

Topkey Corporation and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2022 and 2021 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Topkey Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Topkey Corporation and its subsidiaries (the "Group") as of September 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2022 and 2021, and the related notes, including a summary of significant accounting policies "(collectively referred to as the consolidated financial statements)". Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the financial statements and the notes of non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of September 30, 2022 and 2021, combined total assets of these non-significant subsidiaries were NT\$1,102,709 thousand and NT\$1,715,446 thousand, respectively, representing 6% and 16%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$438,859 thousand and NT\$470,091 thousand, respectively, representing 5% and 9%, respectively, of the consolidated total liabilities; for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, the amount of combined comprehensive income (loss) of these subsidiaries were NT\$13,592 thousand, NT\$12,923 thousand, NT\$57,523 thousand and NT\$70,615 thousand, respectively, representing 1%, 7%, 2% and 13%, respectively, of the consolidated total comprehensive income (loss).

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of September 30, 2022 and 2021, its consolidated financial performance for the three months ended September 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Shao-Chun Wu and Done-Yuin Tseng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 11, 2022

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.

TOPKEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2022 (Reviewed)		December 31, 2021 (Audited)		September 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 6,116,190	35	\$ 2,699,895	24	\$ 2,156,959	19
Financial assets at fair value through profit or loss - current (Note 7)	-	-	2,887	-	215,884	2
Financial assets at amortized cost - current (Notes 8 and 25)	2,144,319	12	1,833,109	16	1,953,051	18
Trade receivables (Note 9)	2,765,299	16	1,832,688	16	1,852,721	17
Other receivables	68,016	-	59,044	1	64,320	1
Other receivables from related parties (Note 24)	-	-	49,842	1	-	-
Inventories (Note 10)	2,593,782	15	1,941,829	17	1,870,912	17
Other current assets	204,360	1	141,152	1	143,264	1
Total current assets	<u>13,891,966</u>	<u>79</u>	<u>8,560,446</u>	<u>76</u>	<u>8,257,111</u>	<u>75</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 11)	-	-	-	-	-	-
Property, plant and equipment (Note 13)	2,826,630	16	1,949,079	17	1,938,779	18
Right-of-use assets (Note 14)	603,812	4	599,675	5	671,608	6
Intangible assets	-	-	-	-	9,989	-
Deferred tax assets (Note 20)	71,563	-	37,266	1	41,454	-
Refundable deposits	14,923	-	17,985	-	18,327	-
Other non-current assets	72,094	1	86,536	1	81,488	1
Total non-current assets	<u>3,589,022</u>	<u>21</u>	<u>2,690,541</u>	<u>24</u>	<u>2,761,645</u>	<u>25</u>
TOTAL	<u>\$ 17,480,988</u>	<u>100</u>	<u>\$ 11,250,987</u>	<u>100</u>	<u>\$ 11,018,756</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 15)	\$ 6,144,351	35	\$ 2,132,450	19	\$ 2,441,990	22
Trade payables and Notes payable	676,390	4	609,381	5	616,004	6
Other payables (Note 16)	763,145	5	657,641	6	574,840	5
Current tax liabilities (Note 20)	355,655	2	156,127	1	163,800	2
Lease liabilities - current (Note 14)	63,547	-	70,830	1	83,404	1
Endorsement and guarantee liabilities (Note 12)	-	-	138,450	1	-	-
Other current liabilities	390,915	2	324,470	3	367,385	3
Total current liabilities	<u>8,394,003</u>	<u>48</u>	<u>4,089,349</u>	<u>36</u>	<u>4,247,423</u>	<u>39</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 15)	89,346	1	40,606	-	28,501	-
Deferred tax liabilities (Note 20)	505,134	3	486,246	4	367,226	3
Lease liabilities - non-current (Note 14)	282,131	2	288,570	3	363,287	3
Guarantee deposits	381,695	2	276,140	3	276,140	3
Other non-current liabilities	59,326	-	80,247	1	62,944	1
Total non-current liabilities	<u>1,317,632</u>	<u>8</u>	<u>1,171,809</u>	<u>11</u>	<u>1,098,098</u>	<u>10</u>
Total liabilities	<u>9,711,635</u>	<u>56</u>	<u>5,261,158</u>	<u>47</u>	<u>5,345,521</u>	<u>49</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Capital stock	908,200	5	908,200	8	908,200	8
Capital surplus	1,639,532	9	1,639,532	15	1,639,532	15
Retained earnings						
Legal reserve	803,434	5	720,269	6	720,269	7
Special reserve	619,193	3	562,808	5	562,808	5
Unappropriated earnings	3,612,623	21	2,444,114	22	2,185,512	20
Other equity						
Exchange differences on translation of the financial statement of foreign operations	(245,541)	(1)	(609,193)	(6)	(632,204)	(6)
Unrealized valuation loss on financial assets at fair value through other comprehensive income	(10,000)	-	(10,000)	-	(10,000)	-
Total equity attributable to owners of the Company	<u>7,327,441</u>	<u>42</u>	<u>5,655,730</u>	<u>50</u>	<u>5,374,117</u>	<u>49</u>
NON-CONTROLLING INTERESTS	<u>441,912</u>	<u>2</u>	<u>334,099</u>	<u>3</u>	<u>299,118</u>	<u>2</u>
Total equity	<u>7,769,353</u>	<u>44</u>	<u>5,989,829</u>	<u>53</u>	<u>5,673,235</u>	<u>51</u>
TOTAL	<u>\$ 17,480,988</u>	<u>100</u>	<u>\$ 11,250,987</u>	<u>100</u>	<u>\$ 11,018,756</u>	<u>100</u>

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

(With Deloitte & Touche review report dated November 11, 2022)

TOPKEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
NET REVENUE	\$ 3,170,223	100	\$ 2,349,016	100	\$ 8,028,830	100	\$ 6,181,593	100
COST OF GOODS SOLD (Notes 10 and 19)	<u>2,060,054</u>	<u>65</u>	<u>1,633,468</u>	<u>69</u>	<u>5,196,401</u>	<u>65</u>	<u>4,368,992</u>	<u>71</u>
GROSS PROFIT	<u>1,110,169</u>	<u>35</u>	<u>715,548</u>	<u>31</u>	<u>2,832,429</u>	<u>35</u>	<u>1,812,601</u>	<u>29</u>
OPERATING EXPENSES								
Selling and marketing expenses (Note 19)	55,026	2	56,982	2	172,441	2	170,401	3
General and administrative expenses (Note 19)	233,511	7	158,149	7	614,885	8	441,888	7
Research and development expenses (Note 19)	102,064	3	84,183	4	287,455	3	245,819	4
Expected credit loss (Note 9)	<u>1,570</u>	<u>-</u>	<u>3,206</u>	<u>-</u>	<u>3,761</u>	<u>-</u>	<u>2,433</u>	<u>-</u>
Total operating expenses	<u>392,171</u>	<u>12</u>	<u>302,520</u>	<u>13</u>	<u>1,078,542</u>	<u>13</u>	<u>860,541</u>	<u>14</u>
INCOME FROM OPERATIONS	<u>717,998</u>	<u>23</u>	<u>413,028</u>	<u>18</u>	<u>1,753,887</u>	<u>22</u>	<u>952,060</u>	<u>15</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	30,842	1	4,596	-	42,287	-	17,358	-
Government grants income	11,400	-	12,537	1	43,133	1	37,671	1
Other gains	22,095	1	19,288	1	70,093	1	56,983	1
Net foreign exchange gain	460,459	14	49,007	2	796,713	10	10,884	-
Interest expense	(31,048)	(1)	(5,095)	-	(57,288)	(1)	(19,190)	-
Other losses	(1,265)	-	(654)	-	(2,652)	-	(1,893)	-
Gain (loss) on disposal of property, plant and equipment	(38)	-	(630)	-	(1,426)	-	664	-
Net gain on financial assets at fair value through profit or loss	(1)	-	2,123	-	(2,948)	-	11,251	-
Impairment loss recognized on property, plant and equipment (Note 13)	<u>-</u>	<u>-</u>	<u>(106,408)</u>	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>(106,408)</u>	<u>(2)</u>
Total non-operating income and expenses	<u>492,444</u>	<u>15</u>	<u>(25,236)</u>	<u>(1)</u>	<u>887,912</u>	<u>11</u>	<u>7,320</u>	<u>-</u>
INCOME BEFORE INCOME TAX	1,210,442	38	387,792	17	2,641,799	33	959,380	15
INCOME TAX EXPENSE (Note 20)	<u>306,201</u>	<u>9</u>	<u>189,224</u>	<u>8</u>	<u>654,587</u>	<u>8</u>	<u>319,964</u>	<u>5</u>
NET INCOME	<u>904,241</u>	<u>29</u>	<u>198,568</u>	<u>9</u>	<u>1,987,212</u>	<u>25</u>	<u>639,416</u>	<u>10</u>

(Continued)

TOPKEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	\$ 176,484	5	\$ (21,352)	(1)	\$ 335,206	4	\$ (104,506)	(2)
Income tax relating to items that will be reclassified subsequently to profit or loss	<u>(34,153)</u>	<u>(1)</u>	<u>4,384</u>	<u>-</u>	<u>42,122</u>	<u>-</u>	<u>19,849</u>	<u>1</u>
Other comprehensive income (loss) for the period, net of income tax	<u>142,331</u>	<u>4</u>	<u>(16,968)</u>	<u>(1)</u>	<u>377,328</u>	<u>4</u>	<u>(84,657)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 1,046,572</u>	<u>33</u>	<u>\$ 181,600</u>	<u>8</u>	<u>\$ 2,364,540</u>	<u>29</u>	<u>\$ 554,759</u>	<u>9</u>
NET PROFIT								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 851,587	27	\$ 164,243	7	\$ 1,852,979	23	\$ 573,045	9
Non-controlling interests	<u>52,654</u>	<u>2</u>	<u>34,325</u>	<u>1</u>	<u>134,233</u>	<u>2</u>	<u>66,371</u>	<u>1</u>
	<u>\$ 904,241</u>	<u>29</u>	<u>\$ 198,568</u>	<u>8</u>	<u>\$ 1,987,212</u>	<u>25</u>	<u>\$ 639,416</u>	<u>10</u>
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 988,197	31	\$ 148,479	6	\$ 2,216,631	27	\$ 493,649	8
Non-controlling interests	<u>58,375</u>	<u>2</u>	<u>33,121</u>	<u>2</u>	<u>147,909</u>	<u>2</u>	<u>61,110</u>	<u>1</u>
	<u>\$ 1,046,572</u>	<u>33</u>	<u>\$ 181,600</u>	<u>8</u>	<u>\$ 2,364,540</u>	<u>29</u>	<u>\$ 554,759</u>	<u>9</u>
EARNINGS PER SHARE								
(Note 21)								
Basic	<u>\$ 9.37</u>		<u>\$ 1.81</u>		<u>\$ 20.40</u>		<u>\$ 6.31</u>	
Diluted	<u>\$ 9.32</u>		<u>\$ 1.80</u>		<u>\$ 20.26</u>		<u>\$ 6.29</u>	

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

(With Deloitte & Touche review report dated November 11, 2022)

(Concluded)

TOPKEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to Owner of the Company					Other Equity		Total	Non-controlling Interests (Note 12)	Total Equity
	Common Shares (Note 18)	Capital Surplus (Note 18)	Retained Earnings (Note 18)			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Loss on Financial Assets at Fair Value through Other Comprehensive Income			
			Legal Reserve	Special reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2021	\$ 908,200	\$ 1,639,532	\$ 652,367	\$ 498,508	\$ 2,198,769	\$ (552,808)	\$ (10,000)	\$ 5,334,568	\$ 255,516	\$ 5,590,084
Appropriation of 2020 earnings										
Legal reserve	-	-	67,902	-	(67,902)	-	-	-	-	-
Special reserve	-	-	-	64,300	(64,300)	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(454,100)	-	-	(454,100)	-	(454,100)
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	(17,508)	(17,508)
	-	-	67,902	64,300	(586,302)	-	-	(454,100)	(17,508)	(471,608)
Net profit for the nine months ended September 30, 2021	-	-	-	-	573,045	-	-	573,045	66,371	639,416
Other comprehensive income (loss) for the nine months ended September 30, 2021, net of income tax	-	-	-	-	-	(79,396)	-	(79,396)	(5,261)	(84,657)
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	573,045	(79,396)	-	493,649	61,110	554,759
BALANCE AT SEPTEMBER 30, 2021	\$ 908,200	\$ 1,639,532	\$ 720,269	\$ 562,808	\$ 2,185,512	\$ (632,204)	\$ (10,000)	\$ 5,374,117	\$ 299,118	\$ 5,673,235
BALANCE AT JANUARY 1, 2022	\$ 908,200	\$ 1,639,532	\$ 720,269	\$ 562,808	\$ 2,444,114	\$ (609,193)	\$ (10,000)	\$ 5,655,730	\$ 334,099	\$ 5,989,829
Appropriation of 2021 earnings										
Legal reserve	-	-	83,165	-	(83,165)	-	-	-	-	-
Special reserve	-	-	-	56,385	(56,385)	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(544,920)	-	-	(544,920)	-	(544,920)
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	(40,096)	(40,096)
	-	-	83,165	56,385	(684,470)	-	-	(544,920)	(40,096)	(585,016)
Net profit for the nine months ended September 30, 2022	-	-	-	-	1,852,979	-	-	1,852,979	134,233	1,987,212
Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	363,652	-	363,652	13,676	377,328
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	1,852,979	363,652	-	2,216,631	147,909	2,364,540
BALANCE AT SEPTEMBER 30, 2022	\$ 908,200	\$ 1,639,532	\$ 803,434	\$ 619,193	\$ 3,612,623	\$ (245,541)	\$ (10,000)	\$ 7,327,441	\$ 441,912	\$ 7,769,353

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

(With Deloitte & Touche review report dated November 11, 2022)

TOPKEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,641,799	\$ 959,380
Adjustments for:		
Depreciation expenses	289,254	332,495
Amortization expense	-	1,228
Expected credit loss	3,761	2,433
Net gain on financial assets at fair value through profit or loss	2,948	(11,251)
Interest expense	57,288	19,190
Interest income	(42,287)	(17,358)
Loss (gain) on disposal of property, plant and equipment	1,426	(664)
Impairment loss recognized on property, plant and equipment	-	106,408
Write-downs of inventories	7,151	26,327
Gain on foreign currency exchange	(78,263)	(4,112)
Amortization of prepayments	36,192	28,222
Gain arising from lease modifications	(2,957)	(25)
Changes in operating assets and liabilities:		
Trade receivables	(683,380)	(334,278)
Other receivables	35,465	(16,864)
Inventories	(607,029)	(437,064)
Other current assets	(88,068)	(72,544)
Notes payable	400	370
Trade payables	(7,703)	8,981
Other payables	100,256	(27,606)
Other current liabilities	64,621	15,989
Other non-current liabilities	(20,921)	20,356
Cash generated from operations	1,709,953	599,613
Interest received	48,794	18,773
Interest paid	(57,203)	(19,467)
Income tax paid	(429,498)	(195,699)
Net cash generated from operating activities	<u>1,272,046</u>	<u>403,220</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(1,079,157)	(949,397)
Proceeds from disposal of financial assets at amortized cost	781,776	531,211
Acquisition of financial assets at fair value through profit or loss	-	(1,085,508)
Proceeds from disposal of financial assets at fair value through profit or loss	-	1,096,367
Acquisition of property, plant and equipment	(978,011)	(427,422)
Proceeds from disposal of property, plant and equipment	914	3,116
Decrease in refundable deposits	3,633	1,429

(Continued)

TOPKEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021
Increase in other non-current assets	\$ (5,147)	\$ (3,929)
Increase in prepayments for equipment	<u>(29,005)</u>	<u>(47,463)</u>
Net cash used in investing activities	<u>(1,304,997)</u>	<u>(881,596)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	6,597,021	3,411,673
Repayments of short-term borrowings	(2,635,433)	(3,148,670)
Proceeds from long-term borrowings	39,485	28,724
Increase in guarantee deposits	59,420	276,140
Repayments of the principal portion of lease liabilities	(41,447)	(50,753)
Cash dividends distributed to owners of the Company	(544,920)	(454,100)
Cash dividends distributed to non-controlling interests	(40,096)	(17,508)
Repayments of endorsement and guarantee liabilities	<u>(138,450)</u>	<u>-</u>
Net cash used in financing activities	<u>3,295,580</u>	<u>45,506</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>153,666</u>	<u>1,159</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	3,416,295	(431,711)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>2,699,895</u>	<u>2,588,670</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 6,116,190</u>	<u>\$ 2,156,959</u>

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

(With Deloitte & Touche review report dated November 11, 2022)

(Concluded)

TOPKEY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

TOPKEY CORPORATION (the “Company”) was incorporated in the Republic of China (ROC) in July 1980; and is mainly engaged in the production, processing, sale, international trading and agency services of sporting goods, carbon fiber products, glass fiber products, and composite materials.

The Company’s shares were listed and have been trading on the Taiwan Stock Exchange since October 2013.

The consolidated financial statements of the Company and its subsidiaries (referred to collectively as the “Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on November 11, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the Business Entity Accounting Handling, part of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the Business Entity Accounting Handling, and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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
Amendments to IFRS 16 "Leases Liability in a Sale and leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have 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

- a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

- b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries disposed of during the period are included in the consolidated statements of comprehensive income from the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Note 12 and Table 7, 8 and 9 for detailed information on subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2021.

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 by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Refer to statements of critical accounting judgements and key sources of estimation uncertainty to the consolidated financial statements for the year ended December 31, 2021.

6. CASH AND CASH EQUIVALENTS

	September 30, 2022	December 31, 2021	September 30, 2021
Cash on hand	\$ 1,258	\$ 1,314	\$ 1,331
Checking accounts and demand deposits	609,673	1,196,378	1,121,290
Cash equivalents			
Time deposits	<u>5,505,259</u>	<u>1,502,203</u>	<u>1,034,338</u>
	<u>\$ 6,116,190</u>	<u>\$ 2,699,895</u>	<u>\$ 2,156,959</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial assets mandatorily classified as at FVTPL</u>			
Derivative instruments			
Foreign exchange forward contracts	\$ -	\$ 2,887	\$ 1,048
Hybrid instruments			
Financial products	-	-	214,836
	<u>\$ -</u>	<u>\$ 2,887</u>	<u>\$ 215,884</u>

- a. At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2021</u>			
Sell	USD/RMB	2022.01	USD12,000/RMB76,890
<u>September 30, 2021</u>			
Sell	USD/RMB	2021.11	USD2,000/RMB13,051
	USD/RMB	2021.12	USD3,000/RMB19,620

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

- b. The Group entered into a short-term financial products with bank. The entire contract was assessed and mandatorily classified as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.

8. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	September 30, 2022	December 31, 2021	September 30, 2021
Restricted deposits	\$ 2,115,199	\$ 1,610,372	\$ 1,611,345
Bonds under repurchase agreement	29,120	222,737	265,245
Time deposits with original maturities of more than 3 months	-	-	76,461
	<u>\$ 2,144,319</u>	<u>\$ 1,833,109</u>	<u>\$ 1,953,051</u>

Restricted deposits except 1,069,104 thousand are pledged loans, and the rest are mainly repatriated funds US\$63,039 thousand, which approved by Taxation Bureau of Ministry of Finance in accordance with "Repatriated Offshore Funds Act" as of September 30, 2022, and the Group submit the investment plan to the Ministry of Economic Affairs. According to the Acts, deposits are limited to approved plans and can not be used for other purposes.

Financial assets at amortized cost pledged as collateral for bank borrowings is set out in Note 25.

9. TRADE RECEIVABLES

	September 30, 2022	December 31, 2021	September 30, 2021
<u>At amortized cost</u>			
Gross carrying amount	\$ 2,771,806	\$ 1,836,901	\$ 1,864,840
Less: Allowance for impairment loss	<u>(6,507)</u>	<u>(4,213)</u>	<u>(12,119)</u>
	<u>\$ 2,765,299</u>	<u>\$ 1,832,688</u>	<u>\$ 1,852,721</u>

The credit period of sales of goods is 60 to 120 days. No interest was charged on trade receivables. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The loss allowance of trade receivables of the Group were as follows:

	Not Past Due	Past Due 30-90 Days	Past Due 91-180 Days	Past Due 181-365 Days	Past Due More than 365 Days	Total
<u>September 30, 2022</u>						
Expected credit loss rate (%)	-	5	25	50	100	
Gross carrying amount	\$ 2,754,251	\$ 4,136	\$ 5,782	\$ 3,811	\$ 3,826	\$ 2,771,806
Loss allowance	<u>-</u>	<u>(127)</u>	<u>(648)</u>	<u>(1,906)</u>	<u>(3,826)</u>	<u>(6,507)</u>
Amortized cost	<u>\$ 2,754,251</u>	<u>\$ 4,009</u>	<u>\$ 5,134</u>	<u>\$ 1,905</u>	<u>\$ -</u>	<u>\$ 2,765,299</u>

	Not Past Due	Past Due 30-90 Days	Past Due 91-180 Days	Past Due 181-365 Days	Past Due More than 365 Days	Total
<u>December 31, 2021</u>						
Expected credit loss rate (%)	-	5	25	50	100	
Gross carrying amount	\$ 1,831,772	\$ 937	\$ -	\$ 52	\$ 4,140	\$ 1,836,901
Loss allowance	<u>-</u>	<u>(47)</u>	<u>-</u>	<u>(26)</u>	<u>(4,140)</u>	<u>(4,213)</u>
Amortized cost	<u>\$ 1,831,772</u>	<u>\$ 890</u>	<u>\$ -</u>	<u>\$ 26</u>	<u>\$ -</u>	<u>\$ 1,832,688</u>
<u>September 30, 2021</u>						
Expected credit loss rate (%)	-	5	25	50	100	
Gross carrying amount	\$ 1,857,747	\$ 1,488	\$ 1,151	\$ 242	\$ 4,212	\$ 1,864,840
Loss allowance	<u>(7,032)</u>	<u>(458)</u>	<u>(368)</u>	<u>(121)</u>	<u>(4,140)</u>	<u>(12,119)</u>
Amortized cost	<u>\$ 1,850,715</u>	<u>\$ 1,030</u>	<u>\$ 783</u>	<u>\$ 121</u>	<u>\$ 72</u>	<u>\$ 1,852,721</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ 4,213	\$ 9,750
Net remeasurement of loss allowance	2,294	2,433
Foreign exchange gains and losses	<u>-</u>	<u>(64)</u>
Balance at September 30	<u>\$ 6,507</u>	<u>\$ 12,119</u>

10. INVENTORIES

	September 30, 2022	December 31, 2021	September 30, 2021
Raw materials	\$ 1,087,472	\$ 672,278	\$ 642,077
Work in progress	497,148	434,989	470,643
Finished goods	844,998	611,538	582,662
Merchandise	<u>164,164</u>	<u>223,024</u>	<u>175,530</u>
	<u>\$ 2,593,782</u>	<u>\$ 1,941,829</u>	<u>\$ 1,870,912</u>

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2022 and 2021 and for the Nine Months ended September 30, 2022 and 2021 was \$2,060,054 thousand, \$1,633,468 thousand, \$5,196,401 thousand and \$4,368,992 thousand, respectively.

The cost of goods sold included:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Inventory (reversed) write-downs	\$ (10,683)	\$ 33,144	\$ 7,151	\$ 26,327

Inventory write-downs were reversed as a result of stock clearance.

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

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Unlisted ordinary shares</u>			
Yue Pfond International Technology Corp. (Yue Pfond)	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements were as follows:

Investor	Investee	Proportion of Ownership (%)		
		September 30, 2022	December 31, 2021	September 30, 2021
The Company	New Score Holding Limited (NSH)	100	100	100
	Topkey (Vietnam) Corporation Company Limited (Topkey (VN) Corp)	100	100	100
NSH	Composite Solutions Corporation (CSC)	100	100	100
	EIC Holding Limited (EIC)	76	76	76
	Musonic Corporation (Musonic)	100	100	100
	New Score Investment Limited (NSI)	100	100	100
	XPT Investment Co., Limited (XPT Investment)	70	70	70
Musonic	Xiamen Keentech Composite Technology Co., Ltd. (Keentech)	64	64	64
NSI	Keentech	36	36	36
	Xiamen Valver Color Sticker Co., Ltd. (Valver)	100	100	100
EIC	Xiamen Yeu Chuan Composite Technology Co., Ltd. (Yeu Chuan)	100	100	100
XPT Investment	Xiamen Xin Hong Zhou Precision Technology Co., Ltd. (Xin Hong Zhou)	100	100	100
	Maggio	-	-	100

The business closure of CSC had been resolved by the board of directors in August 2021. Subsequently, CSC applied to the local court in USA for the appointment of an administrator for liquidation. When the Group lost control of CSC, the net liabilities of CSC 294,336 thousand are removed from Consolidated Financial statements. The Company had endorsed and guaranteed bank borrowings USD 10,000 thousand for CSC, and repaid each USD5,000 thousand in November, 2021 and February, 2022.

Maggio had completed the cancellation of registration in 2021.

Refer to Table 8 and 9 following the Notes to Consolidated Financial statements for information on the place of incorporation and principal places of business for each subsidiary.

Among the above subsidiaries, except for EIC, Valver, Yeu Chuan and XPT Investment for the Nine Months ended September 30, 2022 and EIC, Valver, Yeu Chuan, XPT Investment, Maggio, and Topkey (VN) Corp for the Nine Months ended September 30, 2021 which are non-significant subsidiaries, their financial reports have not been reviewed by auditors, and the financial reports of other subsidiaries have been reviewed by auditors.

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

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests (%)		
	September 30, 2022	December 31, 2021	September 30, 2021
	EIC	24	24
XPT Investment	30	30	30

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests				Accumulated Non-controlling Interests		
	For the Three Months Ended September 30		For the Nine Months Ended September 30		September 30,	December 31,	September 30,
	2022	2021	2022	2021	2022	2021	2021
EIC	\$ 20,960	\$ 5,301	\$ 42,635	\$ 12,233	\$ 164,672	\$ 132,794	\$ 122,642
XPT Investment	31,694	29,024	91,598	54,138	277,240	201,305	176,476
	<u>\$ 52,654</u>	<u>\$ 34,325</u>	<u>\$ 134,233</u>	<u>\$ 66,371</u>	<u>\$ 441,912</u>	<u>\$ 334,099</u>	<u>\$ 299,118</u>

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

1) EIC and EIC subsidiaries:

	September 30, 2022	December 31, 2021	September 30, 2021
Current assets	\$ 1,027,796	\$ 677,790	\$ 735,936
Non-current assets	146,672	141,165	131,058
Current liabilities	(463,849)	(235,550)	(323,875)
Non-current liabilities	<u>(11,671)</u>	<u>(19,763)</u>	<u>(22,567)</u>
Equity	<u>\$ 698,948</u>	<u>\$ 563,642</u>	<u>\$ 520,552</u>
Equity attributable to:			
Owners of EIC	\$ 534,276	\$ 430,848	\$ 397,910
Non-controlling interests of EIC	<u>164,672</u>	<u>132,794</u>	<u>122,642</u>
	<u>\$ 698,948</u>	<u>\$ 563,642</u>	<u>\$ 520,552</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Revenue	<u>\$ 395,020</u>	<u>\$ 290,770</u>	<u>\$1,012,946</u>	<u>\$ 748,466</u>
Profit for the period	\$ 88,962	\$ 22,502	\$ 180,963	\$ 51,923
Other comprehensive income for the period	<u>(35,617)</u>	<u>(2,052)</u>	<u>(70,303)</u>	<u>2,859</u>
Total comprehensive income for the period	<u>\$ 53,345</u>	<u>\$ 20,450</u>	<u>\$ 110,660</u>	<u>\$ 54,782</u>
Profit attributable to:				
Owners of EIC	\$ 68,002	\$ 17,201	\$ 138,328	\$ 39,690
Non-controlling interests of EIC	<u>20,960</u>	<u>5,301</u>	<u>42,635</u>	<u>12,233</u>
	<u>\$ 88,962</u>	<u>\$ 22,502</u>	<u>\$ 180,963</u>	<u>\$ 51,923</u>
Total comprehensive income attributable to:				
Owners of EIC	\$ 40,777	\$ 15,632	\$ 84,588	\$ 41,875
Non-controlling interests of EIC	<u>12,568</u>	<u>4,818</u>	<u>26,072</u>	<u>12,907</u>
	<u>\$ 53,345</u>	<u>\$ 20,450</u>	<u>\$ 110,660</u>	<u>\$ 54,782</u>
Cash inflow (outflow) from:				
Operating activities			\$ 181,028	\$ 131,577
Investing activities			60,213	(227,696)
Financing activities			<u>87,978</u>	<u>(85,886)</u>
Net cash outflow (outflow)			<u>\$ 329,219</u>	<u>\$ (182,005)</u>

2) XPT Investment and XPT Investment's subsidiaries:

	September 30, 2022	December 31, 2021	September 30, 2021
Current assets	\$ 1,122,809	\$ 641,565	\$ 514,521
Non-current assets	205,288	193,592	202,389
Current liabilities	(392,894)	(155,128)	(119,786)
Non-current liabilities	<u>(980)</u>	<u>(1,687)</u>	<u>(2,446)</u>
Equity	<u>\$ 934,223</u>	<u>\$ 678,342</u>	<u>\$ 594,678</u>
Equity attributable to:			
Owners of XPT Investment	\$ 656,983	\$ 477,037	\$ 418,202
Non-controlling interests of XPT Investment	<u>277,240</u>	<u>201,305</u>	<u>176,476</u>
	<u>\$ 934,223</u>	<u>\$ 678,342</u>	<u>\$ 594,678</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Revenue	\$ 291,013	\$ 288,899	\$ 865,599	\$ 751,387
Profit for the period	\$ 106,802	\$ 97,802	\$ 308,662	\$ 182,430
Other comprehensive income for the period	(40,564)	(4,180)	(76,327)	1,338
Total comprehensive income for the period	\$ 66,238	\$ 93,622	\$ 232,335	\$ 183,768
Profit attributable to:				
Owners of XPT				
Investment	\$ 75,108	\$ 68,778	\$ 217,064	\$ 128,292
Non-controlling interests of XPT Investment	31,694	29,024	91,598	54,138
	\$ 106,802	\$ 97,802	\$ 308,662	\$ 182,430
Total comprehensive income attributable to:				
Owners of XPT				
Investment	\$ 46,581	\$ 65,839	\$ 163,387	\$ 129,233
Non-controlling interests of XPT Investment	19,657	27,783	68,948	54,535
	\$ 66,238	\$ 93,622	\$ 232,335	\$ 183,768
Cash inflow (outflow) from:				
Operating activities			\$ 275,167	\$ 233,594
Investing activities			(37,920)	(31,800)
Financing activities			133,010	(208,418)
Net cash inflow (outflow)			\$ 370,257	\$ (6,624)

13. PROPERTY, PLANT AND EQUIPMENT

For the Nine Months Ended September 30, 2022						
	Beginning Balance	Additions	Disposals	Reclassifications	Translation Adjustments	Ending Balance
<u>Cost</u>						
Land	\$ 52,939	\$ -	\$ -	\$ -	\$ -	\$ 52,939
Buildings	1,107,982	-	-	-	29,614	1,137,596
Machinery equipment	1,355,554	46,320	56,505	89,743	33,987	1,469,099
Transportation equipment	15,950	573	2,968	-	299	13,854
Other equipment	520,643	93,961	111,471	30,340	13,968	547,441
Construction in progress	521,854	846,046	-	(79,754)	65,364	1,353,510
	<u>3,574,922</u>	<u>\$ 986,900</u>	<u>\$ 170,944</u>	<u>\$ 40,329</u>	<u>\$ 143,232</u>	<u>4,574,439</u>

(Continued)

For the Nine Months Ended September 30, 2022

	Beginning Balance	Additions	Disposals	Reclassifications	Translation Adjustments	Ending Balance
<u>Accumulated depreciation</u>						
Buildings	\$ 593,871	\$ 39,342	\$ -	\$ -	\$ 15,176	\$ 648,389
Machinery equipment	598,306	99,383	53,292	-	14,129	658,526
Transportation equipment	4,847	2,326	2,876	-	109	4,406
Other equipment	<u>287,701</u>	<u>108,081</u>	<u>110,809</u>	<u>-</u>	<u>7,881</u>	<u>292,854</u>
	<u>1,484,725</u>	<u>\$ 249,132</u>	<u>\$ 166,977</u>	<u>\$ -</u>	<u>\$ 37,295</u>	<u>1,604,175</u>
<u>Accumulated impairment</u>						
Machinery equipment	139,617	\$ -	\$ 1,515	\$ -	\$ 4,100	142,202
Other equipment	<u>1,501</u>	<u>-</u>	<u>112</u>	<u>-</u>	<u>43</u>	<u>1,432</u>
	<u>141,118</u>	<u>\$ -</u>	<u>\$ 1,627</u>	<u>\$ -</u>	<u>\$ 4,143</u>	<u>143,634</u>
	<u>\$ 1,949,079</u>					<u>\$ 2,826,630</u>
						(Concluded)

For the Nine Months Ended September 30, 2021

	Beginning Balance	Additions	Disposals	Reclassifications	Translation Adjustments	Ending Balance
<u>Cost</u>						
Land	\$ 52,939	\$ -	\$ -	\$ -	\$ -	\$ 52,939
Buildings	1,116,258	-	2,247	-	(16,323)	1,097,688
Machinery equipment	1,633,157	42,002	166,811	61,438	(22,660)	1,547,126
Transportation equipment	6,439	7,539	-	-	(132)	13,846
Other equipment	707,713	73,642	135,443	19,217	(11,452)	653,677
Construction in progress	<u>227,769</u>	<u>354,448</u>	<u>-</u>	<u>(52,490)</u>	<u>(6,859)</u>	<u>522,868</u>
	<u>3,744,275</u>	<u>\$ 477,631</u>	<u>\$ 304,501</u>	<u>\$ 28,165</u>	<u>\$ (57,426)</u>	<u>3,888,144</u>
<u>Accumulated depreciation</u>						
Buildings	547,291	\$ 38,706	\$ 2,247	\$ -	\$ (7,915)	575,835
Machinery equipment	786,713	111,066	159,471	-	(10,672)	727,636
Transportation equipment	2,748	1,442	-	-	(55)	4,135
Other equipment	<u>378,129</u>	<u>132,381</u>	<u>133,962</u>	<u>-</u>	<u>(6,466)</u>	<u>370,082</u>
	<u>1,714,881</u>	<u>\$ 283,595</u>	<u>\$ 295,680</u>	<u>\$ -</u>	<u>\$ (25,108)</u>	<u>1,677,688</u>
<u>Accumulated impairment</u>						
	175,155	\$ 53,814	\$ 6,330	\$ -	\$ (3,254)	219,385
Machinery equipment	<u>148</u>	<u>52,594</u>	<u>39</u>	<u>-</u>	<u>(411)</u>	<u>52,292</u>
Other equipment	<u>175,303</u>	<u>\$ 106,408</u>	<u>\$ 6,369</u>	<u>\$ -</u>	<u>\$ (3,665)</u>	<u>271,677</u>
	<u>\$ 1,854,091</u>					<u>\$ 1,938,779</u>

Except for equipment which acquisite by project (which is recognized in other equipment), depreciation of property, plant and equipment is calculated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	40-50 years
Ancillary work	5-30 years
Machinery and equipment	3-30 years
Transportation equipment	5-10 years
Other equipment	3-10 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2022	December 31, 2021	September 30, 2021	
<u>Carrying amounts</u>				
Land	\$ 528,760	\$ 524,055	\$ 530,995	
Buildings	74,436	74,751	139,661	
Transportation equipment	<u>616</u>	<u>869</u>	<u>952</u>	
	<u>\$ 603,812</u>	<u>\$ 599,675</u>	<u>\$ 671,608</u>	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Additions to right-of-use assets			<u>\$ 49,518</u>	<u>\$ 63,489</u>
Depreciation of right-of-use assets				
Land	\$ 4,322	\$ 4,278	\$ 12,964	\$ 12,898
Buildings	8,606	11,035	26,573	35,076
Transportation equipment	<u>84</u>	<u>140</u>	<u>252</u>	<u>600</u>
	<u>\$ 13,012</u>	<u>\$ 15,453</u>	<u>\$ 39,789</u>	<u>\$ 48,574</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant addition, sublease or impairment of right-of-use assets during the Nine Months ended September 30, 2022 and 2021.

b. Lease liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Carrying amounts</u>			
Current	<u>\$ 63,547</u>	<u>\$ 70,830</u>	<u>\$ 83,404</u>
Non-current	<u>\$ 282,131</u>	<u>\$ 288,570</u>	<u>\$ 363,287</u>

Range of discount rates for lease liabilities was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Land	1.35%-4%	1.35%-4%	1.35%-4%
Buildings	0.85%-4.9%	0.85%-4.9%	0.85%-4.9%
Transportation equipment	0.85%	0.85%-4.75%	1.1%-4.75%

c. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Expenses relating to short-term lease	\$ 113	\$ 370	\$ 579	\$ 1,243
Expenses relating to low value asset leases	\$ 9	\$ 700	\$ 43	\$ 740
Total cash outflow for leases			\$ (45,580)	\$ (58,555)

The Group leases certain equipment which qualify as short-term leases and which qualify as low-value asset leases. The Group has elected to apply the recognition exemption for these leases and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. BORROWINGS

a. Short-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Secured borrowings</u>			
Bank loans	\$ 938,904	\$ -	\$ -
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>5,205,447</u>	<u>2,132,450</u>	<u>2,441,990</u>
	<u>\$ 6,144,351</u>	<u>\$ 2,132,450</u>	<u>\$ 2,441,990</u>
<u>Annual interest rate range (%)</u>			
Secured borrowings	3.20-3.70	-	-
Unsecured borrowings	0.85-3.80	0.61-0.80	0.61-1.21

Financial assets at amortized cost as collateral for mortgage borrowing is set out in Note 25.

b. Long-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>\$ 89,346</u>	<u>\$ 40,606</u>	<u>\$ 28,501</u>
Annual interest rate range (%)	8.27	3.82	3.82

16. OTHER PAYABLES

	September 30, 2022	December 31, 2021	September 30, 2021
Salaries and bonuses	\$ 477,746	\$ 423,952	\$ 351,304
Compensation of employees	85,536	42,628	29,650
Acquisition of equipment	64,299	68,096	85,335
Remuneration of directors and supervisors	57,024	32,103	19,766
Dividends	-	-	17,562
Others	<u>78,540</u>	<u>90,862</u>	<u>71,223</u>
	<u>\$ 763,145</u>	<u>\$ 657,641</u>	<u>\$ 574,840</u>

17. RETIREMENT BENEFIT PLANS

The Company adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to national employees’ individual pension accounts at 6% of monthly salaries and wages.

NSH, Musonic, NSI, EIC, XPT Investment and Maggio are an investment holding or trade company; therefore, there is no retirement policy. CSC adopted defined contribution plan. CSC contributes funds and manages it independently. Keentech, Valver, Yeu Chuan, and Xin Hong Zhou pay endowment insurance in accordance with the regulations of mainland China. They are approved by local governments to contribute according to local regulations to local governments. Topkey (VN) Corp contributes retirement pension fund on a monthly basis under the regulations of local governments to local governments.

18. EQUITY

a. Capital stock

	September 30, 2022	December 31, 2021	September 30, 2021
Authorized shares (in thousands of shares)	180,000	180,000	180,000
Authorized capital	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000
Issued and paid shares (in thousands of shares)	90,820	90,820	90,820

A holder of issued common shares with par value of NT\$10 per share is entitled to vote and to receive dividends.

b. Capital surplus

	September 30, 2022	December 31, 2021	September 30, 2021
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Additional paid-in capital	\$ 1,549,452	\$ 1,549,452	\$ 1,549,452
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	52,190	52,190	52,190
<u>May only be used to offset a deficit (2)</u>			
Disposal assets gain	35,824	35,824	35,824
Disgorgement exercise	204	204	204
<u>May not be used for any purpose</u>			
Employee share options	<u>1,862</u>	<u>1,862</u>	<u>1,862</u>
	<u>\$ 1,639,532</u>	<u>\$ 1,639,532</u>	<u>\$ 1,639,532</u>

1) The capital surplus generated from the excess of the issuance price over the par value of capital stock, the difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, limited to a certain percentage of the Company's capital surplus. Other capital surplus shall not be used for any purpose.

2) Such capital surplus may be used to offset a deficit.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Company's Articles of Incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 19.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2021 and 2020 which had been resolved by the shareholders in the shareholders' meetings in May 2022 and July 2021, were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>For the Year Ended</u>		<u>For the Year Ended</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Legal reserve	\$ 83,165	\$ 67,902		
Special reserve	56,385	64,300		
Cash dividends	544,920	454,100	\$ 6	\$ 5

d. Special reserve

On the initial adoption of IFRS, the retained earnings was not enough, the Company appropriated a special reserve at \$126,886 thousand that was the same as the net increase in retained earnings.

The appropriations of earning for 2021 and 2020, the Company appropriated a special reserve at \$56,385 thousand and \$64,300 thousand because of the deduction of other equity in the end of reporting period.

19. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION EXPENSES

	<u>Operating</u>	<u>Operating</u>	<u>Total</u>
	<u>Costs</u>	<u>Expenses</u>	
<u>For the Three Months Ended September 30,</u>			
<u>2022</u>			
Employee benefit expense			
Salary expenses	\$ 552,098	\$ 255,766	\$ 807,864
Retirement pension	32,721	10,319	43,040
Other employee benefits	32,267	25,649	57,916
Depreciation expenses	80,297	18,077	98,374
<u>For the Three Months Ended September 30,</u>			
<u>2021</u>			
Employee benefit expense			
Salary expenses	467,461	169,834	637,295
Retirement pension	23,959	8,587	32,546
Other employee benefits	24,468	31,919	56,387
Depreciation expenses	84,155	19,635	103,790
Amortization expenses	406	-	406
<u>For the Nine Months Ended September 30,</u>			
<u>2022</u>			
Employee benefit expense			
Salary expenses	1,531,521	680,667	2,212,188
Retirement pension	96,489	31,377	127,866
Other employee benefits	80,744	70,591	151,335
Depreciation expenses	233,524	55,730	289,254

(Continued)

	Operating Costs	Operating Expenses	Total
<u>For the Nine Months Ended September 30,</u>			
<u>2021</u>			
Employee benefit expense			
Salary expenses	\$ 1,361,402	\$ 482,266	\$ 1,843,668
Retirement pension	57,442	20,374	77,816
Other employee benefits	71,614	81,699	153,313
Depreciation expenses	276,779	55,716	332,495
Amortization expenses	1,228	-	1,228
			(Concluded)

Compensation of employees and remuneration of directors and supervisors

According to the Articles, the Company accrued compensation of employees and remuneration of directors and supervisors at rates of no less than 3%-10% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The compensation of employees and remuneration of directors and supervisors for the three months ended September 30, 2022 and 2021 and for the Nine Months ended September 30, 2022 and 2021, are as follows:

	For the Three Months Ended September 30			
	2022		2021	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	3.6%	\$ 36,633	3.6%	\$ 10,060
Remuneration of directors and supervisors	2.4%	24,422	2.4%	6,705
	For the Nine Months Ended September 30			
	2022		2021	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	3.6%	\$ 85,536	3.6%	\$ 29,650
Remuneration of directors and supervisors	2.4%	57,024	2.4%	19,766

If there is a change in the amounts after the annual consolidated financial statements were authorized for issuance, the differences will be recorded as a change in the accounting estimate in the following year.

The appropriations of compensation of employees and remuneration of directors and supervisors for the years ended December 31, 2021 and 2020 that were resolved by the board of directors on March, 2022 and 2021, respectively, are as shown below:

	For the Year Ended December 31	
	2021	2020
Compensation of employees	\$ 42,628	\$ 36,806
Remuneration of directors and supervisors	32,103	25,902

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the board of directors of the Company in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

20. INCOME TAXES

a. Major components of income tax expense recognized in profit or loss

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Current tax				
In respect of the current period	\$ 409,790	\$ 188,106	\$ 624,509	\$ 261,560
Income tax on unappropriated earnings	-	4,636	7,359	4,636
Repatriated offshore funds	-	50,205	-	50,205
Adjustment for prior period	-	618	(3,994)	1,008
	<u>409,790</u>	<u>243,565</u>	<u>627,874</u>	<u>317,409</u>
Deferred tax				
In respect of the current period	(103,589)	(54,341)	8,586	2,555
Adjustment for prior period	-	-	18,127	-
	<u>(103,589)</u>	<u>(54,341)</u>	<u>26,713</u>	<u>2,555</u>
Income tax expense recognized in profit or loss	<u>\$ 306,201</u>	<u>\$ 189,224</u>	<u>\$ 654,587</u>	<u>\$ 319,964</u>

b. Income tax assessments

The tax returns through 2020 of the Company have been assessed by the tax authorities.

21. EARNINGS PER SHARE

	Net Profit Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings Per Share (NT\$)
<u>For the Three Months Ended September 30, 2022</u>			
Basic earnings per share			
Net income for the period attributable to owners of the Company	\$ 851,587	90,820	<u>\$ 9.37</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	-	<u>547</u>	
Diluted earnings per share			
Net income for the period attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 851,587</u>	<u>91,367</u>	<u>\$ 9.32</u>

	Net Profit Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings Per Share (NT\$)
<u>For the Three Months Ended September 30, 2021</u>			
Basic earnings per share			
Net income for the period attributable to owners of the Company	\$ 164,243	90,820	<u>\$ 1.81</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>212</u>	
Diluted earnings per share			
Net income for the period attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 164,243</u>	<u>91,032</u>	<u>\$ 1.80</u>

For the Nine Months Ended September 30, 2022

Basic earnings per share			
Net income for the period attributable to owners of the Company	\$ 1,852,979	90,820	<u>\$ 20.40</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>629</u>	
Diluted earnings per share			
Net income for the period attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 1,852,979</u>	<u>91,449</u>	<u>\$ 20.26</u>

For the Nine Months Ended September 30, 2021

Basic earnings per share			
Net income for the period attributable to owners of the Company	\$ 573,045	90,820	<u>\$ 6.31</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>265</u>	
Diluted earnings per share			
Net income for the period attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 573,045</u>	<u>91,085</u>	<u>\$ 6.29</u>

If the Group offered to settle the compensation or bonuses paid to employees in cash or shares, the Group assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

22. CAPITAL MANAGEMENT

The goal, policy and procedure of the capital risk management of the Group and the capital structure of the Group are the same with the consolidated financial statements for the year ended December 31, 2021.

23. FINANCIAL INSTRUMENTS

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

Management of the Group consider the carrying amounts of the Group's financial instruments that are not measured at fair value as close to their fair values or their fair values could not be reasonably measured.

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

1) Fair Value Hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2021</u>				
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 2,887	\$ -	\$ 2,887
<u>September 30, 2021</u>				
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 1,048	\$ -	\$ 1,048
Financial products	-	214,836	-	214,836
	\$ -	\$ 215,884	\$ -	\$ 215,884

There were no transfers between Levels 1 and 2 for the Nine Months ended September 30, 2022 and 2021.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Financial products	Discounted cash flow. Future cash flows are discounted at a rate that reflects current borrowing interest rates of the bond issuers at the end of the period.

c. Categories of financial instruments

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial assets</u>			
FVTPL	\$ -	\$ 2,887	\$ 215,884
Financial assets at amortized cost	11,108,747	6,492,563	6,045,378
<u>Financial liabilities</u>			
Amortized cost	8,054,927	3,854,668	3,937,475

The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, trade receivables, other receivables, and refundable deposits.

The balances include financial liabilities at amortized cost, which comprise short-term borrowings, trade payables and notes payables, other payables, endorsement and guarantee liabilities, long-term borrowings, and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, trade payables, lease liabilities, and borrowings. The Group's financial department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk), credit risk and liquidity risk.

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

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There is no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group enters into foreign currency denominated sales and purchases, which expose the Group to foreign currency risk. Approximately 90% of the Group's sales is denominated in currencies other than the functional currency of the entity in the Group making the sale, whilst almost 10% of costs is denominated in currencies other than the functional currency of the entity in the Group. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 27.

Sensitivity analysis

The Group is mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the NTD against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in income before income tax and other equity associated with the NTD strengthening 1% against the relevant currency. For a 1% weakening of the NTD against the USD, there would be an equal and opposite impact on income before income tax and other equity, and the balances below would be negative.

	For the Nine Months Ended September 30	
	2022	2021
Profit or loss	\$ 90,361	\$ 35,117

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Fair value interest rate risk			
Financial assets	\$ 7,648,623	\$ 3,332,100	\$ 2,984,177
Financial liabilities	6,040,375	2,136,456	2,072,522
Cash flow interest rate risk			
Financial assets	610,628	1,199,591	1,089,593
Financial liabilities	539,000	396,000	844,660

Sensitivity analysis

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

For a 1% basis points higher/lower against interest rates and all other variables were held constant, the Group's income before income tax for the Nine Months ended September 30, 2022 and 2021 would decrease/increase by \$537 thousand and \$1,837 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of following:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Group adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group continuously monitors its exposure to credit risk and the credit ratings of its counterparties, and allocates the total transaction amount among the creditworthy customers. The Group's management also controls credit risk by reviewing the credit limits of its counterparties on an annual basis.

The Group also continuously evaluates the financial status of the customers of the accounts receivable, and purchases credit guarantee insurance contracts when necessary.

The Group's concentration of credit risk of 41%, 35% and 46% of total trade receivables as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively, was attributable to the Group's two largest customers in the property construction business segment.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. The Group had available unutilized bank loan facilities set out as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Unutilized bank loan limits	<u>\$ 4,580,195</u>	<u>\$ 4,596,775</u>	<u>\$ 3,961,370</u>

Liquidity and interest rate risk tables

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

	Less than 1 Year	More than 1 Years
<u>September 30, 2022</u>		
Non-interest bearing liabilities	\$ 1,439,535	\$ 381,695
Lease liabilities	71,655	307,864
Floating interest rate liabilities	539,000	-
Fix interest rate liabilities	<u>5,605,351</u>	<u>89,346</u>
	<u>\$ 7,655,541</u>	<u>\$ 778,905</u>

<u>December 31, 2021</u>		
Non-interest bearing liabilities	\$ 1,405,472	\$ 276,140
Lease liabilities	76,493	320,614
Floating interest rate liabilities	396,000	-
Fix interest rate liabilities	<u>1,736,450</u>	<u>40,606</u>
	<u>\$ 3,614,415</u>	<u>\$ 637,360</u>

<u>September 30, 2021</u>		
Non-interest bearing liabilities	\$ 1,190,844	\$ 276,140
Lease liabilities	91,040	395,872
Floating interest rate liabilities	844,660	-
Fix interest rate liabilities	<u>1,597,330</u>	<u>28,501</u>
	<u>\$ 3,723,874</u>	<u>\$ 700,513</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	More than 20 Years
<u>September 30, 2022</u>						
Lease liabilities	\$ 71,655	\$ 104,605	\$ 82,795	\$ 82,795	\$ 12,522	\$ 25,147
Floating interest rate liabilities	539,000	-	-	-	-	-
Fix interest rate liabilities	<u>5,605,351</u>	<u>89,346</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,216,006</u>	<u>\$ 193,951</u>	<u>\$ 82,795</u>	<u>\$ 82,795</u>	<u>\$ 12,522</u>	<u>\$ 25,147</u>
<u>December 31, 2021</u>						
Lease liabilities	\$ 76,493	\$ 105,221	\$ 74,516	\$ 91,075	\$ 24,201	\$ 25,601
Floating interest rate liabilities	396,000	-	-	-	-	-
Fix interest rate liabilities	<u>1,736,450</u>	<u>40,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,208,943</u>	<u>\$ 145,827</u>	<u>\$ 74,516</u>	<u>\$ 91,075</u>	<u>\$ 24,201</u>	<u>\$ 25,601</u>
<u>September 30, 2021</u>						
Lease liabilities	\$ 91,040	\$ 162,296	\$ 90,422	\$ 90,422	\$ 28,326	\$ 24,406
Floating interest rate liabilities	844,660	-	-	-	-	-
Fix interest rate liabilities	<u>1,597,330</u>	<u>28,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,533,030</u>	<u>\$ 190,797</u>	<u>\$ 90,422</u>	<u>\$ 90,422</u>	<u>\$ 28,326</u>	<u>\$ 24,406</u>

24. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

- a. Related party name and categories

<u>Related Party Name</u>	<u>Related Party Categories</u>
CSC	Sub-subsidiary (liquidation in progress)

- b. Other receivables

<u>Related Party Name</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
CSC	\$ <u>-</u>	\$ <u>49,842</u>	\$ <u>-</u>

- c. Compensation of key management personnel

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 32,990	\$ 19,885	\$ 89,765	\$ 58,126
Post-employment benefits	<u>214</u>	<u>256</u>	<u>681</u>	<u>731</u>
	<u>\$ 33,204</u>	<u>\$ 20,141</u>	<u>\$ 90,446</u>	<u>\$ 58,857</u>

The remuneration of directors and key management personnel was determined by the remuneration committee based on the market trends and performance of individuals.

25. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral the deposits for bank borrowings and the deposits for electricity company:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Financial assets at amortized cost	\$ <u>1,072,495</u>	\$ <u>3,091</u>	\$ <u>3,122</u>

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. The Company insures liability insurance for products sold all regions of the world. The renewal period for bicycle products is from December 1, 2021 to December 1, 2022. The maximum compensation amount for a single event is US\$ 6,000 thousand, and the cumulative compensation amount is US\$ 8,000 thousand. The renewal period for helmet products is from April 1, 2022 to April 1, 2023. The maximum compensation amount for a single event is US\$ 5,000 thousand, and the cumulative compensation amount is US\$ 6,000 thousand. The renewal period for aviation products is from August 1, 2022 to August 1, 2023. The maximum compensation amount for a single event is US\$ 1,000 thousand, and the cumulative compensation amount is US\$ 2,000 thousand.

b. Unrecognized commitments were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Acquisition of property, plant and equipment	\$ <u>1,371,640</u>	\$ <u>175,291</u>	\$ <u>175,867</u>

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	Foreign Currency (In USD)	Exchange Rate	Carrying Amount (In NTD)
<u>September 30, 2022</u>			
Financial assets			
Monetary items	\$ 355,219	31.74	\$ 11,275,738
Financial liabilities			
Monetary items	70,557	31.74	2,239,684
<u>December 31, 2021</u>			
Financial assets			
Monetary items	201,565	27.69	5,581,330
Financial liabilities			
Monetary items	67,755	27.69	1,876,123
<u>September 30, 2021</u>			
Financial assets			
Monetary items	172,476	27.866	4,806,222
Financial liabilities			
Monetary items	46,457	27.866	1,294,558

The significant realized and unrealized foreign exchange gains (losses) were as follows:

Foreign Currency	For the Three Months Ended September 30, 2022		For the Three Months Ended September 30, 2021	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (USD:NTD)	\$ 183,520	1 (USD:NTD)	\$ 6,194
USD	30.40 (USD:NTD)	(17,952)	27.87 (USD:NTD)	32,348
RMB	4.44 (RMB:NTD)	294,891	4.31 (RMB:NTD)	10,465

Foreign Currency	For the Nine Months Ended September 30, 2022		For the Nine Months Ended September 30, 2021	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (USD:NTD)	\$ 327,258	1 (USD:NTD)	\$ (17,093)
USD	29.29 (USD:NTD)	(15,957)	28.08 (USD:NTD)	33,404
RMB	4.44 (RMB:NTD)	485,412	4.34 (RMB:NTD)	(5,427)

28. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees and b. Information on investees:

- 1) Financing provided to others (Table 1).
- 2) Endorsements/guarantees provided (Table 2).
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3).
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None).
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 4).
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None).
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5).
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6).
- 9) Trading in derivative instruments (Note 7).
- 10) Intercompany relationships and significant intercompany transactions (Table 7).
- 11) Information on investees (Table 8).

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 9)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 7):

- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

29. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as sporting products, aviation and medical products, and others.

Segment revenue and operating results

The following was an analysis of the Group's revenue and operating results from continuing operations by reportable segments:

	For the Nine Months Ended September 30			
	Segment Revenue		Segment Profit or Loss	
	2022	2021	2022	2021
Sporting products	\$ 6,449,892	\$ 4,575,048	\$ 1,470,948	\$ 818,881
Aviation and medical products	483,902	565,801	143,158	24,709
Others	<u>1,095,036</u>	<u>1,040,744</u>	<u>139,781</u>	<u>108,470</u>
Generated from Continuing Operating Segment	<u>\$ 8,028,830</u>	<u>\$ 6,181,593</u>	1,753,887	952,060
Interest income			42,287	17,358
Government grants income			43,133	37,671
Other gains			70,093	56,983
Foreign exchange gain			796,713	10,884
Interest expense			(57,288)	(19,190)
Other losses			(2,652)	(1,893)
Gain (loss) on disposal of property, plant and equipment			(1,426)	664
Net gain (loss) on financial assets at FVTPL			(2,948)	11,251
Impairment loss			-	(106,408)
Income before income tax			<u>\$ 2,641,799</u>	<u>\$ 959,380</u>

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales in 2022 and 2021.

Segment profit represents the gains and losses earned by each segment excluding non-operating income and expense, and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

TOPKEY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 4)	Ending Balance (Note 4)	Actual Amount Borrowed (Note 5)	Interest Rate (%)	Nature of Financing (Note 1)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit (Note 3)
													Item	Value		
0	The Company	CSC	Other receivable from related parties	Yes	\$ 56,042	\$ -	\$ -	1	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 1,831,861 (Note 2)	\$ 1,831,861 (Note 2)

Note 1: The nature of financing provided to other:

1. Business transaction.
2. Operating capital.

Note 2: 20% of the net equity of the company in their latest financial statement. If the company hold 100% voting rights directly or indirectly, no more than 25% of the net equity of the company in their latest financial statement.

Note 3: 25% of the net equity of the company who provide financing to other in their latest financial statement.

Note 4: Highest balance for the period and ending balance are the quota approved by board of directors as reporting amount and exchange by foreign amount in reporting month multiply by new taiwan dollar exchange rate in reporting month.

Note 5: Actual amount borrowed is actual foreign amount borrowed multiply new taiwan dollar exchange rate in reporting month.

TOPKEY CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period (Note 2)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 2)	Actual Amount Borrowed (Note 3)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	NSI	Indirectly owned subsidiary	\$ 3,663,721 (Note 1)	\$ 761,832	\$ 761,832	\$ -	\$ -	12	\$ 3,663,721 (Note 1)	Y	-	-
		CSC	Indirectly owned subsidiary	3,663,721 (Note 1)	140,105	-	-	-	-	3,663,721 (Note 1)	Y	-	-
		Topkey (VN) Corp	Directly owned subsidiary	3,663,721 (Note 1)	1,095,660	984,033	311,295	-	16	3,663,721 (Note 1)	Y	-	-

Note 1: 30% of the net equity of the company in their latest financial statement. If the company hold 100% voting rights directly or indirectly, no more than 50% of the net equity of the company in their latest financial statement.

Note 2: Highest balance for the period and ending balance are the quota approved by board of directors as reporting amount and exchange by foreign amount in reporting month multiply by new taiwan dollar exchange rate in reporting month.

Note 3: Actual amount borrowed is actual foreign amount borrowed multiply new taiwan dollar exchange rate in reporting month.

TOPKEY CORPORATION AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD
SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Stock</u> Yue Pfond	-	Financial assets at FVTOCI - non-current	190	\$ -	1	\$ -	

Note: Refer to Tables 8 and 9 for information on subsidiary investment.

TOPKEY CORPORATION AND SUBSIDIARIES

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars or Foreign Currency)**

Company Name	Property	Event Date (Note 1)	Transaction Amount (Note 2)	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
The Company	Engaging others to build on rented land	2022.1.21	\$ 1,866,667	\$ 658,208	Earth Power Construction Co., Ltd.	-	-	-	-	\$ -	The price is referred to market quotation and negotiated by both parties	To meet the needs of operations	-

Note 1: According to the transaction signing date.

Note 2: Contract amount.

TOPKEY CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars)

Buyer	Related Party (Note)	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Keentech	Indirectly owned subsidiary	Sale	\$ (158,470)	(3)	T/T 90 days	\$ -	-	\$ 117,782	6	
			Purchase	3,168,594	70	T/T 90 days	-	-	(1,306,561)	(78)	
	Yeu Chuan	Indirectly owned subsidiary	Purchase	511,230	11	T/T 90 days	-	-	(218,979)	(13)	
NSI	Keentech	Investment accounted for using the equity method	Sale	(625,378)	(35)	T/T 30 days	-	-	92,078	12	
			Purchase	937,676	9	T/T 60 days	-	-	(485,316)	(100)	
XPT Investment	Xin Hong Zhou	XPT Investment's subsidiary	Purchase	524,797	14	T/T 45-50 days	-	-	(208,500)	(100)	

Note: Transactions have been eliminated.

TOPKEY CORPORATION AND SUBSIDIARIES

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

SEPTEMBER 30, 2022

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	Keentech	Indirectly owned subsidiary	\$ 117,782	1.76	\$ -	-	\$ 35,155	\$ -
Keentech	The Company	The ultimate parent of Keentech	1,306,561	1.81	-	-	394,189	-
Keentech	NSI	The parent for using the equity method of Keentech	485,316	1.52	-	-	124,309	-
Yeu Chuan	The Company	The ultimate parent of Yeu Chuan	218,979	1.86	-	-	-	-
Xin Hong Zhou	XPT Investment	The parent of Xin Hong Zhou	208,500	2.52	-	-	-	-

Note: Transactions have been eliminated.

TOPKEY CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(Amounts in Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details					
				Financial Statement Accounts	Amount (Note 2)	Payment Terms	% of Total Sales or Assets		
0	The Comany	Keentech	1	Sales	\$ 158,470	T/T 90 days	2		
			1	Purchases	3,168,594	T/T 90 days	39		
			1	Trade receivables	117,782	T/T 90 days	1		
			1	Trade payables	1,306,561	T/T 90 days	7		
		1	NSI	Yeu Chuan	1	Purchases	511,230	T/T 90 days	6
					1	Trade payables	218,979	T/T 90 days	1
1	NSI	Keentech	2	Sales	625,378	T/T 30 days	8		
			2	Purchases	937,676	T/T 60 days	12		
			2	Trade payables	485,316	T/T 60 days	3		
			2	Purchases	524,797	T/T 45-50 days	7		
2	XPT Investment	Xin Hong Zhou	2	Trade payables	208,500	T/T 45-50 days	1		

Note 1: 1) From parent company to subsidiary.

2) From subsidiary to subsidiary.

Note 2: Transactions have been eliminated.

TOPKEY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
The Company	NSH Topkey (VN) Corp	British Virgin Islands Vietnam	International investment	\$ 2,584,356	\$ 2,254,381	80,137	100	\$ 4,732,882	\$ 1,046,645	\$ 1,039,813	Subsidiary
			Manufacture and sale of carbon fiber products, glass fiber products and composite components	476,145	415,350	-	100	402,275	(47,126)	(47,126)	Subsidiary
NSH	CSC	Seattle, USA	Development, manufacture and sale of aviation composite components	679,681	592,898	22	100	-	-	(Note 1)	Indirectly owned subsidiary
			International investment	183,633	160,187	3,822	76	534,276	180,963	(Note 1)	Indirectly owned subsidiary
			International investment and trade	397,994	347,177	12,498	100	1,770,603	349,390	(Note 1)	Indirectly owned subsidiary
			International investment	1,197,759	1,044,827	22,228	100	1,796,250	341,319	(Note 1)	Indirectly owned subsidiary
	XPT Investment	Hong Kong	International investment and trade	391,946	341,902	11,388	70	656,983	308,662	(Note 1)	Indirectly owned subsidiary

Note 1: Exempted according to regulations.

Note 2: Transactions have been eliminated.

Note 3: Refer to Table 9 for information on subsidiary investment in mainland China.

Note 4: Foreign amount in the Table is exchanged to new taiwan dollors by rate on balance sheet date.

TOPKEY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2022	Accumulated Repatriation of Investment Income as of September 30, 2022
					Outward	Inward						
Keentech	Manufacture and sale of carbon fiber products, glass fiber products and composite components	\$ 1,460,178	(Note 1)	\$ 1,102,561	\$ -	\$ -	\$ 1,102,561	\$ 641,605	100	\$ 641,605	\$ 2,797,338	\$ 3,687,450
Yeu Chuan	Manufacture of various helmets, glasses, and components of vehicles	158,715	(Note 1)	87,293	-	-	87,293	189,671	76	144,985	531,773	258,993
Xin Hong Zhou	Development, design and manufacture of various precision molds, processing of various plastic and rubber products	488,049	(Note 1)	267,435	-	-	267,435	288,785	70	203,085	581,455	-
Valver	Manufacture of water gage and HRNT	39,679	(Note 1)	48,027	-	-	48,027	12,081	100	12,081	75,438	54,739

Accumulated Outward Remittance for Investments in Mainland China as of September 30, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 1,505,317 (USD 47,422)	\$ 2,109,830 (USD 66,466)	(Note 3)

Note 1: The investment was made through a company established in a third country, which in turn invested in company located in mainland China.

Note 2: Except for Keentech and Xin Hong Zhou, which are calculated based on financial statements, reviewed by the Company's independent auditors, the rest are calculated based on the unreviewed financial statements for the same reporting period.

Note 3: The Company had obtained the certification documents issued by the Industrial Bureau of the Ministry of Economic Affairs to meet the operating scope of operational headquarters with "Regulation Governing the Examination of Investment or Technical Cooperation in Mainland China" noticed by the Ministry of Economic Affairs on August 29, 2008.

Note 4: Foreign amount in the Table is exchanged to new Taiwan dollars by rate on balance sheet date.

Note 5: Transactions have been eliminated.

TABLE 10**TOPKEY CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Shen Wen Chen	9,654,182	10.63%

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.