

Topkey Corporation and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2024 and 2023 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, 2024 and 2023 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, 2024 and 2023, combined total assets of these non-significant subsidiaries were NT\$718,223 thousand and NT\$1,203,623 thousand, respectively, representing 5% and 9%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$108,978 thousand and NT\$192,873 thousand, respectively, representing 2% and 3%, respectively, of the consolidated total liabilities; for the three months ended March 31, 2024 and 2023, the amount of combined comprehensive income (loss) of these subsidiaries were NT\$7,206 thousand and NT\$2,884 thousand, respectively, both representing 1% 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, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the 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 9, 2024

Notice to Readers

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

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

TOPKEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2024		December 31, 2023		March 31, 2023 (Adjusted)		January 1, 2023 (Adjusted)	
	Amount	%	Amount	%	Amount	%	Amount	%
CURRENT ASSETS								
Cash and cash equivalents (Note 6)	\$ 5,601,318	40	\$ 5,486,707	40	\$ 5,447,418	39	\$ 6,986,828	43
Financial assets at amortized cost - current (Notes 7 and 25)	20,286	-	20,228	-	20,310	-	189,208	1
Trade receivables (Note 8)	1,683,067	12	1,580,481	12	1,952,580	14	2,252,128	14
Other receivables	61,344	-	49,662	-	48,604	1	66,641	-
Current tax assets (Note 20)	-	-	684	-	16,326	-	-	-
Inventories (Note 9)	1,470,359	10	1,508,169	11	2,285,066	16	2,704,909	17
Other current assets	<u>249,868</u>	<u>2</u>	<u>201,318</u>	<u>1</u>	<u>179,674</u>	<u>1</u>	<u>172,634</u>	<u>1</u>
Total current assets	<u>9,086,242</u>	<u>64</u>	<u>8,847,249</u>	<u>64</u>	<u>9,949,978</u>	<u>71</u>	<u>12,372,348</u>	<u>76</u>
NON-CURRENT ASSETS								
Financial assets at fair value through other comprehensive income - non-current (Note 10)	-	-	-	-	-	-	-	-
Property, plant and equipment (Note 12)	4,364,695	31	4,178,032	31	3,390,265	24	3,072,060	19
Right-of-use assets (Note 13)	533,104	4	534,148	4	575,090	4	591,185	4
Deferred tax assets (Note 20)	50,369	-	101,701	1	93,918	1	101,964	1
Refundable deposits	12,249	-	12,199	-	14,878	-	14,890	-
Other non-current assets	<u>51,400</u>	<u>1</u>	<u>54,009</u>	<u>-</u>	<u>67,911</u>	<u>-</u>	<u>63,816</u>	<u>-</u>
Total non-current assets	<u>5,011,817</u>	<u>36</u>	<u>4,880,089</u>	<u>36</u>	<u>4,142,062</u>	<u>29</u>	<u>3,843,915</u>	<u>24</u>
TOTAL	<u>\$ 14,098,059</u>	<u>100</u>	<u>\$ 13,727,338</u>	<u>100</u>	<u>\$ 14,092,040</u>	<u>100</u>	<u>\$ 16,216,263</u>	<u>100</u>
LIABILITIES AND EQUITY								
CURRENT LIABILITIES								
Short-term borrowings (Note 14)	\$ 1,537,538	11	\$ 1,828,728	13	\$ 2,611,716	19	\$ 4,850,898	30
Notes payable and Trade payables	409,489	3	399,963	3	470,181	3	661,690	4
Other payables (Note 15)	477,163	3	581,516	4	618,333	5	747,829	5
Current tax liabilities (Note 20)	376,449	3	348,645	3	436,043	3	368,493	2
Lease liabilities - current (Note 13)	44,825	-	44,727	-	44,111	-	43,859	-
Current portion of long-term borrowings (Note 14)	60,733	1	47,462	-	27,899	-	22,353	-
Other current liabilities	<u>721,285</u>	<u>5</u>	<u>664,971</u>	<u>5</u>	<u>461,700</u>	<u>3</u>	<u>429,974</u>	<u>3</u>
Total current liabilities	<u>3,627,482</u>	<u>26</u>	<u>3,916,012</u>	<u>28</u>	<u>4,669,983</u>	<u>33</u>	<u>7,125,096</u>	<u>44</u>
NON-CURRENT LIABILITIES								
Long-term borrowings (Note 14)	621,317	4	587,450	4	108,709	1	55,883	-
Deferred tax liabilities (Note 20)	566,642	4	525,644	4	535,985	4	518,691	3
Lease liabilities - non-current (Note 13)	225,527	2	231,644	2	268,545	2	276,686	2
Guarantee deposits	225	-	217	-	222	-	62,390	1
Other non-current liabilities	<u>17,067</u>	<u>-</u>	<u>21,764</u>	<u>-</u>	<u>44,659</u>	<u>-</u>	<u>54,777</u>	<u>-</u>
Total non-current liabilities	<u>1,430,778</u>	<u>10</u>	<u>1,366,719</u>	<u>10</u>	<u>958,120</u>	<u>7</u>	<u>968,427</u>	<u>6</u>
Total liabilities	<u>5,058,260</u>	<u>36</u>	<u>5,282,731</u>	<u>38</u>	<u>5,628,103</u>	<u>40</u>	<u>8,093,523</u>	<u>50</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY								
Capital stock	908,200	6	908,200	7	908,200	6	908,200	6
Capital surplus	1,639,532	12	1,639,532	12	1,639,532	12	1,639,532	10
Retained earnings								
Legal reserve	1,029,440	7	1,029,440	8	803,434	6	803,434	5
Special reserve	330,291	2	330,291	2	619,193	4	619,193	4
Unappropriated earnings	4,889,874	35	4,498,962	33	4,346,354	31	4,019,709	24
Other equity								
Exchange differences on translation of the financial statement of foreign operations	(194,856)	(1)	(362,946)	(3)	(311,682)	(2)	(320,291)	(2)
Unrealized valuation loss on financial assets at fair value through other comprehensive income	<u>(10,000)</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>
Total equity attributable to owners of the Company	<u>8,592,481</u>	<u>61</u>	<u>8,033,479</u>	<u>59</u>	<u>7,995,031</u>	<u>57</u>	<u>7,659,777</u>	<u>47</u>
NON-CONTROLLING INTERESTS	<u>447,318</u>	<u>3</u>	<u>411,128</u>	<u>3</u>	<u>468,906</u>	<u>3</u>	<u>462,963</u>	<u>3</u>
Total equity	<u>9,039,799</u>	<u>64</u>	<u>8,444,607</u>	<u>62</u>	<u>8,463,937</u>	<u>60</u>	<u>8,122,740</u>	<u>50</u>
TOTAL	<u>\$ 14,098,059</u>	<u>100</u>	<u>\$ 13,727,338</u>	<u>100</u>	<u>\$ 14,092,040</u>	<u>100</u>	<u>\$ 16,216,263</u>	<u>100</u>

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

(With Deloitte & Touche review report dated May 9, 2024)

TOPKEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
NET REVENUE (Note 18)	\$ 1,899,965	100	\$ 2,757,522	100
COST OF GOODS SOLD (Notes 9 and 19)	<u>1,252,784</u>	<u>66</u>	<u>1,903,208</u>	<u>69</u>
GROSS PROFIT	<u>647,181</u>	<u>34</u>	<u>854,314</u>	<u>31</u>
OPERATING EXPENSES				
Selling and marketing expenses (Note 19)	48,944	3	50,046	2
General and administrative expenses (Note 19)	176,017	9	174,971	6
Research and development expenses (Note 19)	100,161	5	111,099	4
Expected credit loss (Note 8)	<u>294</u>	<u>-</u>	<u>2,340</u>	<u>-</u>
Total operating expenses	<u>325,416</u>	<u>17</u>	<u>338,456</u>	<u>12</u>
INCOME FROM OPERATIONS	<u>321,765</u>	<u>17</u>	<u>515,858</u>	<u>19</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	79,176	4	46,531	2
Government grants income	16,689	1	13,508	-
Other gains	9,899	-	7,439	-
Net foreign exchange gain (loss)	116,149	6	(109,199)	(4)
Impairment reversal profit of property, plant and equipment (Note 12)	123	-	-	-
Finance costs (Note 19)	(15,288)	(1)	(23,354)	(1)
Other losses	(447)	-	(1,517)	-
Loss on disposal of property, plant and equipment	<u>(29)</u>	<u>-</u>	<u>(48)</u>	<u>-</u>
Total non-operating income and expenses	<u>206,272</u>	<u>10</u>	<u>(66,640)</u>	<u>(3)</u>
INCOME BEFORE INCOME TAX	528,037	27	449,218	16
INCOME TAX EXPENSE (Note 20)	<u>117,628</u>	<u>6</u>	<u>118,066</u>	<u>4</u>
NET INCOME	<u>410,409</u>	<u>21</u>	<u>331,152</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	226,805	12	12,197	-
Income tax relating to items that will be reclassified subsequently to profit or loss	<u>(42,022)</u>	<u>(2)</u>	<u>(2,152)</u>	<u>-</u>

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TOPKEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
Other comprehensive income (loss) for the period, net of income tax	\$ 184,783	10	\$ 10,045	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>595,192</u>	<u>31</u>	<u>341,197</u>	<u>12</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 390,912	21	\$ 326,645	12
Non-controlling interests	<u>19,497</u>	<u>1</u>	<u>4,507</u>	-
	<u>\$ 410,409</u>	<u>22</u>	<u>\$ 331,152</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 559,002	29	\$ 335,254	12
Non-controlling interests	<u>36,190</u>	<u>2</u>	<u>5,943</u>	-
	<u>\$ 595,192</u>	<u>31</u>	<u>\$ 341,197</u>	<u>12</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 4.30</u>		<u>\$ 3.60</u>	
Diluted	<u>\$ 4.28</u>		<u>\$ 3.58</u>	

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

(With Deloitte & Touche review report dated May 9, 2024)

(Concluded)

TOPKEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owner of the Company									
	Common Shares (Note 17)	Capital Surplus (Note 17)	Retained Earnings (Note 17)			Other Equity		Total	Non-controlling Interests (Note 11)	Total Equity
			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			
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
BALANCE AT JANUARY 1, 2024	\$ 908,200	\$ 1,639,532	\$ 1,029,440	\$ 330,291	\$ 4,498,962	\$ (362,946)	\$ (10,000)	\$ 8,033,479	\$ 411,128	\$ 8,444,607
Net profit for the three months ended March 31, 2024	-	-	-	-	390,912	-	-	390,912	19,497	410,409
Other comprehensive income (loss) for the three months ended March 31, 2024, net of income tax	-	-	-	-	-	168,090	-	168,090	16,693	184,783
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	390,912	168,090	-	559,002	36,190	595,192
BALANCE AT MARCH 31, 2024	\$ 908,200	\$ 1,639,532	\$ 1,029,440	\$ 330,291	\$ 4,889,874	\$ (194,856)	\$ (10,000)	\$ 8,592,481	\$ 447,318	\$ 9,039,799

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

(With Deloitte & Touche review report dated May 9, 2024)

TOPKEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 528,037	\$ 449,218
Adjustments for:		
Depreciation expenses	101,990	102,783
Expected credit loss	294	2,340
Finance costs	15,288	23,354
Interest income	(79,176)	(46,531)
Loss on disposal of property, plant and equipment	29	48
Impairment reversal profit of property, plant and equipment	(123)	-
Reversal of inventories	(2,213)	(28,116)
Net (gain) loss on unrealized foreign currency exchange	(4,298)	5,389
Amortization of prepayments	8,612	12,057
Gain on lease modifications	-	(269)
Changes in operating assets and liabilities:		
Trade receivables	(24,250)	303,972
Other receivables	(9,761)	9,784
Inventories	78,983	455,956
Other current assets	(52,825)	(17,142)
Notes payable and Trade payables	(23,478)	(196,988)
Other payables	(109,762)	(108,142)
Other current liabilities	54,547	31,910
Other non-current liabilities	(4,697)	(10,118)
Cash generated from operations	477,197	989,505
Interest received	78,731	56,048
Interest paid	(15,288)	(24,070)
Income tax paid	(39,340)	(43,936)
Net cash generated from operating activities	501,300	977,547
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at amortized cost	-	170,290
Acquisition of property, plant and equipment	(203,509)	(411,618)
Proceeds from disposal of property, plant and equipment	-	121
Decrease (Increase) in refundable deposits	94	(2)
Increase in other non-current assets	(942)	(3,718)
Increase in prepayments for equipment	(1,127)	(17,354)
Net cash used in investing activities	(205,484)	(262,281)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	967,929	1,109,063
Repayments of short-term borrowings	(1,295,898)	(3,363,978)
Proceeds from long-term borrowings	61,589	58,824
Repayments of long-term borrowings	(24,621)	-
Decrease in guarantee deposits	-	(62,170)

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TOPKEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
Repayments of the principal portion of lease liabilities	\$ (7,866)	\$ (7,647)
Net cash used in financing activities	(298,867)	(2,265,908)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	117,662	11,232
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	114,611	(1,539,410)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5,486,707	6,986,828
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	\$ 5,601,318	\$ 5,447,418

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

(With Deloitte & Touche review report dated May 9, 2024)

(Concluded)

TOPKEY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (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 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 9, 2024.

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 “IFRS Accounting Standards”) 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 IFRS Accounting Standards endorsed and issued into effect by the FSC would not have any material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards issued by International Accounting Standards Boards (IASB), 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
IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRSs 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 to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

IFRS 18 “Presentation and Disclosures in Financial Statements”

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

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

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

c. Reclassification

The management of the Group 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 consolidated balance sheets and consolidated statements of cash flows. The financial assets at amortized cost were reclassified to cash and cash equivalents with a carrying amount of \$569,853 thousand and \$780,419 thousand on March 31, 2023 and January 1, 2023. The impact on cash flows for the three months ended March 31, 2023 was as follows:

	Adjustments
Net cash used in investing activities	\$ <u>(210,566)</u>
Net decrease in cash and cash equivalents	\$ <u>(210,566)</u>

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. The consolidated financial statements do not include all IFRS Accounting Standards disclosures required for the entire annual 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, 2023.

1) Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;

- Assets expected to be realized within 12 months after the reporting period; and
- 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:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

2) Income tax expense

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

When developing material accounting estimates, the Group 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. Refer to statements of critical accounting judgements and key sources of estimation uncertainty to the consolidated financial statements for the year ended December 31, 2023.

6. CASH AND CASH EQUIVALENTS

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$ 1,152	\$ 1,261	\$ 1,190
Checking accounts and demand deposits	1,733,406	1,847,041	1,033,434
Cash equivalents			
Time deposits	3,812,519	3,356,354	4,412,794
Bonds under repurchase agreement	<u>54,241</u>	<u>282,051</u>	<u>-</u>
	<u>\$ 5,601,318</u>	<u>\$ 5,486,707</u>	<u>\$ 5,447,418</u>

7. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	March 31, 2024	December 31, 2023	March 31, 2023
Restricted deposits	<u>\$ 20,286</u>	<u>\$ 20,228</u>	<u>\$ 20,310</u>

Refer to Note 25 for the pledged of restricted deposit.

8. TRADE RECEIVABLES

	March 31, 2024	December 31, 2023	March 31, 2023
<u>At amortized cost</u>			
Gross carrying amount	\$ 1,696,371	\$ 1,593,479	\$ 1,962,330
Less: Allowance for impairment loss	<u>(13,304)</u>	<u>(12,998)</u>	<u>(9,750)</u>
	<u>\$ 1,683,067</u>	<u>\$ 1,580,481</u>	<u>\$ 1,952,580</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, 2024</u>						
Expected credit loss rate (%)	-	5	25	50	100	
Gross carrying amount	\$ 1,680,900	\$ 450	\$ 917	\$ 2,103	\$ 12,001	\$ 1,696,371
Loss allowance	<u>-</u>	<u>(23)</u>	<u>(229)</u>	<u>(1,051)</u>	<u>(12,001)</u>	<u>(13,304)</u>
Amortized cost	<u>\$ 1,680,900</u>	<u>\$ 427</u>	<u>\$ 688</u>	<u>\$ 1,052</u>	<u>\$ -</u>	<u>\$ 1,683,067</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, 2023</u>						
Expected credit loss rate (%)	-	5	25	50	100	
Gross carrying amount	\$ 1,576,709	\$ 960	\$ 3,813	\$ -	\$ 11,997	\$ 1,593,479
Loss allowance	-	(48)	(953)	-	(11,997)	(12,998)
Amortized cost	<u>\$ 1,576,709</u>	<u>\$ 912</u>	<u>\$ 2,860</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,580,481</u>
<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	-	(53)	-	(1,767)	(7,930)	(9,750)
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>

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

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ 12,998	\$ 7,410
Net remeasurement of loss allowance	294	2,340
Foreign exchange gains and losses	<u>12</u>	<u>-</u>
Balance at March 31	<u>\$ 13,304</u>	<u>\$ 9,750</u>

9. INVENTORIES

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials	\$ 571,498	\$ 625,750	\$ 1,058,843
Work in progress	344,355	290,856	420,169
Finished goods	438,124	462,487	699,920
Merchandise	<u>116,382</u>	<u>129,076</u>	<u>106,134</u>
	<u>\$ 1,470,359</u>	<u>\$ 1,508,169</u>	<u>\$ 2,285,066</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2024 and 2023 was \$1,252,784 thousand and \$1,903,208 thousand, respectively.

The cost of goods sold included:

	For the Three Months Ended March 31	
	2024	2023
Inventory write-downs (reversed)	\$ (2,213)	\$ (28,116)

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, 2024	December 31, 2023	March 31, 2023
<u>Unlisted ordinary shares</u>			
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 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, 2024	December 31, 2023	March 31, 2023
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
	EIC Holding Limited (EIC)	76	76	76
	Musonic Corporation (Musonic)	100	100	100
	New Score Investment Limited (NSI)	100	100	100
	XPT Investment Co., Limited (XPT Investment)	70	70	70
Musonic	Xiamen Keentech Composite Technology Co., Ltd. (Keentech)	64	64	64
NSI	Keentech	36	36	36
	Xiamen Valver Color Sticker Co., Ltd. (Valver)	100	100	100
EIC	Xiamen Yeu Chuan Composite Technology Co., Ltd. (Yeu Chuan)	100	100	100
XPT Investment	Xiamen Xin Hong Zhou Precision Technology Co., Ltd. (Xin Hong Zhou)	100	100	100

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 and Yeu Chuan for the three months ended March 31, 2024 and EIC, Valver, Yeu Chuan and XPT Investment for the three months ended March 31, 2023. 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 a receiver for liquidation and completed in January 2024.

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, 2024	December 31, 2023	March 31, 2023
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				
	2024	2023	March 31, 2024	December 31, 2023	March 31, 2023
EIC	\$ 2,864	\$ 2,051	\$ 151,503	\$ 142,970	\$ 178,957
XPT Investment	<u>16,633</u>	<u>2,456</u>	<u>295,815</u>	<u>268,158</u>	<u>289,949</u>
	<u>\$ 19,497</u>	<u>\$ 4,507</u>	<u>\$ 447,318</u>	<u>\$ 411,128</u>	<u>\$ 468,906</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, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 650,223	\$ 622,963	\$ 821,384
Non-current assets	92,041	98,610	127,920
Current liabilities	(99,211)	(114,738)	(184,581)
Non-current liabilities	<u>-</u>	<u>-</u>	<u>(5,142)</u>
Equity	<u>\$ 643,053</u>	<u>\$ 606,835</u>	<u>\$ 759,581</u>
Equity attributable to:			
Owners of EIC	\$ 491,550	\$ 463,865	\$ 580,624
Non-controlling interests of EIC	<u>151,503</u>	<u>142,970</u>	<u>178,957</u>
	<u>\$ 643,053</u>	<u>\$ 606,835</u>	<u>\$ 759,581</u>

	For the Three Months Ended March 31	
	2024	2023
Revenue	<u>\$ 134,580</u>	<u>\$ 248,643</u>
Profit for the period	\$ 12,154	\$ 8,704
Other comprehensive income for the period	<u>24,064</u>	<u>3,768</u>
Total comprehensive income for the period	<u>\$ 36,218</u>	<u>\$ 12,472</u>

(Continued)

	For the Three Months Ended March 31	
	2024	2023
Profit attributable to:		
Owners of EIC	\$ 9,290	\$ 6,653
Non-controlling interests of EIC	<u>2,864</u>	<u>2,051</u>
	<u>\$ 12,154</u>	<u>\$ 8,704</u>
Total comprehensive income attributable to:		
Owners of EIC	\$ 27,685	\$ 9,534
Non-controlling interests of EIC	<u>8,533</u>	<u>2,938</u>
	<u>\$ 36,218</u>	<u>\$ 12,472</u>
Cash inflow/(outflow) from:		
Operating activities	\$ (3,269)	\$ 39,756
Investing activities	(1,466)	(1,470)
Financing activities	<u>(3,956)</u>	<u>(3,844)</u>
Net cash (outflow) inflow	<u>\$ (8,691)</u>	<u>\$ 34,442</u>
Dividends paid to non-controlling interest of EIC	<u>\$ -</u>	<u>\$ -</u>
		(Concluded)

2) XPT Investment and XPT Investment's subsidiaries:

	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 925,248	\$ 834,379	\$ 971,006
Non-current assets	185,034	185,563	203,323
Current liabilities	(113,465)	(116,323)	(196,310)
Non-current liabilities	<u>-</u>	<u>-</u>	<u>(971)</u>
Equity	<u>\$ 996,817</u>	<u>\$ 903,619</u>	<u>\$ 977,048</u>
Equity attributable to:			
Owners of XPT Investment	\$ 701,002	\$ 635,461	\$ 687,099
Non-controlling interests of XPT Investment	<u>295,815</u>	<u>268,158</u>	<u>289,949</u>
	<u>\$ 996,817</u>	<u>\$ 903,619</u>	<u>\$ 977,048</u>

	For the Three Months Ended March 31	
	2024	2023
Revenue	\$ 202,956	\$ 205,771
Profit for the period	\$ 56,050	\$ 8,276
Other comprehensive income for the period	37,148	1,849
Total comprehensive income for the period	\$ 93,198	\$ 10,125
Profit attributable to:		
Owners of XPT Investment	\$ 39,417	\$ 5,820
Non-controlling interests of XPT Investment	16,633	2,456
	\$ 56,050	\$ 8,276
Total comprehensive income attributable to:		
Owners of XPT Investment	\$ 65,541	\$ 7,120
Non-controlling interests of XPT Investment	27,657	3,005
	\$ 93,198	\$ 10,125
Cash inflow/(outflow) from:		
Operating activities	\$ 26,248	\$ 54,282
Investing activities	(1,091)	(21,197)
Financing activities	-	-
Net cash inflow	\$ 25,157	\$ 33,085
Dividends paid to non-controlling interest of XPT Investment	\$ -	\$ -

12. PROPERTY, PLANT AND EQUIPMENT

	For the Three Months Ended March 31, 2024					
	Beginning Balance	Additions	Disposals	Reclassifications	Translation Adjustments	Ending Balance
<u>Cost</u>						
Land	\$ 52,939	\$ -	\$ -	\$ -	\$ -	\$ 52,939
Buildings	1,525,695	113	(81,726)	-	53,526	1,497,608
Machinery equipment	1,347,015	1,076	(20,851)	50,253	43,832	1,421,325
Transportation equipment	19,917	-	-	-	548	20,465
Other equipment	476,207	21,925	(36,776)	1,242	15,723	478,321
Construction in progress	2,356,645	173,802	-	(48,056)	9,714	2,492,105
	<u>5,778,418</u>	<u>\$ 196,916</u>	<u>\$ (139,353)</u>	<u>\$ 3,439</u>	<u>\$ 123,343</u>	<u>5,962,763</u>
<u>Accumulated depreciation</u>						
Buildings	678,245	\$ 25,836	\$ (81,726)	\$ -	\$ 21,180	643,535
Machinery equipment	576,379	30,686	(20,822)	-	16,970	603,213
Transportation equipment	8,131	965	-	-	223	9,319
Other equipment	269,493	30,968	(36,776)	-	9,071	272,756
	<u>1,532,248</u>	<u>\$ 88,455</u>	<u>\$ (139,324)</u>	<u>\$ -</u>	<u>\$ 47,444</u>	<u>1,528,823</u>
<u>Accumulated impairment</u>						
Machinery equipment	66,748	\$ -	\$ (123)	\$ -	\$ 1,176	67,801
Other equipment	1,390	-	-	-	54	1,444
	<u>68,138</u>	<u>\$ -</u>	<u>\$ (123)</u>	<u>\$ -</u>	<u>\$ 1,230</u>	<u>69,245</u>
	<u>\$ 4,178,032</u>					<u>\$ 4,364,695</u>

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>

The Group assessed that some of the machinery equipment could be used for other purpose. Therefore, the reversal of impairment loss of \$123 thousand is recognized for the year ended March 31, 2024 (the impairment reversal profit has been included in operating revenue and expense in the parent company only statements of comprehensive income).

The decrease in accumulated impairment was mainly due to the disposal of equipment that been impaired. No impairment loss or reversal of impairment loss was recognized for the three months ended March 31, 2023.

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	20-55 years
Ancillary work	5-25 years
Machinery and equipment	3-30 years
Transportation equipment	5-10 years
Other equipment	3-15 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amounts</u>			
Land	\$ 503,987	\$ 498,114	\$ 515,515
Buildings	29,005	35,838	59,127
Transportation equipment	<u>112</u>	<u>196</u>	<u>448</u>
	<u>\$ 533,104</u>	<u>\$ 534,148</u>	<u>\$ 575,090</u>
	For the Three Months Ended March 31		
	2024	2023	
Additions to right-of-use assets		\$ <u>-</u>	\$ <u>179</u>
Depreciation of right-of-use assets			
Land		\$ 5,929	\$ 5,886
Buildings		7,412	9,057
Transportation equipment		<u>84</u>	<u>84</u>
		<u>\$ 13,425</u>	<u>\$ 15,027</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant, sublease or impairment of right-of-use assets during the three months ended March 31, 2024 and 2023.

b. Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amounts</u>			
Current	\$ <u>44,825</u>	\$ <u>44,727</u>	\$ <u>44,111</u>
Non-current	\$ <u>225,527</u>	\$ <u>231,644</u>	\$ <u>268,545</u>

Range of discount rates for lease liabilities was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Land			
Buildings	1.35%-4%	1.35%-4%	1.35%-4%
Transportation equipment	1.1%-4.9%	1.1%-4.9%	0.85%-4.9%
	0.85%	0.85%	0.85%

c. Other lease information

	For the Three Months Ended March 31	
	2024	2023
Expenses relating to short-term lease	\$ 719	\$ 143
Expenses relating to low value asset leases	\$ 9	\$ 9
Total cash outflow for leases	\$ (9,693)	\$ (9,007)

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, 2024	December 31, 2023	March 31, 2023
<u>Unsecured borrowings</u>			
Line of credit borrowings	\$ 1,537,538	\$ 1,828,728	\$ 2,611,716
<u>Annual interest rate range (%)</u>			
Line of credit borrowings	1.58-5.95	1.50-5.98	1.25-5.76

b. Long-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Unsecured borrowings</u>			
Line of credit borrowings	\$ 682,050	\$ 634,912	\$ 136,608
Less: Current portion	<u>(60,733)</u>	<u>(47,462)</u>	<u>(27,899)</u>
	\$ 621,317	\$ 587,450	\$ 108,709
 <u>Annual interest rate range (%)</u>			
	1.10-4.80	1.10-5.00	7.9

15. OTHER PAYABLES

	March 31, 2024	December 31, 2023	March 31, 2023
Salaries and bonuses	\$ 257,420	\$ 371,261	\$ 283,388
Compensation of employees	81,506	92,429	77,031
Remuneration of directors	42,502	32,150	48,201
Acquisition of equipment	19,896	26,629	46,595
Others	<u>75,839</u>	<u>59,047</u>	<u>163,118</u>
	<u>\$ 477,163</u>	<u>\$ 581,516</u>	<u>\$ 618,333</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, 2024	December 31, 2023	March 31, 2023
Authorized shares (in thousands of shares)	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>
Authorized capital	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>
Issued and paid shares (in thousands of shares)	<u>90,820</u>	<u>90,820</u>	<u>90,820</u>
Issued capital	<u>\$ 908,200</u>	<u>\$ 908,200</u>	<u>\$ 908,200</u>

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, 2024	December 31, 2023	March 31, 2023
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 there 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 after the amendment, refer to compensation of employees and remuneration of directors 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 earnings for 2023 that were proposed by the board of directors on February 2024, and the appropriations of earnings for 2022 which had been resolved by the shareholders in the shareholders' meetings in May 2023, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2023	2022	2023	2022
Legal reserve	\$ 141,538	\$ 226,006		
(Reversal of) Special reserve	42,655	(288,902)		
Cash dividends	771,970	999,020	\$ 8.5	\$ 11

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 2023 and 2022, the Company appropriated (reversed) a special reserve at \$42,655 thousand and \$(288,902) thousand because of the deduction of other equity in the end of reporting period.

18. REVENUE

	For the Three Months Ended	
	March 31	
	2024	2023
Revenue from contracts with customers		
Revenue from the sale of goods	<u>\$ 1,899,965</u>	<u>\$ 2,757,522</u>

a. Contract balances

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Trade receivables (Note 8)	<u>\$ 1,683,067</u>	<u>\$ 1,580,481</u>	<u>\$ 1,952,580</u>	<u>\$ 2,252,128</u>

b. Disaggregation of revenue

Refer to Note 29 for the information about the disaggregation of revenue.

19. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Finance costs

	For the Three Months Ended March 31	
	2024	2023
Interest on bank loans	\$ 15,840	\$ 22,161
Interest on lease liabilities	1,099	1,208
Less: capitalized interest	<u>(1,651)</u>	<u>(15)</u>
	<u>\$ 15,288</u>	<u>\$ 23,354</u>

Information on capitalized interest is as follows:

	For the Three Months Ended March 31	
	2024	2023
Capitalized interest amount	\$ 1,651	\$ 15
Capitalization rate (%)	1.1%-2%	2%

b. Employee benefits expense and depreciation

	Operating Costs	Operating Expenses	Total
<u>For the Three Months Ended March 31,</u> <u>2024</u>			
Employee benefit expense			
Salary expenses	\$ 336,129	\$ 193,080	\$ 529,209
Retirement pension	34,328	13,733	48,061
Other employee benefits	31,965	20,924	52,889
Depreciation expenses	68,175	33,815	101,990

For the Three Months Ended March 31, 2023

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

c. Compensation of employees and remuneration of directors

According to the Articles, the Company accrued compensation of employees and remuneration of directors 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. The compensation of employees and remuneration of directors for the three months ended March 31, 2024 and 2023, are as follows:

For the Three Months Ended March 31				
2024		2023		
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	6%	\$ 31,055	6%	\$ 26,631
Remuneration of directors	2%	10,352	2%	8,877

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 for the years ended December 31, 2023 and 2022 that were resolved by the board of directors on February, 2024 and March, 2023, respectively, are as shown below:

For the Year Ended December 31			
		2023	2022
Compensation of employees		\$ 85,546	\$ 104,269
Remuneration of directors		32,150	39,324

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on the compensation of employees and remuneration of directors 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 Three Months Ended March 31		
	2024	2023
Current tax		
In respect of the current period	\$ 77,438	\$ 94,877
Adjustment for prior period	(10,117)	-
	<u>67,321</u>	<u>94,877</u>
Deferred tax		
In respect of the current period	50,307	23,189
Income tax expense recognized in profit or loss	<u>\$ 117,628</u>	<u>\$ 118,066</u>

- b. 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\$)
<u>For the Three Months Ended March 31, 2024</u>			
Basic earnings per share			
Net income for the period attributable to owners of the Company	\$ 390,912	90,820	<u>\$4.30</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>465</u>	
Diluted earnings per share			
Net income for the period attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 390,912</u>	<u>91,285</u>	<u>\$4.28</u>
<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>-</u>	<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>

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

22. CAPITAL MANAGEMENT

The goal, policy and procedure of the capital risk management of the Group and the capital structure of the Group are the same with the consolidated financial statements for the year ended December 31, 2023.

23. FINANCIAL INSTRUMENTS

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

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

b. Categories of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
Financial assets at amortized cost	\$ 7,378,264	\$ 7,149,277	\$ 7,483,790
<u>Financial liabilities</u>			
Amortized cost	3,106,465	3,445,336	3,837,060

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, 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 27.

Sensitivity analysis

The Group is mainly exposed to the USD.

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

	For the Three Months Ended March 31	
	2024	2023
Profit or loss	\$ 57,683	\$ 45,564

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, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
Financial assets	\$ 3,887,046	\$ 3,658,633	\$ 4,433,104
Financial liabilities	1,990,822	2,390,320	3,028,980
Cash flow interest rate risk			
Financial assets	1,733,406	1,846,841	1,033,434
Financial liabilities	499,118	349,691	32,000

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, 2024 and 2023 would decrease/increase by \$3,086 thousand and \$2,504 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 51%, 51% and 48% of total trade receivables as of March 31, 2024, December 31, 2023 and March 31, 2023, 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, 2024	December 31, 2023	March 31, 2023
Unutilized bank loan limits	<u>\$ 10,233,067</u>	<u>\$ 9,738,178</u>	<u>\$ 8,375,498</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, 2024</u>		
Non-interest bearing liabilities	\$ 886,652	\$ 225
Lease liabilities	49,587	267,566
Floating interest rate liabilities	100,000	399,118
Fix interest rate liabilities	<u>1,498,271</u>	<u>222,199</u>
	<u>\$ 2,534,510</u>	<u>\$ 889,108</u>

December 31, 2023

Non-interest bearing liabilities	\$ 981,479	\$ 217
Lease liabilities	49,534	273,681
Floating interest rate liabilities	-	349,691
Fix interest rate liabilities	<u>1,876,190</u>	<u>237,759</u>
	<u>\$ 2,907,203</u>	<u>\$ 861,348</u>

March 31, 2023

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>

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, 2024</u>						
Non-interest bearing liabilities	\$ 886,652	\$ 225	\$ -	\$ -	\$ -	\$ -
Lease liabilities	49,587	73,173	91,466	70,772	8,691	23,464
Floating interest rate liabilities	100,000	399,118	-	-	-	-
Fix interest rate liabilities	<u>1,498,271</u>	<u>222,199</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,534,510</u>	<u>\$ 694,715</u>	<u>\$ 91,466</u>	<u>\$ 70,772</u>	<u>\$ 8,691</u>	<u>\$ 23,464</u>
<u>December 31, 2023</u>						
Non-interest bearing liabilities	\$ 981,479	\$ 217	\$ -	\$ -	\$ -	\$ -
Lease liabilities	49,534	76,675	91,125	74,570	8,350	22,961
Floating interest rate liabilities	-	225,842	123,849	-	-	-
Fix interest rate liabilities	<u>1,876,190</u>	<u>237,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,907,203</u>	<u>\$ 540,493</u>	<u>\$ 214,974</u>	<u>\$ 74,570</u>	<u>\$ 8,350</u>	<u>\$ 22,961</u>

	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>						
Non-interest bearing liabilities	\$ 1,088,514	\$ 222	\$ -	\$ -	\$ -	\$ -
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>\$ 3,778,022</u>	<u>\$ 212,789</u>	<u>\$ 91,049</u>	<u>\$ 86,910</u>	<u>\$ 8,273</u>	<u>\$ 23,992</u>

24. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

Compensation of key management personnel

	For the Three Months Ended March 31	
	2024	2023
Short-term employee benefits	\$ 20,466	\$ 19,406
Post-employment benefits	<u>173</u>	<u>205</u>
	<u>\$ 20,639</u>	<u>\$ 19,611</u>

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

25. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and performance bond:

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets at amortized cost	<u>\$ 20,286</u>	<u>\$ 20,228</u>	<u>\$ 20,310</u>

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- 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:

	March 31, 2024	December 31, 2023	March 31, 2023
Acquisition of property, plant and equipment	\$ 428,154	\$ 581,997	\$ 1,408,223

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	Foreign Currency (In USD)	Exchange Rate	Carrying Amount (In NTD)
<u>March 31, 2024</u>			
Financial assets			
Monetary items	\$ 217,069	31.99	\$ 6,944,047
Financial liabilities			
Monetary items	36,755	31.99	1,175,780
<u>December 31, 2023</u>			
Financial assets			
Monetary items	181,030	30.74	5,563,936
Financial liabilities			
Monetary items	37,963	30.74	1,166,808
<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

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

Foreign Currency	For the Three Months Ended March 31, 2024		For the Three Months Ended March 31, 2023	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (USD:NTD)	\$ 105,762	1 (USD:NTD)	\$ (31,207)
USD	31.45 (USD:NTD)	1,080	30.40 (USD:NTD)	(116)
RMB	4.37 (RMB:NTD)	9,307	4.45 (RMB:NTD)	(77,876)

28. 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).

29. SEGMENT INFORMATION

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

Segment revenue and operating results

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

	For the Three Months Ended March 31			
	Segment Revenue		Segment Profit or Loss	
	2024	2023	2024	2023
Sporting products	\$ 1,454,102	\$ 2,348,247	\$ 227,088	\$ 436,009
Aviation and medical products	177,618	150,724	56,421	42,745
Others	<u>268,245</u>	<u>258,551</u>	<u>38,256</u>	<u>37,104</u>
Generated from continuing operating segment	<u>\$ 1,899,965</u>	<u>\$ 2,757,522</u>	321,765	515,858
Interest income			79,176	46,531
Government grants income			16,689	13,508
Other gains			9,899	7,439
Foreign exchange gain (loss)			116,149	(109,199)
Impairment reversal profit of property, plant and equipment			123	-
Finance costs			(15,288)	(23,354)
Other losses			(447)	(1,517)
Loss on disposal of property, plant and equipment			<u>(29)</u>	<u>(48)</u>
Income before income tax			<u>\$ 528,037</u>	<u>\$ 449,218</u>

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales in the three months ended March 31, 2024 and 2023.

Segment profit represents the gains and losses earned by each segment excluding interest income, government grants income, other gains, foreign exchange gain (loss), impairment reversal profit of property, plant and equipment, finance costs, other losses, loss on disposal of property, plant and equipment, 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.

TABLE 1

TOPKEY CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(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	\$ 4,296,241 (Note 1)	\$ 127,960	\$ 127,960	\$ -	\$ -	1	\$ 4,296,241 (Note 1)	Y	-	-
		Topkey (VN) Corp	Directly owned subsidiary	4,296,241 (Note 1)	1,439,550	1,439,550	623,187	-	17	4,296,241 (Note 1)	Y	-	-
		XPT Investment	Indirectly owned subsidiary	2,577,744 (Note 1)	63,980	63,980	-	-	1	2,577,744 (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, 2024
(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, 2024				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Stock</u>							
	Yue Pfong	-	Financial assets at FVTOCI - non-current	190	\$ -	1	\$ -	

Note: Refer to Tables 7 and 8 for information on subsidiary investment.

TABLE 3

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, 2024
(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	554,861	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 45,908	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 THREE MONTHS ENDED MARCH 31, 2024
(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	Keentech	Indirectly owned subsidiary	Purchase	\$ 867,311	79	T/T 90 days	-	-	\$ (885,637)	(82)	
NSI	Keentech	Investment accounted for using the equity method	Sale	(115,023)	(37)	T/T 30 days	-	-	87,966	24	
			Purchase	153,360	57	T/T 60 days	-	-	(153,497)	(99)	
XPT Investment	Xin Hong Zhou	XPT Investment’s subsidiary	Purchase	111,495	100	T/T 75-90 days	-	-	(113,413)	(100)	

Note: Transactions have been eliminated.

TABLE 5

TOPKEY CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2024
(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	\$ 885,637	1.91	\$ -	-	\$ 282,004	\$ -
Keentech	NSI	The parent for using the equity method of Keentech	153,497	2.07	-	-	72,666	-
Xin Hong Zhou	XPT Investment	The parent of Xin Hong Zhou	113,413	2.24	-	-	41,325	-

Note: Transactions have been eliminated.

TABLE 6

TOPKEY CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(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	\$ 867,311	T/T 90 days	46
				Trade payables	885,637	T/T 90 days	6
1	NSI	Keentech	2	Sales	115,023	T/T 30 days	6
				Purchases	153,360	T/T 60 days	8
2	XPT Investment	Xin Hong Zhou	2	Trade payables	153,497	T/T 60 days	1
				Purchases	111,495	T/T 75-90 days	6
				Trade payables	113,413	T/T 75-90 days	1

Note 1: 1) From parent company to subsidiary.

2) From subsidiary to subsidiary.

Note 2: Transactions have been eliminated.

TABLE 7

TOPKEY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
The Company	NSH	British Virgin Islands	International investment	\$ 2,604,466	\$ 2,502,290	80,137	100	\$ 5,281,022	\$ 177,641	\$ 174,654	Subsidiary
	Topkey (VN) Corp	Vietnam	Manufacture and sale of carbon fiber products, glass fiber products and composite components	479,850	461,025	-	100	287,928	(8,684)	(8,684)	Subsidiary
NSH	EIC	Seychelles	International investment	185,062	177,802	3,822	76	491,550	12,154	(Note 1)	Indirectly owned subsidiary
	NSI	Hong Kong	International investment and trade	401,091	385,355	12,498	100	2,048,321	57,523	(Note 1)	Indirectly owned subsidiary
	Musonic	British Virgin Islands	International investment	1,207,079	1,159,724	22,228	100	2,042,478	71,301	(Note 1)	Indirectly owned subsidiary
	XPT Investment	Hong Kong	International investment and trade	394,996	379,500	11,388	70	701,002	56,050	(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.

TABLE 8

TOPKEY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(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, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2024 (Note 2)	Accumulated Repatriation of Investment Income as of March 31, 2024
					Outward	Inward						
Keentech	Manufacture and sale of carbon fiber products, glass fiber products and composite components	\$ 1,471,540	(Note 1)	\$ 1,111,141	\$ -	\$ -	\$ 1,111,141	\$ 111,282	100	\$ 111,282	\$ 3,179,843	\$ 4,037,234
Yeu Chuan	Manufacture of various helmets, glasses, and components of vehicles	159,950	(Note 1)	87,973	-	-	87,973	12,294	76	9,398	488,337	430,625
Xin Hong Zhou	Development, design and manufacture of various precision molds, processing of various plastic and rubber products	491,846	(Note 1)	269,516	-	-	269,516	52,530	70	36,939	611,056	184,452
Valver	Manufacture of water gage and HRNT	39,988	(Note 1)	48,401	-	-	48,401	(4,485)	100	(4,485)	53,172	54,739

Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2024	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 1,517,031 (USD 47,422)	\$ 2,126,247 (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, 2024**

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.