\$ -	\$ 417	\$ 71,475
Interest income	2,608	159	6,738	21	(13)	9,513
Financial costs	(9,329)	(4,102)	(4,295)	-	13	(17,713)
Share of profit on subsidiaries and affiliates using the equity method	5,772	-	-	21,818	(27,113)	477
Other non-operating income and expenses	<u>28,828</u>	<u>850</u>	<u>(1,995)</u>	<u>71</u>	<u>(417)</u>	<u>27,337</u>
Net income (loss) before tax	53,690	(37,176)	79,778	21,910	(27,113)	91,089
Income tax expense	<u>7,140</u>	<u>-</u>	<u>17,441</u>	<u>1,259</u>	<u>-</u>	<u>25,840</u>
Net income (loss) for the period	<u>\$ 46,550</u>	<u>(\$ 37,176)</u>	<u>\$ 62,337</u>	<u>\$ 20,651</u>	<u>(\$ 27,113)</u>	<u>\$ 65,249</u>
<u>For the Nine Months Ended September 30, 2023</u>						
Revenue from clients other than the parent company and subsidiaries	\$ 1,650,961	\$ 148,556	\$ 2,662,193	\$ -	\$ -	\$ 4,461,710
Revenue from the parent company and subsidiaries	<u>5,347</u>	<u>8,827</u>	<u>32,666</u>	<u>-</u>	<u>(46,840)</u>	<u>-</u>
Total revenue	<u>\$ 1,656,308</u>	<u>\$ 157,383</u>	<u>\$ 2,694,859</u>	<u>\$ -</u>	<u>(\$ 46,840)</u>	<u>\$ 4,461,710</u>
Profit (Loss) of segments	\$ 37,037	(\$ 767)	\$ 72,706	\$ -	\$ 240	\$ 109,216
Interest income	2,552	146	3,429	-	(405)	5,722
Financial costs	(9,240)	(4,716)	(10,552)	-	405	(24,103)
Share of profit on subsidiaries and affiliates using the equity method	(4,142)	-	-	-	5,167	1,025
Other non-operating income and expenses	<u>24,786</u>	<u>170</u>	<u>2,420</u>	<u>15</u>	<u>(240)</u>	<u>27,151</u>
Net income (loss) before tax	50,993	(5,167)	68,003	15	5,167	119,011
Income tax expense	<u>11,317</u>	<u>-</u>	<u>23,769</u>	<u>-</u>	<u>-</u>	<u>35,086</u>
Net income (loss) for the period	<u>\$ 39,676</u>	<u>(\$ 5,167)</u>	<u>\$ 44,234</u>	<u>\$ 15</u>	<u>\$ 5,167</u>	<u>\$ 83,925</u>

Profit (loss) of segments refers to the profit earned by each segment, excluding the apportioned headquarters management costs and directors' remuneration, interest income, gains or losses on disposal of property, plant and equipment, foreign currency exchange gains or losses, financial instrument valuation gains or losses, financial costs, and income tax expenses. This amount measured is provided to the chief operating decision-maker for allocation of resources to segments and measurement of their performance.

(II) Total segment assets and liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Segment assets			
Continuing operations			
The Company	\$ 2,669,945	\$ 1,674,649	\$ 1,773,269
Taichang TCMC	168,663	213,757	234,904
Changzhou CSPM	2,820,196	3,297,198	2,874,179
Other	619,971	573,046	323
Adjustments and write-offs	(1,876,343)	(649,172)	490,894
Total consolidated assets	<u>\$ 4,402,432</u>	<u>\$ 5,109,478</u>	<u>\$ 5,373,569</u>
Segment liabilities			
Continuing operations			
The Company	\$ 858,222	\$ 478,995	\$ 575,155
Taichang TCMC	149,585	159,298	177,608
Changzhou CSPM	1,081,481	1,659,928	1,228,620
Other	-	-	-
Adjustments and write-offs	(20,194)	(21,669)	548,189
Total consolidated liabilities	<u>\$ 2,069,094</u>	<u>\$ 2,276,552</u>	<u>\$ 2,529,572</u>

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Loans to Others
For the period ended september 30. 2024

Table 1

Unit: NT\$ thousand
(unless specified otherwise)

No.	Lender	Borrower	Account title	Related party status	Highest balance for the period	Ending balance (Note 1)	Amount drawn	Interest rate range (%)	Nature of loan	Business transaction amount	Reasons for short-term financing	Allowance for bad debts	Collateral		Limit on loan to others	Total limit on loans to others	Remarks
													Name	each borrower			
0	The Company	Taicang TCMC, Ltd.	Other receivables	Yes	\$ 107,957	\$ 63,322	\$ 11,308	2.48	Note 2	\$ -	To meet the need for working capital	\$ -	-	\$ -	\$ 543,517	\$ 724,689	Note 3
0	The Company	Changzhou CSPM, Ltd.	Other receivables	Yes	27,270	27,138	-	-	Note 2	-	To meet the need for working capital	-	-	-	543,517	724,689	Note 3

Note 1: RMB is converted at the spot exchange rate of 1 RMB = 4.523 NTD.
Note 2: There is a need for short-term financing
Note 3: The limit of loans to an individual entity is 30% of the Company’s net worth, and the total limit of loans to others is 40% of the net worth.
Note 4: It has been written off when the consolidated financial statements were prepared.

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Endorsements/Guarantees to Others
For the period ended september 30. 2024

Table 2

Unit: NT\$ thousand
(unless specified otherwise)

No.	Name of endorser/guarantor	Party endorsed/guaranteed		Limit of endorsements/guarantees to a single enterprise	Highest balance of endorsement/guarantee for the period	Ending balance of endorsements/guarantees (Note 2)	Amount drawn	Amount of endorsement/guarantee with property as collateral	Cumulative endorsements/guarantees provided as a % of the net worth as per the latest financial statements	Maximum limit of endorsements/guarantees	Endorsement/guarantee by the parent company to a subsidiary	Endorsement/guarantee by a subsidiary to the parent company	Endorsement/guarantee to an entity in China	Remarks
		Name of company	Relations											
0	The Company	Iaicang TCMC, Ltd.	An investee whose with 50% or more of its voting shares held by the parent company and subsidiaries	\$724,689	\$276,633	\$189,966	\$110,814	\$ -	10.49	\$724,689	Y	N	Y	Note 1
0	The Company	Changzhou CSPM, Ltd.	An investee whose with 50% or more of its voting shares held by the parent company and subsidiaries	724,689	59,085	58,799	-	-	3.25	724,689	Y	N	Y	Note 1

Note 1: The limit of the Company's guarantee for a single enterprise is 40% of the net worth, and the maximum limit of endorsements/guarantees is 40% of the net worth.
Note 2: USD is converted at the spot exchange rate of 1 USD = 31.65NTD.

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Marketable securities held
September 30, 2024

Table 3

Unit: NT\$ thousand
(unless specified otherwise)

Company	Type and name of securities held	Relations with securities issuer	Account title	September 30, 2024				Remarks
				Number of shares/units	Carrying amount	Shareholding (%)	Fair value	
The Company	Common stock							
	Lianyou Metals Co., Ltd.	-	Financial assets at fair value through profit or loss - current	140,016	\$ 6,361	0.40	\$ 6,361	註 1
	Lianyou Metals Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	674,089	30,625	1.94	30,625	註 1
	Funds							
	CDIB-Innolux II Limited Partnership	-	Financial assets at fair value through profit or loss - non-current	-	12,449	-	12,449	註 2

Note1: The fair value is based on the trading price and the liquidity discount.
Note2 : The calculation is based on the net worth on September 30, 2024.

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid in capital
For the period ended September 30, 2024

Table 4

Unit: NT\$ thousand
(unless specified otherwise)

Company	Type of Marketable Securities	Name of Marketable Securities	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition (Note1)		Disposal (Note1)				Ending Balance	
						Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount
The Company	Commom stock	OmniGains Investment Corporation (Note2)	Investments accounted for using equity method	Gains Investment Corporation	Parent company	-	\$ -	23,168,349	\$ 619,971	-	\$ -	\$ -	\$ -	23,168,349	\$ 619,971
The Company	Certificate of entitlement	Changzhou China Steel Precision Materials Co., Ltd.(Note 2)	Investments accounted for using equity method	China Steel Asia Pacific Holding Pte. Ltd.	Sister company	-	-	17,808,000	608,550	-	-	-	-	17,808,000	608,550

Note1: The acquisition and disposal include the costs, proceeds from sale, share of profit/losses of investees and other rela ted adjustment.

Note2:See Note143 for Consolidated Financial Statements.

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries
For the period ended September 30. 2024

Table 5

Unit: NT\$ thousand
(unless specified otherwise)

No.	Name of trader	Transaction counterparty	Relations with trader	Transaction			
				Item	Amount	Transaction conditions	As a % of total consolidated revenue or total assets
0	The Company	Taicang TCMC, Ltd.	Parent company to subsidiary	Sales revenue	\$ 1,932	As per the contract	-
0	The Company	Taicang TCMC, Ltd.	Parent company to subsidiary	Accounts receivable	1,954	As per the contract	-
0	The Company	Taicang TCMC, Ltd.	Parent company to subsidiary	Other receivables	11,468	As per the resolutions adopted by the Board of Directors and the contract	-
0	The Company	Taicang TCMC, Ltd.	Parent company to subsidiary	Other income	417	As per the contract	-
0	The Company	Taicang TCMC, Ltd.	Parent company to subsidiary	Interest income	13	As per the contract	-
0	The Company	Changzhou CSPM, Ltd.	Parent company to subsidiary	Sales revenue	3,542	As per the contract	-
1	Taicang TCMC, Ltd.	The Company	Subsidiary to parent company	Sales revenue	11,387	As per the contract	-
1	Taicang TCMC, Ltd.	The Company	Subsidiary to parent company	Accounts receivable	2,095	As per the contract	-
1	Taicang TCMC, Ltd.	Changzhou CSPM, Ltd.	Subsidiary to Subsidiary	Sales revenue	3,704	As per the contract	-
2	Changzhou CSPM, Ltd.	The Company	Subsidiary to parent company	Sales revenue	10,826	As per the contract	-
2	Changzhou CSPM, Ltd.	The Company	Subsidiary to parent company	Accounts receivable	2,694	As per the contract	-
2	Changzhou CSPM, Ltd.	Taicang TCMC, Ltd.	Subsidiary to Subsidiary	Sales revenue	24,178	As per the contract	1
2	Changzhou CSPM, Ltd.	Taicang TCMC, Ltd.	Subsidiary to Subsidiary	Accounts receivable	1,983	As per the contract	-

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Information on Investees
For the period ended September 30, 2024

Table 6

Unit: NT\$ thousand
(unless specified otherwise)

Name of investor	Name of investee	Location	Principal business activities	Initial investment amount		As of September 30, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Remarks
				September 30, 2024	December 31,2023	Number of shares	(%)	Carrying amount			
The Company	Thintech Global Limited	Samoa	An investment holding company	\$ 205,435	\$ 205,435	6,800,000	100	\$ 16,158	(\$ 37,176)	(\$ 37,176)	Notes 1 and 3
The Company	Pro-Ascentek Investment Corporation	Taiwan	General investment	30,000	30,000	3,000,000	2.5	35,233	19,067	477	
The Company	OmniGains Investment Corporation	Samoa	An investment holding company	274,711	-	23,168,349	100	619,971	20,651	20,651	Notes 2 and 3

Note 1: The Company invests in Taicang TCMC, Ltd. through TTGL.

Note 2: The Company invests in Changzhou CSPM, Ltd. through OmniGains.

Note 3: It has been written off when the consolidated financial statements were prepared.

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Information on investment in Mainland China
For the period ended September 30, 2024

Table 7

Unit: NT\$ thousand
(unless specified otherwise)

Name of investee	Principal business activities	Paid-in capital (Note 1)	Investment method (Note 3)	Cumulative investment amount remitted From Taiwan at the beginning of this year (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2024 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2024	Accumulated Repatriation of Investment Income as of June 30, 2024	Remarks
					Outward remittance	Inward remittance							
Taichang TCMC, Ltd.	Manufacturing and sales of metal targets	\$ 215,220	2	\$ 215,220	\$ -	\$ -	\$ 215,220	(\$ 37,176)	100.00	(\$ 37,176)	\$ 16,158	\$ -	Notes 5 and 6
Changzhou CSPM, Ltd.	Production and sale of titanium and titanium alloys, nickel and nickel alloys	1,610,352	3	-	1,466,556 (Note 4)	-	1,466,556	62,337	70.00	43,636	1,217,100	12,594	Notes 5 and 6

Name of investor	Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2024 (Note 1)	Amount of investment approved by the Investment Commission, MOEA (Note 1)	Limit of investment by the Company in China (Note 2)
ThinTech Materials Technology Co., Ltd.	\$1,681,776	\$1,681,776	\$ -

Note 1: The amounts were calculated based on the foreign exchange rate as of September 30, 2024.

Note 2: The Company is not subject to the limitations on the amount of investment in Mainland China as certified by the Industrial Development Bureau (IDB) of the Ministry of Economic Affairs (MOEA) that the Company is in compliance with the scope of operation of the head office.

Note 3: Investment methods are divided into the three types below.

1. Direct investment in China.
2. Indirect investment in China through a third-region company (see Table 6 for third-region investment companies).
3. Other methods.

Note 4: The cumulative amount invested here was reinvested in October 2023 through OmniGains.

Note 5: It is recognized and disclosed based on the financial statements for the same periods audited by the Company's CPAs and has been written off when the consolidated financial statements were prepared.

Note 6: The foreign currency amounts in the above table are converted into NTD at the exchange rate prevailing on the balance sheet date.

