Topkey Corporation

Parent Company Only Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Topkey Corporation

Opinion

We have audited the accompanying parent company only financial statements of Topkey Corporation (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023, December 31, 2022 and January 1, 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023, December 31, 2022 and January 1, 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Company's financial statements for the year ended December 31, 2023 is as follows:

Revenue Recognition

The Company's sales revenue mainly comes from the manufacture and sale of sporting goods, carbon fiber products, glass fiber products, and composite materials. A significant portion of export sales to customers increased significantly has a material impact on the financial statements. Therefore, we identified recognition authenticity of sales revenue as a key audit matter. For the accounting policies on the recognition of sales revenue, refer to Note 4.

Our key audit procedures performed in respect of revenue recognition included the following:

1. We understood and evaluated the design and appropriateness of implementation of the internal controls related to the recognition of sales revenue, and tested the continuous effectiveness of its controls during the year.

2. We selected samples of the sales revenue receipts and vouched the documents to sales order, delivery of goods and receipt vouchers related to sales revenue and verified the occurrence of the sales revenue.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 29, 2024

Notice to Readers

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

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

TOPKEY CORPORATION

BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022 (Adjusted)		January 1, 2022 (Adjusted)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 2,166,616	18	$ 3,014,193	23	$ 3,263,026	30
Financial assets at amortized cost - current (Notes 7 and 25)	17,000	-	17,000	-	-	-
Trade receivables (Note 8)	1,187,965	10	1,821,754	14	1,082,314	10
Trade receivables from related parties (Note 24)	81,259	1	179,816	2	210,264	2
Other receivables (Note 8)	27,464	1	29,672	-	21,747	-
Other receivables from related parties (Note 24)	1,961	-	2,062	-	51,894	-
Inventories (Note 9)	496,956	4	995,132	8	786,251	7
Other current assets	142,234	1	96,769	1	79,450	1
Total current assets	4,121,455	35	6,156,398	48	5,494,946	50
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 10)	-	-	-	-	-	-
Investments accounted for using the equity method (Note 11)	5,193,592	43	5,207,584	40	4,866,209	44
Property, plant and equipment (Note 12)	2,263,908	19	1,134,724	9	283,115	3
Right-of-use assets (Note 13)	222,593	2	251,999	2	263,559	3
Deferred tax assets (Note 20)	101,701	1	101,964	1	37,266	-
Refundable deposits	8,526	-	9,425	-	8,700	-
Other non-current assets	26,829	-	32,981	-	38,723	-
Total non-current assets	7,817,149	65	6,738,677	52	5,497,572	50
TOTAL	$ 11,938,604	100	$ 12,895,075	100	$ 10,992,518	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 14)	$ 520,000	4	$ 1,556,000	12	$ 1,994,000	18
Notes payable and trade payables	100,113	1	175,514	1	182,844	2
Trade payables to related parties (Note 24)	1,013,555	9	1,646,105	13	1,214,781	11
Other payables (Note 15)	198,041	2	240,260	2	234,230	2
Other payables to related parties (Note 24)	1,003	-	7,926	-	18,988	-
Current tax liabilities (Note 20)	334,899	3	342,274	3	143,674	2
Lease liabilities - current (Note 13)	28,854	-	28,216	-	31,858	-
Endorsement and guarantee liabilities	-	-	-	-	138,450	1
Other current liabilities	610,477	5	373,377	3	298,829	3
Total current liabilities	2,806,942	24	4,369,672	34	4,257,654	39
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 14)	349,691	3	-	-	-	-
Deferred tax liabilities (Note 20)	525,644	4	518,691	4	486,246	4
Lease liabilities - non-current (Note 13)	201,084	2	229,988	2	236,501	2
Guarantee deposits	-	-	62,170	1	276,140	3
Other non-current liabilities	21,764	-	54,777	-	80,247	1
Total non-current liabilities	1,098,183	9	865,626	7	1,079,134	10
Total liabilities	3,905,125	33	5,235,298	41	5,336,788	49
EQUITY						
Capital stock	908,200	7	908,200	7	908,200	8
Capital surplus	1,639,532	14	1,639,532	13	1,639,532	15
Retained earnings						
Legal reserve	1,029,440	8	803,434	6	720,269	7
Special reserve	330,291	3	619,193	5	562,808	5
Unappropriated earnings	4,498,962	38	4,019,709	31	2,444,114	22
Other equity						
Exchange differences on translation of the financial statement of foreign operations	(362,946)	(3)	(320,291)	(3)	(609,193)	(6)
Unrealized valuation loss on financial assets at fair value through other comprehensive income	(10,000)	-	(10,000)	-	(10,000)	-
Total equity	8,033,479	67	7,659,777	59	5,655,730	51
TOTAL	$ 11,938,604	100	$ 12,895,075	100	$ 10,992,518	100

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

TOPKEY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
NET REVENUE (Notes 18 and 24)	$ 7,327,891	100	$ 8,245,125	100
COST OF GOODS SOLD (Notes 9, 19 and 24)	5,880,691	80	6,418,393	78
GROSS PROFIT	1,447,200	20	1,826,732	22
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH SUBSIDIARIES	4,558	-	(3,857)	-
GROSS PROFIT	1,451,758	20	1,822,875	22
OPERATING EXPENSES				
Selling and marketing expenses (Note 19)	74,151	1	93,296	1
General and administrative expenses (Note 19)	304,740	4	328,077	4
Research and development expenses (Note 19)	44,866	1	40,473	1
Expected credit loss (Note 8)	5,286	-	4,664	-
Total operating expenses	429,043	6	466,510	6
INCOME FROM OPERATIONS	1,022,715	14	1,356,365	16
NON-OPERATING INCOME AND EXPENSES				
Share of profit of subsidiaries (Note 11)	664,594	9	1,158,697	14
Interest income	93,360	1	55,024	1
Other gains	46,487	1	51,564	1
Reversal of impairment loss on property, plant and equipment (Note 12)	8,664	-	(45,272)	(1)
Finance costs (Note 19)	(15,715)	-	(26,349)	-
Net foreign exchange gain (loss)	(43,176)	(1)	193,830	2
Other losses	(23)	-	(880)	-
Total non-operating income and expenses	754,191	10	1,386,614	17
INCOME BEFORE INCOME TAX	1,776,906	24	2,742,979	33
INCOME TAX EXPENSE (Note 20)	361,529	5	482,914	6
NET INCOME	1,415,377	19	2,260,065	27

(Continued)

TOPKEY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	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	$ (53,319)	-	$ 228,092	3
Income tax relating to items that will be reclassified subsequently to profit or loss (Note 20)	10,664	-	60,810	1
Other comprehensive income (loss) for the year, net of income tax	(42,655)	-	288,902	4
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,372,722	19	$ 2,548,967	31
EARNINGS PER SHARE (Note 21)				
Basic	$ 15.58		$ 24.89	
Diluted	$ 15.49		$ 24.71	

The accompanying notes are an integral part of the financial statements. (Concluded)

TOPKEY CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

			Retained Earnings (Note 17)			Other Equity		
	Common Shares (Note 17)	Capital Surplus (Note 17)	Legal Reserve	Special reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Loss on Financial Assets at Fair Value through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2022	$ 908,200	$ 1,639,532	$ 720,269	$ 562,808	$ 2,444,114	$ (609,193)	$ (10,000)	$ 5,655,730
Appropriation of 2021 earnings								
Legal reserve	-	-	83,165	-	(83,165)	-	-	-
Special reserve	-	-	-	56,385	(56,385)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(544,920)	-	-	(544,920)
	-	-	83,165	56,385	(684,470)	-	-	(544,920)
Net profit for the year ended December 31, 2022	-	-	-	-	2,260,065	-	-	2,260,065
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	288,902	-	288,902
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	2,260,065	288,902	-	2,548,967
BALANCE AT DECEMBER 31, 2022	908,200	1,639,532	803,434	619,193	4,019,709	(320,291)	(10,000)	7,659,777
Appropriation of 2022 earnings								
Legal reserve	-	-	226,006	-	(226,006)	-	-	-
Special reserve	-	-	-	(288,902)	288,902	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(999,020)	-	-	(999,020)
	-	-	226,006	(288,902)	(936,124)	-	-	(999,020)
Net profit for the year ended December 31, 2023	-	-	-	-	1,415,377	-	-	1,415,377
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	(42,655)	-	(42,655)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	1,415,377	(42,655)	-	1,372,722
BALANCE AT DECEMBER 31, 2023	$ 908,200	$ 1,639,532	$ 1,029,440	$ 330,291	$ 4,498,962	$ (362,946)	$ (10,000)	$ 8,033,479

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

TOPKEY CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022 (Adjusted)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,776,906	$ 2,742,979
Adjustments for:		
Depreciation expenses	65,392	74,601
Expected credit loss	5,286	4,664
Finance costs	15,715	26,349
Interest income	(93,360)	(55,024)
Share of profit of subsidiaries	(664,594)	(1,158,697)
Loss (gain) on disposal of property, plant and equipment	(335)	245
(Reversal of) impairment loss on property, plant and equipment	(8,664)	45,272
Write-downs of inventories	33,841	10,705
Unrealized (realized) gain on the transactions with subsidiaries	(4,558)	3,857
Net loss (gain) on unrealized foreign currency exchange	6,400	(1,365)
Amortization of prepayments	2,684	2,824
Gain on lease modification	-	(287)
Changes in operating assets and liabilities:		
Trade receivables	689,554	(734,403)
Other receivables	6,410	(4,443)
Inventories	464,335	(219,586)
Other current assets	(48,031)	(19,445)
Notes payable	200	-
Trade payables	(677,037)	450,445
Other payables	(28,578)	9,336
Other current liabilities	237,100	74,548
Other non-current liabilities	(33,013)	(25,470)
Cash generated from operations	1,745,653	1,227,105
Interest received	89,213	50,049
Interest paid	(16,305)	(26,114)
Income tax paid	(351,024)	(255,757)
Net cash generated from operating activities	1,467,537	995,283
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	-	(17,000)
Acquisition of property, plant and equipment	(1,165,989)	(933,470)
Proceeds from disposal of property, plant and equipment	1,825	338
Decrease (increase) in refundable deposits	899	(725)
Decrease in other receivables from related parties	-	49,842
Increase in other non-current assets	(7)	(223)
Increase in prepayments for equipment	(5,956)	(17,423)
Dividends received	629,825	1,041,557
Net cash generated from (used in) investing activities	(539,403)	122,896

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TOPKEY CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022 (Adjusted)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	$ 1,149,000	$ 2,337,000
Repayments of short-term borrowings	(2,185,000)	(2,775,000)
Proceeds from long-term borrowings	349,691	-
Decrease in guarantee deposits	(62,170)	(216,720)
Repayments of the principal portion of lease liabilities	(28,212)	(28,922)
Cash dividends distributed to owners of the Company	(999,020)	(544,920)
Repayments of endorsement and guarantee liabilities	-	(138,450)
Net cash used in financing activities	(1,775,711)	(1,367,012)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(847,577)	(248,833)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3,014,193	3,263,026
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,166,616	$ 3,014,193

The accompanying notes are an integral part of the financial statements. (Concluded)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

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 financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on February 29, 2024.

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

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

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

d. Presentation reclassification

The management of the Company considers the bank deposits repatriated for restricted purpose for the use of substantial investments and financial investments in accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act. do not change the nature of the deposit as the entity can access those amounts on demand. The management concludes that the presentation of cash and cash equivalents is more appropriate and, therefore, has changed the presentation of the balance sheets and statements of cash flows in 2023. The financial assets at amortized cost were reclassified to cash and cash equivalents with a carrying amount of $94,187 thousand, $780,419 thousand and $1,607,281 thousand on December 31, 2023, December 31, 2022 and January 1, 2022. The impact on cash flows for the year ended December 31, 2022 was as follows:

	Adjustments
Net cash used in investing activities	$ (826,862)
Net decrease in cash and cash equivalents	$ (826,862)

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Regulations").

b. Basis of preparation

The 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.

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

c. Classification of current and noncurrent assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Foreign currencies

In preparing the financial statements, transactions in currencies other than the Company’s functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and are not retranslated.

For the purpose of presenting the financial statements, the functional currencies of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, work-in-process, finished goods, and merchandise are stated at the lower of cost and net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Company similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

f. Investments accounted for using the equity method

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

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

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

Changes in the Company’s ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee’s financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the

Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Except for equipment which acquisition by project is recognized using the unit of production method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. Impairment of property, plant and equipment, and right-of-use assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, and right-of-use assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalent, financial assets at amortized cost, trade receivables, other receivables, and refundable deposits are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

ii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

i. Internal or external information show that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 365 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

j. Revenue recognition

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of sporting goods, aviation products, and medical products. Sales of sporting goods, aviation products, and medical products are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Revenue and trade receivables are recognized concurrently.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from professional labor services. The revenue and trade receivables are recognized by contract.

k. Leasing

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

1) The Company as lessor

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

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

2) The Company as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee’s incremental borrowing rate.

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

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

l. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

m. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

n. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3) Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Company considers the possible impact on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Based on the assessment of the Company's management, the accounting policies, estimates, and assumptions adopted by the Company have not been subject to material accounting judgements, estimates and assumptions uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	$ 903	$ 989
Checking accounts and demand deposits	181,138	274,212
Cash equivalents		
Time deposits	1,984,575	2,738,992
	$ 2,166,616	$ 3,014,193
Annual interest rate (%)		
Demand deposits	0.001-1.45	0.001-1.05
Time deposits	0.15-5.70	0.02-5.030

7. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	December 31	
	2023	2022
Restricted deposits	$ 17,000	$ 17,000
Annual interest rate (%)		
Restricted deposits	1.58	1.33

Refer to Note 25 for the pledged of restricted deposits.

8. TRADE RECEIVABLES

	December 31 2023	December 31 2022
At amortized cost		
Gross carrying amount	$ 1,200,661	$ 1,829,164
Less: Allowance for impairment loss	(12,696)	(7,410)
	$ 1,187,965	$ 1,821,754

The credit period of sales of goods is 60 to 120 days. No interest was charged on trade receivables. The Company 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 Company uses other publicly available financial information or its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. 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 Company 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 Company's credit risk was significantly reduced.

The Company 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 Company'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 Company's different customer base.

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

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

	Not Past Due	Past Due 30-90 Days	Past Due 91-180 Days	Past Due 181-364 Days	Past Due More than 365 Days	Total
December 31, 2023						
Expected credit loss rate (%)	-	5	25	50	100	
Gross carrying amount	$ 1,184,215	$ 937	$ 3,813	$ -	$ 11,696	$ 1,200,661
Loss allowance	-	(47)	(953)	-	(11,696)	(12,696)
Amortized cost	$ 1,184,215	$ 890	$ 2,860	$ -	$ -	$ 1,187,965

	Not Past Due	Past Due 30-90 Days	Past Due 91-180 Days	Past Due 181-364 Days	Past Due More than 365 Days	Total
December 31, 2022						
Expected credit loss rate (%)	-	5	25	50	100	
Gross carrying amount	$ 1,817,407	$ -	$ 1,528	$ 6,403	$ 3,826	$ 1,829,164
Loss allowance	-	-	(382)	(3,202)	(3,826)	(7,410)
Amortized cost	$ 1,817,407	$ -	$ 1,146	$ 3,201	$ -	$ 1,821,754

The movements of the loss allowance was as follows:

	For the Year Ended December 31, 2023	
	Trade Receivables	Other Receivables
Balance at January 1	$ 7,410	$ -
Net remeasurement of loss allowance	5,286	-
Balance at December 31	$ 12,696	$ -

	For the Year Ended December 31, 2022	
	Trade Receivables	Other Receivables
Balance at January 1	$ 4,213	$ -
Net remeasurement of loss allowance	3,197	1,467
Amount written off	-	(1,467)
Balance at December 31	$ 7,410	$ -

9. INVENTORIES

	December 31	
	2023	2022
Raw materials	$ 188,628	$ 335,419
Work in progress	81,722	90,852
Finished goods	97,530	393,294
Merchandise	129,076	175,567
	$ 496,956	$ 995,132

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was $5,880,691 thousand and $6,418,393 thousand, respectively.

Operating costs include:

	For the Year Ended December 31,	
	2023	2022
Write downs of inventories	$ 33,841	$ 10,705

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

	December 31	
	2023	2022
Unlisted ordinary shares		
Yue Pfong International Technology Corp. (Yue Pfong)	$ -	$ -

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 Company's strategy of holding these investments for long-term purposes.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
Name of Subsidiary	**2023**	**2022**
New Score Holding Limited (NSH)	$ 4,908,473	$ 4,870,250
Topkey (Vietnam) Corporation Company Limited (Topkey (VN) Corp)	285,119	337,334
	$ 5,193,592	$ 5,207,584

	Proportion of Ownership (%)	
	December 31	
Name of Subsidiary	**2023**	**2022**
NSH	100	100
Topkey (VN) Corp	100	100

Share of income (loss) and other comprehensive income (loss) of subsidiaries is recognized by the financial reports that have been audited by auditors in 2023 and 2022.

12. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2023				
	Beginning Balance	Additions	Disposals	Reclassifications	Ending Balance
Cost					
Land	$ 52,939	$ -	$ -	$ -	$ 52,939
Buildings	131,567	-	(18,195)	-	113,372
Machinery equipment	272,019	1,772	(22,054)	716	252,453
Other equipment	74,567	2,343	(2,906)	-	74,004
Construction in progress	932,973	1,153,219	-	-	2,086,192
	1,464,065	$ 1,157,334	$ (43,155)	$ 716	2,578,960
Accumulated depreciation					
Buildings	102,826	$ 6,680	$ (18,195)	$ -	91,311
Machinery equipment	151,387	16,277	(20,564)	-	147,100
Other equipment	29,856	13,083	(2,906)	-	40,033
	284,069	$ 36,040	$ (41,665)	$ -	278,444
Accumulated impairment					
Machinery equipment	45,272	$ -	$ (8,664)	$ -	36,608
	$ 1,134,724				$ 2,263,908

	For the Year Ended December 31, 2022				
	Beginning Balance	Additions	Disposals	Reclassifications	Ending Balance
Cost					
Land	$ 52,939	$ -	$ -	$ -	$ 52,939
Buildings	131,567	-	-	-	131,567
Machinery equipment	260,537	10,495	(2,076)	3,063	272,019
Other equipment	55,175	21,826	(2,677)	243	74,567
Construction in progress	27,149	905,824	-	-	932,973
	527,367	$ 938,145	$ (4,753)	$ 3,306	1,464,065
Accumulated depreciation					
Buildings	96,031	$ 6,795	$ -	$ -	102,826
Machinery equipment	128,397	24,650	(1,660)	-	151,387
Other equipment	19,824	12,542	(2,510)	-	29,856
	244,252	$ 43,987	$ (4,170)	$ -	284,069
Accumulated impairment					
Machinery equipment	-	$ 45,272	$ -	$ -	45,272
	$ 283,115				$ 1,134,724

The Company assessed that some of the machinery equipment could be used for other purpose. Therefore, the reversal of impairment loss of $8,664 thousand is recognized for the year ended December 31, 2023. The reversal of impairment loss has been included in operating revenue and expense in the parent company only statements of comprehensive income.

The estimated future cash flows expected to arise from some related machinery equipment decreased. The Company carried out a review of the recoverable amount of the related machinery equipment and determined that the carrying amount exceeded the recoverable. The review led to the recognition of an impairment loss of $45,272 thousand and which was recognized in other gains and losses on the parent company only statement of comprehensive income for the year ended December 31, 2022.

The Company determined the recoverable amount of the assets based on their fair values less costs of disposal. The fair values were categorized as Level 3 measurement and measured using the market quotation.

Except for equipment which acquisition 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	40-55 years
Ancillary work	5-25 years
Machinery and equipment	5-30 years
Other equipment	3-10 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amounts		
Land	$ 204,375	$ 219,027
Buildings	18,022	32,439
Transportation equipment	196	533
	$ 222,593	$ 251,999

	For the Year Ended December 31,	
	2023	2022
Additions to right-of-use assets	$ -	$ 43,252
Depreciation of right-of-use assets		
Land	$ 14,598	$ 14,602
Buildings	14,417	15,676
Transportation equipment	337	336
	$ 29,352	$ 30,614

b. Lease liabilities

	December 31	
	2023	2022
Carrying amounts		
Current	$ 28,854	$ 28,216
Non-current	$ 201,084	$ 229,988

Rage of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Land	1.35%	1.35%
Buildings	1.10%	1.10%
Transportation equipment	0.85%	0.85%

c. Material leasing activities and terms

The Company leases certain transportation equipment for the use of operation with lease terms of 3 years. These arrangements do not contain renewal or purchase options.

The Company also leases land and buildings for the use of plants and offices with lease terms of 3 to 19 years. The lease contract for land located in the Republic of China specifies that lease payments will be adjusted based on announced land value prices. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31,	
	2023	2022
Expenses relating to short-term lease	$ 4,311	$ 772
Expenses relating to low value asset leases	$ 52	$ 52
Total cash outflow for leases	$ (35,814)	$ (33,265)

The Company leases certain equipment which qualify as short-term leases and which qualify as low-value asset leases. The Company 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.

14. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Line of credit borrowings	$ 520,000	$ 1,556,000
Annual interest rate range (%)	1.50-1.60	1.35-1.745

b. Long-term borrowings

	December 31	
	2023	2022
Unsecured borrowings		
Line of credit borrowings	$ 349,691	$ -
Less: Current portion	-	-
	$ 349,691	$ -
Annual interest rate range (%)	1.10	-

As of December 31, 2023, the last due date is May 2030.

15. OTHER PAYABLES

	December 31	
	2023	2022
Compensation of employees	$ 92,429	$ 104,269
Salaries and bonuses	52,512	57,254
Remuneration of directors and supervisors	32,150	39,324
Acquisition of equipment	5,000	24,936
Others	15,950	14,477
	$ 198,041	$ 240,260

16. 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 employees' individual pension accounts at 6% of monthly salaries and wages.

17. EQUITY

a. Capital stock

	December 31	
	2023	2022
Authorized shares (in thousands of shares)	180,000	180,000
Authorized capital	$ 1,800,000	$ 1,800,000
Issued and paid shares (in thousands of shares)	90,820	90,820
Issued capital	$ 908,200	$ 908,200

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

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Additional paid-in capital	$ 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
May only be used to offset a deficit (2)		
Disposal assets gain	35,824	35,824
Disgorgement exercise	204	204
May not be used for any purpose		
Employee share options	1,862	1,862
	$ 1,639,532	$ 1,639,532

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"), the proposal for profit distribution or offsetting of losses may be made at the end of each six months of the fiscal year. When allocating profit, the company shall first estimate and reserve the taxes to be paid, offset its losses, set legal capital of the remaining earnings, until the legal reserve equals the Company's paid-in capital. The Board of Directors shall formulate a profit distribution or loss compensation proposal and submit it along with the business report and financial statements to the Audit Committee for review and later to the Board of Directors for resolution. If the distribution is done in the form of new share issuance, the proposal shall be complied with the Company Act in Article 240; and if the distribution is done in the form of cash, the proposal shall be resolved by the Board of Directors.

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, and then set aside or reverse special capital reserve in accordance with relevant laws or regulations; if here are profit left expect dividends, along with accumulated unappropriated earnings, submit it to the shareholders' meeting for resolution. 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.

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 2022 and 2021 earnings which have been approved by the shareholders in the shareholders' meetings in May 2023 and May 2022, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2022	2021	2022	2021
Legal reserve	$ 226,006	$ 83,165		
(Reversal of) special reserve	(288,902)	56,385		
Cash dividends	999,020	544,920	$ 11	$ 6

The appropriation of 2023 earnings which has been proposed by the Company's board of directors on February, 2024 was as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 141,538	
Special reserve	42,655	
Cash dividends	771,970	$ 8.5

The appropriation of 2023 earnings is subject to the resolution of the shareholders in the shareholders' meeting to be held in May 2024.

d. Special reserve

On the initial adoption of IFRS Accounting Standards, 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 2022 and 2021, the Company appropriated (reversed) a special reserve at ($288,902) thousand and $56,385 thousand because of the deduction of other equity in the end of reporting period.

18. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	$ 7,327,891	$ 8,245,125

a. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Trade receivables (Note 8)	$ 1,269,224	$ 2,001,570	$ 1,292,578

b. Disaggregation of revenue

	For the Year Ended December 31	
	2023	2022
Sporting products	$ 6,298,153	$ 7,126,155
Aviation and medical products	685,792	661,672
Others	343,946	457,298
	$ 7,327,891	$ 8,245,125

19. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	$ 13,562	$ 22,830
Interest on lease liabilities	3,239	3,519
Less: capitalized interest	(1,086)	-
	$ 15,715	$ 26,349

Information on capitalized interest is as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized interest amount	$ 1,086	$ -
Capitalization rate	1.10%	-

b. Employee benefits expense and depreciation

	Operating Costs	Operating Expenses	Total
For the Year Ended December 31, 2023			
Employee benefit expense			
Salary expenses	$ 65,975	$ 204,722	$ 270,697
Labor and health insurance costs	7,973	15,610	23,583
Retirement pension	2,943	6,011	8,954
Remuneration of directors	-	51,540	51,540
Other employee benefits	8,182	11,589	19,771
Depreciation expenses	33,976	31,416	65,392

	Operating Costs	Operating Expenses	Total
For the Year Ended December 31, 2022			
Employee benefit expense			
Salary expenses	$ 68,834	$ 228,941	$ 297,775
Labor and health insurance costs	7,311	14,972	22,283
Retirement pension	2,624	5,914	8,538
Remuneration of directors	-	56,336	56,336
Other employee benefits	8,881	10,586	19,467
Depreciation expenses	41,593	33,008	74,601

As of 2023 and 2022, the Company had 288 and 328 employees, respectively. There were 5 directors who did not serve concurrently as employees for both years. The headcounts were based on those used in the calculation of employee benefit expense. As of 2023 and 2022, the average of employee benefits expense was $1,141 thousand and $1,078 thousand, respectively; as of 2023 and 2022, the average of employee salaries was $957 thousand and $922 thousand, respectively, and the change in the average employee salaries was 3.8%.

The salary, remuneration and business execution expenses of the directors of the company are determined in accordance with the industry standard, the attendance of directors and the Articles. The remuneration of managers and employees includes salary, retirement pension, bonus and employee compensation, which are determined according to their contributions, qualifications, business performance and responsibilities and with reference to the industry standard. In accordance with the provisions of the Articles and the operation of the board of directors and the remuneration committee, the remuneration of directors and senior managers shall not only refer to the Company's overall operating performance and future development trends, but also give reasonable remuneration according to their participation in the Company's operations and the value of their contributions. Relevant performance appraisals and the rationality of remuneration are reviewed in a timely manner, and are submitted to the remuneration committee and the board of directors for review, so as to minimize the possibility and relevance of future risks, and so as to achieve a balance between the Company's sustainable operation and risk control.

c. 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 years ended December 31, 2023 and 2022, which have been approved by the Company’s board of directors on February, 2024 and March, 2023, respectively, are as follows:

	For the Year Ended December 31			
	2023		2022	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	4.52%	$ 85,546	3.61%	$ 104,269
Remuneration of directors and supervisors	1.70%	32,150	1.36%	39,324

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors 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 Year Ended December 31	
	2023	**2022**
Current tax		
In respect of the current year	$ 276,699	$ 452,788
Income tax on unappropriated earnings	66,197	7,359
Adjustment for prior years	753	(5,790)
	343,649	454,357
Deferred tax		
In respect of the current year	17,880	10,430
Adjustment for prior years	-	18,127
	17,880	28,557
Income tax expense recognized in profit or loss	$ 361,529	$ 482,914

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

	For the Year Ended December 31	
	2023	**2022**
Income tax expense calculated at the statutory rate	$ 355,381	$ 548,595
Permanent differences	(60,802)	(85,377)
Income tax on unappropriated earnings	66,197	7,359
Adjustments for prior years' tax	753	12,337
Income tax expense recognized in profit or loss	$ 361,529	$ 482,914

b. Deferred tax assets and liabilities

	For the Year Ended December 31, 2023			
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Deferred Tax Assets				
Temporary differences				
Exchange difference on translating the financial Statement of foreign operation	$ 51,700	$ -	$ 10,664	$ 62,364
Deferred revenue	21,490	(14,769)	-	6,721
Property, plant and equipment impairment loss	8,868	(3,648)	-	5,220
Unrealized loss on inventories	13,298	5,041	-	18,339
Unrealized exchange loss	4,365	3,454	-	7,819
Others	2,243	(1,005)	-	1,238
	$ 101,964	$ (10,927)	$ 10,664	$ 101,701
Deferred Tax Liabilities				
Temporary differences				
Investment gain on investment accounted for using equity method	$ 509,984	$ 6,953	$ -	$ 516,937
Reserve for land value increment tax	8,707	-	-	8,707
	$ 518,691	$ 6,953	$ -	$ 525,644

	For the Year Ended December 31, 2022			
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Deferred Tax Assets				
Temporary differences				
Exchange difference on translating the financial Statement of foreign operation	$ -	$ -	$ 51,700	$ 51,700
Deferred revenue	27,941	(6,451)	-	21,490
Property, plant and equipment impairment loss	-	8,868	-	8,868
Unrealized loss on inventories	6,176	7,122	-	13,298
Unrealized exchange loss	1,615	2,750	-	4,365
Others	1,534	709	-	2,243
	$ 37,266	$ 12,998	$ 51,700	$ 101,964

(Continued)

	For the Year Ended December 31, 2022			
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Deferred Tax Liabilities				
Temporary differences				
Investment gain on investment accounted for using equity method	$ 468,429	$ 41,555	$ -	$ 509,984
Reserve for land value increment tax	8,707	-	-	8,707
Exchange differences on translating the financial statements of foreign operations	9,110	-	(9,110)	-
	$ 486,246	$ 41,555	$ (9,110)	$ 518,691

(Concluded)

c. Income tax assessments

The tax returns through 2021 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$)
For the Year Ended December 31, 2023			
Basic earnings per share			
Net income for the year attributable to owners of the Company	$ 1,415,377	90,820	$ 15.58
Effect of potentially dilutive ordinary shares:			
Employees' compensation	-	556	
Diluted earnings per share			
Net income for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 1,415,377	91,376	$ 15.49
For the Year Ended December 31, 2022			
Basic earnings per share			
Net income for the year attributable to owners of the Company	$ 2,260,065	90,820	$ 24.89
Effect of potentially dilutive ordinary shares:			
Employees' compensation	-	632	
Diluted earnings per share			
Net income for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 2,260,065	91,452	$ 24.71

If the Company offered to settle the compensation or bonuses paid to employees in cash or shares, the Company 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 Company manages its capital to ensure that entity will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, capital surplus, retained earnings, and other equity).

Key management personnel of the Company review the capital structure on a quarterly basis. As part of this review, the key management personnel of the Company consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the key management personnel, the Company expects to balance its capital structure through the payment of dividends, issuance of new shares, repurchase of shares and issuance of new debt or repayment of old debt.

23. FINANCIAL INSTRUMENTS

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

Management of the Company consider the carrying amounts of the Company'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. Categories of financial instruments

	December 31	
	2023	**2022**
Financial assets		
Financial assets at amortized cost	$ 3,490,791	$ 5,073,922
Financial liabilities		
Amortized cost	2,182,403	3,687,975

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, notes payable and trade payables, other payables, and endorsement and guarantee liabilities.

c. Financial risk management objectives and policies

The Company's major financial instruments include equity and debt investments, trade receivables, trade payables, lease liabilities, and borrowings. The Company'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 Company 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.

1) Market risk

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

a) Foreign currency risk

The Company enters into foreign currency denominated sales and purchases, which expose the Company to foreign currency risk.

The carrying amounts of the Company’s foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 27.

Sensitivity analysis

The Company is mainly exposed to the USD.

The following table details the Company’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 year 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 Year Ended December 31	
	2023	**2022**
Profit or loss	$ 22,394	$ 25,535
Equity	51,936	52,076

b) Interest rate risk

The Company was exposed to interest rate risk because entities in the Company borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings and using interest rate swap contracts and forward interest rate contracts. 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 Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	$ 2,001,575	$ 2,755,992
Financial liabilities	749,938	758,204
Cash flow interest rate risk		
Financial assets	180,938	274,212
Financial liabilities	349,691	1,056,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year 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 Company's income before income tax for the years ended December 31, 2023 and 2022 would decrease/increase by $1,688 thousand and $7,818 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 Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, 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 Company adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Company uses other publicly available financial information and its own trading records to rate its major customers. The Company 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 Company's management also controls credit risk by reviewing the credit limits of its counterparties on an annual basis.

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

The Company's concentration of credit risk of 50% and 46% of total trade receivables as of December 31, 2023 and 2022, respectively, was attributable to the Company's five largest customers in the property construction business segment.

3) Liquidity risk

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

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

	December 31	
	2023	2022
Unutilized bank loan limits	$ 5,337,659	$ 3,304,620

Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company'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 Company can be required to pay.

	Less than 1 Year	More than 1 Years
December 31, 2023		
Non-interest bearing liabilities	$ 1,312,712	$ -
Lease liabilities	31,746	218,992
Fix interest rate liabilities	520,000	-
Floating interest rate liabilities	-	349,691
	$ 1,864,458	$ 568,683
December 31, 2022		
Non-interest bearing liabilities	$ 2,069,805	$ 62,170
Lease liabilities	31,455	250,792
Fix interest rate liabilities	500,000	-
Floating interest rate liabilities	1,056,000	-
	$ 3,657,260	$ 312,962

Further information on maturity analysis of the above financial liabilities was as follow:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years
December 31, 2023				
Non-interest bearing liabilities	$ 1,312,712	$ -	$ -	$ -
Lease liabilities	31,746	69,996	82,776	66,220
Fix interest rate liabilities	520,000	-	-	-
Floating interest rate liabilities	-	225,842	123,849	-
	$ 1,864,458	$ 295,838	$ 206,625	$ 66,220

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years
December 31, 2022				
Non-interest bearing liabilities	$ 2,069,805	$ 62,170	$ -	$ -
Lease liabilities	31,455	85,202	82,795	82,795
Fix interest rate liabilities	500,000	-	-	-
Floating interest rate liabilities	1,056,000	-	-	-
	$ 3,657,260	$ 147,372	$ 82,795	$ 82,795

24. TRANSACTIONS WITH RELATED PARTIES

The significant transactions between the Company and its related parties, other than those disclosed in other notes, are summarized as follows:

a. Related party name and categories

Related Party Name	Related Party Categories
Topkey (VN) Corp	Subsidiary
New Score Investment Limited (NSI)	Sub-subsidiary
EIC Holding Limited (EIC)	Sub-subsidiary
XPT Investment Co., Limited (XPT Investment)	Sub-subsidiary
Xiamen Yeu Chuan Composite Technology Co., Ltd. (Yeu Chuan)	Sub-subsidiary
Xiamen Keentech Composite Technology Co., Ltd. (Keentech)	Sub-subsidiary
Xiamen Valver Color Sticker Co., Ltd. (Valver)	Sub-subsidiary
Xiamen Xin Hong Zhou Precision Technology Co., Ltd. (Xin Hong Zhou)	Sub-subsidiary

b. Sales of goods

	For the Year Ended December 31	
Related Party Name	2023	2022
Keentech	$ 129,370	$ 191,674
NSI	102,000	102,000
Yeu Chuan	18,198	53,122
Topkey (VN) Corp	962	6,735
Xin Hong Zhou	143	1,023
Valver	14	4,050
	$ 250,687	$ 358,604

Due to the differences in product specifications, the selling prices of goods sold to related parties and those sold to third parties are not comparable. The selling price is quoted at cost plus a reasonable margin based on the market and competitor pricing. The price is marked up by 6-10% on cost in 2023 and 2022. Payment terms are all T/T 60 days. The transaction between the Company and Topkey (VN) Corp is an agency purchase transaction, and it is sold to Topkey (VN) Corp at the purchase price. Payment term is T/T 180 days.

The Company has made a technical service cooperation contract with the subsidiary to dispatch professionals to provide related labor services. Monthly payment of 8,500 thousand as agreed in 2023 and 2022.

c. Purchases of goods

Related Party Name	For the Year Ended December 31 2023	2022
Keentech	$ 4,093,479	$ 4,621,926
Yeu Chuan	467,210	740,802
	$ 4,560,689	$ 5,362,728

The products purchased from related parties and those from third parties are not the same, therefore, their prices are not comparable. Payment terms are all T/T 90 days.

d. Trade receivables

Related Party Name	December 31 2023	2022
Keentech	$ 53,027	$ 126,026
NSI	16,534	16,806
Yeu Chuan	11,544	36,778
Topkey (VN) Corp	154	57
Xin Hong Zhou	-	149
	$ 81,259	$ 179,816

Receivables from related parties are not estimated for loss allowance.

e. Other receivables

Related Party Name	December 31 2023	2022
NSI	$ 829	$ 906
XPT Investment	755	835
Topkey (VN) Corp	336	150
EIC	41	171
	$ 1,961	$ 2,062

f. Trade payable

Related Party Name	December 31 2023	2022
Keentech	$ 930,603	$ 1,421,184
Yeu Chuan	82,952	224,921
	$ 1,013,555	$ 1,646,105

g. Other payables

Related Party Name	December 31 2023	December 31 2022
Keentech	$ 124	$ 7,281
Yeu Chuan	879	645
	$ 1,003	$ 7,926

h. Endorsements/ guarantees

Related Party Category	December 31 2023	December 31 2022
Sub-subsidiaries		
Amount endorse	$ 1,567,485	$ 1,136,196
Amount utilized	487,421	483,574

i. Compensation of key management personnel

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Short-term employee benefits	$ 70,064	$ 83,468
Post-employment benefits	816	885
	$ 70,880	$ 84,353

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

25. ASSETS PLEDGED AS COLLATERAL OF FOR SECURITY

The following assets were provided as collateral for performance bond:

	December 31 2023	December 31 2022
Financial assets at amortized cost	$ 17,000	$ 17,000

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, 2023 to December 1, 2024. 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, 2023 to April 1, 2024. 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, 2023 to August 1, 2024. 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:

	December 31	
	2023	2022
Acquisition of property, plant and equipment	$ 562,611	$ 1,094,464

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 Company 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)
December 31, 2023			
Financial assets			
Monetary items	$ 106,180	30.735	$ 3,263,454
Non-monetary items	168,980	30.735	5,193,592
Financial liabilities			
Monetary items	33,320	30.735	1,024,078
December 31, 2022			
Financial assets			
Monetary items	$ 139,802	30.708	$ 4,293,040
Non-monetary items	169,584	30.708	5,207,584
Financial liabilities			
Monetary items	56,649	30.708	1,739,577

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

	For the Year Ended December 31, 2023		For the Year Ended December 31, 2022	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (USD:NTD)	$ (43,176)	1 (USD:NTD)	$ 193,830

28. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others (None).

2) Endorsements/guarantees provided (Table 1).

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2).

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 3).

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 4).

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 5).

9) Trading in derivative instruments (None).

10) Information on investees (Table 6).

b. 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 year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 7)

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 4):

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year (Table 4).

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year (Table 4).

c) The amount of property transactions and the amount of the resultant gains or losses (None).

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes (None).

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds (None).

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (None).

c. 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 8).

TOPKEY CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(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	$ 4,016,740 (Note 1)	$ 129,676	$ 122,940	$ -	$ -	2	$ 4,016,740 (Note 1)	Y	-	-
		Topkey (VN) Corp	Directly owned subsidiary	4,016,740 (Note 1)	1,383,075	1,383,075	487,421	-	17	4,016,740 (Note 1)	Y	-	-
		XPT Investment	Indirectly owned subsidiary	2,410,044 (Note 1)	64,838	61,470	-	-	1	2,410,044 (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
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Stock							
	Yue Pfong	-	Financial assets at FVTOCI - non-current	190	$ -	1	$ -	

Note: Refer to Tables 6 and 7 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 YEAR ENDED DECEMBER 31, 2023
(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	$ 1,594,806	Earth Power Construction Co., Ltd.	-	-	-	-	$ -	The price is referred to market quotation and negotiated by both parties	To meet the needs of operations	-
	Engaging others to build on rented land	2022.6.1	670,000	401,833	Chang Jia M&E Engineering Corp.	-	-	-	-	-	The price is referred to market quotation and negotiated by both parties	To meet the needs of operations	-
Keentech	Engaging others to build on rented land	2022.8.4	CNY 55,600	CNY 43,358	The Eighth Engineering Bureau Of China City Investment Group Co., Ltd.	-	-	-	-	-	The price is referred to market quotation and negotiated by both parties	To meet the needs of operations	-

Note 1: The date of occurrence means the date of transaction signing, date of payment, date of execution of a trading order, date of title transfer, date of a resolution of the board of directors, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

Note 2: Contract amount.

TABLE 4

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 YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	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	NSI	Indirectly owned subsidiary	Sale	$ (102,000)	(1)	T/T 90 days	$ -	-	$ 16,534	1	
	Keentech	Indirectly owned subsidiary	Sale	(129,370)	(2)	T/T 90 days	-	-	53,027	4	
			Purchase	4,093,479	78	T/T 90 days	-	-	(930,603)	(84)	
	Yeu Chuan	Indirectly owned subsidiary	Purchase	467,210	9	T/T 90 days	-	-	(82,952)	(7)	
NSI	Keentech	Investment accounted for using the equity method	Sale	(451,664)	(35)	T/T 30 days	-	-	75,252	29	
			Purchase	649,540	59	T/T 60 days	-	-	(142,202)	(96)	
XPT Investment	Xin Hong Zhou	XPT Investment’s subsidiary	Purchase	421,158	100	T/T 75-90 days	-	-	(85,563)	(100)	
Keentech	Topkey (VN) Corp	The same parent company	Sale	(104,614)	(2)	T/T 90-180 days	-	-	27,952	3	

TOPKEY CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(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		
Keentech	The Company	The ultimate parent of Keentech	$ 930,603	1.72	$ -	-	$ 251,317	$ -
Keentech	NSI	The parent for using the equity method of Keentech	142,202	2.21	-	-	27,987	-

TOPKEY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
The Company	NSH	British Virgin Islands	International investment	$ 2,502,290	$ 2,500,092	80,137	100	$ 4,908,473	$ 696,089	$ 717,828	Subsidiary
	Topkey (VN) Corp	Vietnam	Manufacture and sale of carbon fiber products, glass fiber products and composite components	461,025	460,620	-	100	285,119	(53,234)	(53,234)	Subsidiary
NSH	CSC	Seattle, USA	Development, manufacture and sale of aviation composite components	658,098	657,520	22	100	-	-	(Note 1)	Indirectly owned subsidiary
	EIC	Seychelles	International investment	177,802	177,646	3,822	76	463,865	67,137	(Note 1)	Indirectly owned subsidiary
	NSI	Hong Kong	International investment and trade	385,355	385,017	12,498	100	1,913,229	245,109	(Note 1)	Indirectly owned subsidiary
	Musonic	British Virgin Islands	International investment	1,159,724	1,158,705	22,228	100	1,895,028	274,672	(Note 1)	Indirectly owned subsidiary
	XPT Investment	Hong Kong	International investment and trade	379,500	379,167	11,388	70	635,461	176,036	(Note 1)	Indirectly owned subsidiary

Note 1: Exempted according to regulations.

Note 2: Refer to Table 7 for information on subsidiary investment in mainland China.

Note 3: Foreign amount in the Table is exchanged to New Taiwan dollars by rate on balance sheet date.

TOPKEY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investee Company (Note 5)	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Keentech	Manufacture and sale of carbon fiber products, glass fiber products and composite components	$ 1,413,810	(Note 1)	$ 1,067,549	$ -	$ -	$ 1,067,549	$ 464,695	100	$ 464,695	$ 2,950,027	$ 4,037,234
Yeu Chuan	Manufacture of various helmets, glasses, and components of vehicles	153,675	(Note 1)	84,521	-	-	84,521	88,539	76	67,679	460,673	430,625
Xin Hong Zhou	Development, design and manufacture of various precision molds, processing of various plastic and rubber products	472,551	(Note 1)	258,942	-	-	258,942	200,910	70	141,280	551,466	184,452
Valver	Manufacture of water gage and HRNT	38,419	(Note 1)	46,502	-	-	46,502	(17,306)	100	(17,306)	55,623	54,739

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
$ 1,457,514 (USD 47,422)	$ 2,042,833 (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: The investment gain (loss) are recognized according to the financial statements audited by the Company's independent auditors.

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.

TABLE 8

TOPKEY CORPORATION AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

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 financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.