

**CHUN YU WORKS & CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 2023 AND 2022**

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 March 31, 2023 and 2022 and the related consolidated statements of comprehensive income, of changes in equity and of cash flow statements for the three-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 Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis of 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\$2,037,240 thousand and NT\$2,200,916 thousand respectively, accounting for 16% of the total consolidated assets respectively; the total liabilities were NT\$394,650 thousand and NT\$467,735 thousand respectively, accounting for 5% of the total consolidated liabilities as of March 31, 2023 and 2022, respectively; the total comprehensive income were NT\$63,288 thousand and NT\$16,664 thousand respectively, accounting for 51% and 6% of the total consolidated comprehensive income for the three-month periods ended March 31, 2023 and 2022, respectively.

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 March 31, 2023 and 2022 and the consolidated financial performance and consolidated cash flow for the three-month periods ended March 31, 2023 and 2022.

Other Matter

The financial statements of PT. Moon Lion Industries Indonesia for the three-month periods ended March 31, 2023 and 2022 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 March 31, 2023 and 2022 were NT\$1,373,315 thousand and NT\$1,236,294 thousand respectively, accounting for 11% and 9% of the total consolidated assets; net operating income were NT\$424,457 thousand and NT\$468,555 thousand respectively, accounting for 21% and 15% of the total consolidated comprehensive income for the three-month periods ended March 31, 2023 and 2022, respectively.

Chung-Yu, Tien

Independent Accountants

Fang-Ting, Yeh

PricewaterhouseCoopers, Taiwan

Republic of China

May 11, 2023

CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

Assets		Notes	March 31, 2023		December 31, 2022		March 31, 2022	
			Amount	%	Amount	%	Amount	%
Current Assets								
1100	Cash and cash equivalents	6(1)	\$ 3,037,872	24	\$ 2,436,550	19	\$ 1,824,670	14
1110	Financial assets at fair value	6(2)						
	through profit or loss – current		15,319	-	50,411	1	55,940	-
1136	Financial assets at amortised	6(1)						
	cost – current		-	-	-	-	12,038	-
1150	Notes receivable, net	6(3) and 7	315,460	2	420,299	3	352,085	3
1170	Accounts receivable, net	6(3) and 7	1,471,245	12	1,665,188	13	2,220,198	17
1200	Other receivables		7,451	-	6,889	-	21,958	-
1220	Current income tax assets	6(28)	3100	-	2,623	-	10,969	-
130X	Inventories	6(4) (7) and						
		8	3,847,978	31	3,997,588	32	4,626,224	34
1410	Prepayments		117,275	1	116,626	1	165,788	1
1476	Other current financial assets	6(1) and 8	-	-	11,775	-	1,400	-
11XX	Total current assets		8,815,700	70	8,707,949	69	9,291,270	69
Non-current assets								
1510	Financial assets at fair value	6(5) (13)						
	through profit or loss –							
	non-current		-	-	-	-	3,189	-
1517	Financial assets at fair value	6(6)						
	through other comprehensive							
	income – non-current		364,141	3	439,249	4	626,589	5
1535	Financial assets at amortised	6(1)						
	cost –non-current		-	-	44,100	1	45,084	-
1600	Property, plant and equipment	6(7)(11),						
		7 and 8	3,029,192	24	3,055,795	24	3,112,266	23
1755	Right-of-use assets	6(8) and 8	148,341	1	137,409	1	120,992	1
1780	Intangible assets	6(9)	8,050	-	7,343	-	7,531	-
1840	Deferred income tax assets	6(28)	161,235	2	164,086	1	190,331	2
1915	Prepayments for business	6(7) (9)						
	facilities		23,252	-	23,088	-	27,735	-
1920	Guarantee deposits paid		18,079	-	21,957	-	19,095	-
1930	Long-term notes and accounts	6(10)						
	receivable		3,480	-	3,317	-	8,174	-
1980	Other non-current financial	6(1) and 8						
	assets		-	-	-	-	5,011	-
1990	Other non-current assets		5,363	-	6,780	-	7,421	-
15XX	Total non-current assets		3,761,133	30	3,903,124	31	4,173,418	31
1XXX	Total assets		\$ 12,576,833	100	\$ 12,611,073	100	\$ 13,464,688	100

(Continued)

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

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

Liabilities and Equity		Notes	March 31, 2023		December 31, 2022		March 31, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current Liabilities								
2100	Short-term borrowings	6(12) and 8	\$ 792,691	6	\$ 780,846	6	\$ 991,281	8
2130	Current contract liabilities	6(21) and 7	445,988	4	470,653	4	443,415	3
2150	Notes payable		169	-	388	-	1,448	-
2170	Accounts payable	7	474,319	4	558,651	5	1,101,390	8
2200	Other payables	6(19) and 7	672,506	5	440,435	4	757,571	6
2230	Current income tax liabilities	6(28)	91,492	1	45,169	-	97,944	1
2250	Provisions for liabilities - current	6(14)	6,412	-	6,265	-	7,698	-
2280	Current lease liabilities	6(8)	23,821	-	24,728	-	18,424	-
2320	Long-term liabilities, current portion	6(15) and 8	6,526	-	16,121	-	23,474	-
21XX	Total current liabilities		2,513,924	20	2,343,256	19	3,442,645	26
Non-current liabilities								
2530	Bonds payable	6(13) and 8	4,567,280	36	4,563,605	36	4,552,420	34
2540	Long-term borrowings	6(15) and 8	21,283	-	22,915	-	5,779	-
2570	Deferred income tax liabilities	6(28)	461,539	4	467,513	4	430,550	3
2580	Non-current lease liabilities	6(8)	40,417	-	27,534	-	12,186	-
2640	Net defined benefit liabilities – non-current	6(16)	105,214	1	116,863	1	171,570	1
2645	Guarantee deposits received		457	-	457	-	457	-
25XX	Total non-current liabilities		5,196,190	41	5,198,887	41	5,172,962	38
2XXX	Total liabilities		7,710,114	61	7,542,143	60	8,615,607	64
Equity attributable to owners of the parent								
	Share capital	6(17)(19)						
3110	Common stock		3,021,627	24	3,021,627	24	2,877,740	21
3200	Capital surplus	6(13)(18) and 6(6)(17)(19)	501,353	4	477,923	4	466,207	4
	Retained earnings							
3310	Legal reserve		302,397	2	302,397	2	233,702	2
3320	Special reserve		430,610	4	430,610	3	430,610	3
3350	Unappropriated retained earnings		485,172	4	653,326	5	518,638	4
3400	Other equity interest	6(6)(20)	(374,524)	(3)	(331,076)	(2)	(142,343)	(1)
3500	Treasury stocks	6(17)	(267,195)	(2)	(267,195)	(2)	(267,195)	(2)
31XX	Equity attributable to owners of the parent		4,099,440	33	4,287,612	34	4,117,359	31
36XX	Non-controlling interest	4(3)	767,279	6	781,318	6	731,722	5
3XXX	Total equity		4,866,719	39	5,068,930	40	4,849,081	36
	Significant Contingent Liabilities and Unrecognized Contract Commitments	9						
3X2X	Total liabilities and equity		\$ 12,576,833	100	\$ 12,611,073	100	\$ 13,464,688	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)

Item	Notes	For the three-month periods ended March31,			
		2023		2022	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(21) and 7	\$ 2,045,709	100	\$ 3,055,669	100
5000 Operating costs	6(4)(8)(9)(16) (26)(27) and 7	(1,702,104)	(83)	(2,590,404)	(85)
5900 Net operating margin		343,605	17	465,265	15
Operating expenses					
6100 Selling expenses	6(8)(9)(16)(26) (27), 7 and 12	(75,125)	(4)	(93,834)	(3)
6200 General and administrative expenses		(120,067)	(6)	(111,696)	(4)
6300 Research and development expenses		(14,676)	(1)	(18,574)	-
6450 Expected credit gains (losses)		(485)	-	167	-
6000 Total operating expenses		(210,353)	(11)	(223,937)	(7)
6900 Operating profit		133,252	6	241,328	8
Non-operating income and expenses					
7100 Interest income	6(3)(22)	9,941	1	3,338	-
7010 Other income	6(2)(23) and 7	10,319	1	5,188	-
7020 Other gains and losses	6(2)(5)(24) and 12	6,655	-	10,116	1
7050 Finance costs	6(8)(25)	(32,039)	(2)	(27,340)	(1)
7000 Total non-operating income and expenses		(5,124)	-	(8,698)	-
7900 Profit before income tax		128,128	6	232,630	8
7950 Income tax expense	6(28)	(42,576)	(2)	(49,092)	(2)
8200 Profit for the period		\$ 85,552	4	\$ 183,538	6
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) (20)	\$ 11,150	1	(\$ 2,065)	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		31,179	1	82,789	2
8399 Aggregated income tax relating to components of other comprehensive income (loss)	6(28)	(4,170)	-	(4,818)	-
8300 Total other comprehensive income for the period		\$ 38,159	2	\$ 75,906	2
8500 Total comprehensive income for the period		\$ 123,711	6	\$ 259,444	8
Profit attributable to:					
8610 Owners of the parent		\$ 60,879	3	\$ 151,939	5
8620 Non-controlling interests		24,673	1	31,599	1
		\$ 85,552	4	\$ 183,538	6
TComprehensive income attributable to:					
8710 Owners of the parent		\$ 90,561	4	\$ 217,552	7
8720 Non-controlling interests		33,150	2	41,892	1
		\$ 123,711	6	\$ 259,444	8
Earnings per share (in dollars)	6(29)				
9750 Basic		\$ 0.22		\$ 0.55	
9850 Diluted		\$ 0.20		\$ 0.54	

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	Share capital - common stock	Treasury stock transactions	Retained Earnings			Other Equity Interest		Treasury stocks	Total	Non-controlling interest	Total equity
				Legal reserve	Special reserve	Unappropriated retained earning	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income				
<u>For the three-month periods ended March 31, 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		-	-	-	-	151,939	-	-	-	151,939	31,599	183,538
Other comprehensive (loss) income	6(20)	-	-	-	-	-	67,678	(2,065)	-	65,613	10,293	75,906
Total comprehensive income (loss)		-	-	-	-	151,939	67,678	(2,065)	-	217,552	41,892	259,444
Distribution of first half of 2021 net income												
Cash dividends	6(19)	-	-	-	-	(287,774)	-	-	-	(287,774)	-	(287,774)
Proceeds from issuing convertible bonds	6(13)	-	221,790	-	-	-	-	-	-	221,790	-	221,790
The Company's dividends received by subsidiaries	6(17)(18)	-	22,314	-	-	-	-	-	-	22,314	-	22,314
Dividends paid to non-controlling interest	4(3)	-	-	-	-	-	-	-	-	-	(34,604)	(34,604)
Balance at March 31, 2022		\$ 2,877,740	\$ 466,207	\$ 233,702	\$ 430,610	\$ 518,638	(\$ 147,043)	\$ 4,700	(\$ 267,195)	\$ 4,117,359	\$ 731,722	\$ 4,849,081
<u>For the three-month periods ended March 31, 2023</u>												
Balance at January 1, 2023		\$ 3,021,627	\$ 477,923	\$ 302,397	\$ 430,610	\$ 653,326	(\$ 163,091)	(\$ 167,985)	(\$ 267,195)	\$ 4,287,612	\$ 781,318	\$ 5,068,930
Consolidated net income		-	-	-	-	60,879	-	-	-	60,879	24,673	85,552
Other comprehensive (loss) income	6(20)	-	-	-	-	-	18,532	11,150	-	29,682	8,477	38,159
Total comprehensive income (loss)		-	-	-	-	60,879	18,532	11,150	-	90,561	33,150	123,711
Distribution of second half of 2022 net income												
Cash dividends	6(19)	-	-	-	-	(302,163)	-	-	-	(302,163)	-	(302,163)
Disposal of financial assets at fair value through other comprehensive income	6(6)(20)	-	-	-	-	73,130	-	(73,130)	-	-	-	-
The Company's dividends received by subsidiaries	6(17)(18)	-	23,430	-	-	-	-	-	-	23,430	-	23,430
Dividends paid to non-controlling interest	4(3)	-	-	-	-	-	-	-	-	-	(47,189)	(47,189)
Balance at March 31, 2023		\$ 3,021,627	\$ 501,353	\$ 302,397	\$ 430,610	\$ 485,172	(\$ 144,559)	(\$ 229,965)	(\$ 267,195)	\$ 4,099,440	\$ 767,279	\$ 4,866,719

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 three-month periods ended March 31	
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING DECREASE</u>			
<u>ACTIVITIES</u>			
Profit before tax		\$ 128,128	\$ 232,630
Adjustments			
Adjustments to reconcile profit (loss)			
Net (gains) losses on financial assets at fair value through profit or loss		(1,812)	(4,276)
Expected credit (gains) losses	12	485	(167)
Provision for inventory market price decline	6(4)	1,210	6,486
Depreciation	6(7)(8)(26)	71,087	67,268
Gains on disposal of property, plant and equipment	6(24)	(391)	(9)
Reclassification of property, plant and equipment to expense	6(7)	-	466
Amortization	6(9) (26)	859	1,044
Interest income	6(22)	(9,941)	(3,338)
Dividend income	6(23)	-	(2,627)
Interest expense	6(25)	32,039	27,340
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		36,904	-
Notes receivable		104,875	69,594
Accounts receivable		193,336	72,031
Other receivables		(562)	11,120
Inventories		138,841	(173,898)
Prepayments		(649)	2,393
Long-term notes and accounts receivable		(163)	7,048
Changes in operating liabilities			
Current contract liabilities		(24,665)	36,072
Notes payable		(219)	(1,839)
Accounts payable		(84,332)	71,153
Other payables		(51,371)	(85,535)
Provision for liabilities – current		147	(577)
Net defined benefit liabilities –non-current		(11,649)	1,345
Cash inflow generated from operations		522,157	333,724
Interest received		9,941	3,338
Interest paid		(22,788)	(23,011)
Income tax paid		(4,023)	(43,452)
Net cash flows from operating activities		505,287	270,599

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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 three-month periods ended March 31	
	Notes	2023	2022
<u>CASH FLOWS FROM INVESTMENT</u>			
<u>ACTIVITIES</u>			
Increase in financial assets measured at amortized cost— current		\$ -	(\$ 12,038)
Decrease in other financial asset - current		11,775	26
Acquisition of financial assets at fair value through other comprehensive income - non-current		(133)	-
Proceeds from financial assets at fair value through other comprehensive income	6(6)	86,391	191
Decrease in financial assets measured at amortized cost—non-current		44,100	41,831
Cash paid for acquisition of property, plant and equipment	6(30)	(13,371)	(35,471)
Proceeds from disposal of property, plant and equipment		739	368
Acquisition of intangible assets	6(9)	(1,544)	(294)
Increase in prepayments for business facilities		(2,850)	(18,241)
Decrease (increase) in guarantee deposits paid		3,878	(512)
Decrease in other non-current financial assets		-	2,350
Decrease in other non-current assets		1,417	708
Net cash flows used in investing activities		130,402	(21,082)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings	6(31)	11,845	(651,090)
Payments of lease liabilities	6(31)	(6,343)	(5,547)
Issuance of convertible bonds	6(31)	-	1,775,874
Decrease in long-term borrowings	6(31)	(11,227)	(595,573)
Cash dividend in non-controlling interest	4(3)	(47,189)	(34,604)
Net cash flows from (used in) financing activities		(52,914)	489,060
Effect of foreign exchange rate changes on cash and cash equivalents		18,547	59,856
Net (decrease) increase in cash and cash equivalents		601,322	798,433
Cash and cash equivalents at beginning of period	6(1)	2,436,550	1,026,237
Cash and cash equivalents at end of period	6(1)	\$ 3,037,872	\$ 1,824,670

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

Chun Yu Works & Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
Three Months Ended March 31, 2023 and 2022

(reviewed only, not audited in accordance with the Generally Accepted Auditing Standards)

Unit: NT\$ thousand
(unless specified)

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 Authorisation for Issuance of the Financial Statements and Procedures for authorisation

This consolidated financial report was issued on May 11, 2023 after submission to the board of directors.

3. Application of New and Revised Standards 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 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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.

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

None.

(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 International Accounting Standards Board
Amendments to IFS 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
IFS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS No. 17, 'Insurance contracts'	January 1, 2023
Amendment to IFS 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 main accounting policies used in the preparation of this consolidated financial report are explained below. Unless otherwise stated, these policies apply consistently throughout all reporting periods.

(1) Compliance statement

- A. The financial statements of the Company 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 financial statements should be read together with the financial statements for the year ended December 31, 2022.

(2) Basis of Preparation

- A. The consolidated financial report is prepared based on historical cost, except the following significant items:
 - (1) Financial assets at fair value through profit or loss.
 - (2) Financial assets at fair value through other comprehensive income.
 - (3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of consolidated financial statements in conformity with 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. The preparation principles of this consolidated financial report are the same as those of the 2022 consolidated financial report.
- B. Subsidiaries included in this consolidated financial report

Investment company name	Subsidiary name	Business nature	Percentage of equity held			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
Chun Yu Works & Co., Ltd.	Chun Bang Precision Co., Ltd.	Manufacture and sales of moulds	100.00	100.00	100.00	(note 1)
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 2) (note 3)
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 first quarter of 2023 and 2022 and note 13 which were reviewed by other accountants, the relevant information of the remaining companies disclosed in the financial statements for the first quarter of 2023 and 2022 and Note 13 has not been reviewed by us.

(Note 2) It represents the consolidated ownership held by the Group.

(Note 3) 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 that have non-controlling interests that are material to the Group:

As of March 31, 2023, December 31, 2022, and March 31, 2022 were NT\$767,279, NT\$781,318 and NT\$731,722, respectively. Information on non-controlling interests and subsidiaries that are significant to the Group as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		March 31, 2023		December 31, 2022	
		Amount	Ownership (%)	Amount	Ownership (%)
Chun Zu Machinery Industry	Taiwan	<u>\$ 490,312</u>	52.18%	<u>\$ 529,806</u>	52.18%

Name of subsidiary	Principal place of business	Non-controlling interest	
		March 31, 2022	
		Amount	Ownership (%)
Chun Zu Machinery Industry Co., Ltd	Taiwan	<u>\$ 481,013</u>	52.18%

Summary financial information of subsidiaries:

Consolidated balance sheet	Chun Zu Machinery Industry and Subsidiaries		
	March 31, 2023	December 31, 2022	March 31, 2022
Current Assets	\$ 1,443,042	\$ 1,408,949	\$ 1,454,713
Non-current Assets	522,199	575,844	600,063
Current Liabilities	(815,602)	(742,551)	(900,784)
Non-current Liabilities	(135,060)	(154,418)	(161,407)
Total net assets	<u>\$ 1,014,579</u>	<u>\$ 1,087,824</u>	<u>\$ 992,585</u>

Consolidated statement of comprehensive Income	For the three-month periods ended March 31,	
	2023	2022
Income	\$ 229,029	\$ 253,006
Profit for the year	\$ 13,656	\$ 19,239
Other comprehensive income (net)	12,911	(5,623)
Total comprehensive income for the year	<u>\$ 26,567</u>	<u>\$ 13,616</u>
Comprehensive income attributable to non-controlling interest	\$ 7,696	\$ 17,351
Dividends paid to non-controlling interest	<u>\$ 47,189</u>	<u>\$ 34,604</u>

Consolidated statements of cash flows	For the three-month periods ended March 31,	
	2023	2022
Net cash provided by operating activities	\$ 86,245	(\$ 35,220)
Net cash used in investing activities	50,636	25,398
Net cash used in financing activities	19,605	(10,391)
Effect of exchange rate changes on cash and cash equivalents	3,596	16,154
Increase in cash and cash equivalents	160,082	(4,059)
Cash and cash equivalents, beginning of year	214,542	297,485
Cash and cash equivalents, end of year	<u>\$ 374,624</u>	<u>\$ 293,426</u>

(4) Employee benefits

Defined benefit plan pension costs 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.

(5) 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. Major sources of uncertainty in significant accounting judgments, estimates and assumptions

No major changes in this period, Please refer to the five notes to the 2022 consolidated financial statements.

6. Explanation of important accounting items

(1) Cash and cash equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Cash:			
Cash in stock	\$ 6,204	\$ 1,005	\$ 23,747
Checking deposit	637	107,114	153,435
Demand deposit	974,633	992,024	1,491,702
	<u>981,474</u>	<u>1,100,143</u>	<u>1,668,884</u>
Cash equivalent:			
Time deposit	2,056,398	1,336,407	155,786
	<u>\$ 3,037,872</u>	<u>\$ 2,436,550</u>	<u>\$ 1,824,670</u>

- A. The credit quality of the financial institutions with which the Group interacts is good, and the Group interacts with a number of financial institutions to diversify credit risks; therefore, the probability of default is very low.
- B. The Group's classified time deposits maturing in excess of three month as financial assets at amortized current in amount of \$12,038. There was no such transaction for the year ended December 31, 2022 and three months ended March 31, 2023, classified time deposits maturing in excess of one year as financial assets at amortized non-current in amount of \$—, \$44,100 and \$45,084 for three months ended March 31, 2023, the year ended December 31, 2022 and three months ended March 31, 2022.
- C. As of three months ended March 31, 2023, December 31, 2022 and three months ended March 31, 2022, the Group's demand deposits amounting to \$—, \$11,775 and \$6,411, 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) Financial assets at fair value through profit or loss - current

Item	March 31, 2023	December 31, 2022	March 31, 2022
Financial assets measured at fair value compulsorily through income statement			
Listed and OTC stocks	\$ 7,115	\$ 39,019	\$ 30,203
Beneficiary certificates	8,000	13,000	8,000
	15,115	52,019	38,203
Reevaluation adjustment	204	(1,608)	17,737
	<u>\$ 15,319</u>	<u>\$ 50,411</u>	<u>\$ 55,940</u>

- A. The Group's financial assets measured at fair value through income statement accounted for a net loss of NT\$8,667 and NT\$7,063 for three months ended March 31, 2023 and 2022, respectively (shown as 'Other income' and 'Other gains and losses').
- B. The Group had no financial assets at fair value through profit or loss pledged to others as collateral on March 31, 2023, December 31, 2022 and March 31, 2022.
- C. For information on the credit risk of financial assets measured by fair value through income statement, please refer to note 12(2) "Financial instruments."

(3) Notes and accounts receivable, net

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable	\$ 263,182	\$ 352,225	\$ 260,332
Installment notes receivable	55,427	71,609	97,515
	318,609	423,834	357,847
Less: Unrealized interest income	(2,917)	(3,267)	(5,536)
Allowance for uncollectible accounts	(232)	(268)	(226)
	<u>\$ 315,460</u>	<u>\$ 420,299</u>	<u>\$ 352,085</u>
Accounts receivable	\$ 1,495,327	\$ 1,689,191	\$ 2,234,296
Installment accounts receivable	-	148	13,298
	1,495,327	1,689,339	2,247,594
Less: Unrealized interest income	-	(148)	(668)
Allowance for uncollectible accounts	(24,082)	(24,003)	(26,728)
	<u>\$ 1,471,245</u>	<u>\$ 1,665,188</u>	<u>\$ 2,220,198</u>

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

	March 31, 2023		December 31, 2022	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$ 318,609	\$ 1,300,090	\$ 420,394	\$ 1,461,430
Up to 30 days past due	-	114,123	2,131	170,419
31~90 days past due	-	52,353	1,309	36,055
91~180 days past due	-	2,127	-	808
Over 181 days	-	26,634	-	20,627
	<u>\$ 318,609</u>	<u>\$ 1,495,327</u>	<u>\$ 423,834</u>	<u>\$ 1,689,339</u>

	March 31, 2022	
	Notes receivable	Accounts receivable
Not past due	\$ 357,847	\$ 2,045,152
Up to 30 days past due	-	133,625
31~90 days past due	-	42,296
91~180 days past due	-	3,554
Over 181 days	-	22,967
	<u>\$ 357,847</u>	<u>\$ 2,247,594</u>

The above is an aging analysis based on the number of overdue days.

- B. The balances of notes and accounts receivable on March 31, 2023, December 31, 2022 and March 31, 2022 were all generated from customer contracts. In addition, the receivable balance of customer contracts on January 1, 2022 is NT\$2,747,618.
- C. The interest income (including notes receivable on installments, accounts receivable on installments and long-term notes and accounts receivable) recognized in profit and loss for three months ended March 31, 2023 and 2022 were NT\$1,144 and NT\$2,381, respectively (listed under “interest income”).
- D. The Group did not hold collateral as guarantee for accounts receivable as of March 31, 2023, December 31, 2022 and March 31, 2022.
- E. Regardless of the collateral or other credit enhancements held, the maximum amounts of credit risk exposure of the Group’s notes or accounts receivable on March 31, 2023, December 31, 2022 and March 31, 2022 can be best represented by their book values.
- F. For information on credit risk of relevant notes and accounts receivable, please refer to note 12(2) “Explanation of financial instruments.”
- G. The Group did not pledge notes and accounts receivable as guarantee on March 31, 2023, December 31, 2022 and March 31, 2022.

(4) Inventories

March 31, 2023			
	Cost	Allowance for inventory valuation loss	Book value
Raw material	\$ 644,054	(\$ 37,957)	\$ 606,097
Supplies	406,655	(17,066)	389,589
Work in progress	1,244,176	(36,840)	1,207,336
Finished goods	1,743,532	(98,576)	1,644,956
	<u>\$ 4,038,417</u>	<u>(\$ 190,439)</u>	<u>\$ 3,847,978</u>

December 31, 2022			
	Cost	Allowance for inventory valuation loss	Book value
Raw material	\$ 769,992	(\$ 33,338)	\$ 736,654
Supplies	408,366	(15,568)	392,798
Work in progress	1,472,413	(42,939)	1,429,474
Finished goods	1,536,046	(97,384)	1,438,662
	<u>\$ 4,186,817</u>	<u>(\$ 189,229)</u>	<u>\$ 3,997,588</u>

March 31, 2022			
	Cost	Allowance for inventory valuation loss	Book value
Raw material	\$ 1,410,252	(\$ 26,522)	\$ 1,383,730
Supplies	373,713	(13,738)	359,975
Work in progress	1,391,122	(28,073)	1,363,049
Finished goods	1,604,471	(85,001)	1,519,470
	<u>\$ 4,779,558</u>	<u>(\$ 153,334)</u>	<u>\$ 4,626,224</u>

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

	For the three-month periods ended March 31,	
	2023	2022
Cost of goods sold	\$ 1,713,925	\$ 2,600,504
Loss on decline in market value	1,210	6,486
Loss on physical inventory	(369)	(3)
Revenue from sales of scraps	(12,662)	(16,583)
	<u>\$ 1,702,104</u>	<u>\$ 2,590,404</u>

B. For the Group's inventories pledged as guarantee on March 31, 2023, December 31, 2022 and March 31, 2022, please refer to note 8 "Explanation of pledged assets."

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

Item	March 31, 2022
Repurchase Right of Corporate Bonds	<u>\$ 3,189</u>

A. There was no such transaction for three months ended March 31, 2023 and the year ended December 31, 2022.

B. The Group recognised net loss of \$— and \$160 (shown as 'Other gains and losses') on the non-current financial assets at fair value through profit or loss for three month ended March 31, 2022 and 2023.

(6) Financial assets at fair value through other comprehensive income - non-current

Item	March 31, 2023	December 31, 2022	March 31, 2022
Equity instruments			
Listed and OTC stocks	\$ 593,334	\$ 606,462	\$ 621,308
Unlisted, non-OTC and non-emerging market stocks	<u>772</u>	<u>772</u>	<u>772</u>
	594,106	607,234	622,080
Reevaluation adjustment	(229,965)	(167,985)	4,509
	<u>\$ 364,141</u>	<u>\$ 439,249</u>	<u>\$ 626,589</u>

A. The Group chose to classify equity investments that receive stable dividends as financial assets measured at fair value through other comprehensive income. The fair values of these investments on March 31, 2023, December 31, 2022 and March 31, 2022 were NT\$364,141、NT\$439,249 and NT\$626,589, respectively.

B. The Group needed capital expenditures disposed financial assets at fair value through other comprehensive income – equity instrument in the amount of \$86,391 and \$191 for the three-month periods ended March 31, 2023 and 2022, respectively. This resulted in cumulative gain on disposal amounting to \$73,130 and \$—.

C. The details of the Group's financial assets measured at fair value through other comprehensive income which are recognized in profit and loss and comprehensive income are as follows:

		For the three-month periods ended March,31,	
		2023	2022
Fair value change recognised in other comprehensive income(shown as 'Other equity')	\$	11,150	(\$ 2,065)
Cumulative gains or losses reclassified to retained earnings due to derecognition	(\$	73,130)	\$ -
D. Regardless of the collateral or other credit enhancements held, the maximum amounts of credit risk exposure of the Group's financial assets measured at fair value through other comprehensive income on March 31, 2023, December 31, 2022 and March 31, 2022 can be best represented by their book values.			
E. Information relating to credit risk is provided in Note 12(2), 'Financial instruments'.			

(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, 2023</u>									
Cost	\$ 1,573,597	\$ 1,951,356	\$ 4,522,990	\$ 89,494	\$ 93,331	\$ 122,331	\$ 712,327	\$ 1,695	\$ 9,067,121
Accumulated depreciation	- (	1,468,433)	(3,742,346)	(70,666)	(75,981)	(85,179)	(568,679)	- (	6,011,284)
Accumulated impairment	-	-	(42)	-	-	-	-	-	(42)
	<u>\$ 1,573,597</u>	<u>\$ 482,923</u>	<u>\$ 780,602</u>	<u>\$ 18,828</u>	<u>\$ 17,350</u>	<u>\$ 37,152</u>	<u>\$ 143,648</u>	<u>\$ 1,695</u>	<u>\$ 3,055,795</u>
<u>For the three-month periods ended</u>									
<u>March 31, 2023</u>									
At January 1	\$ 1,573,597	\$ 482,923	\$ 780,602	\$ 18,828	\$ 17,350	\$ 37,152	\$ 143,648	\$ 1,695	\$ 3,055,795
Additions	-	4,260	3,887	-	314	1,919	778	1,346	12,504
Transfers after acceptance	-	-	10,473	-	-	-	175	(10,648)	-
Transfers from inventories	-	-	-	-	-	-	-	9,559	9,559
Transfers from prepayments for business facilities	-	-	-	-	2,219	213	254	-	2,686
Depreciation charge	- (	11,656)	(37,225)	(956)	(2,001)	(1,489)	(10,253)	- (	63,580)
Disposals– Cost	- (	155)	(10,007)	- (	1,906)	(365)	(17,908)	- (	30,341)
–Accumulated depreciation	-	155	10,007	-	1,582	365	17,884	-	29,993
Net exchange differences	2,385	1,806	7,358	-	88	596	343	-	12,576
At March 31	<u>\$ 1,575,982</u>	<u>\$ 477,333</u>	<u>\$ 765,095</u>	<u>\$ 17,872</u>	<u>\$ 17,646</u>	<u>\$ 38,391</u>	<u>\$ 134,921</u>	<u>\$ 1,952</u>	<u>\$ 3,029,192</u>
<u>March 31, 2023,</u>									
Cost	\$ 1,575,982	\$ 1,960,390	\$ 4,587,806	\$ 89,494	\$ 94,266	\$ 123,891	\$ 697,585	\$ 1,952	\$ 9,131,366
Accumulated depreciation	- (	1,483,057)	(3,822,669)	(71,622)	(76,621)	(85,499)	(562,664)	- (	6,102,132)
Accumulated impairment	-	-	(42)	-	-	-	-	-	(42)
	<u>\$ 1,575,982</u>	<u>\$ 477,333</u>	<u>\$ 765,095</u>	<u>\$ 17,872</u>	<u>\$ 17,645</u>	<u>\$ 38,392</u>	<u>\$ 134,921</u>	<u>\$ 1,952</u>	<u>\$ 3,029,192</u>

	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 three-month periods ended</u>									
<u>March 31, 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	-	4,797	10,137	-	359	931	4,367	8,735	29,326
Transfers after acceptance	-	760	19,613	-	-	-	-	(20,373)	-
Transfers from inventories	-	-	15,495	-	-	-	-	-	15,495
Transfers from prepayments for business facilities	-	451	4,774	-	-	-	6,790	9,031	21,046
Depreciation charge	-	(11,588)	(34,805)	(972)	(2,113)	(1,470)	(10,176)	-	(61,124)
Disposals– Cost	-	-	(12,619)	-	(2,656)	(977)	(1,025)	-	(17,277)
–Accumulated depreciation	-	-	12,418	-	2,556	955	989	-	16,918
Transfer fee	-	-	-	-	-	-	-	(466)	(466)
Net exchange differences	-	5,831	7,862	-	311	243	3,513	27	17,787
At March 31	<u>\$ 1,573,597</u>	<u>\$ 519,396</u>	<u>\$ 788,503</u>	<u>\$ 21,450</u>	<u>\$ 21,009</u>	<u>\$ 15,575</u>	<u>\$ 141,143</u>	<u>\$ 31,593</u>	<u>\$ 3,112,266</u>
<u>March 31, 2022,</u>									
Cost	\$ 1,573,597	\$ 1,963,265	\$ 4,509,794	\$ 94,857	\$ 98,279	\$ 121,446	\$ 688,905	\$ 31,593	\$ 9,081,736
Accumulated depreciation	-	(1,443,869)	(3,721,249)	(73,407)	(77,270)	(105,871)	(547,762)	-	(5,969,428)
Accumulated impairment	-	-	(42)	-	-	-	-	-	(42)
	<u>\$ 1,573,597</u>	<u>\$ 519,396</u>	<u>\$ 788,503</u>	<u>\$ 21,450</u>	<u>\$ 21,009</u>	<u>\$ 15,575</u>	<u>\$ 141,143</u>	<u>\$ 31,593</u>	<u>\$ 3,112,266</u>

- A. The property, plant and equipment of the Group as of March 31, 2023, December 31, 2022 and March 31, 2022 were for its own use.
- B. No interest expense was capitalised as part of property, plant and equipment for the three-month periods ended March 31, 2023 and 2022.
- 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 March 31, 2023, December 31, 2022 and March 31, 2022, 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. Information on the book value of right-of-use assets and the recognized depreciation expenses is as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 98,707	\$ 99,707	\$ 105,933
Buildings and structures	49,402	37,417	14,696
Transportation equipment	232	285	363
	<u>\$ 148,341</u>	<u>\$ 137,409</u>	<u>\$ 120,992</u>

	<u>For the three-month periods ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Land	\$ 1,409	\$ 1,402
Buildings and structures	6,045	4,508
Transportation equipment	53	234
	<u>\$ 7,507</u>	<u>\$ 6,144</u>

- C. The increase of the Group's right-of-use assets for three months ended March 31, 2023 and 2022 was NT\$18,480 and NT\$—, respectively.
- D. Information about profit and loss items related to lease contracts is as follows:

	<u>For the three-month periods ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
<u>Items that affect current profit and loss</u>		
Interest expenses on lease liabilities	\$ 486	\$ 250
Expenses for short-term leases	2,052	1,005

- E. For the three-month periods ended March 31, 2023 and 2022, the Group's total cash outflow for leases were \$ 8,881 and \$ 6,802, respectively.
- F. For the Group's right-of-use assets pledged as of March 31, 2023, December 31, 2021, and March 31, 2022, please refer to note 8 "Pledged assets."

(9) Intangible assets

	Computer software	
	For the three-month periods ended March 31,	
	2023	2022
<u>At January 1</u>		
Cost	\$ 25,343	\$ 24,489
Accumulated amortisation	(18,000)	(16,634)
	<u>\$ 7,343</u>	<u>\$ 7,855</u>
<u>Period from January to March</u>		
At January 1	\$ 7,343	\$ 7,855
Additions – acquired separately	1,544	294
Amortisation charge	-	275
Amortization fee	(859)	(1,044)
Write-offs – cost	(3,411)	(2,073)
- accumulated amortisation	3,411	2,073
Net exchange differences	22	151
At March 31	<u>\$ 8,050</u>	<u>\$ 7,531</u>
<u>At March 31</u>		
Cost	\$ 23,555	\$ 23,498
Accumulated amortisation	(15,505)	(15,967)
	<u>\$ 8,050</u>	<u>\$ 7,531</u>

A. No interest expense was capitalised for the three-month periods ended March 31, 2023 and 2022.

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

	For the three-month periods ended March 31,	
	2023	2022
Operating costs	\$ 130	\$ 106
Selling expenses	113	109
Administrative expenses	399	419
Research and development expenses	217	410
	<u>\$ 859</u>	<u>\$ 1,044</u>

C. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group had no intangible assets pledged to others.

(10) Long-term notes and accounts receivable

	March 31, 2023	December 31, 2022	March 31, 2022
Long-term notes	\$ 4,131	\$ 4,180	\$ 9,985
receivable			
Less: Unrealized interest income	(651)	(863)	(1,811)
	<u>\$ 3,480</u>	<u>\$ 3,317</u>	<u>\$ 8,174</u>

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 March 31, 2023, December 31, 2022 and March 31, 2022, the Group had no long-term

notes receivable and long-term installment receivables past due.

- C. As of March 31, 2023, December 31, 2022 and March 31, 2022, 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 \$17,827.
- D. As of March 31, 2023, December 31, 2022 and March 31, 2022, 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 periods ended March 31, 2023 and 2022 are provided in Note 6(3), 'Notes and accounts receivable, net'.
- F. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group did not hold any collateral as security for long-term accounts receivable.
- G. As of March 31, 2023, December 31, 2022 and March 31, 2022, 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 any impairment loss for three-month period ended March 31, 2023 and 2022.
- B. As of March 31, 2023, December 31, 2022 and March 31, 2022, the accumulated impairment loss of property, plant and equipment both amounted to \$42, after recognising or reversing any impairment loss.

(12) Short term borrowings

Type of borrowings	March 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 626,319	1.56%~6.42%	Note 1
Secured borrowings	166,372	9.00%	Note 1、Note 2
	<u>\$ 792,791</u>		

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	572,946	1.56%~5.63%	Note 1
Secured borrowings	207,900	9.00%	Note 1、Note 2
	<u>780,846</u>		

Type of borrowings	March 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 392,933	0.70%~1.71%	Note 1
Secured borrowings	598,348	1.65%~10.75%	Note 1、Note 2
	<u>\$ 991,281</u>		

Note 1: As of March 31, 2023, December 31, 2022 and March 31, 2022, the interest rate of loans from Indonesia were 9.00%、9.00% and 10.75%, respectively, and the interest rate of loans from other countries were 1.56%~6.42%、1.56%~5.63% and 0.70%~4.80%, respectively.

Note 2: Please refer to note 8 “Explanation of pledged assets.”

For the interest expenses recognized in profit and loss for three months ended March 31, 2023 and 2022, please refer to note 6、(25) ‘Explanation of Financial Costs.’

(13) Bonds payable

	March 31, 2023	December 31, 2022	March 31, 2022	Collateral
Guaranteed ordinary bonds payable	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	(Note)
Guaranteed convertible bonds payable	1,600,000	1,600,000	1,600,000	-
	<u>\$ 4,600,000</u>	<u>\$ 4,600,000</u>	<u>\$ 4,600,000</u>	
Less: Discount on bonds payable	(32,720)	(36,395)	(47,580)	
	<u>\$ 4,567,280</u>	<u>\$ 4,563,605</u>	<u>\$ 4,552,420</u>	

(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, the main issuance conditions are as follows:
- 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 of \$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.
 - 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.
 - 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 on a 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, the main issuance conditions are as follows:
- 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 of \$2,432), \$500,000 (related issue costs of \$2,006), \$400,000 (related issue costs of \$1,417), respectively. Issuance prices 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.
 - 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 guarantor 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 the conversion of the bonds 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 antidilution 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 in accordance with 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 for 30 consecutive business days 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 -noncurrent", 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. Details of interest expense recognized in profit or loss for the three-month periods ended March 31, 2023 and 2022 provided in Note 6, (25), Financial costs.

(14) Provision for liabilities – current

	Warranty	
	For the three-month periods ended March 31,	
	2023	2022
January 1	\$ 6,265	\$ 8,275
Additional provisions	1,267	342
Used during the year	(876)	(296)
Unused amounts reversed	(244)	(623)
March 31	\$ 6,412	\$ 7,698

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

(15) Long term borrowings

Type of borrowings	Borrowing period	Interest rate range	Collateral	March 31, 2023
Long-term bank borrowings				
Secured borrowings	2019.08.28~ 2029.06.15	1.52%~ 2.40%	Refer to Note 8	\$ 27,809
Less: Current portion				(6,526)
				<u>\$ 21,283</u>
Type of borrowings	Borrowing period	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings				
Secured borrowings	2019.08.28~ 2029.06.15	1.43%~ 2.28%	Refer to Note 8	\$ 39,036
Less: Current portion				(16,121)
				<u>\$ 22,915</u>
Type of borrowings	Borrowing period	Interest rate range	Collateral	March 31, 2022
Long-term bank borrowings				
Secured borrowings	2018.05.14~ 2023.05.14	8.75%~ 10.73%	Refer to Note 8	29,253
Less: Current portion				(23,474)
				<u>\$ 5,779</u>

Information about interest expenses recognized in profit or loss for the three-month periods ended March 31, 2023 and 2022 provided in Note 6(25), 'Finance costs'.

(16) 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% 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) The pension costs under the defined contribution pension plans of the Group for the three-month periods ended March 31, 2023 and 2022 were \$2,542 and \$2,523, respectively

(b) Expected contributions to the defined benefit pension plans of the Group for the following year amount to \$2,531.

B. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the R.O.C. Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The Group's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China are based on certain percentage of employees' monthly salaries and wages (Note). The fund is managed by the government. Other than the monthly contributions, the subsidiaries have no further obligations. The pension costs under the defined contribution pension plans of the Group for the three-month periods ended March 31, 2023 and 2022 were \$13,551 and \$15,566, respectively.

(17) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows:

(Unit: Shares in thousands)

	For the three-month periods ended	
	March 31,	
	2023	2022
Number of shares at the beginning and end of the year	302,163	287,774

B. On June 22, 2022, the Company increased its capital by issuing new shares through capitalization of unappropriated retained earnings of \$143,887 as resolved by the shareholder's meeting. The issuance of new shares was approved by the Securities and Futures Bureau, Financial Supervisory Commission. The effective date was set on September 17, 2022.

C. As of March 31, 2023, 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)

For the three-month periods ended March 31,2023				
Reason for reacquisition	Number of shares at the beginning of the year	Addition	Decrease	Number of shares at the end of the year
Acquisition of the parent company's share by subsidiaries transferred to treasury share from long-term investments	23,430	-	-	23,430
For the three-month periods ended March 31,2022				
Reason for reacquisition	Number of shares at the beginning of the year	Addition	Decrease	Number of shares at the end of the year
Acquisition of the parent company's share by subsidiaries transferred to treasury share from long-term investments	22,314	-	-	22,314

(b) As of March 31,2023, December 31, 2022, and March 31 2022, the book value (cost) was all \$267,195, and the fair values were \$578,725, \$562,324 and \$676,128, respectively. The shares of the parent company held by subsidiaries are recognized as treasury shares and are entitled to dividends, recorded under 'Capital reserve-treasury stock transaction'. The cash dividends and stock dividends paid to the subsidiaries for the three-month periods ended March 31, 2023 and 2022 amounted to \$23,430 and \$22,314 respectively

(c) Reason for share reacquisition and the number of the Company's treasury shares changed as of March 31, 2023, December 31,2022 and March 31 2022. Details are as follows:

		March 31, 2023	
Name of company holding the shares		Number of shares (in thousands)	Carrying amount
	Reason for reacquisition		
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
		December 31, 2022	
Name of company holding the shares		Number of shares (in thousands)	Carrying amount
	Reason for reacquisition		
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
		March 31, 2021	
Name of company holding the shares		Number of shares (in thousands)	Carrying amount
	Reason for reacquisition		
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

(18) 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 capitalised 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. Movements in capital surplus are as follows:

For the three-month periods ended March 31, 2023	Share options	consideration and carrying amount of subsidiaries acquired or disposed	Treasury share transactions	Total
Balance at the beginning of year	\$ 221,790	\$ 26,901	\$ 229,232	\$ 477,923
Transfers to capital surplus for the Company's dividends received by subsidiaries	-	-	23,430	23,430
Balance at the end of year	\$ 221,790	\$ 26,901	\$ 252,662	\$ 501,353

For the three-month periods ended March 31, 2022	Stock options	consideration and carrying amount of subsidiaries acquired or disposed	Treasury share transactions	Total
Balance at the beginning of year	\$ -	\$ 26,901	\$ 195,202	\$ 222,103
Issued convertible bonds	221,790	-	-	221,790
Transfers to capital surplus for the Company's dividends received by subsidiaries	-	-	22,314	22,314
Balance at the end of year	\$ 221,790	\$ 26,901	\$ 217,516	\$ 466,207

- B. Details of 'Capital reserve-share options' are provided in Note 6(13), 'Bonds payable'.
- C. Details of 'Capital reserve-treasury share transactions' are provided in Note 6(17), 'Share capital'.

(19) 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 authorised 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 principal, 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 and stock dividends distributed to owners amounting to \$438,885 and \$143,887 for the years ended December 31, 2022 respectively. It includes cash dividends of \$151,081 (\$0.5 (in dollars) per share) in the first half of 2022 earnings, cash dividends of \$287,774 (\$1.0 (in dollars) per share) and share dividends \$143,887 (\$0.5 (in dollars) per share) in the second half of 2021 earnings; On March 9, 2023, the Board of Directors proposed for the distribution of cash dividends from second half of 2022 earnings amounting to \$302,163 (\$1.0 (in dollars) per share) and the dividend has not yet been distributed (shown as "Other payables").

(20) Other equity

	For the three-month periods ended March 31, 2023		
	Currency translation	Unrealized gains(losses) on valuation	Total
At January 1	(\$ 163,091)	(\$ 167,895)	(\$ 331,076)
Revaluation – currency translation	18,532	-	18,532
Revaluation – unrealized gains (losses) on valuation	-	11,150	11,150
Valuation adjustment transfer out to retained earnings	-	(73,130)	(73,130)
At March 31	(\$ 144,559)	(\$ 229,965)	(\$ 374,524)
	For the three-month periods ended March 31, 2022		
	Currency translation	Unrealized gains(losses) on valuation	Total
At January 1	(\$ 214,721)	\$ 6,765	(\$ 207,956)
Revaluation – currency translation	67,678	-	67,678
Revaluation – unrealized gains (losses) on valuation	-(	2,065)	(2,065)
At March 31	(\$ 147,043)	\$ 4,700	(\$ 142,343)

(21) Operating revenue

	For the three-month periods ended March 31,	
	2023	2022
Revenue from contracts with customers	\$ 2,045,709	\$ 3,055,669

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

	For the three-month periods ended March 31, 2023		
Major product line	Screw segment	Machinery segment	Total
Screws and nuts	\$ 1,307,755	\$ -	\$ 1,307,755
Wire rods	488,538	-	488,538
Machinery and equipment	-	187,571	187,571
Other	43,967	17,878	61,845
	\$ 1,840,260	\$ 205,449	\$ 2,045,709

For the three-month periods ended March 31, 2022			
Main product line	Screw segment	Machinery segment	Total
Screws and nuts	\$ 1,405,923	\$ -	\$ 1,405,923
Wire rods	900,465	-	900,465
Machinery and equipment	-	232,448	232,448
Billet	373,018	-	373,018
Other	119,196	24,619	143,815
	<u>\$ 2,798,602</u>	<u>\$ 257,067</u>	<u>\$ 3,055,669</u>

B. Contract liabilities

(a) AS of March 31, 2023, December 31, 2022 and March 31, 2022, the Group has recognized revenue-related contract liabilities of \$445,988, \$470,653 and \$443,415, respectively.

(b) Revenue recognized for the three-months ended March 31, 2023 and 2022, which was included in the contract liabilities of \$470,653 and \$407,343 as at January 1, 2023 and 2022, respectively, amounted to \$170,142 and \$150,737, respectively.

(22) Interest income

For the three-month periods ended March 31,		
	2023	2022
Interest income from bank deposits	\$ 5,973	\$ 957
Other interest	3,968	2,381
	<u>\$ 9,941</u>	<u>\$ 3,338</u>

(23) Other income

For the three-month periods ended March 31,		
	2023	2022
Rent income	\$ 488	\$ 370
Dividend income	-	2,627
Government grants	941	626
Other income	8,890	1,565
	<u>\$ 10,319</u>	<u>\$ 5,188</u>

(24) Other gains and losses

For the three-month periods ended March 31,		
	2023	2022
Gains on financial assets at fair value through profit or loss	\$ 8,667	\$ 4,276
Gains on disposal of property, plant and equipment	391	9
Net foreign exchange (losses) gains	(1,778)	6,630
Miscellaneous disbursements	(625)	(799)
	<u>\$ 6,655</u>	<u>\$ 10,116</u>

(25) Finance costs

	For the three-month periods ended March 31,	
	2023	2022
Interest expenses:		
Bank borrowings	\$ 12,369	\$ 18,496
Ordinary bonds payable	11,945	7,054
Convertible bonds payable	7,239	1,540
Interest on lease liabilities	486	250
	<u>\$ 32,039</u>	<u>\$ 27,340</u>

(26) Expenses by nature

	For the three-month periods ended March 31, 2023		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense	\$ 197,829	\$ 111,360	\$ 309,189
Depreciation	55,750	15,337	71,087
Amortization	130	729	859
	<u>\$ 253,709</u>	<u>\$ 127,426</u>	<u>\$ 381,135</u>

	For the three-month periods ended March 31, 2022		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense	\$ 219,765	\$ 122,909	\$ 342,674
Depreciation	53,058	14,210	67,268
Amortization	106	938	1,044
	<u>\$ 272,929</u>	<u>\$ 138,057</u>	<u>\$ 410,986</u>

(27) Employee benefit expense

	For the three-month periods ended March 31, 2023		
	Classified as operating costs	Classified as operating expenses	Total
Wages and salaries	\$ 164,924	\$ 95,045	\$ 259,969
Labour and health insurance fees	16,339	6,345	22,684
Pension costs	10,821	5,272	16,093
Other personnel expenses	5,745	4,698	10,443
	<u>\$ 197,829</u>	<u>\$ 111,360</u>	<u>\$ 309,189</u>

	For the three-month periods ended March 31, 2022		
	Classified as operating costs	Classified as operating expenses	Total
Wages and salaries	\$ 185,666	\$ 95,457	\$ 281,123
Labour and health insurance fees	15,607	7,617	23,224
Pension costs	11,828	6,261	18,089
Other personnel expenses	6,664	13,574	20,238
	<u>\$ 219,765</u>	<u>\$ 122,909</u>	<u>\$ 342,674</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 periods ended March 31, 2023 and 2022, employees' compensation was accrued at \$1,540 and \$2,708, respectively; while directors' remuneration was accrued at \$1,540 and \$2,800, respectively. The employees' compensation and directors' remuneration resolved by the Board of Directors on March 9, 2023 were both \$13,100, and the employees' compensation will be distributed in the form of cash, consistent with the amount recognized on the financial statements for the year ended December 31, 2022. The aforementioned amounts were recognized in salary expenses and were accrued based on the earnings of current year and the percentage prescribed by the Company's Articles of Incorporation.

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.

(28) Income tax

A. Components of income tax expenses:

(a) Components of income tax expenses:

	For the three-month periods ended March 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 52,308	\$ 64,910
Prior year income tax under estimation	(2,439)	-
Total current tax	<u>49,869</u>	<u>64,910</u>
Deferred tax:		
Origination and reversal of temporary differences	(7,293)	15,818
Income tax expense	<u>\$ 42,576</u>	<u>\$ 49,092</u>

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

	For the three-month periods ended March 31,	
	2023	2022
Exchange differences on translation of foreign financial statements	<u>\$ 4,170</u>	<u>\$ 4,818</u>

- B. The Company's income tax returns through 2020 and 2021 have been assessed and approved by the Tax Authority. The Company does not have any administrative remedy as of May 11, 2023.

(29) Earnings per share

For the three-month periods ended March 31,2023			
	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	\$ 60,879	278,733	\$ 0.22
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 60,879	278,733	
Assumed conversion of all dilutive potential ordinary shares Employees' compensation	-	464	
Convertible bonds	2,781	42,667	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 63,660	321,864	\$ 0.20

For the three-month periods ended March 31,2022			
	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	\$ 151,939	278,733	\$ 0.55
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 151,939	278,733	
Assumed conversion of all dilutive potential ordinary shares Employees' compensation	-	512	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 151,939	279,245	\$ 0.54

The above mentioned weighted average number of outstanding shares was retrospectively adjusted proportionately to the capitalised amount of unappropriated retained earnings for the year ended December 31, 2021.

(30) Supplementary cash flow information

A. Investment and financing activities with partial cash payments:

		For the three-month periods ended March 31,	
		2023	2022
(a) Purchase of property, plant and equipment	\$	12,504	\$ 29,326
Add: Opening balance of payable on equipment (shown as 'Notes payables')		8,191	22,043
Less: Ending balance of payable on equipment (shown as 'Other payables')	(	7,324)	(15,898)
Cash paid for acquisition of property, plant and equipment	\$	<u>13,371</u>	\$ <u>35,471</u>

		For the three-month periods ended March 31,	
		2023	2022
(b) Cash dividends declared	\$	302,163	\$ 287,774
Less: Dividends received by subsidiaries for holding the parent company's shares	(	23,430)	(22,314)
Ending balance of payable on cash dividends (shown as 'Other payables')	(	278,733)	(265,460)
Cash dividends paid	\$	<u>-</u>	\$ <u>-</u>

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

		For the three-month periods ended March 31,	
		2023	2022
(a) Dividends receivable (shown as 'Other receivables')	\$	-	\$ 2,627
(b) Write-offs of uncollectible receivables	\$	<u>528</u>	\$ <u>3,022</u>
(c) Inventories transferred to property, plant and equipment	\$	<u>9,559</u>	\$ <u>15,495</u>
(d) Prepayments for business facilities transferred to property, plant and equipment	\$	<u>2,686</u>	\$ <u>21,046</u>
(e) Prepayments for business facilities transferred to intangible assets	\$	<u>-</u>	\$ <u>275</u>

(31) 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, 2023	\$ 780,846	\$ 52,262	\$4,563,605	\$ 39,036	\$ 457	\$ 5,436,206
Changes in cash flow from financing activities	11,845	(6,343)	-(	11,227)	-	(5,725)
Changes in unamortized discount	-	-	3,675	-	-	3,675
Changes in other non-cash items	-	18,480	-	-	-	18,480
Impact of changes in foreign exchange rate	-	(161)	-	-	-(	161)
March 31, 2023	<u>\$ 792,691</u>	<u>\$ 64,238</u>	<u>\$4,567,280</u>	<u>\$ 27,809</u>	<u>\$ 457</u>	<u>\$ 5,452,475</u>
	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	(651,090)	(5,547)	1,775,874	(595,573)	-	523,664
Changes in unamortized discount	-	-	269	-	-	269
Changes in other non-cash items	-	-(223,723)	-	-	-(	223,723)
Impact of changes in foreign exchange rate	-	708	-	-	-	708
March 31, 2022	<u>\$ 991,281</u>	<u>\$ 30,610</u>	<u>\$ 4,552,420</u>	<u>\$ 29,253</u>	<u>\$ 457</u>	<u>\$ 5,604,021</u>

7. Related party transactions

(1) Name and relationship of related party

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

(2) Major transactions with related parties

A. Operating revenue

	<u>For the three-month periods ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Sale of goods:		
Other related parties	\$ <u>132,315</u>	\$ <u>186,860</u>
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 and 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. Purchase

	<u>For the three-month periods ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Purchase of goods:		
Other related parties	\$ <u>169</u>	\$ <u>1,861</u>
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. Property transaction

Acquisition of assets:		
Objects	<u>For the three-month periods ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Other related parties Machinery and equipment	\$ <u>-</u>	\$ <u>500</u>
The Group purchases property, plant and equipment from related parties at a negotiated price.		

D. Other expenses

	<u>For the three-month periods ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Other related parties	\$ <u>11,407</u>	\$ <u>15,057</u>

E. Other income

	<u>For the three-month periods ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Other related parties	\$ 315	\$ -

F. Amounts receivable from related parties

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Notes receivable			
Other related parties	\$ 35,322	\$ 48,966	\$ 34,874
Accounts Receivable			
Other related parties	\$ 64,407	\$ 39,106	\$ 101,793

G. Contract liabilities-current

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Other related parties	\$ 7,611	\$ 10,416	\$ -

H. Payables to related parties

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Accounts payable			
Other related parties	\$ -	\$ -	\$ 1,101
Other payables			
Other related parties	\$ 7,800	\$ 8,348	\$ 15,416

(3) Key management compensation

	<u>For the three-month periods ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Wages and salaries and other short-term benefits	\$ 16,409	\$ 14,619

8. Pledged assets

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

<u>Assets</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>	<u>Purpose</u>
Pledged demand deposits (note 1)	\$ -	\$ 11,775	\$ 6,411	Guarantee, collateral for short-term and long-term borrowings and bonds payable
Inventories	79,200	79,200	79,200	Collateral for short-term and long-term borrowings
Land (note 2)	453,275	453,275	453,275	Collateral for short-term and long-term borrowings and bonds payable

Assets	March 31, 2023	December 31, 2022	March 31, 2022	Purpose
Buildings and structures, net (note 2)	123,267	125,747	122,382	Collateral for short-term and long-term borrowings and bonds payable
Machinery and equipment, net (note 2)	51,482	51,794	49,605	Collateral for short-term and long-term borrowings
Right-of-use assets	14,466	14,544	15,315	Collateral for short-term borrowings
	<u>\$ 721,690</u>	<u>\$ 736,335</u>	<u>\$ 726,188</u>	

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

(Note 2) Shown as ‘Property, plant and equipment’.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group’s capital expenditures contracted for at the balance sheet date but not yet incurred were NT\$705, NT\$705 and NT\$20,642, respectively.

(2) As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group’s line of credit issued but not yet negotiated were NT\$27,034, NT\$36,751 and NT\$318,700, respectively.

(3) For situations where the Group endorses/guarantees for others, please refer to note 13(1) 2. Explanation of endorsements/guarantees for others.

(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 amortisation 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 March 31, 2023, the Group did not breach commitments on aforementioned financial

covenants. There was no such transaction for the year ended December 31, 2022 and the three-month periods ended March 31, 2023.

- (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. The judgment was remanded by the Supreme Court for the second time. The appeal was dismissed on December 14, 2022, and the relevant litigation expenses incurred shall be borne by the (the Company).

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

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 minimise 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 over all 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 recognised 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 recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised 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:

(Foreign currency: functional currency)	March 31, 2023		
	Foreign currency amount (In thousands)	Exchange rate	Book value
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 27,138	30.45	\$ 826,353
RMB:NTD	13,686	4.431	60,644
USD: RMB	1,307	6.8717	39,785
EUR: NTD	1,128	33.15	37,406
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	6,921	30.45	210,745
USD: IDR	2,230	15,000	67,900

December 31, 2022				
(Foreign currency: functional currency)	Foreign currency		Exchange rate	Book value
	amount (In thousands)			
<u>Financial assets</u>				
<u>Monetary items</u>				
USD: NTD	\$	8,400	30.71	\$ 257,973
USD: RMB		3,217	6.9646	98,760
EUR: NTD		1,231	32.72	40,293
RMB: NTD		7,057	4.410	31,109
JPY: NTD		56,869	0.2324	13,216
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD: NTD		5,260	30.71	161,526
USD: RMB		3,535	6.9646	108,514
USD: IDR		2,230	15,510	68,479
EUR: NTD		834	32.72	27,288

	March 31, 2022		
(Foreign currency: functional currency)	Foreign currency amount	Exchange	
	(In thousands)	rate	Book value
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 17,770	28.63	\$ 508,675
USD: RMB	2,627	6.3482	75,194
EUR: NTD	1,256	31.92	40,100
EUR: RMB	394	6.348	11,269
RMB: NTD	32,565	4.508	146,816
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	2,011	28.63	57,552
USD: RMB	2,440	6.3482	69,834

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 three month periods ended March 31, 2023, and 2022 would have decreased/increased by \$5,498 and \$5,228, respectively.

The total exchange gains (losses), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three month periods ended March 31, 2023, and 2022, amounted to (\$1,778) and \$6,630, respectively.

ii. Price risk

- (i) The Group's equity instruments exposed to price risk are financial assets measured at fair value through income statement and financial assets measured at fair value through other comprehensive income held by the Group. In order to manage the price risk of

equity instrument investment, the Group diversified its investment portfolio, and the method of diversification was carried out in compliance with the limits set by the Group.

- (ii) The Group mainly invests in equity instruments issued by domestic companies. The prices of these equity instruments will be affected by the uncertainty of the future values of the investment targets. If the prices of these equity instruments rise or fall by 1% while all other factors remain unchanged, the net profit after tax for the period for three months ended March 31, 2023 and 2022 due to the gain or loss of equity instruments measured at fair value through income statement will increase or decrease by NT\$153 or NT\$559, respectively; the net profit after tax due to the gain or loss of equity instruments measured at fair value through other comprehensive income will increase or decrease by NT\$3,641 or NT\$6,266, respectively.

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 the three month periods ended March 31, 2023, and 2022, the Group's borrowings at variable rate were mainly denominated in NTD, USD, RMB and IDR.
- (ii) The Group's borrowings are measured at amortised 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) With regard to sensitivity analysis of interest rate risk, if interest rate on borrowing increased/decreased by 1% with all other variables held constant, post-tax profit for the three-month periods ended March 31, 2023 and 2022 would have decreased/increased by \$48 and \$35, respectively, mainly as a result of higher/lower interest expense on 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 analysing 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 utilisation 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 assumption 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:

	<u>For the three-month periods ended March 31,2023</u>		
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Total</u>
Balance at January 1	\$ 268	\$ 24,003	\$ 24,271
Expected credit loss (gain)	(40)	525	485
Write-offs	-	(528)	(528)
Effect of foreign exchange	4	82	86
Balance on March 31	<u>\$ 232</u>	<u>\$ 24,082</u>	<u>\$ 24,314</u>

	<u>For the three-month periods ended March 31,2022</u>		
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Total</u>
Balance on January 1	\$ 252	\$ 29,118	\$ 29,370
Expected credit loss	(32)	(135)	(167)
Write-offs	-	(3,022)	(3,022)
Effect of foreign exchange	6	767	773
Balance on March 31	<u>\$ 226</u>	<u>\$ 26,728</u>	<u>\$ 26,954</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:

March 31, 2023	Less than 1 year	Between 1 to 2 year(s)	Between 2 to 5 years	More than 5 years
Non-derivative financial liabilities				
Short-term borrowings	\$ 803,611	\$ -	\$ -	\$ -
Notes payable	169	-	-	-
Accounts payable	474,319	-	-	-
Other payables	672,506	-	-	-
Lease liability	25,461	13,026	26,287	3,268
Bonds payable	1,950	1,950	5,850	4,601,950
Long-term borrowings (including current portion)	6,890	6,009	13,164	2,758
Guarantee deposits received	457	-	-	-
December 31, 2022	Less than 1 year	Between 1 to 2 year(s)	Between 2 to 5 years	More than 5 years
Non-derivative financial liabilities				
Short-term borrowings	\$ 801,682	\$ -	\$ -	\$ -
Notes payable	388	-	-	-
Accounts payable	558,651	-	-	-
Other payables	440,435	-	-	-
Lease liability	25,654	10,484	14,363	3,785
Bonds payable	1,950	1,950	5,850	4,601,950
Long-term borrowings (including current portion)	16,723	6,367	13,962	3,316
Guarantee deposits received	457	-	-	-
March 31, 2022	Less than 1 year	Between 1 to 2 year(s)	Between 2 to 5 years	More than 5 years
Non-derivative financial liabilities				
Short-term borrowings	\$ 1,103,761	\$ -	\$ -	\$ -
Notes payable	1,448	-	-	-
Accounts payable	1,101,390	-	-	-
Other payables	757,571	-	-	-
Lease liability	20,194	7,672	25,621	20,833
Bonds payable	1,950	1,950	5,850	4,603,900
Long-term borrowings (including current portion)	24,920	5,284	561	-
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 I: 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 II: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level III: 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, non-current financial assets at amortised cost, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable, other payables, bonds payable, 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 are as follows:

<u>March 31, 2023</u>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Assets:				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair				
value through profit or	\$ 8,095	\$ -	\$ -	\$ 8,095
loss Equity securities				
Beneficiary certificates	<u>7,224</u>	<u>-</u>	<u>-</u>	<u>7,224</u>
	<u>15,319</u>	<u>-</u>	<u>-</u>	<u>15,319</u>
through other				
comprehensive				
income Equity				
securities	<u>364,141</u>	<u>-</u>	<u>-</u>	<u>364,141</u>
	<u>\$ 379,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 379,460</u>
<u>December 31, 2022</u>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Assets:				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair				
value through profit				
or loss				
Equity securities	\$ 39,232	\$ -	\$ -	\$ 39,232
Beneficiary	11,179	-	-	11,179
certificates	<u>50,411</u>	<u>-</u>	<u>-</u>	<u>50,411</u>
Financial assets at fair				
value through other				
comprehensive				
income				
Equity securities	<u>439,249</u>	<u>-</u>	<u>-</u>	<u>439,249</u>
	<u>\$ 489,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 489,660</u>

<u>March 31, 2022</u>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Assets:				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 47,629	\$ -	\$ -	\$ 47,629
Beneficiary certificates	8,311	-	-	8,311
	<u>55,940</u>	<u>-</u>	<u>-</u>	<u>55,940</u>
Financial assets at fair value through other comprehensive income				
Equity securities	626,589	-	-	626,589
	<u>\$ 682,529</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 682,529</u>

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

(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 date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

E. 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.

F. For the three-month periods ended March 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

G. For the three-month periods ended March 31, 2023 and 2022, there was no transfer into or out from Level 3.

13. Supplementary Disclosures

(According to the current regulatory requirements, the Company is only required to disclose the information for the three-month periods ended March 31, 2023)

(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 the attached 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)A, B and J.

(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 summarised 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 three-month periods ended March 31, 2023			
	Screw segment	Machinery segment	Investment segment	Total
Segment revenue	\$ 1,959,223	\$ 229,029	\$ -	\$ 2,188,252
Inter-segment revenue	(118,963)	(23,580)	-	(142,543)
Revenue from external customers, net	1,840,260	205,449	-	2,045,709
Segment income before tax	174,806	16,617	16,377	207,800
Segment assets	10,584,410	1,888,922	103,501	12,576,833
Segment liabilities	6,810,330	899,774	10	7,710,114

	For the three-month periods ended March 31, 2023			
	Screw segment	Machinery segment	Investment segment	Total
Segment revenue	\$ 2,946,322	\$ 263,006	\$ -	\$ 3,209,328
Inter-segment revenue	(147,720)	(5,939)	-	(153,659)
Revenue from external customers, net	2,798,602	257,067	-	3,055,669
Segment income before tax	301,328	19,239	6,670	327,237
Segment assets	11,513,506	1,791,464	159,718	13,464,688
Segment liabilities	7,633,755	979,625	2,227	8,615,607

(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:

	For the three-month periods ended March 31,	
	2023	2022
Reportable operating segments income before tax	\$ 207,800	\$ 327,237
Elimination of inter-segment income (loss)	(79,672)	(94,607)
Profit before income tax	\$ 128,128	\$ 232,630

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 three-month periods ended March 31, 2023

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 March 31, 2023	Outstanding endorsement/ guarantee amount at March 31, 2023	Actual amount drawn down	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	Footnote
		Relationship with the endorser/ guarantor (Note 1)	Company name											
0	Chun Yu Works & Co., Ltd.		Chun Yu Works (USA) Inc.	2	\$ 2,459,664	\$ -	\$ -	\$ -	0.00%	\$ 3,279,552	Y	N	N	(Note 2)
			Chun Yu (Dongguan) Metal Products Co., Ltd.	2	2,459,664	614,200	609,000	268,076	-	14.86%	3,279,552	Y	N	Y (Note 2)
			Shanghai Uchee Hardware Products Ltd.	2	2,459,664	-	-	-	-	0.00%	3,279,552	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 : 30.45 , RMB : NTD 1 : 4.4305).

Chun Yu Works & Co., Ltd. and subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
March 31, 2023

Table 2

Expressed in thousands of NTD

		As of March 31, 2023						
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account (Note 1)	Number of shares (In thousands of shares or units)	Book value	Ownership	Fair value	Footnote
Chun Yu Works & Co., Ltd.	Stocks - D-Link Corporation	Other related party	1	82	\$ 1,492	0.01	\$ 1,492	-
	Stocks - OFCO Industrial Corporation	Other related party	1	234	6,447	0.24	6,447	-
	Stocks - Taiwan Styrene Monomer Corporation	—	2	11,678	161,740	2.21	161,740	-
	Stocks - King Kong Iron Works, Ltd.	—	2	304	773	0.55	773	-
	Beneficiary certificates - Yuanta Taiwan High-yield Leading Company Fund	—	1	500	4,400	-	4,400	-
	Beneficiary certificates - PGIM USD High Yield Bond Fund-USD	—	1	300	2,824	-	2,824	-
Chun Bang Precision Co., Ltd.	Stocks - The First Insurance Co., Ltd.	—	1	10	156	-	156	-
	Stocks - Taiwan Styrene Monomer Corporation	—	2	6,440	89,194	1.22	89,194	-
Chun Yu Investment Corp.	Stocks - Chun Yu Works & Co., Ltd.	The Company	(Note 2)	23,430	578,725	7.75	578,725	-
	Stocks - Taiwan Styrene Monomer Corporation	—	2	6,618	91,659	1.25	91,659	-
Chun Yu Bio-tech Corp.	Stocks - Chun Zu Machinery Industry Co., Ltd.	Subsidiary	(Note 3)	9	184	0.01	184	-
	Stocks - Taiwan Styrene Monomer Corporation	—	2	1,500	20,775	0.28	20,775	-

(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) Please refer to Note 6, (17) explanation of share capital.

(Note 3) The Company is listed 'Financial assets at fair value through other comprehensive profit or loss- non-current', however the consolidated financial statements will be transferred to the 'Long-term investments at equity' and write off in full.

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 three-month periods ended March 31, 2023

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)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable	
Chun Yu Works & Co., Ltd.	Ofco Industrial Corporation	Other related party	(Sales)	(\$ 120,154)	(14%)	1 month	\$ -	3 ~ 5 months	\$ 60,330	10%	-

(Note 1) 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 : 30.45, RMB : NTD 1 : 4.4305), and the transactions amounts are translated into New Taiwan dollars at the average exchange rate for the three-month periods ended March 31, 2023 (USD : NTD 1 : 30.4021, RMB : NTD 1 : 4.4387).

Chun Yu Works & Co., Ltd. and subsidiaries
Significant inter-company transactions during the reporting period
For the three-month periods ended March 31, 2023

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	\$ 20,068	4 months	1%
		Chun Yu Works (USA) Inc.	1	Accounts receivable	29,737	-	-
		Chun Yu (Dongguan) Metal Products Co., Ltd.	1	Provision of endorsements and guarantees	609,000	-	5%
		Chun Zu Machinery Industry Co., Ltd.	1	Other receivables	43,233	-	-
1	Chun Bang Precision Co., Ltd.	Chun Yu Works & Co., Ltd.	2	Sales	15,375	3 months	1%
		Chun Yu Works & Co., Ltd.	2	Accounts receivable	11,379	-	-
2	Chun Yu Investment Corporation	Chun Yu Works & Co., Ltd.	2	Other receivables	23,430	-	-
3	Chun Zu Machinery Industry Co., Ltd.	Lion City Management Ltd.	3	Other receivables	112,604	-	1%
		Chun Yu (Dongguan) Metal Products Co., Ltd.	3	Sales	12,791	3 months	1%
4	Chun Yu (Dongguan) Metal Products Co., Ltd.	Scholar Holdings Ltd.	3	Other receivables	18,435	-	-
		Shanghai Uchee Hardware Products Ltd.	3	Sales	57,365	3 months	3%
		Shanghai Uchee Hardware Products Ltd.	3	Other receivables	35,383	-	-
5	Shanghai Uchee Hardware Products Ltd.	Chun Yu (Dongguan) Metal Products Co., Ltd.	3	Sales	33,965	3 months	2%
7	Lion City Management Ltd.	Shanghai Chun Zu Machinery Industry Ltd.	3	Other receivables	112,604	-	1%
6	Sunny City International Limited.	Shanghai Uchee Hardware Products Ltd.	3	Other receivables	25,598	-	-

(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 : 30.45 ; RMB : NTD 1 : 4.4305) ; prevailing at the financial reporting date, and the transactions amounts are translated into New Taiwan dollars at the average exchange rate for the three-month periods ended March 31, 2023 (USD : NTD 1 : 30.4021 ; RMB : NTD 1 : 4.4387).

Chun Yu Works & Co., Ltd. and subsidiaries
Information on investees
For the three-month period ended March 31, 2023

Table 5

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2023			Net profit (loss)	Investment income (loss)	Footnote
				Balance as at March 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	of the investee for the three-month periods ended March 31, 2023	recognised by the Company ended March 31, 2023	
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	\$ 184,894	\$ 19	\$ 1,779	A subsidiary
	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	376,770	15,058	16,238	A subsidiary
	Chun Yu Investment Corporation	Taiwan	Professional investment	267,652	267,652	74,888,032	100.00	103,491	39,807	(25)	A subsidiary
	Chun Yu Bio-tech Corporation	Taiwan	Powder metallurgy	90,260	90,260	10,000,000	100.00	124,375	(3,259)	(3,267)	A subsidiary
	Scholar Holdings Ltd.	Virgin Islands	Reinvestment and import and export trade	2,581,891	2,581,891	33,183,211	100.00	1,016,676	(10,935)	(8,224)	A subsidiary
	Sunny City International Ltd	Samoa	Reinvestment and import and export trade	84,824	84,824	1,000,000	100.00	260,907	6,567	6,608	A subsidiary
	Pt Moon Lion Industries Indonesia	Indonesia	Manufacture and trade of screws and nuts	154,760	154,760	14,370,000	71.85	706,930	66,860	48,039	A subsidiary
	Chun Zu Machinery Industry Co., Ltd.	Taiwan	Manufacture and trade of machinery	52,597	52,597	28,821,939	47.81	448,152	13,657	5,362	A subsidiary
Chun Zu Machinery Industry Co., Ltd.	Lion City Management Ltd.	Virgin Islands	Professional investment	60,900	60,900	-	100.00	490,978	14,677	-	A subsidiary (Note 1)

(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 : 30.45 ; RMB : NTD 1 : 4.4305).

and the transactions amounts are translated into New Taiwan dollars at the average exchange rate for the three-month periods ended March 31, 2023 as follows: (USD : NTD 1 : 30.4021 ; RMB : NTD 1 : 4.4387).

Chun Yu Works & Co., Ltd. and subsidiaries
Information on investments in Mainland China
For the three-month periods ended March 31, 2023

Table 6

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month periods ended March 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2023	Net income of investee for the three-month periods March 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three-month periods ended March 31, 2023	Book value of investments in Mainland China as of March 31, 2023	Expressed in thousands of NTD	
					Remitted to Mainland China	Remitted back to Taiwan						Accumulated amount of investment income to Taiwan as of March 31, 2023	Footnote
Chun Yu (Dongguan) Metal Products Co., Ltd.	Manufacture and trade of screws and nuts	\$ 1,963,446 (Note 1)	(Note 3)	\$ 1,467,477	\$ -	\$ -	\$ 1,467,477	(\$ 10,905)	100%	(\$ 10,905)	\$ 1,043,446	\$ -	(Note 9)
Shanghai Uchee Hardware Products Ltd.	Trade of screws and nuts	30,450	(Note 4)	30,450	-	-	30,450	6,567	100%	6,567	233,448	53,318 (Note 7)	-
Chunyu Group Shanghai Tongsheng Trade Co., Ltd.	Trade of screws and nuts	8,100	(Note 5)	-	-	-	-	(12)	100%	(12)	(3,999)	-	-
Shanghai Chun Zu Machinery Industry Ltd.	Manufacture and trade of machinery	258,825 (Note 2)	(Note 6)	60,900	-	-	60,900	14,628	47.82%	6,995	232,353	443,228 (Note 8)	(Note 9)
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2023	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.	\$ 1,720,821	\$ 1,720,821	\$ 2,920,031										
Chun Zu Machinery Industry Co., Ltd.	60,900	197,925	608,749										

(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 March 31, 2023 are translated into New Taiwan dollars at the exchange rate (USD : NTD 1 : 30.45 ; RMB : NTD 1 : 4.4305) prevailing at the financial reporting date, and the net profit (loss) of the investee and investment income (loss) recognised by the Group are translated into New Taiwan dollars at the average exchange rate for the three-month periods ended March 31, 2023 (USD : NTD 1 : 30.4021 ; RMB : NTD 1 : 4.4387).

Chun Yu Works & Co., Ltd. and subsidiaries
Major shareholders information
March 31, 2023

Table 7

Unit : shares

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Bai Jia Yuan Investment Co., Ltd.	84,219,450	27.87%
Jin Jhih Fu Assets Management Co., Ltd.	28,491,850	9.42%
Chun Yu Investment Co., Ltd.	23,430,172	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.