

Topkey Corporation and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Topkey Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Topkey Corporation and its subsidiaries (the "Group") as of March 31, 2023 and 2022 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting," endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As disclosed in Note 11 to the consolidated financial statements, the financial statements and the notes of non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2023 and 2022, combined total assets of these non-significant subsidiaries were NT\$1,203,623 thousand and NT\$1,006,001 thousand, respectively, representing 9% and 8%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$192,873 thousand and NT\$281,388 thousand, respectively, representing 3% and 5%, respectively, of the consolidated total liabilities; for the three months ended March 31, 2023 and 2022, the amount of combined comprehensive income (loss) of these subsidiaries were NT\$2,884 thousand and NT\$36,925 thousand, respectively, representing 1% and 6%, respectively, of the consolidated total comprehensive income (loss).

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of the Group as of March 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 11, 2023

Notice to Readers

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

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

TOPKEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 4,877,565	35	\$ 6,206,409	38	\$ 3,646,685	29
Financial assets at amortized cost - current (Notes 7 and 24)	590,163	4	969,627	6	1,306,866	11
Trade receivables (Note 8)	1,952,580	14	2,252,128	14	1,937,957	16
Other receivables	48,604	1	66,641	-	49,014	-
Other receivables from related parties (Note 23)	-	-	-	-	51,520	-
Current tax assets (Note 19)	16,326	-	-	-	7,208	-
Inventories (Note 9)	2,285,066	16	2,704,909	17	2,056,090	16
Other current assets	179,674	1	172,634	1	228,101	2
Total current assets	9,949,978	71	12,372,348	76	9,283,441	74
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 10)	-	-	-	-	-	-
Property, plant and equipment (Note 12)	3,390,265	24	3,072,060	19	2,479,905	20
Right-of-use assets (Note 13)	575,090	4	591,185	4	596,479	5
Deferred tax assets (Note 19)	93,918	1	101,964	1	97,857	1
Refundable deposits	14,878	-	14,890	-	18,338	-
Other non-current assets	67,911	-	63,816	-	59,822	-
Total non-current assets	4,142,062	29	3,843,915	24	3,252,401	26
TOTAL	\$ 14,092,040	100	\$ 16,216,263	100	\$ 12,535,842	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 14 and 24)	\$ 2,611,716	19	\$ 4,850,898	30	\$ 3,025,181	24
Notes payable and Trade payables	470,181	3	661,690	4	580,802	5
Other payables (Note 15)	618,333	5	747,829	5	543,778	4
Current tax liabilities (Note 19)	436,043	3	368,493	2	188,651	2
Lease liabilities - current (Note 13)	44,111	-	43,859	-	71,815	1
Current portion of long-term borrowings (Note 14)	27,899	-	22,353	-	-	-
Other current liabilities	461,700	3	429,974	3	410,005	3
Total current liabilities	4,669,983	33	7,125,096	44	4,820,232	39
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 14)	108,709	1	55,883	-	47,363	1
Deferred tax liabilities (Note 19)	535,985	4	518,691	3	530,109	4
Lease liabilities - non-current (Note 13)	268,545	2	276,686	2	283,063	2
Guarantee deposits	222	-	62,390	1	286,220	2
Other non-current liabilities	44,659	-	54,777	-	24,069	-
Total non-current liabilities	958,120	7	968,427	6	1,170,824	9
Total liabilities	5,628,103	40	8,093,523	50	5,991,056	48
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Capital stock	908,200	6	908,200	6	908,200	7
Capital surplus	1,639,532	12	1,639,532	10	1,639,532	13
Retained earnings						
Legal reserve	803,434	6	803,434	5	720,269	6
Special reserve	619,193	4	619,193	4	562,808	4
Unappropriated earnings	4,346,354	31	4,019,709	24	2,730,086	22
Other equity						
Exchange differences on translation of the financial statement of foreign operations	(311,682)	(2)	(320,291)	(2)	(354,800)	(3)
Unrealized valuation loss on financial assets at fair value through other comprehensive income	(10,000)	-	(10,000)	-	(10,000)	-
Total equity attributable to owners of the Company	7,995,031	57	7,659,777	47	6,196,095	49
NON-CONTROLLING INTERESTS	468,906	3	462,963	3	348,691	3
Total equity	8,463,937	60	8,122,740	50	6,544,786	52
TOTAL	\$ 14,092,040	100	\$ 16,216,263	100	\$ 12,535,842	100

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

(With Deloitte & Touche review report dated May 11, 2023)

TOPKEY CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
NET REVENUE	\$ 2,757,522	100	\$ 2,183,386	100
COST OF GOODS SOLD (Notes 9 and 18)	<u>1,903,208</u>	<u>69</u>	<u>1,545,542</u>	<u>71</u>
GROSS PROFIT	<u>854,314</u>	<u>31</u>	<u>637,844</u>	<u>29</u>
OPERATING EXPENSES				
Selling and marketing expenses (Note 18)	50,046	2	62,232	3
General and administrative expenses (Note 18)	174,971	6	159,249	7
Research and development expenses (Note 18)	111,099	4	88,011	4
Expected credit loss (Note 8)	<u>2,340</u>	<u>-</u>	<u>1,361</u>	<u>-</u>
Total operating expenses	<u>338,456</u>	<u>12</u>	<u>310,853</u>	<u>14</u>
INCOME FROM OPERATIONS	<u>515,858</u>	<u>19</u>	<u>326,991</u>	<u>15</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	46,531	2	2,808	-
Government grants income	13,508	-	16,688	1
Other gains	7,439	-	25,436	1
Finance costs (Note 18)	(23,354)	(1)	(7,048)	-
Other losses	(1,517)	-	(1,198)	-
Loss on disposal of property, plant and equipment	(48)	-	(1,358)	-
Net foreign exchange gain (loss)	(109,199)	(4)	55,197	2
Net loss on financial assets at fair value through profit or loss	<u>-</u>	<u>-</u>	<u>(2,934)</u>	<u>-</u>
Total non-operating income and expenses	<u>(66,640)</u>	<u>(3)</u>	<u>87,591</u>	<u>4</u>
INCOME BEFORE INCOME TAX	449,218	16	414,582	19
INCOME TAX EXPENSE (Note 19)	<u>118,066</u>	<u>4</u>	<u>101,644</u>	<u>4</u>
NET INCOME	<u>331,152</u>	<u>12</u>	<u>312,938</u>	<u>15</u>

(Continued)

TOPKEY CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	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	\$ 12,197	-	197,732	9
Other comprehensive income (loss) for the period, net of income tax	<u>10,045</u>	<u>-</u>	<u>267,169</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 341,197</u>	<u>12</u>	<u>\$ 580,107</u>	<u>27</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 326,645	12	\$ 285,972	13
Non-controlling interests	<u>4,507</u>	<u>-</u>	<u>26,966</u>	<u>1</u>
	<u>\$ 331,152</u>	<u>12</u>	<u>\$ 312,938</u>	<u>14</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 335,254	12	\$ 540,365	25
Non-controlling interests	<u>5,943</u>	<u>-</u>	<u>39,742</u>	<u>2</u>
	<u>\$ 341,197</u>	<u>12</u>	<u>\$ 580,107</u>	<u>27</u>
EARNINGS PER SHARE (Note 20)				
Basic	<u>\$ 3.60</u>		<u>\$ 3.15</u>	
Diluted	<u>\$ 3.58</u>		<u>\$ 3.14</u>	

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

(With Deloitte & Touche review report dated May 11, 2023)

(Concluded)

TOPKEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to Owner of the Company					Other Equity		Total	Non-controlling Interests (Note 11)	Total Equity
	Common Shares (Note 17)	Capital Surplus (Note 17)	Retained Earnings (Note 17)			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Loss on Financial Assets at Fair Value through Other Comprehensive Income			
			Legal Reserve	Special reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2022	\$ 908,200	\$ 1,639,532	\$ 720,269	\$ 562,808	\$ 2,444,114	\$ (609,193)	\$ (10,000)	\$ 5,655,730	\$ 334,099	\$ 5,989,829
Appropriation of 2021 earnings	-	-	-	-	-	-	-	-	(25,150)	(25,150)
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	-	-
Net profit for the three months ended March 31, 2022	-	-	-	-	285,972	-	-	285,972	26,966	312,938
Other comprehensive income (loss) for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	254,393	-	254,393	12,776	267,169
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	285,972	254,393	-	540,365	39,742	580,107
BALANCE AT MARCH 31, 2022	\$ 908,200	\$ 1,639,532	\$ 720,269	\$ 562,808	\$ 2,730,086	\$ (354,800)	\$ (10,000)	\$ 6,196,095	\$ 348,691	\$ 6,544,786
BALANCE AT JANUARY 1, 2023	\$ 908,200	\$ 1,639,532	\$ 803,434	\$ 619,193	\$ 4,019,709	\$ (320,291)	\$ (10,000)	\$ 7,659,777	\$ 462,963	\$ 8,122,740
Net profit for the three months ended March 31, 2023	-	-	-	-	326,645	-	-	326,645	4,507	331,152
Other comprehensive income (loss) for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	8,609	-	8,609	1,436	10,045
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	326,645	8,609	-	335,254	5,943	341,197
BALANCE AT MARCH 31, 2023	\$ 908,200	\$ 1,639,532	\$ 803,434	\$ 619,193	\$ 4,346,354	\$ (311,682)	\$ (10,000)	\$ 7,995,031	\$ 468,906	\$ 8,463,937

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

(With Deloitte & Touche review report dated May 11, 2023)

TOPKEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 449,218	\$ 414,582
Adjustments for:		
Depreciation expenses	102,783	95,029
Expected credit loss	2,340	1,361
Net loss on financial assets at fair value through profit or loss	-	2,934
Finance costs	23,354	7,048
Interest income	(46,531)	(2,808)
Loss on disposal of property, plant and equipment	48	1,358
Reversal of inventories	(28,116)	(2,674)
Loss on foreign currency exchange	5,389	10,345
Amortization of prepayments	12,057	11,980
Gain on lease modifications	(269)	-
Changes in operating assets and liabilities:		
Trade receivables	303,972	(14,351)
Other receivables	9,784	10,936
Inventories	455,956	(65,946)
Other current assets	(17,142)	(93,088)
Notes payable and Trade payables	(196,988)	(69,862)
Other payables	(108,142)	(129,840)
Other current liabilities	31,910	84,500
Other non-current liabilities	(10,118)	(56,178)
Cash generated from operations	989,505	205,326
Interest received	56,048	2,372
Interest paid	(24,070)	(7,213)
Income tax paid	(43,936)	(23,742)
Net cash generated from operating activities	<u>977,547</u>	<u>176,743</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	-	(18,538)
Proceeds from disposal of financial assets at amortized cost	380,856	550,406
Acquisition of property, plant and equipment	(411,618)	(513,038)
Proceeds from disposal of property, plant and equipment	121	507
Increase in refundable deposits	(2)	(12)
Increase in other non-current assets	(3,718)	(714)
Increase in prepayments for equipment	(17,354)	(12,421)
Net cash generated from (used in) investing activities	<u>(51,715)</u>	<u>6,190</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,109,063	2,854,885
Repayments of short-term borrowings	(3,363,978)	(1,984,001)
Proceeds from long-term borrowings	58,824	5,274

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TOPKEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
Decrease in guarantee deposits	\$ (62,170)	\$ -
Repayments of the principal portion of lease liabilities	(7,647)	(8,124)
Cash dividends distributed to non-controlling interests	-	(25,150)
Repayments of endorsement and guarantee liabilities	<u>-</u>	<u>(138,450)</u>
Net cash generated from (used in) financing activities	<u>(2,265,908)</u>	<u>704,434</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>11,232</u>	<u>59,423</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,328,844)	946,790
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>6,206,409</u>	<u>2,699,895</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 4,877,565</u>	<u>\$ 3,646,685</u>

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

(With Deloitte & Touche review report dated May 11, 2023)

(Concluded)

TOPKEY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 11, 2023.

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

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

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

- b. The IFRSs issued by International Accounting Standards Boards (IASB), but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

c. Basis of consolidation

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

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

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

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

See Note 11 and Table 7 and 8 for detailed information on subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2022.

Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Refer to statements of critical accounting judgements and key sources of estimation uncertainty to the consolidated financial statements for the year ended December 31, 2022.

6. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 1,190	\$ 1,205	\$ 1,068
Checking accounts and demand deposits	1,030,581	1,683,477	2,206,725
Cash equivalents			
Time deposits	<u>3,845,794</u>	<u>4,521,727</u>	<u>1,438,892</u>
	<u>\$ 4,877,565</u>	<u>\$ 6,206,409</u>	<u>\$ 3,646,685</u>

7. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	March 31, 2023	December 31, 2022	March 31, 2022
Restricted deposits	\$ 590,163	\$ 969,627	\$ 1,216,633
Bonds under repurchase agreement	-	-	76,707
Time deposits with original maturities of more than 3 months	<u>-</u>	<u>-</u>	<u>13,526</u>
	<u>\$ 590,163</u>	<u>\$ 969,627</u>	<u>\$ 1,306,866</u>

Refer to Note 24 for the pledged of restricted deposits, and the rest are mainly repatriated funds US\$ 63,039 thousand, which approved by Taxation Bureau of Ministry of Finance in accordance with "Repatriated Offshore Funds Act" as of March 31, 2023, and the Group submit the investment plan to the Ministry of Economic Affairs. According to the Acts, deposits are limited to approved plans and cannot be used for other purposes.

8. TRADE RECEIVABLES

	March 31, 2023	December 31, 2022	March 31, 2022
<u>At amortized cost</u>			
Gross carrying amount	\$ 1,962,330	\$ 2,259,538	\$ 1,942,064
Less: Allowance for impairment loss	<u>(9,750)</u>	<u>(7,410)</u>	<u>(4,107)</u>
	<u>\$ 1,952,580</u>	<u>\$ 2,252,128</u>	<u>\$ 1,937,957</u>

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

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

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

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

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

	Not Past Due	Past Due 30-90 Days	Past Due 91-180 Days	Past Due 181-364 Days	Past Due More than 365 Days	Total
<u>March 31, 2023</u>						
Expected credit loss rate (%)	-	5	25	50	100	
Gross carrying amount	\$ 1,945,481	\$ 1,526	\$ 3,273	\$ 4,120	\$ 7,930	\$ 1,962,330
Loss allowance	<u>-</u>	<u>(53)</u>	<u>-</u>	<u>(1,767)</u>	<u>(7,930)</u>	<u>(9,750)</u>
Amortized cost	<u>\$ 1,945,481</u>	<u>\$ 1,473</u>	<u>\$ 3,273</u>	<u>\$ 2,353</u>	<u>\$ -</u>	<u>\$ 1,952,580</u>

	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
<u>December 31, 2022</u>						
Expected credit loss rate (%)	-	5	25	50	100	
Gross carrying amount	\$ 2,238,789	\$ 5,744	\$ 1,528	\$ 9,651	\$ 3,826	\$ 2,259,538
Loss allowance	-	-	(382)	(3,202)	(3,826)	(7,410)
Amortized cost	<u>\$ 2,238,789</u>	<u>\$ 5,744</u>	<u>\$ 1,146</u>	<u>\$ 6,449</u>	<u>\$ -</u>	<u>\$ 2,252,128</u>
<u>March 31, 2022</u>						
Expected credit loss rate (%)	-	5	25	50	100	
Gross carrying amount	\$ 1,935,433	\$ 2,236	\$ 392	\$ -	\$ 4,003	\$ 1,942,064
Loss allowance	-	(6)	(98)	-	(4,003)	(4,107)
Amortized cost	<u>\$ 1,935,433</u>	<u>\$ 2,230</u>	<u>\$ 294</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,937,957</u>

The movements of the loss allowance were as follows:

	For the Three Months Ended March 31, 2023	
	Trade Receivables	Other Receivables
Balance at January 1	\$ 7,410	\$ -
Net remeasurement of loss allowance	<u>2,340</u>	<u>-</u>
Balance at December 31	<u>\$ 9,750</u>	<u>\$ -</u>
	For the Three Months Ended March 31, 2022	
	Trade Receivables	Other Receivables
Balance at January 1	\$ 4,213	\$ -
Net remeasurement of loss allowance	(106)	1,467
Amounts written off	<u>-</u>	<u>(1,467)</u>
Balance at December 31	<u>\$ 4,107</u>	<u>\$ -</u>

9. INVENTORIES

	March 31, 2023	December 31, 2022	March 31, 2022
Raw materials	\$ 1,058,843	\$ 1,080,298	\$ 792,086
Work in progress	420,169	462,762	475,074
Finished goods	699,920	986,282	647,432
Merchandise	<u>106,134</u>	<u>175,567</u>	<u>141,498</u>
	<u>\$ 2,285,066</u>	<u>\$ 2,704,909</u>	<u>\$ 2,056,090</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2023 and 2022 was \$1,903,208 thousand and \$1,545,542 thousand, respectively.

The cost of goods sold included:

	For the Three Months Ended March 31	
	2023	2022
Inventory write-downs reversed	\$ (28,116)	\$ (2,674)

Inventory write-downs were reversed as a result of increased selling price in markets.

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

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Unlisted ordinary shares</u>			
Yue Pfond International Technology Corp. (Yue Pfond)	\$ _____ -	\$ _____ -	\$ _____ -

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

11. SUBSIDIARIES

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

Investor	Investee	Proportion of Ownership (%)		
		March 31, 2023	December 31, 2022	March 31, 2022
The Company	New Score Holding Limited (NSH)	100	100	100
	Topkey (Vietnam) Corporation Company Limited (Topkey (VN) Corp)	100	100	100
NSH	Composite Solutions Corporation (CSC)	100	100	100
	EIC Holding Limited (EIC)	76	76	76
	Musonic Corporation (Musonic)	100	100	100
	New Score Investment Limited (NSI)	100	100	100
Musonic	XPT Investment Co., Limited (XPT Investment)	70	70	70
	Xiamen Keentech Composite Technology Co., Ltd. (Keentech)	64	64	64
	Keentech	36	36	36
NSI	Xiamen Valver Color Sticker Co., Ltd. (Valver)	100	100	100
	Xiamen Yeu Chuan Composite Technology Co., Ltd. (Yeu Chuan)	100	100	100
EIC	Xiamen Xin Hong Zhou Precision Technology Co., Ltd. (Xin Hong Zhou)	100	100	100

Refer to Table 7 and 8 following the Notes to Consolidated Financial statements for information on the place of incorporation and principal places of business for each subsidiary.

Among the above subsidiaries, except for EIC, Valver, Yeu Chuan and XPT Investment which are non-significant subsidiaries, their financial reports have not been reviewed by auditors, and the financial reports of other subsidiaries have been reviewed by auditors.

The business closure of CSC had been resolved by the board of directors in August 2021. Subsequently, CSC applied to the local court in USA for the appointment of an administrator for liquidation. It is still in the liquidation process.

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

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests (%)		
	March 31, 2023	December 31, 2022	March 31, 2022
EIC	24	24	24
XPT Investment	30	30	30

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Accumulated Non-controlling Interests		
	For the Three Months Ended March 31		March 31, 2023	December 31, 2022	March 31, 2022
	2023	2022			
EIC	\$ 2,051	\$ 5,278	\$ 178,957	\$ 176,019	\$ 143,245
XPT Investment	<u>2,456</u>	<u>21,688</u>	<u>289,949</u>	<u>286,944</u>	<u>205,446</u>
	<u>\$ 4,507</u>	<u>\$ 26,966</u>	<u>\$ 468,906</u>	<u>\$ 462,963</u>	<u>\$ 348,691</u>

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

1) EIC and EIC subsidiaries:

	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 821,384	\$ 887,143	\$ 802,789
Non-current assets	127,920	137,222	140,015
Current liabilities	(184,581)	(268,100)	(317,489)
Non-current liabilities	<u>(5,142)</u>	<u>(9,156)</u>	<u>(17,315)</u>
Equity	<u>\$ 759,581</u>	<u>\$ 747,109</u>	<u>\$ 608,000</u>
Equity attributable to:			
Owners of EIC	\$ 580,624	\$ 571,090	\$ 464,755
Non-controlling interests of EIC	<u>178,957</u>	<u>176,019</u>	<u>143,245</u>
	<u>\$ 759,581</u>	<u>\$ 747,109</u>	<u>\$ 608,000</u>

	For the Three Months Ended March 31	
	2023	2022
Revenue	\$ 248,643	\$ 260,526
Profit for the period	\$ 8,704	\$ 22,403
Other comprehensive income (loss) for the period	<u>3,768</u>	<u>21,954</u>
Total comprehensive income (loss) for the period	<u>\$ 12,472</u>	<u>\$ 44,357</u>
Profit attributable to:	\$ 6,653	\$ 17,125
Owners of EIC	<u>2,051</u>	<u>5,278</u>
Non-controlling interests of EIC	<u>\$ 8,704</u>	<u>\$ 22,403</u>
Total comprehensive income (loss) attributable to:		
Owners of EIC	\$ 9,534	\$ 33,906
Non-controlling interests of EIC	<u>2,938</u>	<u>10,451</u>
	<u>\$ 12,472</u>	<u>\$ 44,357</u>
Cash inflow/(outflow) from:		
Operating activities	\$ 39,756	\$ 71,170
Investing activities	(1,470)	83,069
Financing activities	<u>(3,844)</u>	<u>72,083</u>
Net cash inflow	<u>\$ 34,442</u>	<u>\$ 226,322</u>
Dividends paid to non-controlling interest of EIC	<u>\$ -</u>	<u>\$ -</u>

2) XPT Investment and XPT Investment's subsidiaries:

	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 971,006	\$ 977,360	\$ 687,165
Non-current assets	203,323	199,312	200,208
Current liabilities	(196,310)	(208,783)	(193,327)
Non-current liabilities	<u>(971)</u>	<u>(966)</u>	<u>(1,751)</u>
Equity	<u>\$ 977,048</u>	<u>\$ 966,923</u>	<u>\$ 692,295</u>
Equity attributable to:			
Owners of XPT Investment	\$ 687,099	\$ 679,979	\$ 486,849
Non-controlling interests of XPT Investment	<u>289,949</u>	<u>286,944</u>	<u>205,446</u>
	<u>\$ 977,048</u>	<u>\$ 966,923</u>	<u>\$ 692,295</u>

	For the Three Months Ended March 31	
	2023	2022
Revenue	\$ 205,771	\$ 249,297
Profit for the period	\$ 8,276	\$ 73,082
Other comprehensive income (loss) for the period	1,849	25,621
Total comprehensive income (loss) for the period	<u>\$ 10,125</u>	<u>\$ 98,703</u>
Profit attributable to:		
Owners of XPT Investment	\$ 5,820	\$ 51,394
Non-controlling interests of XPT Investment	2,456	21,688
	<u>\$ 8,276</u>	<u>\$ 73,082</u>
Total comprehensive income (loss) attributable to:		
Owners of XPT Investment	\$ 7,120	\$ 69,412
Non-controlling interests of XPT Investment	3,005	29,291
	<u>\$ 10,125</u>	<u>\$ 98,703</u>
Cash inflow/(outflow) from:		
Operating activities	\$ 54,282	\$ 56,816
Investing activities	(21,197)	(23,379)
Financing activities	-	(22,208)
Net cash inflow	<u>\$ 33,085</u>	<u>\$ 11,229</u>
Dividends paid to non-controlling interest of XPT Investment	<u>\$ -</u>	<u>\$ 25,150</u>

13. PROPERTY, PLANT AND EQUIPMENT

	For the Three Months Ended March 31, 2023					
	Beginning Balance	Additions	Disposals	Reclassifications	Translation Adjustments	Ending Balance
<u>Cost</u>						
Land	\$ 52,939	\$ -	\$ -	\$ -	\$ -	\$ 52,939
Buildings	1,558,429	-	-	-	886	1,559,315
Machinery equipment	1,581,520	2,313	(5,026)	1,483	5,144	1,585,434
Transportation equipment	17,372	16	-	-	55	17,443
Other equipment	553,338	14,031	(53,974)	5,254	2,546	521,195
Construction in progress	1,107,405	387,835	-	(6,992)	716	1,488,964
	<u>4,871,003</u>	<u>\$ 404,195</u>	<u>\$ (59,000)</u>	<u>\$ (255)</u>	<u>\$ 9,347</u>	<u>5,225,290</u>
<u>Accumulated depreciation</u>						
Buildings	633,906	\$ 17,894	\$ -	\$ -	\$ 2,487	654,287
Machinery equipment	682,000	33,199	(4,234)	-	2,633	713,598
Transportation equipment	5,069	837	-	-	15	5,921
Other equipment	290,949	35,715	(53,945)	-	1,403	274,122
	<u>1,611,924</u>	<u>\$ 87,645</u>	<u>\$ (58,179)</u>	<u>\$ -</u>	<u>\$ 6,538</u>	<u>1,647,928</u>
<u>Accumulated impairment</u>						
Machinery equipment	\$ 185,607	\$ -	\$ (652)	\$ -	\$ 723	\$ 185,678
Other equipment	1,412	-	-	-	7	1,419
	<u>187,019</u>	<u>\$ -</u>	<u>\$ (652)</u>	<u>\$ -</u>	<u>\$ 730</u>	<u>187,097</u>
	<u>\$ 3,072,060</u>					<u>\$ 3,390,265</u>

For the Three Months Ended March 31, 2022

	Beginning Balance	Additions	Disposals	Reclassifications	Translation Adjustments	Ending Balance
<u>Cost</u>						
Land	\$ 52,939	\$ -	\$ -	\$ -	\$ -	\$ 52,939
Buildings	1,107,982	-	-	-	37,201	1,145,183
Machinery equipment	1,355,554	9,765	(39,471)	35,916	41,714	1,403,478
Transportation equipment	15,950	482	(323)	-	415	16,524
Other equipment	520,643	41,101	(42,179)	11,486	17,794	548,845
Construction in progress	521,854	480,922	-	(28,108)	18,041	992,709
	<u>3,574,922</u>	<u>\$ 532,270</u>	<u>\$ (81,973)</u>	<u>\$ 19,294</u>	<u>\$ 115,165</u>	<u>4,159,678</u>
<u>Accumulated depreciation</u>						
Buildings	593,871	\$ 13,058	\$ -	\$ -	\$ 19,220	626,149
Machinery equipment	598,306	31,958	(37,446)	-	17,674	610,492
Transportation equipment	4,847	776	(323)	-	160	5,460
Other equipment	287,701	35,744	(41,739)	-	10,079	291,785
	<u>1,484,725</u>	<u>\$ 81,536</u>	<u>\$ (79,508)</u>	<u>\$ -</u>	<u>\$ 47,133</u>	<u>1,533,886</u>
<u>Accumulated impairment</u>						
Machinery equipment	139,617	\$ -	\$ (488)	\$ -	\$ 5,314	144,443
Other equipment	1,501	-	(112)	-	55	1,444
	<u>141,118</u>	<u>\$ -</u>	<u>\$ (600)</u>	<u>\$ -</u>	<u>\$ 5,369</u>	<u>145,887</u>
	<u>\$ 1,949,079</u>					<u>\$ 2,479,905</u>

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	5-30 years
Machinery and equipment	3-30 years
Transportation equipment	5-10 years
Other equipment	3-10 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amounts</u>			
Land	\$ 515,515	\$ 522,846	\$ 528,277
Buildings	59,127	67,806	67,417
Transportation equipment	<u>448</u>	<u>533</u>	<u>785</u>
	<u>\$ 575,090</u>	<u>\$ 591,185</u>	<u>\$ 596,479</u>

	For the Three Months Ended March 31	
	2023	2022
Additions to right-of-use assets	\$ <u>179</u>	\$ <u>-</u>
Depreciation of right-of-use assets		
Land	\$ 5,886	\$ 4,318
Buildings	9,057	8,980
Transportation equipment	<u>84</u>	<u>84</u>
	<u>\$ 15,027</u>	<u>\$ 13,382</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant addition, sublease or impairment of right-of-use assets during the three months ended March 31, 2023 and 2022.

b. Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amounts</u>			
Current	\$ <u>44,111</u>	\$ <u>43,859</u>	\$ <u>71,815</u>
Non-current	\$ <u>268,545</u>	\$ <u>276,686</u>	\$ <u>283,063</u>

Range of discount rates for lease liabilities was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Land			
Buildings	1.35%-4%	1.35%-4%	1.35%-4%
Transportation equipment	0.85%-4.9%	0.85%-4.9%	0.85%-4.9%
	0.85%	0.85%	0.85%-4.75%

c. Other lease information

	For the Three Months Ended March 31	
	2023	2022
Expenses relating to short-term lease	\$ <u>143</u>	\$ <u>268</u>
Expenses relating to low value asset leases	\$ <u>9</u>	\$ <u>9</u>
Total cash outflow for leases	<u>\$ (9,245)</u>	<u>\$ (9,932)</u>

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

14. BORROWINGS

a. Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Unsecured borrowings</u>			
Line of credit borrowings	\$ 2,611,716	\$ 4,705,396	\$ 2,962,059
<u>Secured borrowings (Note 24)</u>			
Mortgage borrowings	<u> -</u>	<u> 145,502</u>	<u> 63,122</u>
	<u>\$ 2,611,716</u>	<u>\$ 4,850,898</u>	<u>\$ 3,025,181</u>
<u>Annual interest rate range (%)</u>			
Line of credit borrowings	1.25-5.76	0.85-4.99	0.60-3.80
Mortgage borrowings	-	3	3.80

b. Long-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Unsecured borrowings</u>			
Line of credit borrowings	\$ 136,608	\$ 78,236	\$ 47,363
Less: Current portion	<u>(27,899)</u>	<u>(22,353)</u>	<u> -</u>
	<u>\$ 108,709</u>	<u>\$ 55,883</u>	<u>\$ 47,363</u>
<u>Annual interest rate range (%)</u>			
	7.9	9.68	4.63

15. OTHER PAYABLES

	March 31, 2023	December 31, 2022	March 31, 2022
Salaries and bonuses	\$ 283,388	\$ 449,096	\$ 301,305
Compensation of employees	77,031	104,269	57,192
Remuneration of directors and supervisors	48,201	39,324	41,812
Acquisition of equipment	46,595	72,083	70,414
Others	<u>163,118</u>	<u>83,057</u>	<u>73,055</u>
	<u>\$ 618,333</u>	<u>\$ 747,829</u>	<u>\$ 543,778</u>

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 national employees’ individual pension accounts at 6% of monthly salaries and wages.

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

17. EQUITY

a. Capital stock

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

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

b. Capital surplus

	March 31, 2023	December 31, 2022	March 31, 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	\$ 1,549,452
The difference between the consideration received or paid and the carrying amount of the subsidiaries’ net assets during actual disposal or acquisition	52,190	52,190	52,190
<u>May only be used to offset a deficit (2)</u>			
Disposal assets gain	35,824	35,824	35,824
Disgorgement exercise	204	204	204
<u>May not be used for any purpose</u>			
Employee share options	<u>1,862</u>	<u>1,862</u>	<u>1,862</u>
	<u>\$ 1,639,532</u>	<u>\$ 1,639,532</u>	<u>\$ 1,639,532</u>

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

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

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Company's Articles of Incorporation (the "Articles"), 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 18.

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

The appropriations of earnings for 2022 that were proposed by the board of directors on March 2023, and the appropriations of earnings for 2021 which had been resolved by the shareholders in the shareholders' meetings in May 2022, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31		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 2022 earnings is subject to the resolution of the shareholders in the shareholders' meeting to be held in May 2023.

d. Special reserve

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

The appropriations of earning for 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. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Finance costs

	For the Three Months Ended March 31	
	2023	2022
Interest on bank loans	\$ 21,908	\$ 5,517
Interest on lease liabilities	<u>1,446</u>	<u>1,531</u>
	<u>\$ 23,354</u>	<u>\$ 7,048</u>

b. Employee benefits expense, depreciation and amortization expenses

	Operating Costs	Operating Expenses	Total
<u>For the Three Months Ended March 31, 2023</u>			
Employee benefit expense			
Salary expenses	\$ 407,316	\$ 198,624	\$ 605,940
Retirement pension	37,213	13,271	50,484
Other employee benefits	39,483	25,456	64,939
Depreciation expenses	77,061	25,722	102,783

For the Three Months Ended March 31,
2022

Employee benefit expense			
Salary expenses	428,893	180,480	609,373
Retirement pension	30,573	10,498	41,071
Other employee benefits	20,325	23,690	44,015
Depreciation expenses	75,576	19,453	95,029

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 three months ended March 31, 2023 and 2022, are as follows:

	For the Three Months Ended March 31			
	2023		2022	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	6%	\$ 26,631	3.6%	\$ 14,564
Remuneration of directors and supervisors	2%	8,877	2.4%	9,709

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

The appropriations of compensation of employees and remuneration of directors and supervisors for the years ended December 31, 2022 and 2021 that were resolved by the board of directors on March, 2023 and 2022, respectively, are as shown below:

	For the Year Ended December 31	
	2022	2021
Compensation of employees	\$ 104,269	\$ 42,628
Remuneration of directors and supervisors	39,324	32,103

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

19. INCOME TAXES

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

	For the Three Months Ended March 31	
	2023	2022
Current tax		
In respect of the current period	\$ 94,877	\$ 49,118
Adjustment for prior period	<u>-</u>	<u>(183)</u>
	<u>94,877</u>	<u>48,935</u>
Deferred tax		
In respect of the current period	23,189	34,582
Adjustment for prior period	<u>-</u>	<u>18,127</u>
	<u>23,189</u>	<u>52,709</u>
Income tax expense recognized in profit or loss	<u>\$ 118,066</u>	<u>\$ 101,644</u>

- b. Income tax assessments

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

20. EARNINGS PER SHARE

	Net Profit Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings Per Share (NT\$)
<u>For the Three Months Ended March 31, 2023</u>			
Basic earnings per share			
Net income for the period attributable to owners of the Company	\$ 326,645	90,820	<u>\$3.60</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	-	<u>441</u>	
Diluted earnings per share			
Net income for the period attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 326,645</u>	<u>91,261</u>	<u>\$3.58</u>
<u>For the Three Months Ended March 31, 2022</u>			
Basic earnings per share			
Net income for the period attributable to owners of the Company	\$ 285,972	90,820	<u>\$3.15</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	-	<u>360</u>	
Diluted earnings per share			
Net income for the period attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 285,972</u>	<u>91,180</u>	<u>\$3.14</u>

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

21. CAPITAL MANAGEMENT

The goal, policy and procedure of the capital risk management of the Group and the capital structure of the Group are the same with the consolidated financial statements for the year ended December 31, 2022.

22. FINANCIAL INSTRUMENTS

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

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

b. Categories of financial instruments

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
Financial assets at amortized cost	\$ 7,483,790	\$ 9,509,695	\$ 7,010,380
<u>Financial liabilities</u>			
Amortized cost	3,837,060	6,401,043	4,483,344

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, trade payables, other payables, long-term borrowings (including those due within one year), and guarantee deposits.

c. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

The Group enters into foreign currency denominated sales and purchases, which expose the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 26.

Sensitivity analysis

The Group is mainly exposed to the USD.

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

	For the Three Months Ended	
	March 31	
	2023	2022
Profit or loss	\$ 45,564	\$ 105,492

b) Interest rate risk

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

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

	March 31,	December 31,	March 31,
	2023	2022	2022
Fair value interest rate risk			
Financial assets	\$ 4,433,104	\$ 5,486,587	\$ 2,668,268
Financial liabilities	3,028,980	4,193,679	2,887,422
Cash flow interest rate risk			
Financial assets	1,033,434	1,688,244	2,284,215
Financial liabilities	32,000	1,056,000	540,000

Sensitivity analysis

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

For a 1% basis points higher/lower against interest rates and all other variables were held constant, the Group's income before income tax for the three months ended March 31, 2023 and 2022 would decrease/increase by \$2,504 thousand and \$4,361 thousand, respectively.

2) Credit risk

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

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

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

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

The Group's concentration of credit risk of 48%, 35% and 60% of total trade receivables as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively, was attributable to the Group's five largest customers in the property construction business segment.

3) Liquidity risk

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

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

	March 31, 2023	December 31, 2022	March 31, 2022
Unutilized bank loan limits	<u>\$ 8,375,498</u>	<u>\$ 6,013,212</u>	<u>\$ 3,936,741</u>

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

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

	Less than 1 Year	More than 1 Years
<u>March 31, 2023</u>		
Non-interest bearing liabilities	\$ 1,088,514	\$ 222
Lease liabilities	49,893	314,082
Floating interest rate liabilities	32,000	-
Fix interest rate liabilities	<u>2,607,615</u>	<u>108,709</u>
	<u>\$ 3,778,022</u>	<u>\$ 423,013</u>

<u>December 31, 2022</u>		
Non-interest bearing liabilities	\$ 1,409,519	\$ 62,390
Lease liabilities	49,767	323,523
Floating interest rate liabilities	1,056,000	-
Fix interest rate liabilities	<u>3,817,251</u>	<u>55,883</u>
	<u>\$ 6,332,537</u>	<u>\$ 441,796</u>

<u>March 31, 2022</u>		
Non-interest bearing liabilities	\$ 1,124,580	\$ 286,220
Lease liabilities	77,201	333,811
Floating interest rate liabilities	540,000	-
Fix interest rate liabilities	<u>2,485,181</u>	<u>47,363</u>
	<u>\$ 4,226,962</u>	<u>\$ 667,394</u>

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	15-20 Years	More than 20 Years
<u>March 31, 2023</u>						
Lease liabilities	\$ 49,893	\$ 103,858	\$ 91,049	\$ 86,910	\$ 8,273	\$ 23,992
Floating interest rate liabilities	32,000	-	-	-	-	-
Fix interest rate liabilities	<u>2,607,615</u>	<u>108,709</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,689,508</u>	<u>\$ 212,567</u>	<u>\$ 91,049</u>	<u>\$ 86,910</u>	<u>\$ 8,273</u>	<u>\$ 23,992</u>
<u>December 31, 2022</u>						
Lease liabilities	\$ 49,767	\$ 108,298	\$ 91,137	\$ 91,137	\$ 8,342	\$ 24,609
Floating interest rate liabilities	1,056,000	-	-	-	-	-
Fix interest rate liabilities	<u>3,817,251</u>	<u>55,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,923,018</u>	<u>\$ 164,181</u>	<u>\$ 91,137</u>	<u>\$ 91,137</u>	<u>\$ 8,342</u>	<u>\$ 24,609</u>
<u>March 31, 2022</u>						
Lease liabilities	\$ 77,201	\$ 107,643	\$ 89,111	\$ 90,690	\$ 20,314	\$ 26,053
Floating interest rate liabilities	540,000	-	-	-	-	-
Fix interest rate liabilities	<u>2,485,181</u>	<u>47,363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,102,382</u>	<u>\$ 155,006</u>	<u>\$ 89,111</u>	<u>\$ 90,690</u>	<u>\$ 20,314</u>	<u>\$ 26,053</u>

23. TRANSACTIONS WITH RELATED PARTIES

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

- a. Related party name and categories

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

- b. Other receivables

<u>Related Party Name</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
CSC	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 51,520</u>

- c. Compensation of key management personnel

	<u>For the Three Months Ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 19,406	\$ 21,756
Post-employment benefits	<u> 205</u>	<u> 235</u>
	<u>\$ 19,611</u>	<u>\$ 21,991</u>

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

24. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Financial assets at amortized cost	\$ <u> 20,309</u>	\$ <u> 189,208</u>	\$ <u> 3,194</u>

25. 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, 2022 to December 1, 2023. The maximum compensation amount for a single event is US\$ 6,000 thousand, and the cumulative compensation amount is US\$ 8,000 thousand. The renewal period for helmet products is from April 1, 2022 to April 1, 2023. The maximum compensation amount for a single event is US\$ 5,000 thousand, and the cumulative compensation amount is US\$ 6,000 thousand. The renewal period for aviation products is from August 1, 2022 to August 1, 2023. The maximum compensation amount for a single event is US\$ 1,000 thousand, and the cumulative compensation amount is US\$ 2,000 thousand.

b. Unrecognized commitments were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Acquisition of property, plant and equipment	<u>\$ 1,408,223</u>	<u>\$ 1,108,408</u>	<u>\$ 162,923</u>

26. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	Foreign Currency (In USD)	Exchange Rate	Carrying Amount (In NTD)
<u>March 31, 2023</u>			
Financial assets			
Monetary items	\$ 201,778	30.45	\$ 6,144,957
Financial liabilities			
Monetary items	52,162	30.45	1,588,552
<u>December 31, 2022</u>			
Financial assets			
Monetary items	282,132	30.71	8,663,686
Financial liabilities			
Monetary items	66,438	30.71	2,040,177
<u>March 31, 2022</u>			
Financial assets			
Monetary items	423,461	28.62	12,120,325
Financial liabilities			
Monetary items	54,892	28.62	1,571,130

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

Foreign Currency	For the Three Months Ended March 31, 2023		For the Three Months Ended March 31, 2022	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (USD:NTD)	\$ (31,207)	1 (USD:NTD)	\$ 61,913
USD	30.40 (USD:NTD)	(116)	28 (USD:NTD)	419
RMB	4.45 (RMB:NTD)	(77,876)	4.41 (RMB:NTD)	(7,135)

27. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and investees and b. Information on 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) Intercompany relationships and significant intercompany transactions (Table 6).
 - 11) Information on investees (Table 7).
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)
 - 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 8):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

- e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

28. SEGMENT INFORMATION

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

Segment revenue and operating results

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

	For the Three Months Ended March 31			
	Segment Revenue		Segment Profit or Loss	
	2023	2022	2023	2022
Sporting products	\$ 2,348,247	\$ 1,710,872	\$ 436,009	\$ 254,365
Aviation and medical products	150,724	141,647	42,745	34,806
Others	<u>258,551</u>	<u>330,867</u>	<u>37,104</u>	<u>37,820</u>
Generated from continuing operating segment	<u>\$ 2,757,522</u>	<u>\$ 2,183,386</u>	515,858	326,991
Interest income			46,531	2,808
Government grants income			13,508	16,688
Other gains			7,439	25,436
Finance costs			(23,354)	(7,048)
Other losses			(1,517)	(1,198)
Loss on disposal of property, plant and equipment			(48)	(1,358)
Foreign exchange gain (loss)			(109,199)	55,197
Net loss on financial assets at FVTPL			<u>-</u>	<u>(2,934)</u>
Income before income tax			<u>\$ 449,218</u>	<u>\$ 414,582</u>

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales in 2023 and 2022.

Segment profit represents the gains and losses earned by each segment excluding interest income, government grants income, other gains, finance costs, other losses, loss on disposal of property, plant and equipment, foreign exchange gain (loss), net loss on financial assets at FVTPL, and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

TOPKEY CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 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	\$ 3,997,516 (Note 1)	\$ 121,920	\$ 121,816	\$ -	\$ -	2	\$ 3,997,516 (Note 1)	Y	-	-
		Topkey (VN) Corp	Directly owned subsidiary	3,997,516 (Note 1)	1,248,614	1,248,614	545,337	-	16	3,997,516 (Note 1)	Y	-	-
		XPT Investment	Indirectly owned subsidiary	2,398,509 (Note 1)	60,960	60,908	-	-	1	2,398,509 (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

MARCH 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	March 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Stock</u> Yue Pfond	-	Financial assets at FVTOCI - non-current	190	\$ -	1	\$ -	

Note: Refer to Tables 7 and 8 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 THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)**

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	\$ 1,076,317	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	2022.8.18	670,000	117,250	Chang Jia M&E Engineering Corp.	-	-	-	-	-	The price is referred to market quotation and negotiated by both parties	To meet the needs of operations	-

Note 1: According to the transaction signing date.

Note 2: Contract amount.

TOPKEY CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

Buyer	Related Party (Note)	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Keentech Yeu Chuan	Indirectly owned subsidiary	Purchase	\$ 1,132,430	73	T/T 90 days	-	-	\$ (1,138,964)	(80)	
		Indirectly owned subsidiary	Purchase	168,720	11	T/T 90 days	-	-	(168,547)	(12)	
NSI	Keentech	Investment accounted for using the equity method	Sale	(165,583)	(46)	T/T 30 days	-	-	121,712	41	
			Purchase	137,353	45	T/T 60 days	-	-	(134,352)	(100)	

Note: Transactions have been eliminated.

TOPKEY CORPORATION AND SUBSIDIARIES

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

MARCH 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	\$ 1,138,964	1.78	\$ -	-	\$ 361,175	\$ -
Keentech	NSI	The parent for using the equity method of Keentech	134,352	1.96	-	-	41,275	-
Yeu Chuan	The Company	The ultimate parent of Yeu Chuan	168,547	1.72	-	-	-	-
NSI	Keentech	Investment accounted for using the equity method	121,712	2.75	-	-	110,321	-

Note: Transactions have been eliminated.

TOPKEY CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

(Amounts in Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount (Note 2)	Payment Terms	% of Total Sales or Assets
0	The Company	Keentech	1	Purchases	\$ 1,132,430	T/T 90 days	41
			1	Trade payables	1,138,964	T/T 90 days	8
		Yeu Chuan	1	Purchases	168,720	T/T 90 days	6
			1	Trade payables	168,547	T/T 90 days	1
1	NSI	Keentech	2	Sales	165,583	T/T 30 days	6
			2	Purchases	137,353	T/T 60 days	5
			2	Trade receivables	121,712	T/T 30 days	1
			2	Trade payables	134,352	T/T 60 days	1

Note 1: 1) From parent company to subsidiary.

2) From subsidiary to subsidiary.

Note 2: Transactions have been eliminated.

TOPKEY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
The Company	NSH Topkey (VN) Corp	British Virgin Islands Vietnam	International investment	\$ 2,479,412	\$ 2,500,092	80,137	100	\$ 4,965,699	\$ 68,661	\$ 79,002	Subsidiary
			Manufacture and sale of carbon fiber products, glass fiber products and composite components	456,810	460,620	-	100	342,028	7,471	7,471	Subsidiary
NSH	CSC	Seattle, USA	Development, manufacture and sale of aviation composite components	652,081	657,520	22	100	-	-	(Note 1)	Indirectly owned subsidiary
			International investment	176,176	177,646	3,822	76	580,624	8,704	(Note 1)	Indirectly owned subsidiary
			International investment and trade	381,832	385,017	12,498	100	1,839,167	41,213	(Note 1)	Indirectly owned subsidiary
			International investment	1,149,121	1,158,705	22,228	100	1,872,137	14,888	(Note 1)	Indirectly owned subsidiary
	XPT Investment	Hong Kong	International investment and trade	376,030	379,167	11,388	70	687,099	8,277	(Note 1)	Indirectly owned subsidiary

Note 1: Exempted according to regulations.

Note 2: Transactions have been eliminated.

Note 3: Refer to Table 8 for information on subsidiary investment in mainland China.

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

TOPKEY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 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 March 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2023 (Note 2)	Accumulated Repatriation of Investment Income as of March 31, 2023
					Outward	Inward						
Keentech	Manufacture and sale of carbon fiber products, glass fiber products and composite components	\$ 1,400,884	(Note 1)	\$ 1,057,789	\$ -	\$ -	\$ 1,057,789	\$ 23,165	100	\$ 23,165	\$ 2,916,087	\$ 3,687,450
Yeu Chuan	Manufacture of various helmets, glasses, and components of vehicles	152,270	(Note 1)	83,749	-	-	83,749	8,943	76	6,836	578,513	258,993
Xin Hong Zhou	Development, design and manufacture of various precision molds, processing of various plastic and rubber products	468,230	(Note 1)	256,575	-	-	256,575	32,548	70	22,889	443,759	-
Valver	Manufacture of water gage and HRNT	38,068	(Note 1)	46,077	-	-	46,077	(2,891)	100	(2,891)	71,353	54,739

Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 1,444,190 (USD 47,422)	\$ 2,024,156 (USD 66,466)	(Note 3)

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

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

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

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

Note 5: Transactions have been eliminated.

TABLE 9**TOPKEY CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
MARCH 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 consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.