

**CHUN YU WORKS & CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2022 AND 2021**

For the convenience of readers and for information purpose only, the auditors' review report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' review report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Chun Yu Works & Co., Ltd.

Introduction

We have reviewed the consolidated balance sheets of Chun Yu Works & Co., Ltd. and its subsidiaries (the "Group") as of September 30, 2022 and 2021 and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-month periods then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies. The management is responsible for the preparing and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standards No. 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission. Our responsibility is to express a conclusion on the financial statements based on the result of reviews.

Scope of Review

Except as discussed in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. 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 conducted in accordance with generally accepted auditing standards, 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

Certain the non-significant subsidiaries' financial statements which are included in the consolidated financial statements mentioned above, and the relevant information disclosed in Note 13 were not reviewed. These subsidiaries' total assets were NT\$ 1,984,960 thousand and NT\$ 2,159,203 thousand respectively, accounting for 15% and 17% of the total consolidated assets respectively; the total liabilities were NT\$ 443,592 thousand and NT\$ 415,079 thousand respectively, accounting for 6% and 5% of the total consolidated liabilities as of September 30, 2022 and 2021, respectively; the total comprehensive income were NT(\$8,474) thousand, NT\$ 75,402 thousand, NT(\$124,857) thousand and NT\$191,586 thousand respectively, accounting for (4%),

30%, (22%) and 28% of the total consolidated comprehensive income for the three-month periods and nine-month periods ended September 30, 2022 and 2021.

Qualified Conclusion

According to our reviews and the review report of other accountants (please refer to Miscellaneous), except that the financial statements of some of the non-significant subsidiaries and the relevant information disclosed in Note 13 as mentioned in Basis of Qualified Conclusion, if reviewed by us, may lead to adjustments to the consolidated financial statements, it is not found that the consolidated financial statements above have not been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” approved and promulgated by the Financial Supervisory Commission which may lead to the inability to properly express the consolidated financial status of Chun Yu Group as of September 30, 2022 and 2021 and the consolidated financial performance for the three-month periods and nine-month periods ended and consolidated cash flow for the nine-month periods ended September 30, 2022 and 2021.

Other Matter

The financial statements of PT. Moon Lion Industries Indonesia for the three-month periods ended September 30, 2022 and 2021 and the relevant information disclosed in Note 13 were not reviewed by us, but by other accountants. Therefore, the amounts listed in the financial statements of the subsidiary and the relevant information disclosed in Note 13 of the review report issued by us on the consolidated financial statements above are based on the review reports of other accountants. Total assets on September 30, 2022 and 2021 were NT\$1,368,716 thousand and NT\$1,115,290 thousand respectively, accounting for 11% and 9% of the total consolidated assets; net operating income were NT\$412,318 thousand, NT\$362,149 thousand, NT\$1,238,987 thousand and NT\$1,090,017 thousand respectively, accounting for 15%, 11%, 15% and 13% of the total consolidated comprehensive income for the three-month and nine-month periods ended September 30, 2022 and 2021, respectively.

Lin, Tzu-Shu

Independent Accountants

Tien, Chung-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

November 10, 2022

CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of September 30, 2022 and 2021 are reviewed, not audited)

			September 30, 2022		December 31, 2021		September 30, 2021	
Assets		Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,721,886	13	\$ 1,026,237	8	\$ 1,186,257	9
1110	Financial assets at fair value through profit or loss – current	6(2)	177,274	1	51,504	1	56,562	-
1136	Financial assets at amortised cost – current	6(1)	11,936	-	-	-	27,851	-
1150	Notes receivable, net	6(3) and 7	306,669	2	421,653	3	363,697	3
1170	Accounts receivable, net	6(3) and 7	1,763,293	14	2,289,839	18	2,651,416	21
1200	Other receivables		22,077	-	30,451	-	29,399	-
1220	Current income tax assets	6(29)	134	-	10,884	-	10,642	-
130X	Inventories	6(4) (7) and 8	4,856,773	38	4,474,307	35	3,754,185	30
1410	Prepayments		111,481	1	173,463	2	319,308	3
1476	Other current financial assets	6(1) and 8	1,400	-	1,426	-	1,400	-
11XX	Total current assets		8,972,923	69	8,479,764	67	8,400,717	66
Non-current assets								
1517	Financial assets at fair value through other comprehensive income – non-current	6(6) and 8	506,467	4	628,845	5	701,407	6
1535	Financial assets at amortised cost –non-current	6(1)	44,704	1	86,915	1	42,945	1
1600	Property, plant and equipment	6(7)(11), 7 and 8	3,105,899	24	3,090,561	24	3,064,865	24
1755	Right-of-use assets	6(8) and 8	127,922	1	123,235	1	166,747	1
1780	Intangible assets	6 (9)	8,136	-	7,855	-	8,467	-
1840	Deferred income tax assets	6(29)	156,190	1	194,220	2	226,943	2
1915	Prepayments for business facilities	6(7) (9)	19,503	-	30,815	-	33,795	-
1920	Guarantee deposits paid		22,294	-	18,583	-	17,107	-
1930	Long-term notes and accounts receivable	6(3)(10)	4,543	-	15,222	-	24,498	-
1980	Other non-current financial assets	6(1) and 8	-	-	7,361	-	23,361	-
1990	Other non-current assets	6(7)	6,469	-	8,129	-	10,889	-
15XX	Total non-current assets		4,002,127	31	4,211,741	33	4,321,024	34
1XXX	Total assets		\$ 12,975,050	100	\$ 12,691,505	100	\$ 12,721,741	100

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CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of September 30, 2022 and 2021 are reviewed, not audited)

Liabilities and Equity		Notes	September 30, 2022		December 31, 2021		September 30, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(12) and 8	\$ 861,693	7	\$ 1,642,371	13	\$ 2,178,954	17
2110	Short-term notes and bills payable	6(13)	-	-	-	-	129,967	1
2130	Current contract liabilities	6(22) and 7	469,472	4	407,343	3	407,576	3
2150	Notes payable	7	2,534	-	3,287	-	1,423	-
2170	Accounts payable		746,294	6	1,030,237	8	939,687	7
2200	Other payables	7	478,415	4	579,731	5	510,497	4
2230	Current income tax liabilities	6(29)	55,297	-	75,954	1	58,366	1
2250	Provisions for liabilities - current	6(15)	6,215	-	8,275	-	8,553	-
2280	Current lease liabilities	6(8)	12,430	-	19,252	-	23,357	-
2320	Long-term liabilities, current portion	6(16) and 8	22,481	-	22,997	-	262,530	2
21XX	Total current liabilities		2,654,831	21	3,789,447	30	4,520,910	35
Non-current liabilities								
2530	Bonds payable	6(14) and 8	4,559,856	35	3,000,000	24	-	-
2540	Long-term borrowings	6(16) and 8	24,546	-	601,829	5	2,847,757	22
2570	Deferred income tax liabilities	6(29)	437,812	4	445,439	3	435,312	4
2580	Non-current lease liabilities	6(8)	27,621	-	16,197	-	58,257	1
2640	Net defined benefit liabilities – non-current	6(17)	168,462	1	170,225	1	176,574	1
2645	Guarantee deposits received		457	-	457	-	457	-
25XX	Total non-current liabilities		5,218,754	40	4,234,147	33	3,518,357	28
2XXX	Total liabilities		7,873,585	61	8,023,594	63	8,039,267	63
Equity attributable to owners of the parent								
	Share capital	6(18)(20)						
3110	Common stock		3,021,627	23	2,877,740	23	2,877,740	23
3200	Capital surplus	6(14)(18)(19)	466,207	4	222,103	2	214,282	2
	Retained earnings	6(20)						
3310	Legal reserve		271,456	2	233,702	2	197,949	2
3320	Special reserve		430,610	3	430,610	3	430,610	3
3350	Unappropriated retained earnings		636,389	5	654,473	5	695,845	5
3400	Other equity interest	6(6)(21)	(212,083)	(2)	(207,956)	(2)	(147,883)	(1)
3500	Treasury stocks	6(18) and 8	(267,195)	(2)	(267,195)	(2)	(270,531)	(2)
31XX	Equity attributable to owners of the parent		4,347,011	33	3,943,477	31	3,998,012	32
36XX	Non-controlling interest	4(3)	754,454	6	724,434	6	684,462	5
3XXX	Total equity		5,101,465	39	4,667,911	37	4,682,474	37
	Significant Contingent Liabilities and Unrecognized Contract Commitments	9						
	Material subsequent events	11						
3X2X	Total liabilities and equity		\$ 12,975,050	100	\$ 12,691,505	100	\$ 12,721,741	100

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

CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)
(Reviewed, not audited)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2022		2021		2022		2021	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(22) and 7	\$ 2,696,836	100	\$ 3,256,626	100	\$ 8,478,492	100	\$ 8,530,480	100
5000 Operating costs	6(4)(9) (17) (27) (28) and 7	(2,267,652)	(84)	(2,686,874)	(82)	(7,078,077)	(84)	(7,003,474)	(82)
5900 Net operating margin		429,184	16	569,752	18	1,400,415	16	1,527,006	18
Operating expenses	6(9)(17) (27) (28),7 and 12								
6100 Selling expenses		(91,289)	(3)	(105,319)	(3)	(272,291)	(3)	(294,632)	(4)
6200 General and administrative expenses		(129,840)	(5)	(129,185)	(4)	(376,323)	(4)	(375,115)	(4)
6300 Research and development expenses		(12,947)	(1)	(18,154)	(1)	(51,071)	(1)	(65,875)	(1)
6450 Expected credit gains (losses)		2,363	-	886	-	426	-	2,247	-
6000 Total operating expenses		(231,713)	(9)	(251,772)	(8)	(699,259)	(8)	(733,375)	(9)
6900 Operating profit		197,471	7	317,980	10	701,156	8	793,631	9
Non-operating income and expenses									
7100 Interest income	6(3)(10) (23)	3,003	-	4,644	-	9,516	-	11,327	-
7010 Other income	6(2)(6) (24) and 7	19,963	1	33,781	1	26,982	-	71,105	1
7020 Other gains and losses	6(2)(5)(8) (25) and 12	38,635	1	(688)	-	61,746	1	48,054	1
7050 Financial cost	6(8)(14) (26)	(31,219)	(1)	(23,467)	(1)	(88,699)	(1)	(68,368)	(1)
7000 Total non-operating income and expenses		30,382	1	14,270	-	9,545	-	62,118	1
7900 Profit before income tax		227,853	8	332,250	10	710,701	8	855,749	10
7950 Income tax expense	6(29)	(76,060)	(3)	(58,051)	(1)	(188,224)	(2)	(167,393)	(2)
8200 Profit for the period		\$ 151,793	5	\$ 274,199	9	\$ 522,477	6	\$ 688,356	8

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CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)
(Reviewed, not audited)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2022		2021		2022		2021	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Other comprehensive income(loss)									
Components of other comprehensive income (loss) that will not be reclassified to profit or loss									
8316 Unrealized gain (loss) on valuation of investments in equity instruments measured at fair value through other comprehensive income	6(6)(21)	(\$ 28,738)	(1)	(\$ 26,639)	(1)	(\$ 100,629)	(1)	\$ 56,965	1
Components of other comprehensive income (loss) that will be reclassified to profit or loss									
8361 Financial statements translation differences of foreign operations		79,002	3	6,584	-	138,951	2	(53,011)	(1)
8399 Aggregated income tax relating to components of other comprehensive income(loss)	6(29)	(1,272)	-	494	-	(4,180)	-	1,970	-
8300 Total other comprehensive income for the period		<u>\$ 48,992</u>	<u>2</u>	<u>(\$ 19,561)</u>	<u>(1)</u>	<u>\$ 34,142</u>	<u>1</u>	<u>\$ 5,924</u>	<u>-</u>
8500 Total comprehensive income for the period		<u>\$ 200,785</u>	<u>7</u>	<u>\$ 254,638</u>	<u>8</u>	<u>\$ 556,619</u>	<u>7</u>	<u>\$ 694,280</u>	<u>8</u>
Profit attributable to:									
8610 Owners of the parent		\$ 123,431	4	\$ 239,271	8	\$ 432,841	5	\$ 596,800	7
8620 Non-controlling interests		<u>28,362</u>	<u>1</u>	<u>34,928</u>	<u>1</u>	<u>89,636</u>	<u>1</u>	<u>91,556</u>	<u>1</u>
		<u>\$ 151,793</u>	<u>5</u>	<u>\$ 274,199</u>	<u>9</u>	<u>\$ 522,477</u>	<u>6</u>	<u>\$ 688,356</u>	<u>8</u>
Total comprehensive income attributable to:									
8710 Owners of the parent		\$ 158,297	5	\$ 216,691	7	\$ 447,204	6	\$ 611,564	7
8720 Non-controlling interests		<u>42,488</u>	<u>2</u>	<u>37,947</u>	<u>1</u>	<u>109,415</u>	<u>1</u>	<u>82,716</u>	<u>1</u>
		<u>\$ 200,785</u>	<u>7</u>	<u>\$ 254,638</u>	<u>8</u>	<u>\$ 556,619</u>	<u>7</u>	<u>\$ 694,280</u>	<u>8</u>
Earnings per share (in dollars)	6(30)								
9750 Basic		<u>\$ 0.44</u>		<u>\$ 0.86</u>		<u>\$ 1.55</u>		<u>\$ 2.15</u>	
9850 Diluted		<u>\$ 0.39</u>		<u>\$ 0.86</u>		<u>\$ 1.49</u>		<u>\$ 2.15</u>	

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

CHUN YU WORKS CO.,LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

Equity attributable to owners of the parent											
Notes	Retained Earnings					Other Equity Interest					
	Share capital - common stock	Treasury stock transactions	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total	Non-controlling interest	Total equity
<u>For the nine-month period ended September 30, 2021</u>											
Balance at January 1, 2021	\$ 2,877,740	\$ 157,969	\$ 179,531	\$ 430,610	\$ 290,127	(\$ 185,009)	\$ 22,362	(\$ 288,910)	\$ 3,484,420	\$ 647,037	\$ 4,131,457
Consolidated net income	-	-	-	-	596,800	-	-	-	596,800	91,556	688,356
Other comprehensive (loss) income	6(6)(21)	-	-	-	-	(42,201)	56,965	-	14,764	(8,840)	5,924
Total comprehensive income (loss)	-	-	-	-	596,800	(42,201)	56,965	-	611,564	82,716	694,280
Distribution of 2020 consolidated net income											
Legal reserve	-	-	18,418	-	(18,418)	-	-	-	-	-	-
Cash dividends	6(20)	-	42,015	-	(172,664)	-	-	-	(172,664)	-	(172,664)
The Company's dividends received by subsidiaries	6(18) (19)	-	14,298	-	-	-	-	18,379	60,394	-	60,394
Disposal of treasury stocks	-	-	-	-	-	-	-	-	14,298	-	14,298
Cash dividends to non-controlling interest	-	-	-	-	-	-	-	-	-	(45,291)	(45,291)
Balance at September 30, 2021	\$ 2,877,740	\$ 214,282	\$ 197,949	\$ 430,610	\$ 695,845	(\$ 227,210)	\$ 79,327	(\$ 270,531)	\$ 3,998,012	\$ 684,462	\$ 4,682,474
<u>For the nine-month period ended September 30, 2022</u>											
Balance at January 1, 2022	\$ 2,877,740	\$ 222,103	\$ 233,702	\$ 430,610	\$ 654,473	(\$ 214,721)	\$ 6,765	(\$ 267,195)	\$ 3,943,477	\$ 724,434	\$ 4,667,911
Consolidated net income	-	-	-	-	432,841	-	-	-	432,841	89,636	522,477
Other comprehensive income (loss)	6(6) and (21)	-	-	-	-	114,992	(100,629)	-	14,363	19,779	34,142
Total comprehensive income (loss)	-	-	-	-	432,841	114,992	(100,629)	-	447,204	109,415	556,619
Distribution of 2021 consolidated net income											
Legal reserve	-	-	37,754	-	(37,754)	-	-	-	-	-	-
Cash dividends	6(20)	-	-	-	(287,774)	-	-	-	(287,774)	-	(287,774)
Stock dividends to be distributed	6(20)	143,887	-	-	(143,887)	-	-	-	-	-	-
Proceeds from financial assets at fair value through other comprehensive income	-	-	-	-	18,490	-	(18,490)	-	-	-	-
Issuance of convertible bonds	6(14)(19)	-	221,790	-	-	-	-	-	221,790	-	221,790
The Company's dividends received by subsidiaries	6(18)(19)	-	22,314	-	-	-	-	-	22,314	-	22,314
Cash dividends to non-controlling interest	4(3)	-	-	-	-	-	-	-	-	(79,395)	(79,395)
Balance at September 30, 2022	\$ 3,021,627	\$ 466,207	\$ 271,456	\$ 430,610	\$ 636,389	(\$ 99,729)	\$ 112,354	(\$ 267,195)	\$ 4,347,011	\$ 754,454	\$ 5,101,465

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

CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

		For the nine-month periods ended September 30,	
	Notes	2022	2021
<u>CASH FLOWS FROM OPERATING DECREASE</u>			
<u>ACTIVITIES</u>			
Profit before tax		\$ 710,701	\$ 855,749
Adjustments			
Adjustments to reconcile profit (loss)			
Net (gains) losses on financial assets and liabilities at fair value through profit or loss	6(25)	(26,206)	(10,564)
Expected credit (gains) losses	12	(426)	(2,247)
(Reversal of) allowance for inventory market price decline	6(4)	30,191	(6,318)
Depreciation	6(7)(8)(27)	205,445	214,303
Losses (gains) on disposal of property, plant and equipment	6(25)	(233)	698
Losses from lease modification	6(8) (25)	32	(93)
Amortization	6(9) (27)	2,853	3,577
Interest income	6(23)	(9,516)	(11,327)
Dividend income	6(24)	(17,827)	(22,035)
Interest expense	6(26)	88,699	68,368
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		(96,215)	55,462
Notes receivable		115,041	141,758
Accounts receivable		528,704	(990,634)
Other receivables		8,374	(15,615)
Inventories		(428,152)	(470,267)
Prepayments		56,700	(194,224)
Long-term notes and accounts receivable		10,679	26,562
Changes in operating liabilities			
Current contract liabilities		62,129	163,837
Notes payable		(753)	1,382
Accounts payable		(283,943)	251,771
Other payables		(107,716)	82,562
Provision for liabilities – current		(2,060)	1,831
Net defined benefit liabilities –non-current		(1,763)	(4,079)
Cash inflow generated from operations		844,738	140,457
Interest received		9,516	11,327
Dividends received		17,827	22,035
Interest paid		(66,391)	(68,711)
Income tax paid		(171,908)	(103,024)
Net cash flows from operating activities		633,782	2,084

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CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

		For the nine-month periods ended September 30,	
	Notes	2022	2021
<u>CASH FLOWS FROM INVESTMENT</u>			
<u>ACTIVITIES</u>			
Increase in financial assets measured at amortized cost— current		(\$ 11,936)	(\$ 70,796)
Decrease in other financial asset - current		26	570
Decrease in financial assets measured at amortized cost—non-current		42,211	-
Proceeds from financial assets at fair value through other comprehensive income		21,749	-
Refund of shares through the liquidation of financial assets measured at fair value through other comprehensive gains and losses	6(5)	-	141
Cash paid for acquisition of property, plant and equipment	6(31)	(143,529)	(63,745)
Proceeds from disposal of property, plant and equipment		3,487	1,293
Acquisition of intangible assets	6(9)	(2,756)	(1,346)
Increase in prepayments for business facilities	6(31)	(21,725)	(32,396)
Decrease (increase) in guarantee deposits paid		(3,711)	7,363
Decrease (increase) in other non-current financial assets		7,361	(7,461)
Decrease in other non-current assets		2,118	(7,205)
Net cash flows used in investing activities		(106,705)	(173,582)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term borrowings	6(32)	(780,678)	183,301
Increase in short-term notes and bills payable	6(32)	-	90,000
Payments of lease liabilities	6(32)	(19,372)	(18,988)
Issuance of convertible bonds	6(32)	1,775,874	-
Increase in long-term borrowings	6(32)	30,300	4,979,311
Decrease in long-term borrowings	6(32)	(609,677)	(4,329,639)
Decrease in guarantee deposit received	6(32)	-	(107)
Payment of cash dividends	6(31)	(265,460)	(158,366)
Disposal of treasury stocks	6(18)	-	60,394
Cash dividend in non-controlling interest	4(3)	(79,395)	(45,291)
Net cash flows from (used in) financing activities		51,592	760,615
Effect of foreign exchange rate changes on cash and cash equivalents		116,980	(33,934)
Net (decrease) increase in cash and cash equivalents		695,649	555,183
Cash and cash equivalents at beginning of period	6(1)	1,026,237	631,074
Cash and cash equivalents at end of period	6(1)	\$ 1,721,886	\$ 1,186,257

CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIODS ENDED September 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(Reviewed, not audited)

1. History and Organization

(1) Chun Yu Works & Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and other related regulations in March 1965. The Company is primarily engaged in the manufacture and heat treatment of screws, nuts and polished steel bars as well as design of pollution prevention equipment and undertaking related services. The information on main business activities of the Company’s subsidiaries is provided in Note 4(3).

(2) The Company’s shares have been listed on the Taiwan Stock Exchange since October 1991.

2. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

These consolidated financial statements were authorized for issuance by the Board of Directors on November 10, 2022.

3. Application of New Standards Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board (“IASB”)
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts – cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
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, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - 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

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2021, except for compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with The Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, 'Interim financial reporting' as endorsed by the FSC.
- B. The consolidated financial statements should be read together with the consolidated financial statements for the year ended December 31, 2021.

(2) Basis of Preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5, ‘Critical accounting judgements, estimates and key sources of assumption uncertainty’.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of these consolidated financial statements is consistent with those for the preparation of consolidated financial statements for the year ended December 31, 2021.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September30, 2022	December 31, 2021	September30, 2021	
Chun Yu Works & Co., Ltd.	Chun Bang Precision Co., Ltd.	Manufacture and sales of moulds	100.00	100.00	100.00	(Note 1) (Note 2)
Chun Yu Works & Co., Ltd.	Chun Yu Works (USA) Inc.	Import and export of hardware products	100.00	100.00	100.00	(Note 1)
Chun Yu Works & Co., Ltd.	Chun Yu Investment Co., Ltd.	Professional investment	100.00	100.00	100.00	(Note 1)
Chun Yu Works & Co., Ltd.	Chun Yu Bio-tech Corp.	Powder metallurgy	100.00	100.00	100.00	(Note 1)
Chun Yu Works & Co., Ltd.	Scholar Holdings Ltd.	Reinvestment and import and export sales	100.00	100.00	100.00	
Chun Yu Works & Co., Ltd.	Sunny City International Limited	Reinvestment and import and export sales	100.00	100.00	100.00	(Note 1)
Chun Yu Works & Co., Ltd.	Pt Moon Lion Industries Indonesia	Manufacture and sales of screws and nuts	71.85	71.85	71.85	(Note 1)
Chun Yu Works & Co., Ltd.	Chun Zu Machinery Industry Co., Ltd.	Manufacture and sales of machinery	47.82	47.82	47.82	(Note 3) (Note 4)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September30, 2022	December 31, 2021	September30, 2021	
Scholar Holdings Ltd.	Chun Yu (Dongguan) Metal Products Co., Ltd.	Manufacture and sales of screws and nuts	100.00	100.00	100.00	
Sunny City International Limited	Shanghai Uchee Hardware Products Ltd.	Sales of screws and nuts	100.00	100.00	100.00	(Note 1)
Shanghai Uchee Hardware Products Ltd.	Chunyu Group Shanghai Tongsheng Trade Co., Ltd.	Sales of screws and nuts	100.00	100.00	100.00	(Note 1)
Chun Zu Machinery Industry Co., Ltd.	Lion City Management Ltd.	Professional investment	100.00	100.00	100.00	
Lion City Management Ltd.	Shanghai Chun Zu Machinery Industry Ltd.	Manufacture and sales of machinery	100.00	100.00	100.00	

(Note 1) For these companies, except for the relevant information of PT. Moon lion Industries Indonesia disclosed in the financial statements for the nine-month periods ended September 30, 2022 and 2021 (Note 13) which were reviewed by other accountants, the relevant information of the remaining companies disclosed in the financial statements for the three-month periods ended September 30, 2022 and 2021 (Note 13) has not been reviewed by us.

(Note 2) The name was changed from Hi-Ace Trading Co., Ltd. to Chun Bang Precision Co., Ltd.

(Note 3) It represents the consolidated ownership held by the Group.

(Note 4) The Group is the single largest shareholder of the company and a representative appointed by the Company was elected as the chairman of the investee, and the general manager of the investee had to report to the Board of Directors of the Company. Thus, the Company had substantial control over the investee and its subsidiaries.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries with non-controlling interests that are material to the Group:

As of September 30, 2022, December 31, 2021 and September 30, 2021, the non-controlling interest of the Group amounted to \$754,454, \$724,434 and \$684,462 respectively.

The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		September 30, 2022		December 31, 2021	
		Amount	Ownership (%)	Amount	Ownership (%)
Chun Zu Machinery Industry Co.,	Taiwan	<u>\$ 505,251</u>	52.18%	<u>\$ 498,258</u>	52.18%

Name of subsidiary	Principal place of business	Non-controlling interest	
		September 30, 2021	
		Amount	Ownership (%)
Chun Zu Machinery Industry	Taiwan	<u>\$ 480,591</u>	52.18%

Summarized financial information of the subsidiaries:

<u>Consolidated balance sheet</u>	<u>Chun Zu Machinery Industry Co., Ltd. and Subsidiaries</u>		
	September 30, 2022	December 31, 2021	September 30, 2021
Current assets	\$ 1,455,083	\$ 1,401,368	\$ 1,439,932
Non-current assets	586,395	647,208	613,888
Current liabilities	(839,817)	(840,724)	(891,468)
Non-current liabilities	(160,114)	(181,840)	(173,313)
Total net assets	<u>\$ 1,041,547</u>	<u>\$ 1,026,012</u>	<u>\$ 989,039</u>

Consolidated statement of comprehensive income

	For the three-month periods ended	
	September 30	
	2022	2021
Revenue	\$ 351,996	\$ 397,842
Profit for the period	\$ 29,503	\$ 22,718
Other comprehensive (loss) income	5,083	(1,970)
Total comprehensive income	<u>\$ 34,586</u>	<u>\$ 20,748</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 15,843</u>	<u>\$ 10,490</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>

Consolidated statement of comprehensive income

	For the nine-month periods ended September 30,	
	2022	2021
Revenue	\$ 883,889	\$ 1,079,511
Profit for the period	\$ 65,135	\$ 50,269
Other comprehensive (loss) income	16,719	(7,957)
Total comprehensive income	\$ 81,854	\$ 42,312
Comprehensive income attributable to non-controlling interest	\$ 41,600	\$ 23,241
Dividends paid to non-controlling interest	\$ 34,604	\$ 23,594

Consolidated statements of cash flows

	For the nine-month periods ended September 30,	
	2022	2021
Net cash provided by operating activities	\$ 80,756	\$ 426,125
Net cash used in investing activities	16,173	(69,378)
Net cash used in financing activities	(97,496)	(198,212)
Effect of exchange rate changes on cash and cash equivalents	16,918	(7,032)
Increase in cash and cash equivalents	16,351	151,503
Cash and cash equivalents, beginning of period	297,485	164,700
Cash and cash equivalents, end of period	\$ 313,836	\$ 316,203

(4) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- A. The embedded call options and put options are recognized initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'. The host contracts of bonds are initially recognized at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is mortised in profit or loss as an adjustment to "finance costs" over the period of circulation using the effective interest method.
- B. The host contracts of bonds are initially recognized at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortized in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

- C. The embedded conversion options which meet the definition of an equity instrument are initially recognized in ‘capital surplus—share options’ at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and ‘financial assets or financial liabilities at fair value through profit or loss’) shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and ‘capital surplus—share options’.

(5) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(6) Income tax

The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pre-tax income of the interim period, and the related information is disclosed accordingly.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

There have been no significant changes during the period. For the detailed information, refer to Note 5 of the consolidated financial statements for the year ended December 31, 2021.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	September 30, 2022	December 31, 2021	September 30, 2021
Cash:			
Cash on hand	\$ 2,603	\$ 31,855	\$ 2,507
Checking deposits and demand deposits	158,253	178,158	174,697
	<u>1,503,081</u>	<u>800,541</u>	<u>1,003,281</u>
	<u>1,663,937</u>	<u>1,010,554</u>	<u>1,180,485</u>
Cash equivalent:			
Time deposits	57,949	15,683	5,772
	<u>\$ 1,721,886</u>	<u>\$ 1,026,237</u>	<u>\$ 1,186,257</u>

- A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Group’s classified time deposits maturing in excess of three month as financial assets at amortized current in amount of \$11,936 and \$27,851 as of September 30, 2022 and 2021. There was no such transaction for the year ended December 31, 2021, classified time deposits maturing in excess of one year as financial assets at amortized non-current in amount of \$44,704, \$86,915 and \$42,945 as of September 30, 2022, December 31, 2021 and September 30, 2021.

- C. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group's demand deposits amounting to \$1,400, \$8,787 and \$24,761, respectively, were pledged to others as collateral (Shown as 'Other current financial assets' and 'Other non-current financial assets'). Details are provided in Note 8, 'Pledged assets'.

(2) Current financial assets at fair value through profit or loss

Items	September 30, 2022	December 31, 2021	September 30, 2021
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 149,127	\$ 30,203	\$ 30,202
Beneficiary certificates	13,000	8,000	8,000
	162,127	38,203	38,202
Valuation adjustment	15,147	13,301	18,360
	<u>\$ 177,274</u>	<u>\$ 51,504</u>	<u>\$ 56,562</u>

- A. Group recognized net profit amounting to \$16,341, (\$2,040), \$32,181 and \$58,071 shown as 'Other income' and 'Other gains and losses') on financial assets at fair value through profit or loss for the three-month and nine-month periods ended September 30, 2022 and 2021, respectively.
- B. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group had no financial assets at fair value through profit or loss pledged to others as collateral.
- C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2), 'Financial instruments'.

(3) Notes and accounts receivable, net

	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivable	\$ 262,697	\$ 332,412	\$ 286,558
Installment notes receivable	47,288	95,202	83,219
	309,985	427,614	369,777
Less: Unrealized interest income	(3,121)	(5,709)	(5,814)
Allowance for uncollectible accounts	(195)	(252)	(266)
	<u>\$ 306,669</u>	<u>\$ 421,653</u>	<u>\$ 363,697</u>
Accounts receivable	\$ 1,790,253	\$ 2,288,249	\$ 2,657,307
Installment accounts receivable	368	31,755	24,408
	1,790,621	2,320,004	2,681,715
Less: Unrealized interest income	(368)	(1,047)	(629)
Allowance for uncollectible accounts	(26,960)	(29,118)	(29,670)
	<u>\$ 1,763,293</u>	<u>\$ 2,289,839</u>	<u>\$ 2,651,416</u>

A. The ageing analysis of notes and accounts receivable is as follows:

	September 30, 2022		December 31, 2021	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$ 309,985	\$ 1,593,673	\$ 420,727	\$ 2,062,123
Up to 30 days past due	-	120,760	3,915	189,109
31~90 days past due	-	56,513	2,964	42,235
91~180 days past due	-	1,321	8	5,097
Over 180 days	-	18,354	-	21,440
	<u>\$ 309,985</u>	<u>\$ 1,790,621</u>	<u>\$ 427,614</u>	<u>\$ 2,320,004</u>

	September 30, 2021	
	Notes receivable	Accounts receivable
Not past due	\$ 369,777	\$ 2,476,874
Up to 30 days past due	-	161,554
31~90 days past due	-	19,929
91~180 days past due	-	2,839
Over 180 days	-	20,519
	<u>\$ 369,777</u>	<u>\$ 2,681,715</u>

- B. As of September 30, 2022, December 31, 2021 and September 30, 2021, notes receivable and accounts receivable were all from contracts with customers. Also, as of January 1, 2021, the balance of receivables from contracts with customers amounted to \$2,202,975.
- C. For the three-month periods ended September 30, 2022 and 2021 and for the nine-month periods ended September 30, 2022 and 2021, the interest income (including installment notes receivable, installment accounts receivable and long-term notes and accounts receivable) recognized in profit or loss amounted to \$1,793 and \$4,555 and \$6,309 and \$10,077 (shown as 'Interest income'), respectively.
- D. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group did not hold any collateral as security for accounts receivable.
- E. As of September 30, 2022, December 31, 2021 and September 30, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes or accounts receivable held by the Group was their carrying amount.
- F. Information relating to credit risk of notes receivable and accounts receivable is provided in Note12(2), 'Financial instruments'.
- G. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group had no notes receivable and accounts receivable pledged to others.

(4) Inventories

September 30, 2022			
	Cost	Allowance for inventory valuation loss	Book value
Raw material	\$ 1,466,707	(\$ 41,421)	\$ 1,425,286
Supplies	411,208	(15,780)	395,428
Work in progress	1,339,695	(44,209)	1,295,486
Finished goods	1,816,202	(75,629)	1,740,573
	<u>\$ 5,033,812</u>	<u>(\$ 177,039)</u>	<u>\$ 4,856,773</u>

December 31, 2021			
	Cost	Allowance for inventory valuation loss	Book value
Raw material	\$ 1,398,784	(\$ 27,661)	\$ 1,371,123
Supplies	352,072	(13,513)	338,559
Work in progress	1,312,135	(25,561)	1,286,574
Finished goods	1,558,164	(80,113)	1,478,051
	<u>\$ 4,621,155</u>	<u>(\$ 146,848)</u>	<u>\$ 4,474,307</u>

September 30, 2021			
	Cost	Allowance for inventory valuation loss	Book value
Raw material	\$ 936,489	(\$ 27,449)	\$ 909,040
Supplies	356,021	(14,053)	341,968
Work in progress	1,199,914	(28,926)	1,170,988
Finished goods	1,413,746	(81,557)	1,332,189
	<u>\$ 3,906,170</u>	<u>(\$ 151,985)</u>	<u>\$ 3,754,185</u>

A. The cost of inventories recognized as expense for the period:

	For the three-month periods ended September 30,	
	2022	2021
Cost of goods sold	2,271,021	\$ 2,709,642
Loss on decline in market value	11,603	(2,724)
Loss on physical inventory	(3)	563
Revenue from sales of scraps	(14,969)	(20,607)
	<u>2,267,652</u>	<u>\$ 2,686,874</u>
	For the nine-month periods ended September 30,	
	2022	2021
Cost of goods sold	7,098,421	\$ 7,060,155
(Gain on reversal of) loss on decline in market value (Note)	30,191	(6,318)
Loss on physical inventory	(1)	1,220
Revenue from sales of scraps	(50,534)	(51,583)
	<u>7,078,077</u>	<u>\$ 7,003,474</u>

(Note) The Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because certain inventories which were previously provided with allowance for decline in value were subsequently sold or scrapped for the three-months ended September 30, 2021 and nine months ended September 30, 2021.

B. Details of the Group's inventories pledged to others as collateral as of September 30, 2022, December 31, 2021 and September 30, 2021 are provided in Note 8, 'Pledged assets'.

(5) Non-current financial assets at fair value through profit or loss

- A. There was no such transaction as of September 30, 2022, December 31, 2021 and September 30, 2021.
- B. The Group recognized losses amounting to \$629 and \$3,349('Other gains and losses') on financial assets at fair value through profit or loss for three-month and nine-month periods ended September 30, 2022.

(6) Non-current financial assets at fair value through other comprehensive income

Items	September 30, 2022	December 31, 2021	September 30, 2021
Equity instruments			
Listed stocks	\$ 618,049	\$ 621,308	\$ 621,309
Unlisted stocks	772	772	772
	<u>618,821</u>	<u>622,080</u>	<u>622,081</u>
Valuation adjustment	(112,354)	6,765	79,326
	<u>\$ 506,467</u>	<u>\$ 628,845</u>	<u>\$ 701,407</u>

- A. The Group has elected to classify equity investments that are considered to be steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$506,467, \$628,845 and \$701,407 as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively.

- B. The Group received proceeds from capital reduction of the Group's stock investment - Ascentek Venture Capital Corporation, classified as financial asset measured at fair value through other comprehensive income, in the amount of \$2,681 for the years ended December 31, 2021. The Group reduced the investment cost in proportion to the capital reduction ratio. The Group received remaining proceeds from settlement in the amount of \$141 and recognized dividend income \$893(listed under "Other income") for the years ended December 31, 2021.
- C. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the three-month periods ended September 30,	
	2022	2021
Equity instruments at fair value through other comprehensive income	<u>(\$ 28,738)</u>	<u>(\$ 26,639)</u>
Fair value change recognized in other comprehensive income (shown as 'Other equity')		
Accumulated gains or losses transferred to retained earnings due to delisting	<u>\$ 18,490</u>	<u>\$ -</u>
Dividend income recognised in profit or loss (shown as 'Other income')	<u>\$ 15,201</u>	<u>\$ 18,931</u>
	For the nine-month periods ended September 30,	
	2022	2021
Equity instruments at fair value through other comprehensive income	<u>(\$ 100,629)</u>	<u>\$ 56,965</u>
Fair value change recognized in other comprehensive income (shown as 'Other equity')		
Accumulated gains or losses transferred to retained earnings due to delisting	<u>\$ 18,490</u>	<u>\$ -</u>
Dividend income recognised in profit or loss (shown as 'Other income')	<u>\$ 15,201</u>	<u>\$ 19,824</u>

- D. As of September 30, 2022, December 31, 2021 and September 30, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was the carrying amount.
- E. For information on financial assets at fair value through other comprehensive income - non-current credit risk information, please refer to note 12(2) "Explanation of financial instruments."
- F. Regarding the Group's Financial assets at fair value through other comprehensive income - non-current pledges as guarantee, please refer to note 8 "Explanation of pledged assets."

(7) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Equipment under acceptance and construction in progress	Total
<u>January 1, 2022</u>									
Cost	\$ 1,573,597	\$ 1,932,235	\$ 4,431,854	\$ 94,858	\$ 99,541	\$ 120,228	\$ 662,581	\$ 34,639	\$ 8,949,533
Accumulated depreciation	-	(1,413,090)	(3,666,184)	(72,436)	(76,989)	(104,335)	(525,896)	-	(5,858,930)
Accumulated impairment	-	-	(42)	-	-	-	-	-	(42)
	<u>\$ 1,573,597</u>	<u>\$ 519,145</u>	<u>\$ 765,628</u>	<u>\$ 22,422</u>	<u>\$ 22,552</u>	<u>\$ 15,893</u>	<u>\$ 136,685</u>	<u>\$ 34,639</u>	<u>\$ 3,090,561</u>
<u>For the nine-month period ended September 30, 2022</u>									
At January 1	\$ 1,573,597	\$ 519,145	\$ 765,628	\$ 22,422	\$ 22,552	\$ 15,893	\$ 136,685	\$ 34,639	\$ 3,090,561
Additions	-	7,823	84,470	-	2,351	5,762	10,108	17,107	127,621
Transfers after acceptance	-	760	31,222	-	-	-	22,209	(54,191)	-
Transfers from inventories	-	-	15,495	-	-	-	-	-	15,495
Transfers from prepayments for business facilities	-	451	14,059	-	-	-	7,994	10,258	32,762
Depreciation charge	-	(34,707)	(106,768)	(2,874)	(6,306)	(4,333)	(29,887)	-	(184,875)
Disposals – Cost	-	(2,679)	(41,438)	(5,600)	(6,108)	(24,118)	(1,605)	-	(81,548)
–Accumulated depreciation	-	2,679	38,420	5,600	5,942	24,090	1,563	-	78,294
Reclassification (Note)	-	-	-	-	-	-	-	(458)	(458)
Net exchange differences	4,770	6,724	12,911	-	332	204	3,090	16	28,047
At September 30	<u>\$ 1,578,367</u>	<u>\$ 500,196</u>	<u>\$ 813,999</u>	<u>\$ 19,548</u>	<u>\$ 18,763</u>	<u>\$ 17,498</u>	<u>\$ 150,157</u>	<u>\$ 7,371</u>	<u>\$ 3,105,899</u>
<u>September 30, 2022,</u>									
Cost	\$ 1,578,367	\$ 1,961,440	\$ 4,557,561	\$ 89,258	\$ 96,955	\$ 103,198	\$ 714,900	\$ 7,371	\$ 9,109,050
Accumulated depreciation	-	(1,461,244)	(3,743,520)	(69,710)	(78,192)	(85,700)	(564,743)	-	(6,003,109)
Accumulated impairment	-	-	(42)	-	-	-	-	-	(42)
	<u>\$ 1,578,367</u>	<u>\$ 500,196</u>	<u>\$ 813,999</u>	<u>\$ 19,548</u>	<u>\$ 18,763</u>	<u>\$ 17,498</u>	<u>\$ 150,157</u>	<u>\$ 7,371</u>	<u>\$ 3,105,899</u>

(Note) Transferred to 「Other non-current assets」

	Land	Houses and construction	Machines and equipment	Utility equipment	Transportation equipment	Office equipment	Other devices	Equipment pending inspection and construction in progress	Total
<u>January 1, 2021</u>									
Cost	\$ 1,575,982	\$ 1,923,586	\$ 4,491,495	\$ 95,270	\$ 98,464	\$ 117,927	\$ 638,638	\$ 9,930	\$ 8,951,292
Accumulated depreciation	-	(1,378,319)	(3,690,654)	(69,963)	(73,137)	(100,357)	(492,761)	-	(5,805,191)
Accumulated impairment	-	-	(42)	-	-	-	-	-	(42)
	<u>\$ 1,575,982</u>	<u>\$ 545,267</u>	<u>\$ 800,799</u>	<u>\$ 25,307</u>	<u>\$ 25,327</u>	<u>\$ 17,570</u>	<u>\$ 145,877</u>	<u>\$ 9,930</u>	<u>\$ 3,146,059</u>
<u>For the nine-month period ended September 30, 2021</u>									
At January 1	\$ 1,575,982	\$ 545,267	\$ 800,799	\$ 25,307	\$ 25,327	\$ 17,570	\$ 145,877	\$ 9,930	\$ 3,146,059
Additions	-	3,564	814	735	5,192	2,185	16,931	48,763	78,184
Transfers after acceptance	-	-	7,426	-	514	705	2,274	(10,919)	-
Transfers from inventories	-	-	39,845	-	-	-	-	-	39,845
Transfers from prepayments for business facilities	-	-	6,426	-	151	31	427	4,840	11,875
Depreciation charge	-	(33,207)	(111,193)	(2,861)	(6,905)	(5,510)	(31,341)	-	(191,017)
Disposals – Cost	-	(190)	(20,359)	(71)	(3,625)	(2,205)	(1,406)	-	(27,856)
–Accumulated depreciation	-	172	18,959	71	3,109	2,166	1,388	-	25,865
Reclassification (Note)	(2,385)	(3,831)	(9,722)	-	(124)	(107)	(1,863)	(58)	(18,090)
Net exchange differences									
At September 30	<u>\$ 1,573,597</u>	<u>\$ 511,775</u>	<u>\$ 732,995</u>	<u>\$ 23,181</u>	<u>\$ 23,639</u>	<u>\$ 14,835</u>	<u>\$ 132,287</u>	<u>\$ 52,556</u>	<u>\$ 3,064,865</u>
<u>September 30, 2021,</u>									
Cost	\$ 1,573,597	\$ 1,914,301	\$ 4,359,234	\$ 95,934	\$ 101,258	\$ 118,327	\$ 649,668	\$ 52,556	\$ 8,864,875
Accumulated depreciation	-	(1,402,526)	(3,626,197)	(72,753)	(77,620)	(103,491)	(517,381)	-	(5,799,968)
Accumulated impairment	-	-	(42)	-	-	-	-	-	(42)
	<u>\$ 1,573,597</u>	<u>\$ 511,775</u>	<u>\$ 732,995</u>	<u>\$ 23,181</u>	<u>\$ 23,638</u>	<u>\$ 14,836</u>	<u>\$ 132,287</u>	<u>\$ 52,556</u>	<u>\$ 3,064,865</u>

(Note) Transferred to 「Other non-current assets」

- A. The Group's property, plant and equipment as of September 30, 2022, December 31, 2021 and September 30, 2021 are for its own use.
- B. No interest expenses were capitalized in property, plant and equipment for the nine-month periods ended September 30, 2022 and 2021.
- C. Impairment information about the property, plant and equipment is provided in Note 6(11), 'Impairment of non – financial assets'.
- D. Information about the property, plant and equipment that were pledged to others as collateral as of September 30, 2022, December 31, 2021 and September 30, 2021 is provided in Note 8, 'Pledged assets'.

(8) Lease transaction – lessee

- A. The Group leases various assets including land (including the land located in Dayong Section, Gangshan District, Kaohsiung City and the land use right in Songmushan management area, Dalang Town, Dongguan City and Baihe Town, Shanghai City under the contracts signed with the People's Republic of China), buildings, and business vehicles. Rental contracts are typically made for periods of 1 to 50 year(s). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.
- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 102,321	\$ 103,987	\$ 104,298
Buildings and structures	25,262	18,650	61,618
Transportation equipment	339	598	831
	<u>\$ 127,922</u>	<u>\$ 123,235</u>	<u>\$ 166,747</u>

	<u>For the three-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 1,389	\$ 1,374
Buildings and structures	5,657	6,083
Transportation equipment	53	235
	<u>\$ 7,099</u>	<u>\$ 7,692</u>

	<u>For the nine-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 4,201	\$ 4,148
Buildings and structures	15,968	18,435
Transportation equipment	401	703
	<u>\$ 20,570</u>	<u>\$ 23,286</u>

- C. For the three-month and nine-month periods ended September 30, 2022 and 2021, the additions to right-of-use assets were \$2,499, \$2,022, \$22,067 and \$3,139, respectively.

D. Information on profit or loss in relation to lease contracts is as follows:

	<u>For the three-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expenses on lease liabilities	\$ 304	\$ 493
Expense on short-term leases	1,977	3,997
Loss on lease modification	-	93

	<u>For the nine-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expenses on lease liabilities	\$ 963	\$ 1,743
Expense on short-term leases	9,339	13,366
Loss(gain) on lease modification	32	(93)

- E. For the nine-month periods ended September 30, 2022 and 2021, the Company's total cash outflow for leases were \$29,674 and \$34,097, respectively.
- F. Details of the Group's right-of-use assets pledged to others as collateral as of September 30, 2022, December 31, 2021 and September 30, 2021 are provided in Note 8, 'Pledged assets'.

(9) Intangible assets

	Computer Software	
	For the nine-month periods ended September 30,	
	2022	2021
<u>At January 1</u>		
Cost	\$ 24,489	\$ 30,881
Accumulated amortization	(16,634)	(20,235)
	<u>\$ 7,855</u>	<u>\$ 10,646</u>
<u>Period from January to September</u>		
At January 1	\$ 7,855	\$ 10,646
Additions – acquired separately	2,756	1,346
Transfers from prepayments for business facilities	275	130
Amortization charge	(2,853)	(3,577)
Write-offs - cost	(2,653)	(723)
- accumulated amortization	2,653	723
Net exchange differences	103	(78)
At September 30	<u>\$ 8,136</u>	<u>\$ 8,467</u>
<u>At September 30</u>		
Cost	\$ 25,367	\$ 31,423
Accumulated amortization	(17,231)	(22,956)
	<u>\$ 8,136</u>	<u>\$ 8,467</u>

A. No interest expense was capitalized for the three-month and nine-month periods ended September 30, 2022 and 2021.

B. Details of amortization expenses on intangible assets are as follows:

	For the three-month periods ended September 30,	
	2022	2021
Operating costs	\$ 108	\$ 151
Selling expenses	108	108
Administrative expenses	406	393
Research and development expenses	284	504
	<u>\$ 906</u>	<u>\$ 1,156</u>
	For the nine-month periods ended September 30,	
	2022	2021
Operating costs	\$ 317	\$ 380
Selling expenses	327	325
Administrative expenses	1,232	1,286
Research and development expenses	977	1,586
	<u>\$ 2,853</u>	<u>\$ 3,577</u>

C. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group had no

intangible assets pledged to others.

(10) Long-term notes and accounts receivable

	September 30, 2022	December 31, 2021	September 30, 2021
Long-term notes receivable	\$ 5,679	\$ 15,094	\$ 23,658
Long-term installment receivables	-	2,733	4,439
	5,679	17,827	28,097
Less: Unrealized interest income	(1,136)	(2,605)	(3,599)
	\$ 4,543	\$ 15,222	\$ 24,498

- A. The Group's long-term accounts receivable are fully performing in line with the credit standards prescribed based on counterparties' industrial characteristics, scale of business and profitability.
- B. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group had no long-term notes receivable and long-term installment receivables past due.
- C. As of September 30, 2022, December 31, 2021 and September 30, 2021, long-term notes and accounts receivable were all from contracts with customers. Also, as of January 1, 2021, the balance of long-term notes and accounts receivable from contracts with customers amounted to \$57,350.
- D. As of September 30, 2022, December 31, 2021 and September 30, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the long-term notes receivable and long-term installment receivables held by the Group was their carrying amount.
- E. Details of the interest income recognized in profit or loss for the three-month and nine-month periods ended September 30, 2022 and 2021, are provided in Note 6(3), 'Notes and accounts receivable, net'.
- F. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group did not hold any collateral as security for long-term accounts receivable.
- G. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group had no long-term notes and accounts receivable pledged to others.
- H. Information relating to credit risk of long-term notes and accounts receivable is provided in Note 12(2), 'Financial instruments'.

(11) Impairment of non-financial assets

- A. The Group did not recognize impairment loss for the nine-month periods ended September 30, 2022 and 2021.
- B. As of September 30, 2022, December 31, 2021 and September 30, 2021, the accumulated impairment loss of property, plant and equipment both amounted to \$42, after recognizing or reversing any impairment loss.

(12) Short-term borrowings

Type of borrowings	September 30, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 294,530	1.19%~3.71%	None 1
Secured borrowings	567,163	4.35%~9.00%	None 1、None 2
	<u>\$ 861,693</u>		

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	1,080,549	0.52%~1.71%	None 1
Secured borrowings	561,822	1.50%~9.75%	None 1、None 2
	<u>1,642,371</u>		

Type of borrowings	September 30, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 1,655,448	0.70%~1.71%	None 1
Secured borrowings	523,506	1.65%~10.75%	None 1、None 2
	<u>\$ 2,178,954</u>		

(Note1)As of September 30, 2022, December 31, 2021 and September 30, 2021, the loan interest rates belonging to Indonesia were 9.00%, 9.75% and 10.75% respectively, and the loan interest rates of other countries were 1.19%~4.80%. 0.52%~5.65% and 0.70%~5.10%.

(Note2)Details of the collateral provided for short-term borrowings are provided in Note 8, 'Pledged assets'.Details of interest expense recognized in profit or loss for the three-month and nine-month periods ended September 30, 2022 and 2021 are provided in Note 6(26), 'Finance Costs'.

(13) Short-term notes and bills payable

	September 30,2021	Collateral
Commercial papers payable	\$ 130,000	None
Less: Unamortized discounts	(33)	
	<u>\$ 129,967</u>	
Interest rate at issuance	<u>1.00%~1.04%</u>	

- A. There was no such transaction as of September 30, 2022 and December 31, 2021.
- B. The aforementioned commercial papers payable was issued and guaranteed by financial institutions for short-term funds.
- C. Details of interest expense recognized in profit or loss for the three-month and nine-month periods ended September 30,2021 are provided in Note 6(26), 'Finance costs'. There was no such transaction for the three-month and nine-month periods ended September 30, 2022.

(14) Bonds payable

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>Collateral</u>
Guaranteed bonds payable	\$ 3,000,000	\$ 3,000,000	(Note)
Guaranteed Convertible bonds payable	1,600,000	-	-
	<u>\$ 4,600,000</u>	<u>\$ 3,000,000</u>	
Less : Discount on bonds payable	(40,144)	-	
	<u>\$ 4,559,856</u>	<u>\$ 3,000,000</u>	

There was no such transaction as of September 30, 2021.

(Note) Details of the collateral provided for bonds payable are provided in Note 8, 'Pledged assets'.

A. The Company was issued the first domestic guaranteed bonds payable from October 2021, its main issuance conditions are as follows:

- (a) The company was approved by the competent authority to raise and issue the first domestic guaranteed bonds payable with a total amount of \$3,000,000 (Related issue costs \$5,650), with a coupon rate of 0.65% and a maturity period of 7 years from October 15, 2021 to October 15, 2028. The bonds are repayable in cash at the face value of the bonds upon maturity.
- (b) First Commercial Bank Co., Ltd. was appointed as the guarantor bank for the bonds. The guarantee period is from the date of full collection of the bonds to the date of full payment of the principal and interest payable under the Plan, and the guarantee covers the outstanding principal and interest compensation payable under the Plan, which are subordinate to the principal debt.
- (c) The principal and simple interest will be paid every year by coupon rate since the day approved to issue. If the local financial institutions are closed in payment day, the principal and interest will be paid on the next operating day without extra interest.

B. The company was issued the first, second and third domestic guaranteed convertible bonds payable from March 2022, its main issuance conditions are as follows:

- (a) The company was approved by the competent authority to raise and issue the first, second and third domestic guaranteed convertible bonds payable with a total amount of \$700,000 (Related issue costs \$2,432), \$500,000 (Related issue costs \$2,006), \$400,000 (Related issue costs \$1,417), respectively. Issuance price were \$779,162, \$557,563 and \$445,004, respectively with a coupon rate of 0% and a maturity period of 3 years from March 25, 2022 to March 25, 2025. The bonds are repayable in cash at the face value of the convertible bonds upon maturity.
- (b) The first, second and third convertible bonds were respectively entrusted by Changhua Bank Co., Ltd., Huanan Bank Co., Ltd. and Shanghai Commercial Savings Bank Co., Ltd. as guarantee banks. The guarantee period is from the date of full collection of the convertible bonds to the date of full payment of the principal and interest payable under the Plan, and the guarantee covers the outstanding principal and interest compensation payable under the Plan, which are subordinate to the principal debt.
- (c) Convertible bonds for bondholders will start from the day following the expiration of three

months after the issuance date of each bond (June 26, 2022) and end on the maturity date (March 25, 2025), unless it is suspended according to regulations or laws. Outside the transfer period, the company may request to be converted into ordinary shares of the company at any time, and the rights of ordinary shares after conversion are the same as those of the original issued ordinary shares.

- (d) The conversion price for the conversion of corporate bonds is determined by the pricing model stipulated in each conversion method. In the event that the company has an anti-dilution clause in the subsequent conversion price, it will be adjusted according to the pricing model specified in the conversion method. On the base date, the conversion price will be re-determined according to the pricing model stipulated in the conversion regulations. If it is higher than the conversion price before the re-determination in the current year, no adjustment will be made.
 - (e) From the day following the three-month issuance date of each convertible bond (June 26, 2022) to the 40th day of the issuance period (February 13, 2025), if the closing price of the company's ordinary shares is for 30 consecutive business days If it exceeds the current conversion price by more than 30%, the company may, within the next 30 business days, recover all its bonds in cash according to the denomination of the bonds; or the day following the 3 months after the issuance of the convertible bonds (June 26, 2022) From the 40th day to the expiry of the issuance period (February 13, 2025), when the outstanding amount of the convertible bonds in circulation is less than 10% of the original issuance amount, the company may recover all bonds in cash at any time thereafter according to the denomination of the bonds.
 - (f) According to the provisions of the conversion method, all the company's repossession (including the repurchase by the business office of the securities firm). The convertible bonds that have been repaid or converted will be cancelled, and all rights and obligations still attached to the corporate bonds will also be extinguished and no longer issued.
- C. When the company issues convertible corporate bonds, in accordance with the provisions of Amendments to IAS 32 "Financial Instruments: Expression", the conversion right which is of the nature of equity is separated from each liability component, and the account is "capital reserve-share options" \$221,790. Another embedded repurchase option, in accordance with Amendments IFRS No. 9 "Financial Instruments", is separated and accounted for on a net basis because it is not closely related to the economic characteristics and risks of the main contract debt commodity. In the column "Financial assets at fair value through profit and loss - non-current", the effective interest rates of the main contract debt after the first, second and third convertible corporate bonds are separated are 0.90%, 0.90% and 0.91%, respectively.
- D. Interest expense recognized in profit or loss for the three-month and nine-month periods ended September 30, 2022 and 2021 is described in Note 6, (26), Finance costs.

(15) Provisions for liabilities – current

	Warranty	
	For the nine-month periods ended September 30,	
	2022	2021
January 1	\$ 8,275	\$ 6,722
Additional provisions	2,326	7,882
Used during the year	(3,765)	(5,138)
Unused amounts reversed	(621)	(913)
September 30	\$ 6,215	\$ 8,553

The Group provides warranties on machinery products sold. Provision for warranty is estimated based on historical warranty data of such products.

(16) Long term borrowings

Type of borrowings	Borrowing period	Interest rate range	Collateral	September 30, 2022
Long-term bank borrowings				
Secured borrowings	2018.5.14~ 2029.6.15	1.18%~ 10.73%	Refer to Note 8	\$ 47,027
Less: Current portion				(22,481)
				<u>\$ 24,546</u>

Type of borrowings	Borrowing period	Interest rate range	Collateral	December 31, 2021
Long-term bank borrowings				
Secured borrowings	2017.9.22~ 2025.3.30	1.65%~ 10.73%	Refer to Note 8	\$ 624,826
Less: Current portion				(22,997)
				<u>\$ 601,829</u>

Type of borrowings	Borrowing period	Interest rate range	Collateral	September 30, 2021
Long-term bank borrowings				
Secured borrowings	2017.9.22~ 2025.3.30	0.96%~ 10.73%	Refer to Note 8	3,110,287
Less: Current portion				(262,530)
				<u>\$ 2,847,757</u>

Details of interest expense recognized in profit or loss for the three-month and nine-month periods ended September 30, 2022 and 2021 are provided in Note 6(26), 'Finance costs'.

(17) Pensions

A. The Company and its domestic subsidiaries have a defined benefit pension plan in accordance

with the R.O.C. Labor Standards Act, covering all regular employees' service years prior to the enforcement of the R.O.C. Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the R.O.C. Labor Pension Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 4% and 15% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March. The information on defined benefit pension plans of the Company and its subsidiary, Pt Moon Lion Industries Indonesia, is as follows:

- (a) Retirement costs recognized by the Group in accordance with the above-mentioned pension measures for the three-month and nine-month periods ended September 30, 2022 and 2021 were \$2,786, \$2,609, \$7,905 and \$7,897, respectively.
 - (b) The estimated contribution of the Group to the retirement plan in the next year is \$3,161.
- B. Since July 1, 2005, the Company and its domestic subsidiaries have established defined retirement measures in accordance with the "Labor Pension Act" of the Republic of China applicable to employees of the ROC nationality. The employees of the Company and its domestic subsidiaries who choose to apply the labor pension system stipulated in the "Labor Pension Act" of the Republic of China, 6% of their salaries is allocated to the individual accounts of the employees at the Labor Insurance Bureau. The payment is based on the employee's individual retirement pension account and the amount of accumulated income, and is received by the employee in the form of monthly pension or lump-sum pension. In accordance with the pension insurance system prescribed by the government of the People's Republic of China, the subsidiaries of the Group allocate pension insurance funds at a certain rate of the total salary of local employees every month, and the retirement pension of each employee is managed and arranged by the local government. Subsidiaries have no further obligations except for monthly allocations. The cost of pensions recognized in accordance with the above-mentioned pension measures for the three-month and nine-month periods ended September 30, 2022 and 2021 were \$14,793, \$16,600, \$43,640 and \$42,169, respectively.

(18) Share capital

- A. Movements in the number of the Company's ordinary shares outstanding are as follows:
(Unit: Shares in thousands)

	For the nine-month periods ended September 30,	
	2022	2021
Number of shares at the beginning of the year	287,774	287,774
Stock dividend	14,389	-
Number of shares at the end of the year	302,163	287,774

- B. On June 22, 2022, the Company's shareholders adopted a resolution and reported to shareholders at its meeting to issue new shares of common stock through capitalization of unappropriated retained earnings of \$143,887. As approved by the Securities and Futures Bureau, Financial Supervisory Commission, the effective date of the capitalization was set on September 17, 2022.
- C. As of September 30, 2022, the Company's authorized capital was \$3,920,696, and the paid-in capital was \$3,021,627, consisting of 302,163 thousand ordinary shares, with a par value of \$10 (in dollars) per share which were issued in several installments. All proceeds from shares issued have been collected.
- D. Treasury shares
- (a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows: (Unit: Shares in thousands)

Reason for reacquisition	For the nine-month period ended September 30, 2022				Number of shares at the end of the year
	Number of shares at the beginning of the year	Addition	Decrease		
Acquisition of the parent company's share by subsidiaries transferred to treasury share from long- term investments	22,314	1,116	-		23,430
Reason for reacquisition	For the nine-month period ended September 30, 2021				Number of shares at the end of the year
	Number of shares at the beginning of the year	Addition	Decrease		
Acquisition of the parent company's share by subsidiaries transferred to treasury share from long-term investments	23,830	-	(1,516)		22,314

- (b) The subsidiary sold 1,516 thousand shares of the company in July, 2021. The selling price and book value (cost) were \$60,394 and \$18,379 respectively, and the recognized gain of disposition was \$42,015 (listed "Capital Reserve-Treasury Stock Transaction"). As of September 30, 2022, December 31, 2021 and September 30, 2021, the book value (cost)

were \$267,195, \$267,195 and \$270,531, the fair value was \$528,350, \$691,748 and \$673,896, respectively. The parent company's shares held by subsidiaries are treated as treasury stocks; they still enjoy the right to dividend distribution, and are included in the "capital reserve – treasury stock trading" item. The cash dividends and stock dividend paid to subsidiaries for the nine-month periods ended September 30, 2022 and 2021 were \$23,314, \$14,298, \$1,116 and \$— respectively.

- (c) Reason for share reacquisition and the number of the Company's treasury shares changed as of September 30, 2022, December 31, 2021 and September 30, 2021. Details are as follows:

Name of company holding the shares	Reason for Reacquisition	September 30, 2022	
		Number of shares (in thousands)	Carrying amount
Chun Yu Investment Co., Ltd.	Acquisition of the parent company's share by subsidiaries transferred to treasury share from long-term investments	23,430	\$ 267,195
Name of company holding the shares	Reason for Reacquisition	December 31, 2021	
		Number of shares (in thousands)	Carrying amount
Chun Yu Investment Co., Ltd.	Acquisition of the parent company's share by subsidiaries transferred to treasury share from long-term investments	22,314	\$ 267,195
Name of company holding the shares	Reason for reacquisition	September 30, 2021	
		Number of shares (in thousands)	Carrying amount
Chun Yu Investment Co., Ltd.	Acquisition of the parent company's share by subsidiaries transferred to treasury share from long-term investments	22,314	\$ 270,531

(19) Capital surplus

- A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient. The changes in the capital reserves for the nine-month periods ended September 30, 2022 and 2021 are as follows:

	Stock options	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Treasury share transactions	Total
January 1, 2022	\$ -	\$ 26,901	\$ 195,202	\$ 222,103
Issuance of convertible bonds	221,790	-	-	221,790
Transfers to capital surplus for the Company's dividends received by subsidiaries	-	-	22,314	22,314
September 30, 2022	<u>\$ 221,790</u>	<u>\$ 26,901</u>	<u>\$ 217,516</u>	<u>\$ 466,207</u>

		Difference between consideration and carrying amount of subsidiaries acquired or disposed	Treasury share transactions	Total
January 1, 2022		\$ 26,901	\$ 131,068	\$ 157,969
Transfers to capital surplus for the Company's dividends received by subsidiaries		-	14,298	14,298
Disposal of treasury stocks		-	42,015	42,015
September 30, 2022		<u>\$ 26,901</u>	<u>\$ 187,381</u>	<u>\$ 214,282</u>

B. Details of 'Capital surplus, stock warrants' are provided in Note 6(14), 'Share capital'.

C. Details of 'Capital surplus, treasury stock transactions' are provided in Note 6(18), 'Share capital'.

(20) Retained earnings

- A. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- B. Under the Company's Articles of Incorporation, the Company may distribute earnings or offset losses at the end of each half fiscal year in accordance with the Company Act. When distributing earnings, the Company shall estimate and reserve for taxes payable, offset losses and set aside as legal reserve until the legal reserve equals the paid-in capital in accordance with the regulations. Where dividends are distributed in the form of cash, it shall be approved by the Board of Directors. Where dividends are distributed by issuing new shares, it shall be approved by the stockholders in accordance with the regulations. The current year's earnings, if any, shall first be used to pay all taxes, offset prior years' operating losses, set aside 10% of the remaining amount as legal reserve and then reverse or set aside as special reserve in accordance with relevant regulations. The remaining earnings along with accumulated unappropriated earnings from prior years will be the accumulated distributable earnings, and the Board of Directors will

present a proposal of the earnings distribution for the approval of the shareholders. Where dividends and bonus, capital surplus and legal reserve, in whole or in part, are distributed in the form of cash, the Board of Directors is authorized make the distribution by approval of more than half of the directors present at the meeting, where more than two-thirds of the directors are present, and the report of such distribution shall be submitted to the shareholders' meeting. The regulation in relation to approval from the shareholders is not applicable. In principle, at least 50% of earnings, after considering the capital needs for current and future development and the interest of shareholders, shall be distributed as dividends according to the dividend policy. However, if there is a need due to changes in the industry's environment or operational plans, the Board of Directors may present a proposal to adjust the ratio for the approval of the shareholders.

C. Special reserve:

- (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amount of \$430,610 previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

D. The Company recognized cash dividends distributed to owners amounting to \$316,551 (\$1.1 (in dollars) per share) Including the first half of 2021 earnings distribution plan to distribute cash dividends of \$143,887 (\$0.5 (in dollars) per share) and the 2020 annual earnings distribution plan to distribute cash dividends of \$172,664 (\$0.6 (in dollars) per share) On June 22, 2022, the general meeting of shareholders decided to distribute the surplus in 2021. The cash dividends and stock dividends of ordinary shares were \$287,774(\$1.0 (in dollars) per share) and \$143,887 (\$0.5 (in dollars) per share) respectively.

(21) Other equity

	For the nine-month period ended September 30, 2022		
	Currency translation	Unrealized gains(losses) on valuation	Total
At January 1	(\$ 214,721)	\$ 6,765	(\$ 207,956)
Revaluation – currency translation	114,992	-	114,992
Revaluation – unrealized gains (losses) on valuation	- (	100,629)	(100,629)
Revaluation – transfer to retained earnings	- (	18,490)	(18,490)
At September 30	(\$ 99,729)	(\$ 112,354)	(\$ 212,083)

	For the nine-month period ended September 30, 2021		
	Currency translation	Unrealized gains on valuation	Total
At January 1	(\$ 185,009)	\$ 22,362	(\$ 162,647)
Revaluation – currency translation	(42,201)	-	(42,201)
Revaluation – unrealized gains on valuation	-	56,965	56,965
At September 30	(\$ 227,210)	\$ 79,327	(\$ 147,883)

(22) Operating revenue

	For the three-month periods ended September 30,	
	2022	2021
Revenue from contracts with customers	\$ 2,696,836	\$ 3,256,626

	For the nine-month periods ended September 30,	
	2022	2021
Revenue from contracts with customers	\$ 8,478,492	\$ 8,530,480

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major product lines:

For the three-month period ended September 30, 2022			
Major product lines	Screw segment	Machinery segment	Total
Screws and nuts	\$ 1,477,896	\$ -	\$ 1,477,896
Wire rods	650,435	-	650,435
Machinery and equipment	-	325,629	325,629
Others	228,590	14,286	242,876
	<u>\$ 2,356,921</u>	<u>\$ 339,915</u>	<u>\$ 2,696,836</u>
For the three-month period ended September 30, 2021			
Major product lines	Screw segment	Machinery segment	Total
Screws and nuts	\$ 1,424,697	\$ -	\$ 1,424,697
Wire rods	1,133,348	-	1,133,348
Machinery and equipment	-	354,066	354,066
Others	325,086	19,429	344,515
	<u>\$ 2,883,131</u>	<u>\$ 373,495</u>	<u>\$ 3,256,626</u>
For the nine-month period ended September 30, 2022			
Major product lines	Screw segment	Machinery segment	Total
Screws and nuts	\$ 4,424,284	\$ -	\$ 4,424,284
Wire rods	2,454,627	-	2,454,627
Machinery and equipment	-	796,942	796,942
Billet	373,018	-	373,018
Others	379,979	49,642	429,621
	<u>\$ 7,631,908</u>	<u>\$ 846,584</u>	<u>\$ 8,478,492</u>
For the nine-month period ended September 30, 2021			
Major product lines	Screw segment	Machinery segment	Total
Screws and nuts	\$ 4,067,628	\$ -	\$ 4,067,628
Wire rods	2,891,016	-	2,891,016
Machinery and equipment	-	974,376	974,376
Others	544,874	52,586	597,460
	<u>\$ 7,503,518</u>	<u>\$ 1,026,962</u>	<u>\$ 8,530,480</u>

B. Contract liabilities

- (a) As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group has recognized revenue-related contract liabilities of \$469,472, \$407,343 and \$407,576, respectively.
- (b) Revenue recognized for the nine-month periods ended September 30, 2022 and 2021, which was included in the contract liabilities of \$407,343 and \$243,739 as of January 1, 2022 and 2021, respectively, amounted to \$267,675 and \$178,059, respectively.

(23) Interest income

		For the three-month periods ended September 30,	
		2022	2021
Interest income from bank deposits	\$	1,210	\$ 87
Other interest		1,793	4,557
	\$	3,003	\$ 4,644
		For the nine-month periods ended September 30,	
		2022	2021
Interest income from bank deposits	\$	3,207	\$ 1,241
Other interest		6,309	10,086
	\$	9,516	\$ 11,327

(24) Other income

		For the three -month periods ended September 30,	
		2022	2021
Rent income	\$	691	\$ 3,122
Dividend income		15,200	18,930
Government grants		97	4,322
Other income		3,975	7,407
	\$	19,963	\$ 33,781
		For the nine-month periods ended September 30,	
		2022	2021
Rent income	\$	1,984	\$ 3,814
Dividend income		17,827	22,035
Government grants		1,065	23,244
Other income		6,106	22,012
	\$	26,982	\$ 71,105

The Group recognized government grant income of \$7,103 for the nine-month periods ended September 30, 2021 for salary and working capital subsidies from the Ministry of Economic Affairs under the ‘Relief and Revitalization Measures for Industries and Enterprises Experiencing Operational Difficulties Due To the Impact of Severe Pneumonia with Novel Pathogens (COVID-19)’. The Group must comply with the application rules of aforementioned government subsidies. In the following circumstances, the Ministry of Economic Affairs of the Republic of China may revoke or abolish the subsidies and retrieve the funds:

- A. Any action that would impair the rights of employees, such as reduction of working hours (unpaid leave), layoffs or pay cuts.
- B. Any dissolution, or termination of the operation.
- C. More than one receipt for the same salary and working capital subsidies.

- D. A landowner on the list of industrial idle land announced in accordance with the Article 46-1 of Statute for Industrial Innovation.
- E. Not applying for factory registration in accordance with the Factory Management Act.
- F. Any severe violation of laws relating to environmental protection, labor and food safety and sanitation in the past three years.
- G. Any severe violation of other relevant laws and regulations.
- H. Not cooperating with audits requested from the handling units and execution units.

(25) Other gains and losses

	For the three-month periods ended September 30,	
	2022	2021
Gains on financial assets at fair value through profit or loss	\$ 15,713	(\$ 2,039)
(Losses) gains on disposal of property, plant and equipment	136	(90)
Net foreign exchange gains (Losses)	23,900	2,862
Gain from lease modification	-	93
Miscellaneous disbursements	(1,114)	(1,514)
	<u>\$ 38,635</u>	<u>(\$ 688)</u>
	For the nine-month periods ended September 30,	
	2022	2021
Gains on financial assets at fair value through profit or loss	\$ 26,206	\$ 55,860
(Losses) gains on disposal of property, plant and equipment	233	(698)
Net foreign exchange gains (Losses)	37,334	(8,705)
Gain from lease modification	(32)	93
Miscellaneous disbursements	(1,995)	1,504
	<u>\$ 61,746</u>	<u>\$ 48,054</u>

(26) Finance costs

	For the three-month periods ended September 30,	
	2022	2021
Interest expense:		
Bank borrowings	\$ 11,688	\$ 22,974
Ordinary bonds payable	12,461	-
Convertible bonds	6,766	-
Interest on lease liabilities	304	493
	<u>\$ 31,219</u>	<u>\$ 23,467</u>

		For the nine-month periods ended September 30,	
		2022	2021
Interest expense:			
Bank borrowings	\$	35,895	\$ 66,625
Ordinary bonds payable		36,481	-
Convertible bonds		15,360	-
Interest on lease liabilities		963	1,743
	\$	<u>88,699</u>	<u>\$ 68,368</u>

(27) Expenses by nature

		For the three-month period ended September 30,2022		
		Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense	\$	246,292	\$ 80,885	\$ 327,177
Depreciation		55,380	14,097	69,477
Amortization		108	798	906
	\$	<u>301,780</u>	<u>\$ 95,780</u>	<u>\$ 397,560</u>
		For the three-month period ended September 30,2021		
		Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense	\$	277,934	\$ 86,070	\$ 364,004
Depreciation		53,477	14,528	68,005
Amortization		151	1,005	1,156
	\$	<u>331,562</u>	<u>\$ 101,603</u>	<u>\$ 433,165</u>
		For the nine-month period ended September 30,2022		
		Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense	\$	708,186	\$ 312,776	\$ 1,020,962
Depreciation		162,067	43,378	205,445
Amortization		317	2,536	2,853
	\$	<u>870,570</u>	<u>\$ 358,690</u>	<u>\$ 1,229,260</u>
		For the nine-month period ended September 30,2021		
		Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense	\$	727,053	\$ 304,997	\$ 1,032,050
Depreciation		169,270	45,033	214,303
Amortization		380	3,197	3,577
	\$	<u>896,703</u>	<u>\$ 353,227</u>	<u>\$ 1,249,930</u>

(28) Employee benefit expense

		For the three-month period ended September 30,2022		
		Classified as operating costs	Classified as operating expenses	Total
Wages and salaries	\$	212,605	\$ 66,737	\$ 279,342
Labour and health insurance fees		13,963	5,933	19,896
Pension costs		12,349	5,230	17,579
Other personnel expenses		7,375	2,985	10,360
	\$	<u>246,292</u>	<u>\$ 80,885</u>	<u>\$ 327,177</u>

For the three-month period ended September 30,2021			
	Classified as operating costs	Classified as operating expenses	Total
Wages and salaries	\$ 247,132	\$ 72,037	\$ 319,169
Labour and health insurance fees	10,902	4,986	15,888
Pension costs	13,877	5,332	19,209
Other personnel expenses	6,023	3,715	9,738
	<u>\$ 277,934</u>	<u>\$ 86,070</u>	<u>\$ 364,004</u>
For the nine-month period ended September 30,2022			
	Classified as operating costs	Classified as operating expenses	Total
Wages and salaries	\$ 607,345	\$ 258,418	\$ 865,763
Labour and health insurance fees	44,355	18,599	62,954
Pension costs	35,867	15,678	51,545
Other personnel expenses	20,619	20,081	40,700
	<u>\$ 708,186</u>	<u>\$ 312,776</u>	<u>\$ 1,020,962</u>
For the nine-month period ended September 30,2021			
	Classified as operating costs	Classified as operating expenses	Total
Wages and salaries	\$ 636,367	\$ 263,024	\$ 899,391
Labour and health insurance fees	38,199	15,783	53,982
Pension costs	34,961	15,105	50,066
Other personnel expenses	17,526	11,085	28,611
	<u>\$ 727,053</u>	<u>\$ 304,997</u>	<u>\$ 1,032,050</u>

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 2% for employees' compensation and shall not be higher than 2% for directors' remuneration. However, if the Company has accumulated deficit, the earnings shall be reserved to offset losses.
- B. For the three-month and nine-month periods ended September 30, 2022 and 2021, employees' compensation was accrued at \$3,150, \$5,400, \$10,250 and \$12,750, respectively; while directors' remuneration was accrued at \$3,150, \$5,400, \$10,250 and \$12,750, respectively, the aforementioned amounts were recognized in salary expenses that were estimated and accrued based on the distributable net profit of current year calculated by the percentage prescribed under the Company's Articles of Incorporation. The actual amount approved at the Board of Directors' meeting for employees' compensation and directors' remuneration for 2021 were both \$16,981, which were the same as the estimated amount recognized in the 2021 financial statements. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(29) Income tax

A. Components of income tax expenses:

(a) Components of income tax expenses:

		For the three-month periods ended September 30,	
		2022	2021
Current tax:			
Current tax on profits for the period	\$	49,364	\$ 39,011
Tax on undistributed surplus earnings		-	391
Prior year income tax under estimation	(	373)	(344)
Total current tax		48,991	39,058
Deferred tax:			
Origination and reversal of temporary differences		27,069	18,993
Income tax expenses	\$	76,060	\$ 58,051
		For the nine-month periods ended September 30,	
		2022	2021
Current tax:			
Current tax on profits for the period	\$	146,320	\$ 104,156
Tax on undistributed surplus earnings		362	391
Prior year income tax under estimation		15,319	1,089
Total current tax		162,001	105,636
Deferred tax:			
Origination and reversal of temporary differences		26,223	61,757
Income tax expenses	\$	188,224	\$ 167,393

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

		For the three-month periods ended September 30,	
		2022	2021
Financial statements translation differences of foreign operations	\$	1,272	(\$ 494)
		For the nine-month periods ended September 30,	
		2022	2021
Financial statements translation differences of foreign operations	\$	4,180	(\$ 1,970)

B. The Company's income tax returns through 2019 and 2020 have been assessed and approved by the Tax Authority. The Company did not have any administrative remedy as of November 10, 2022.

(30) Earnings per share

For the three-month period ended September 30, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 123,431	278,733	\$ 0.44
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 123,431	278,733	
Assumed conversion of all dilutive potential ordinary shares	-	455	
Employees' compensation			
The convertible bonds	2,830	42,667	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 126,261	321,855	\$ 0.39
For the three-month period ended September 30, 2021			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 239,271	278,636	\$ 0.86
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 239,271	278,636	
Assumed conversion of all dilutive potential ordinary shares	-	422	
Employees' compensation			
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 239,271	279,058	\$ 0.86

For the nine-month period ended September 30,2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 432,841	278,733	\$ 1.55
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 432,841	278,733	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	593	
The convertible bonds	5,638	15,160	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 438,479	294,486	\$ 1.49
For the nine-month period ended September 30,2021			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 596,800	277,645	\$ 2.15
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 596,800	277,645	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	475	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 596,800	278,120	\$ 2.15

The above-mentioned weighted average number of outstanding shares has been retroactively adjusted according to the proportion of capital increase from undistributed surplus in 2021 of the Republic of China

(31) Supplemental cash flow information

A. Investing and financing activities with partial cash payments:

	For the nine-month periods ended September 30,	
	2022	2021
(a) Purchase of property, plant and equipment	\$ 127,621	\$ 78,184
Add: Opening balance of payable on equipment (shown as 'Notes payables')	-	4,200
Opening balance of payable on equipment (shown as 'Other payables')	22,043	25,545
Less: Ending balance of payable on equipment (shown as 'Other payables')	(6,135)	(44,184)
Cash paid for acquisition of property, plant and equipment	<u>\$ 143,529</u>	<u>\$ 63,745</u>

	For the nine-month periods ended September 30,	
	2022	2021
(b) Cash dividends declared	\$ 287,774	\$ 172,664
Less: Dividends received by subsidiaries for holding the parent company's shares	(22,314)	(14,298)
Cash dividends paid	<u>\$ 265,460</u>	<u>\$ 158,366</u>

B. Operating and investing activities with no cash flow effects:

	For the nine-month periods ended September 30,	
	2022	2021
(a) Write-offs of uncollectible receivables	<u>\$ 3,057</u>	<u>\$ 25</u>
(b) Inventories transferred to property, plant and equipment	<u>\$ 15,495</u>	<u>\$ 39,845</u>
(c) Prepayments for business facilities transferred to property, plant and equipment	<u>\$ 32,762</u>	<u>\$ 11,875</u>
(d) Real estate, plant and equipment transferred to other non-current assets - other	<u>\$ 458</u>	<u>\$ -</u>
(e) Prepayments for business facilities transferred to intangible assets	<u>\$ 275</u>	<u>130</u>

(32) Changes in liabilities from financing activities

	Short-term borrowings	Lease liability	Bonds payable	Long-term borrowings (including current portion)	Guarantee deposits received	Liabilities from financing activities-gross
January 1, 2022	\$ 1,642,371	\$ 35,449	\$ 3,000,000	\$ 624,826	\$ 457	\$ 5,303,103
Changes in cash flow from financing activities	(780,678)	(19,372)	1,775,874	(579,377)	-	396,447
Changes in unamortized discount	-	-	7,705	-	-	7,705
Changes in other non-cash items	-	22,099	(223,723)	-	-	(201,624)
Impact of changes in foreign exchange rate	-	1,875	-	1,578	-	3,453
September 30, 2022	<u>\$ 861,693</u>	<u>\$ 40,051</u>	<u>\$ 4,559,856</u>	<u>\$ 47,027</u>	<u>\$ 457</u>	<u>\$ 5,509,084</u>
	Short-term borrowings	Short-term notes and bills payable	Lease liability	Long-term borrowings (including current portion)	Guarantee deposits received	Liabilities from financing activities-gross
January 1, 2021	\$ 1,995,653	\$ 39,957	\$ 98,350	\$ 2,460,615	\$ 564	\$ 4,595,139
Changes in cash flow from financing activities	183,301	90,000	(18,988)	649,672	(107)	903,878
Changes in other non-cash items	-	10	3,139	-	-	3,149
Impact of changes in foreign exchange rate	-	-	(887)	-	-	(887)
September 30, 2021	<u>\$ 2,178,954</u>	<u>\$ 129,967</u>	<u>\$ 81,614</u>	<u>\$ 3,110,287</u>	<u>\$ 457</u>	<u>\$ 5,501,279</u>

7. Related Party Transactions

(1) Names and relationship of related party

<u>Name of related parties</u>	<u>Relationship with the Group</u>
Ofco Industrial Corp.	Other related party
Gloria Material Technology Corp.	Other related party
TSG Transportation Corp.	Other related party
TSG Environmental Technology Corp.	Other related party
TSG Power Corp.	Other related party
Golden Win Steel Industrial Corp.	Other related party

(2) Significant related party transactions

A. Operating revenue

	<u>For the three-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Sales of goods:		
Other related parties	\$ 222,052	\$ 182,110
	<u>For the nine-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Sales of goods:		
Other related parties	\$ 607,632	\$ 417,985

Goods are sold to related parties based on the terms that would be available to third parties and the average credit term is 2 months. The credit terms for machinery equipment sales are based on the terms specified in the contracts, some of which are sold on installment over a period of 1 ~ 3 years, and for spare parts sales are 3 ~ 4 months.

B. Purchases

	<u>For the three-month periods ended</u>	
	<u>September 30,</u>	
	<u>2022</u>	<u>2021</u>
Purchases of goods:		
Other related parties	(\$ 25)	\$ 65
	<u>For the nine-month periods ended</u>	
	<u>September 30,</u>	
	<u>2022</u>	<u>2021</u>
Purchases of goods:		
Other related parties	\$ 2,416	\$ 9,584

Goods are purchased from related parties based on the prices and terms that would be available to third parties and the average payment terms are 1 ~ 2 months. However, both parties may negotiate to extend payment terms according to the funds available.

C. Acquisition of property, plant and equipment

	<u>For the nine-month periods ended</u>	
	<u>September 30,</u>	
	<u>2022</u>	<u>2021</u>
Other related parties	\$ 500	\$ -

(a) For the three-month periods ended September 30, 2022 and 2021, there was no such

transaction between other related parties.

- (b) The Group purchased real estate, plant and equipment from related parties through negotiation.

D. Other expenses

Other related parties	For the three-month periods ended September 30,	
	2022	2021
	\$ 13,003	\$ 16,036
Other related parties	For the nine-month periods ended September 30,	
	2022	2022
	\$ 42,991	\$ 40,555

E. Receivables from related parties

	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivable			
Other related parties	\$ 19,039	\$ 25,892	\$ 1,209
Accounts receivable			
Other related parties	\$ 77,540	\$ 149,227	\$ 135,239

F. Contract liabilities-current

	September 30, 2022	December 31, 2021	September 30, 2021
Other related parties	\$ 1,187	\$ 1,800	\$ 7,084

G. Payables to related parties

	September 30, 2022	December 31, 2021	September 30, 2021
Notes payable			
Other related parties	\$ -	\$ 1,575	\$ 68
Other payables			
Other related parties	\$ 14,396	\$ 18,093	\$ 19,881

(3) Key management compensation

Wages and salaries and other short-term benefits	For the three-month periods ended September 30,	
	2022	2021
	\$ 18,809	\$ 15,737
Wages and salaries and other short-term benefits	For the nine-month periods ended September 30,	
	2022	2021
	\$ 52,790	\$ 47,038

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

Assets	September 30, 2022	December 31, 2021	September 30, 2021	Purpose
Pledged demand deposits (Note 1)	\$ 1,400	\$ 8,787	\$ 24,761	Guarantee, collateral for short-term and long-term borrowings and bonds payable
Inventories	83,200	79,200	79,200	Collateral for short-term and long-term borrowings
Listed stocks (Note 2)	-	112,056	251,975	Collateral for long-term borrowings
Land (Note 3)	458,045	453,275	842,138	Collateral for short-term and long-term borrowings and bonds payable
Buildings and structures, net (Note 3)	121,670	121,994	182,765	Collateral for short-term and long-term borrowings and bonds payable
Machinery and equipment, net (Note 3)	53,667	48,499	49,067	Collateral for short-term and long-term borrowings
Right-of-use assets	14,891	14,906	14,871	Collateral for short-term borrowings
	<u>\$ 732,873</u>	<u>\$ 838,717</u>	<u>\$ 1,444,777</u>	

(Note 1) Shown as 'Other current financial assets' and 'Other non-current financial assets'.

(Note 2) Shown as 'Non-current financial assets at fair value through other comprehensive income'.

(Note 3) Shown as "Property, plant and equipment."

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

- (1) As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group's capital expenditures contracted for at the balance sheet date but not yet incurred were \$460, \$17,383 and \$13,039 respectively.
- (2) As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group's line of credit issued but not yet negotiated were \$56,493, \$688,706 and \$639,304, respectively.
- (3) Information on provision of endorsements and guarantees to others is provided in Note 13(1)B.
- (4) On October 5, 2019, the Company entered into a mid-term secured syndicated loan agreement with 10 banks including First Commercial Bank for a credit facility of \$1,790,000 (including Tranche A facility amount of \$590,000, Tranche B facility amount of \$1,200,000 and Tranche C facility amount of \$720,000, among which the total amount drawdown under Tranche B and Tranche C shall not exceed the Tranche B facility amount). The term for each tranche is 5 years. The Company's commitments to banking syndicate during the terms of syndicated loan are as follows:

- A. During the terms of the syndicated loan, the financial covenants stated in the Company's consolidated financial statements audited by independent auditors shall comply with the following financial covenants and will be assessed once a year:
- (a) Current ratio: The ratio of current assets to current liabilities shall not be lower than 100%.
 - (b) Debt ratio: The ratio of total liabilities to tangible equity shall not be higher than 200%.
 - (c) Interest coverage ratio: The ratio of total amount of income before tax, interest expense, depreciation and amortization to interest expense shall not be lower than 200%.
 - (d) Tangible equity: The amount of net assets less intangible assets shall not be lower than \$3,000,000.
- B. If the Company fails to comply with the aforementioned financial covenants, the Company is required to pay additional interest rate of 0.10% per annum over the interest rate applicable to this agreement during the period from the date of notification sent by the managing bank to the date that consolidated financial statements, which meet all requirements, are provided. The aforesaid failure to comply with financial covenants will not be regarded as an event of default if additional interest is paid.

As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group did not breach commitments on aforementioned financial covenants.

- (5) The Company is involved in a lawsuit filed by Mr. Li, Shi-Ren in 2012 relating to whether an employment relationship existed between both parties. Mr. Li, Shi-Ren claimed that he served in an investee of the Company for 26 years and 8 months and requested the Company to pay pension for a total amount of USD 642 thousand. On February 27, 2014, the Taiwan Kaohsiung District Court rendered a decision that the Company is liable for the USD 642 thousand pension payment. The Company disagreed with the decision and appealed during the legal period. On April 29, 2016, the Taiwan High Court Kaohsiung Branch Court revoked the original decision rendered on February 27, 2014 and rendered a decision that the litigation expenses incurred thereby shall be borne by the appellant (Li, Shi-Ren). Subsequently, Li, Shi-Ren appealed to the Supreme Court. On August 2, 2018, the Supreme Court, after reviewing the case, revoked the decision except for the provisional execution and remanded the case to the Taiwan High Court Kaohsiung Branch Court. On April 15, 2020, following the first decision by the Supreme Court, the Taiwan High Court Kaohsiung Branch Court rendered a decision on the case no. 2018-Zhong-Lao-Shang-Geng-Yi-Zi-1, in which both of the appellant's (Li, Shi-Ren) appeal with the first instance court and motion for provisional execution are dismissed, and the appellant shall bear the relevant litigation expenses. Subsequently, Li, Shi-Ren appealed to the Supreme Court. On April 28, 2022, the Supreme Court, after reviewing the case, revoked the decision except for the provisional execution and remanded the case to the Taiwan High Court Kaohsiung Branch Court.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

On November 10, 2022, the company's board of directors resolved to distribute the surplus in the first

half of 2022 as a cash dividend of \$151,081 (NT\$0.5 per share).

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

Details of the Group's financial instruments by category are provided in Note 6.

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Foreign exchange risk

(i) The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the RMB, USD and IDR. Foreign exchange rate risk arises from future commercial transactions and recognized assets and liabilities.

(ii) Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. The Group treasury uses forward foreign exchange contracts to manage the foreign exchange risk arising from future commercial transactions and recognized assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

(iii) The Group's businesses involve some non-functional currency operations (the Company's

and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, RMB and IDR). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

September 30, 2022			
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book Value
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 16,579	31.75	\$ 526,374
USD: RMB	3,386	7.0998	107,536
EUR: NTD	2,539	31.26	79,382
EUR: RMB	1,082	7.100	34,349
RMB: NTD	10,960	4.473	49,025
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	2,054	31.75	65,217
EUR: RMB	1,981	31.26	61,936
December 31, 2021			
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book Value
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 11,599	27.68	\$ 321,086
USD: RMB	3,778	6.3680	104,522
EUR: NTD	1,199	31.32	37,541
EUR: RMB	1,095	7.220	34,346
RMB: NTD	3,259	4.346	14,159
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	9,325	27.68	258,124
USD: RMB	3,540	6.3680	97,928
USF: IDR	2,977	13,980	82,411
EUR: NTD	767	31.32	24,016

(Foreign currency: functional currency)	September 30, 2021		
	Foreign currency amount (In thousands)	Exchange rate	Book value
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 14,831	27.85	\$ 413,040
USD: RMB	4,363	6.4854	121,507
EUR: NTD	1,609	32.32	52,006
EUR: RMB	2,344	7.525	75,757
RMB: NTD	5,363	4.2945	23,031
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	3,922	27.85	109,239
USD: RMB	3,425	6.4854	95,400
USD: IDR	3,517	14,066	97,945
EUR: NTD	1,478	32.32	47,759

The sensitivity analysis of foreign exchange risk mainly focuses on the foreign currency monetary items at the end of the financial reporting period. If the exchange rate of NTD to all foreign currencies had appreciated/depreciated by 1%, the Group's net income for the nine-month periods ended September 30, 2022 and 2021 would have decreased/increased by \$5,285 and \$2,678, respectively.

The total exchange benefit/loss, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the nine-month periods ended September 30, 2022 and 2021, amounted to \$23,900, \$2,862, \$37,334 and (\$8,705), respectively.

ii. Price risk

- (i) The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- (ii) The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the nine-month periods ended September 30, 2022 and 2021 would have increased/decreased by \$1,773 and \$565, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$5,065 and \$7,014, respectively, as a result of other comprehensive income classified as equity investment at fair value through

other comprehensive income.

iii. Cash flow and fair value interest rate risk

- (i) The Group's main interest rate risk arises from some borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2022 and 2021, the Group's borrowings at variable rate were mainly denominated in NTD, USD, RMB and IDR.
- (ii) The Group's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- (iii) If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the nine-month periods ended September 30, 2022 and 2021 would have decreased/increased by \$702 and \$534, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a certain rating are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
- iii. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. If the default rate of an investment target exceeds 10%, there has been a significant increase in credit risk on that instrument since initial recognition.
- vi. The Group adopts the assumptions under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- vii. The Group classifies customer's accounts receivable in accordance with credit risk on trade. The Group applies the modified approach using a provision matrix to estimate the expected credit loss and uses the historical and timely information to establish loss rate

for assessing the default possibility of accounts receivable. Movements in relation to the Group applying the modified approach to provide loss allowance for notes and accounts receivable are as follows:

	For the nine-month periods ended September 30,		
	Notes receivable	Accounts receivable	Total
Balance at January 1	\$ 252	\$ 29,118	\$ 29,370
Expected credit gain	(63)	(363)	(426)
Write-offs	-	(3,057)	(3,057)
Effect of foreign exchange	6	1,262	1,268
Balance at September 30	<u>\$ 195</u>	<u>\$ 26,960</u>	<u>\$ 27,155</u>

	For the nine-month periods ended September 30,		
	Notes receivable	Accounts receivable	Total
Balance at January 1	\$ 3,507	\$ 29,138	\$ 32,645
Expected credit (gain) loss	(3,231)	984	(2,247)
Write-offs	-	(25)	(25)
Effect of foreign exchange	(10)	(427)	(437)
Balance at September 30	<u>266</u>	<u>\$ 29,670</u>	<u>\$ 29,936</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

September 30, 2022	Less than 1 year	Between 1 and 2 year(s)	Between 2 and 5 years	More than 5 years
on-derivative financial liabilities:				
Short-term borrowings	\$ 875,176	\$ -	\$ -	\$ -
Notes payable	2,534	-	-	-
Accounts payable	746,294	-	-	-
Other payables	478,415	-	-	-
Lease liability	13,183	8,931	15,664	4,301
Bonds payable	1,950	1,950	5,850	4,603,900
Long-term borrowings (including current portion)	23,333	6,659	14,888	3,710
Guarantee deposits received	457	-	-	-

December 31, 2021	Less than 1 year	Between 1 and 2 year(s)	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	\$ 1,660,455	\$ -	\$ -	\$ -
Notes payable	3,287	-	-	-
Accounts payable	1,030,237	-	-	-
Other payables	579,731	-	-	-
Lease liability	19,582	3,029	8,064	5,849
Bonds payable	1,950	1,950	5,850	3,003,900
Long-term borrowings (including current portion)	35,527	138,992	482,176	-
Guarantee deposits received	457	-	-	-

September 30, 2021	Less than 1 year	Between 1 and 2 year(s)	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	\$ 2,192,535	\$ -	\$ -	\$ -
Notes payable	130,000	-	-	-
Accounts payable	1,423	-	-	-
Other payables	939,687	-	-	-
Lease liability	510,497	-	-	-
Bonds payable	24,920	11,646	25,540	24,865
Long-term borrowings (including current portion)	291,841	2,359,360	514,268	-
Guarantee deposits received	457	-	-	-

iii. For non-derivative financial liabilities, the Group does not expect the timing of occurrence of

the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other current financial assets, guarantee deposits paid, long-term notes and accounts receivable, other non-current financial assets, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable, other payables, lease liabilities, long-term borrowings (including current portion) and guarantee deposits received) are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at September 30, 2022, December 31, 2021 and September 30, 2021 are as follows:

<u>September 30, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 166,096	\$ -	\$ -	\$ 166,096
Beneficiary certificates	11,178	-	-	11,178
	<u>177,274</u>	<u>-</u>	<u>-</u>	<u>177,274</u>
Financial assets at fair value through other comprehensive income				
Equity securities	506,467	-	-	506,467
	<u>\$ 683,741</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 683,741</u>

<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 41,325	\$ -	\$ -	\$ 41,325
Beneficiary certificates	10,179	-	-	10,179
	<u>51,504</u>	<u>-</u>	<u>-</u>	<u>51,504</u>
Financial assets at fair value through other comprehensive income				
Equity securities	628,845	-	-	628,845
	<u>\$ 680,349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 680,349</u>
 <u>September 30, 2021</u>	 <u>Level 1</u>	 <u>Level 2</u>	 <u>Level 3</u>	 <u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 47,126	\$ -	\$ -	\$ 47,126
Beneficiary certificates	9,436	-	-	9,436
	<u>56,562</u>	<u>-</u>	<u>-</u>	<u>56,562</u>
Financial assets at fair value through other comprehensive income				
Equity securities	701,407	-	-	701,407
	<u>\$ 757,969</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 757,969</u>

The methods and assumptions the Group used to measure fair value are as follows:

- (a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Net asset value

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet data (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

- D. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit

quality.

- E. For the nine-month periods ended September 30 2022 and 2021, there was no transfer between Level 1 and Level 2.
- F. For the nine-month periods ended September 30, 2022 and 2021, there was no transfer into or out from Level 3.

(4) Others

In response to the Covid-19 pandemic, the Group has complied with various preventive measures imposed by the government in accordance with the “Guidelines for the Continued Operation of Enterprises in Response to Severe and Special Infectious Pneumonia Epidemics”. There is no significant adverse effect on all operations.

13. Supplementary Disclosures

(According to the current regulatory requirements, the Company is only required to disclose the information for the nine-month periods ended September 30, 2022)

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Please refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to Table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 6.
- B. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: Purchases and sales between the Company and investees in Mainland China are eliminated when preparing consolidated financial statements. Information on significant transactions, such as purchases and sales, receivables and payables, provision of endorsements and guarantees and financing, between the Company and investees in Mainland China is provided in Note 13(1)1, 2 and 10.

(4) Major shareholders information

Major shareholders information: Please refer to table 7.

14. Segment Information

(1) General information

- A. Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The Group's reportable segments are as follows:
- (a) Screw segment: Primarily engaging in the manufacture, process and trade of screws and nuts, etc.
 - (b) Machinery segment: Primarily engaging in the manufacture, assemble and trade of machine tools and chemical machinery, etc.
 - (c) Investment segment: Primarily engaging in the general investment.
- B. There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this period.
- C. The Group's chief operating decision-maker assesses the performance based on the segment's net operating profit. The accounting policies of the operating segments are in agreement with the significant accounting policies summarized in Note 4 in the consolidated financial statements.

(2) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the nine-month period ended September 30, 2022			
	Screw segment	Machinery segment	Investment segment	Total
Segment revenue	\$ 8,194,468	\$ 883,889	\$ -	\$ 9,078,357
Inter-segment revenue	(562,560)	(37,305)	-	(599,865)
Revenue from external customers, net	7,631,908	846,584	-	8,478,492
Segment income before tax	874,753	89,643	(140,247)	824,149
Segment assets	10,939,568	1,948,259	87,223	12,975,050
Segment liabilities	6,886,233	987,352	-	7,873,585
	For the nine-month period ended September 30, 2021			
	Screw segment	Machinery segment	Investment segment	Total
Segment revenue	\$ 8,051,889	\$ 1,079,511	\$ -	\$ 9,131,400
Inter-segment revenue	(548,371)	(52,549)	-	(600,920)
Revenue from external customers, net	7,503,518	1,026,962	-	8,530,480
Segment income before tax	1,118,416	69,410	232,594	1,420,420
Segment assets	10,627,748	1,945,505	148,488	12,721,741
Segment liabilities	6,983,490	1,055,777	-	8,039,267

(3) Reconciliation for segment profit or loss, assets and liabilities

- A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the consolidated statement of comprehensive income. A reconciliation of reportable segment income or loss before tax to the income/(loss) before tax is provided as follows:

	<u>For the nine-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Reportable operating segments income		
before tax	\$ 824,149	\$ 1,420,420
Elimination of inter-segment income (loss)	<u>(113,448)</u>	<u>(564,671)</u>
Profit before income tax	<u>\$ 710,701</u>	<u>\$ 855,749</u>

- B. The amounts provided to the chief operating decision maker with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements. Therefore, such reconciliation is not required.

Chun Yu Works & Co., Ltd. and subsidiaries
Provision of endorsements and guarantees to others
For the nine-month period ended September 30, 2022

Table 1

Expressed in thousands of NTD

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of September 30, 2022	Outstanding		Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Note
		Relationship with the endorser/ guarantor	1)			endorsement/ guarantee amount at September 30, 2022	Actual amount drawn down							
0	Chun Yu Works & Co., Ltd.	Chun Yu Works (USA) Inc.	2	\$ 2,608,207	\$ 222,250	\$ 222,250	\$ -	\$ -	5.11%	\$ 3,477,609	Y	N	N	(Note 2)
0	Chun Yu Works & Co., Ltd.	Chun Yu (Dongguan) Metal Products Co., Ltd.	2	2,608,207	1,111,250	1,111,250	347,529	-	25.56%	3,477,609	Y	N	Y	(Note 2)
0	Chun Yu Works & Co., Ltd.	Shanghai Uchee Hardware Products Ltd.	2	2,608,207	45,084	44,704	-	-	1.03%	3,477,609	Y	N	Y	(Note 2)

(Note 1) The numbers filled in for the relationship with the Company are as follows:

1. Having business relationship.
2. The Company direct and indirect owns over 50% ownership of the investee company.

(Note 2) The total amount of transactions of endorsement equals to 80% of the Company's net worth, the limit of endorsement for any single entity is 60% of the Company's net worth, and all of the related transactions are to be submitted to the stockholders' meeting for reference.

(Note 3) Foreign currencies are translated into New Taiwan dollars. Exchange rate of foreign currencies indicated as of report date were as follow: USD : NTD 1 : 31.75 , RMB:NTD 1 : 4.4704.

Chun Yu Works & Co., Ltd. and subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
September 30, 2022

Table 2

Expressed in thousands of NTD

		As of September 30, 2022						
Securities held by	Marketable securities	Relationship	General	Number of	Book value	Ownership	Fair value	Note
		with the securities issuer	ledger account (Note 1)	(In thousands of shares or units)				
Chun Yu Works & Co., Ltd.	Stocks - Taiwan Styrene Monomer Corporation	—	2	11,678	\$ 153,566	2.21	\$ 153,566	-
	Stocks - China Ecotek Corporation	—	2	3,849	161,862	3.11	161,862	-
	Stocks - King Kong Iron Works, Ltd.	—	2	304	772	0.55	772	-
	Stocks - Gloria Material Technology Corp	Other related party	1	3,880	114,654	0.85	114,654	-
	Stocks - S-Tech Corp	—	1	3,000	51,300	1.97	51,300	-
	Beneficiary certificates - PGIM USD High Yield Bond Fund-USD	—	1	300	2,743	-	2,743	-
	Beneficiary certificates - Yuanta Taiwan High-yield Leading Company Fund-USD	—	1	500	3,995	-	3,995	-
	Beneficiary certificates - FSITC Taiwan Core Strategic Infrastructure Fund	—	1	500	4,440	-	4,440	-
Chun Bang Precision Co., Ltd.	Stocks - The First Insurance Co., Ltd.	—	1	10	142	-	142	-
Chun Yu Investment Corp.	Stocks - Taiwan Styrene Monomer Corporation	—	2	6,440	84,686	1.22	84,686	-
	Stocks - Chun Yu Works & Co., Ltd.	The Company	1	23,430	528,350	7.75	528,350	(Note 2) (Note 3)
Chun Yu Bio-tech Corp.	Stocks - Taiwan Styrene Monomer Corporation	—	2	6,529	85,856	1.24	85,856	-
	Stocks - Chun Zu Machinery Industry Co., Ltd.	Subsidiary	2	9	166	0.01	166	-
	Stocks - Taiwan Styrene Monomer Corporation	—	2	1,500	19,725	0.28	19,725	-

(Note 1) The code number explanation is as follows:

1. Financial assets at fair value through profit or loss - current.
2. Financial assets at fair value through other comprehensive profit or loss- non-current.

(Note 2) The Company's stocks held by Chun Yu Investment Corporation, shown as 'Financial assets at fair value through profit or loss - Current', were measured at fair value.

The fair value changes were recognised in profit or loss for the current year.

(Note 3) The cost of \$267,195 was recognised by the Company under 'Treasury shares'.

Chun Yu Works & Co., Ltd. and subsidiaries
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
For the nine-month period ended September 30, 2022

Table 3

Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable	Note
Chun Yu Works & Co., Ltd.	Ofco Industrial Corporation	Other related party	(Sales)	(\$ 562,369)	(13%)	1 month	-	3 ~ 5 months	\$ -	-	-
	Chun Yu Works (USA)	Subsidiary	(Sales)	(115,706)	(3%)	3 months	-	(Note 1)	-	-	-
Chun Yu (Dongguan) Metal Products Co., Ltd.	Shanghai Uchee Hardware Products Ltd.	Subsidiary	(Sales)	(237,613)	(17%)	3 months	-	(Note 1)	-	-	-
			Purchases	140,978	14%	3 months	-	(Note 2)	-	-	-
Shanghai Uchee Hardware Products Ltd.	Chun Yu (Dongguan) Metal Products Co., Ltd.	Subsidiary	(Sales)	(140,978)	(25%)	3 months	-	(Note 1)	-	-	-
			Purchases	237,613	49%	3 months	-	(Note 2)	-	-	-

(Note 1) The credit terms to third parties are 1 ~ 3 months after the sale.

(Note 2) The payment terms to third parties are 3 ~ 6 months after the acceptance.

(Note 3) Foreign currencies are translated into New Taiwan Dollars using the following exchanges:

Ending balance of receivable and payable are translated using the exchange rates as of report date (USD : NTD 1 : 31.75 , RMB : NTD 1 : 4.4704) ;

amounts of transactions of purchases and sales are translated using the average exchange rates for the nine-month period ended September 30, 2022 (USD : NTD 1 : 29.3313 ; RMB : NTD 1 : 4.4056).

Chun Yu Works & Co., Ltd. and subsidiaries
Significant inter-company transactions during the reporting period
For the nine-month period ended September 30, 2022

Table 4

Expressed in thousands of NTD

Number (Note2)	Company name	Counterparty	Relationship (Note 3)	Transaction				Percentage of consolidated total operating revenue or total assets (Note 4)
				General ledger account	Amount	Transaction terms		
0	Chun Yu Works & Co., Ltd.	Chun Yu Works (USA) Inc.	1	Sales	\$ 115,706	4 months		1%
		Chun Yu Works (USA) Inc.	1	Accounts receivable	51,824	-		-
		Chun Yu Works (USA) Inc.	1	Provision of endorsements and guarantees	222,250	-		2%
		Chun Yu (Dongguan) Metal Products Co., Ltd.	1	Provision of endorsements and guarantees	1,111,250	-		9%
		Shanghai Uchee Hardware Products Ltd.	1	Provision of endorsements and guarantees	44,704	-		-
1	Chun Bang Precision Co., Ltd.	Chun Yu Works & Co., Ltd.	2	Sales	56,370	3 months		1%
		Chun Yu Works & Co., Ltd.	2	Accounts receivable	15,719	-		-
2	Chun Zu Machinery Industry Co., Ltd.	Shanghai Chun Zu Machinery Industry Ltd.	1	Other receivables	14,761	-		-
		Pt Moon Lion Industries Indonesia	3	Sales	18,038	3 months		-
		Pt Moon Lion Industries Indonesia	3	Accounts receivable	19,154	-		-
3	Shanghai Chun Zu Machinery Industry Ltd.	Chun Zu Machinery Industry Co., Ltd.	2	Sales	31,040	3 months		-
4	Chun Yu (Dongguan) Metal Products Co., Ltd.	Scholar Holdings Ltd.	3	Other receivables	21,246	-		-
		Shanghai Uchee Hardware Products Ltd.	3	Sales	237,613	3 months		3%
		Shanghai Uchee Hardware Products Ltd.	3	Other receivables	35,701	-		-
5	Shanghai Uchee Hardware Products Ltd.	Chun Yu (Dongguan) Metal Products Co., Ltd.	3	Sales	140,978	3 months		2%

(Note 1) Transactions among the company and subsidiaries with amount over NT\$10 million and one side of them are disclosed.

(Note 2) The transaction information of the Company and the consolidated subsidiaries should be noted in column "Number". The number means:

1. Number 0 presents the Company.
2. The consolidated subsidiaries are in order from number 1.

(Note 3) The relationships among the transaction parties are as follows:

1. The Company to the consolidated subsidiary.
2. The consolidated subsidiary to the Company.
3. The consolidated subsidiary to another consolidated subsidiary.

(Note 4) The percentage of transaction amount over consolidated total revenues or total assets is as follows: Assets and liabilities are calculated using the ending balance over the consolidated total assets at period end;

Sales is calculated using the amount of the period over the consolidated total revenue of the period.

(Note 5) For the amounts denominated in foreign currencies, the balances of notes/accounts receivable (payable) are translated into New Taiwan dollars at the exchange rate (USD : NTD 1 : 31.75 ; RMB : NTD 1 : 4.4704) ; prevailing at the financial reporting date, and the transactions amounts are translated into New Taiwan dollars at the average exchange rate for the nine-month period ended September 30, 2022 (USD : NTD 1 : 29.3313 ; RMB : NTD 1 : 4.4056).

Chun Yu Works & Co., Ltd. and subsidiaries
Information on investees
For the nine-month period ended September 30, 2022

Table 5

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2022			Net profit (loss)	Investment income (loss)	Note
				Balance as at September 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	of the investee for the nine-month period ended September 30, 2022	recognised by the Company ended September 30, 2022	
Chun Yu Works & Co., Ltd.	Chun Bang Precision Co., Ltd.	Taiwan	Manufacture and trade of moulds	\$ 125,344	\$ 125,344	15,000,000	100.00	\$ 183,107	\$ 6,742	\$ 13,214	A subsidiary (Note 1)
	Chun Yu Works (U.S.A.) Inc.	U.S.A.	Import and export of hardware products	114,728	114,728	3,800,000	100.00	367,436	39,195	38,492	A subsidiary
	Chun Yu Investment Corporation	Taiwan	Professional investment	267,652	267,652	56,306,791	100.00	87,223	(140,247)	836	A subsidiary
	Chun Yu Bio-tech Corporation	Taiwan	Powder metallurgy	90,260	90,260	10,000,000	100.00	130,640	15,849	15,838	A subsidiary
	Scholar Holdings Ltd.	Virgin Islands	Reinvestment and import and export trade	2,581,891	2,581,891	33,183,211	100.00	1,028,490	(316)	2,363	A subsidiary
	Sunny City International Ltd	Samoa	Reinvestment and import and export trade	84,824	84,824	1,000,000	100.00	249,572	15,097	15,097	A subsidiary
	Pt Moon Lion Industries Indonesia	Indonesia	Manufacture and trade of screws and nuts	154,760	154,760	14,370,000	71.85	636,063	201,627	144,869	A subsidiary
	Chun Zu Machinery Industry Co., Ltd.	Taiwan	Manufacture and trade of machinery	52,597	52,597	28,821,939	47.81	461,833	65,135	30,126	A subsidiary
Chun Zu Machinery Industry Co., Ltd.	Lion City Management Ltd.	Virgin Islands	Professional investment	63,500	63,500	-	100.00	564,599	50,909	-	A subsidiary (Note 2)

(Note 1) According to the related regulations, it is not required to disclose income (loss) recognized by the Company.

(Note 2) Foreign currencies are translated into New Taiwan Dollars using the following exchanges:

Ending balance of receivable and payable are translated using the exchange rates as of report date: (USD : NTD 1 : 31.75 ; RMB : NTD 1 : 4.4704).

and the transactions amounts are translated into New Taiwan dollars at the average exchange rate for the nine-month period ended September 30, 2022 as follows: (USD : NTD 1 : 29.3313 ; RMB : NTD 1 : 4.4056).

Chun Yu Works & Co., Ltd. and subsidiaries
Information on investments in Mainland China
For the nine-month period ended September 30, 2022

Table 6

Table 6														Expressed in thousands of NTD	
Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Amount remitted from Taiwan					Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2022	Book value of investments in Mainland China as of September 30, 2022	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2022	Note		
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted back to Taiwan for the nine-month period ended September 30, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2022	Net income of investee for the year ended September 30, 2022							
Chun Yu (Dongguan) Metal Products Co., Ltd.	Manufacture and trade of screws and nuts	\$ 2,047,272 (Note 1)	(Note 3)	\$ 1,530,128	\$ -	\$ -	\$ 1,530,128	(\$ 215)	100%	(\$ 215)	\$ 1,058,233	\$ -	(Note 9)		
Shanghai Uchee Hardware Products Ltd.	Trade of screws and nuts	31,750	(Note 4)	31,750	-	-	31,750	15,117	100%	15,117	247,655	55,594 (Note 7)	(Note 9)		
Chunyu Group Shanghai Tongsheng Trade Co., Ltd.	Trade of screws and nuts	8,446	(Note 5)	-	-	-	-	26	100%	26	(4,107)	-	(Note 9)		
Shanghai Chun Zu Machinery Industry Ltd.	Manufacture and trade of machinery	269,875 (Note 2)	(Note 6)	63,500	-	-	63,500	56,999	47.82%	27,257	267,367	462,151 (Note 8)	(Note 9)		

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 10)
Chun Yu Works & Co., Ltd.	\$ 1,794,288	\$ 1,794,288	\$ 3,060,879
Chun Zu Machinery Industry Co., Ltd.	63,500	206,375	624,929

(Note 1) The investment in Chun Yu (Dongguan) Metal Products Co., Ltd. amounted to US\$64,482 thousand, consisting of US\$48,193 thousand that has been reported to the Investment Commission and US\$16,289 thousand from an investment loan from Scholar Holdings Ltd.

(Note 2) The paid-in capital of Shanghai Chun Zu Machinery Industry Ltd. amounted to UD\$8,500 thousand, consisting of UD\$4,000 thousand from remittance from Chun Zu Machinery Industry Co., Ltd. through its subsidiary, Lion City Management Ltd.

and US\$4,500 thousand from capitalisation of retained earnings of Shanghai Chun Zu Machinery Industry Ltd., which were reported to the Investment Commission. In addition, proceeds from capital reduction of Lion City Management Ltd. in 2008 amounting to US\$2,000 thousand were reported to the Investment Commission.

(Note 3) Indirect investment in PRC through the existing company (Scholar Holdings Ltd.) located in the third area.

(Note 4) Indirect investment in PRC through the existing company (Sunny City International Ltd.) located in the third area.

(Note 5) Indirect investment in PRC through the existing company (Shanghai Uchee Hardware Products Ltd.) located in PRC.

(Note 6) Indirect investment in PRC through the existing company (Lion City Management Ltd.) located in the third area.

(Note 7) It is the cash dividends totaling US\$1,751 thousand distributed by Shanghai Uchee Hardware Products Ltd. to Sunny City International Ltd., which then remitted to the Company and Chun Bang Precision Co., Ltd.

(Note 8) It is the cash dividends amounting to US\$30,439 thousand distributed by Shanghai Chun Zu Machinery Industry Ltd. to Lion City Management Ltd., which then remitted to Chun Zu Machinery Industry Co., Ltd.

(Note 9) Investment gains or losses were recognised based on audited financial statements.

(Note 10) The ceiling is calculated based on the 60% of the investor's net assets or consolidated net assets (whichever is higher).

(Note 11) For the amounts denominated in foreign currencies, the paid-in capital, amount of remittance from Taiwan and book value as of September 30, 2022 are translated into New Taiwan dollars at the exchange rate (USD : NTD 1 : 31.75 ; RMB : NTD 1 : 4.4704) prevailing at the financial reporting date, and the net profit (loss) of the investee and investment income (loss) recognised by the Group for the nine-month period ended September 30, 2022 are translated into New Taiwan dollars at the average exchange rate for the nine-month period ended September 30, 2022 (USD : NTD 1 : 29.3313 ; RMB : NTD 1 : 4.4056).

Chun Yu Works & Co., Ltd. and subsidiaries
Major shareholders information
September 30, 2022

Table 7

Expressed in shares

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Bai Jia Yuan Investment Co., Ltd.	80,209,000	27.87%
Jin Jhih Fu Assets Management Co., Ltd.	26,717,000	9.28%
Chun Yu Investment Co., Ltd.	22,314,450	7.75%

(Note) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may be different from the actual number of shares issued in dematerialised form due to the different calculation basis.