

OFCO Industrial Corp. and Subsidiaries
Consolidated Financial Statements and
Independent Auditor's Report
For the Three Months Ended March 31,
2023 and 2022
Stock Code: 5011

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For the convenience of readers and for information purpose only, the auditors' 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' report and financial statements shall prevail.

Auditor's Review Report

OFCO Industrial Corp.

Foreword

We have reviewed the accompanying consolidated balance sheets of OFCO Industrial Corp. and subsidiaries (hereinafter collectively referred to as "OFCO Group") as of March 31, 2023 and 2022, and the related consolidated statements of income, changes in equity, and cash flows for the three months ended March 31, 2023 and 2022, and the related consolidated notes to the financial statements (including the summary of significant accounting policies). The preparation of consolidated financial statements in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting", as endorsed by the Financial Supervisory Commission, is the responsibility of the Company's management. Our responsibility is to express the conclusion of the financial statements based on our review.

Scope of Review

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" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit 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.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of the Company as of March 31, 2023 and 2022, and of its financial performance and its cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

PwC Taiwan

Tzu-Yu Lin

Chung yu Tien

May 9, 2023

OFCO Industrial Corp. and Subsidiaries

Consolidated Balance Sheets

March 31, 2023 and December 31 and March 31, 2022

(The accompanying consolidated balance sheets as of March 31, 2023 and 2022 have been reviewed only, and have not been audited in accordance with Generally Accepted Auditing Standards.)

Unit: NT\$ thousand

	Assets	Note	March 31, 2023		December 31, 2022		March 31, 2022	
			Amount	%	Amount	%	Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	\$ 1,223,843	28	\$ 1,222,046	30	\$ 1,142,888	29
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		37,146	1	35,480	1	20,803	1
1120	Financial assets at fair value	6(3)						
	through other comprehensive							
	income or loss - current		89,807	2	80,881	2	227,105	6
1136	Financial Assets Carried at Cost-	6(1)(4)&						
	Current	8	60,288	1	43,784	1	110,905	3
1140	Current contract assets	6(24)	17,365	1	12,711	-	8,439	-
1150	Notes receivable net	6(5)(9)	84	-	144	-	37,245	1
1170	Accounts receivable net	6(5)	404,577	9	425,354	10	383,936	10
1180	Accounts receivable net - related	6(6)&7						
	parties		79,365	2	87,218	2	129,638	3
1200	Other receivables		10,560	-	2,850	-	12,885	-
1220	Current tax assets	6(31)	203	-	209	-	-	-
130X	Inventories	6(6)	280,086	7	361,837	9	378,237	9
1410	Pre-payments	6(7)	230,634	5	170,255	4	171,845	4
11XX	Total current asset		<u>2,433,958</u>	<u>56</u>	<u>2,442,769</u>	<u>59</u>	<u>2,623,926</u>	<u>66</u>
	Non-current assets							
1510	Non-current financial assets at fair	6(2)(17)						
	value through profit or loss		420	-	420	-	-	-
1535	Financial Assets Carried at Cost-	6(1)(4)&						
	Non-current	8	96,031	2	101,626	2	62,875	2
1550	Investments accounted for under	6(8)						
	the equity method		21,813	1	21,712	1	21,693	1
1600	Property, Plant and Equipment	6(9)(13)						
	、7&8		1,188,180	28	1,180,837	28	848,317	21
1755	Right-of-use assets	6(10)	115,769	3	98,882	2	97,085	2
1760	Investment property amount net	6(11)&8	32,452	1	32,452	1	32,452	1
1780	Intangible Assets	6(12)	150,317	3	111,768	3	19,945	-
1840	Deferred tax assets	6(31)	97,987	2	86,231	2	55,814	1
1915	Prepayments for equipment	6(9)	80,683	2	45,287	1	199,292	5
1920	Refundable deposits	8	16,612	-	14,142	-	20,207	1
1975	Net defined benefit assets - non-	6(19)						
	current		4,159	-	4,153	-	7,017	-
1990	Other non-current assets - others	7	83,725	2	29,564	1	15,442	-
15XX	Total non-current assets		<u>1,888,148</u>	<u>44</u>	<u>1,727,074</u>	<u>41</u>	<u>1,380,139</u>	<u>34</u>
1XXX	Total Assets		<u>\$ 4,322,106</u>	<u>100</u>	<u>\$ 4,169,843</u>	<u>100</u>	<u>\$ 4,004,065</u>	<u>100</u>

OFCO Industrial Corp. and Subsidiaries

Consolidated Balance Sheets

March 31, 2023 and December 31 and March 31, 2022

(The accompanying consolidated balance sheets as of March 31, 2023 and 2022 have been reviewed only, and have not been audited in accordance with Generally Accepted Auditing Standards.)

Unit: NT\$ thousand

	Liabilities and Equity	Note	March 31, 2023		December 31, 2022		March 31, 2022	
			Amount	%	Amount	%	Amount	%
	Current liabilities							
2100	Short-term loans	6(14)&8	\$ 163,748	4	\$ 63,000	2	\$ 387,829	10
2110	Short-term notes and bills payable	6(15)&8	93,767	2	95,944	2	89,556	2
2130	Contract liability - current	6(24)	112,389	3	127,185	3	199,591	5
2150	Notes payable		28,861	1	24,934	1	27,514	1
2160	Notes Payable - Related Parties	7	36,530	1	50,314	1	35,859	1
2170	Accounts payable		324,768	8	288,880	7	342,960	9
2180	Accounts payable - Related parties	7	60,319	1	37,724	1	90,608	2
2200	Other payables	6(16)						
		(23)&7	345,298	8	201,852	5	222,817	6
2230	Current tax liabilities	6(31)	45,149	1	33,642	1	15,239	-
2280	Lease liabilities - Current	6(10)	14,724	-	13,585	-	12,033	-
2320	Current portion of long-term liabilities	6(17)						
		(18)&8	16,885	-	19,124	-	41,077	1
21XX	Total current liabilities		<u>1,242,438</u>	<u>29</u>	<u>956,184</u>	<u>23</u>	<u>1,465,083</u>	<u>37</u>
	non-current liabilities							
2530	Bonds payable	6(17)						
		(20)(21)	338,361	8	336,569	8	-	-
2540	Long-term loans	6(18)&8	115,348	3	116,938	3	164,149	4
2570	Deferred tax liabilities	6(31)	20,575	-	21,463	-	19,992	-
2580	Lease liabilities – Non-current	6(10)	103,996	2	87,597	2	86,279	2
2645	Guarantee deposits received		35,740	1	35,190	1	29,906	1
2670	Other non-current liabilities - othe		564	-	564	-	565	-
25XX	Total Non-Current Liabilities		<u>614,584</u>	<u>14</u>	<u>598,321</u>	<u>14</u>	<u>300,891</u>	<u>7</u>
2XXX	Total liabilities		<u>1,857,022</u>	<u>43</u>	<u>1,554,505</u>	<u>37</u>	<u>1,765,974</u>	<u>44</u>
	Equity attributed to the stockholders of the parent							
	Share capital	6(17)(20)						
3110	Common stock		997,087	23	994,101	24	890,496	23
3130	Bond for Equity Certificates		-	-	-	-	3,605	-
3140	Capital collected in advance		2,132	-	3,366	-	-	-
3200	Additional paid-in capital	4(3) 、6						
		(10)(20)						
		(21)(22)	1,105,196	26	1,102,214	27	962,772	24
	Retained earnings	6(23)						
3310	Legal reserve		12,997	-	12,997	-	-	-
3320	Special reserve		38,566	1	38,566	1	7,745	-
3350	Unappropriated earnings		70,854	2	228,494	5	126,211	3
3400	Other interests	6(3)	(36,957)	(1)	(44,211)	(1)	(43,920)	(1)
31XX	Total equity attributed to the stockholders of the parent		<u>2,189,875</u>	<u>51</u>	<u>2,335,527</u>	<u>56</u>	<u>1,946,909</u>	<u>49</u>
36XX	on-controlling interest	4(3)&6(22)	<u>275,209</u>	<u>6</u>	<u>279,811</u>	<u>7</u>	<u>291,182</u>	<u>7</u>
3XXX	Total equity		<u>2,465,084</u>	<u>57</u>	<u>2,615,338</u>	<u>63</u>	<u>2,238,091</u>	<u>56</u>
	Significant contingent liabilities and unrecognized commitments	9						
3X2X	Total liabilities and equity		<u>\$ 4,322,106</u>	<u>100</u>	<u>\$ 4,169,843</u>	<u>100</u>	<u>\$ 4,004,065</u>	<u>100</u>

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together. °

Chairman:Norman Sun

President:Yen Wu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to March 31, 2023 and 2022

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

Unit: NT\$ thousand
(In addition to the loss per share of NT\$)

	Item	Note	January 1 to March 31, 2023		January 1 to March 31, 2022	
			Amount	%	Amount	%
4000	Operating revenue	6(24)&7	\$ 975,811	100	\$ 1,152,118	100
5000	Operating cost	6(6)(10) (12)(19) (29)(30) &7	(899,747)	(92)	(1,027,938)	(89)
5900	Operating profit	6(10)(12) (19)(29) (30)&7	<u>76,064</u>	<u>8</u>	<u>124,180</u>	<u>11</u>
6100	Marketing expenses		(13,097)	(2)	(9,949)	(1)
6200	Administrative Expenses		(32,099)	(3)	(36,798)	(3)
6300	R&D Expenses		(27)	-	(144)	-
6000	Total operating expenses		(45,223)	(5)	(46,891)	(4)
6900	Operating gains		<u>30,841</u>	<u>3</u>	<u>77,289</u>	<u>7</u>
	Non-operating income and expenses					
7100	Interest income	6(4)(25)	2,583	-	78	-
7010	Other income	6(26)	3,690	1	1,584	-
7020	Other gains or losses	6(2)(10) (27) - 7&12	3,197	-	20,897	2
7050	Financial costs	6(10)(17) (28)	(4,193)	-	(3,148)	-
7060	Share of profit of associates and joint ventures accounted for under the equity method	6(8)	<u>103</u>	<u>-</u>	<u>57</u>	<u>-</u>
7000	Total non-operating income and expenses		<u>5,380</u>	<u>1</u>	<u>19,468</u>	<u>2</u>
7900	Net gain before tax		<u>36,221</u>	<u>4</u>	<u>96,757</u>	<u>9</u>
7950	Income tax benefits(expense)	6(31)	<u>915</u>	<u>-</u>	<u>(20,031)</u>	<u>(2)</u>
8200	Net gain(loss)		<u>\$ 37,136</u>	<u>4</u>	<u>\$ 76,726</u>	<u>7</u>
	Other comprehensive income					
	Items that will not be re-classified into profit and loss					
8316	Unrealized profit and loss on the equity instrument investments at fair value through other comprehensive income	6(3)	\$ 7,256	1	(\$ 5,354)	(1)
8320	Share of other comprehensive income of joint ventures recognized by using equity method -- Items that will not be reclassified to profit or loss	6(8)	(2)	-	-	-
8300	Other comprehensive income (net)		<u>\$ 7,254</u>	<u>1</u>	<u>(\$ 5,354)</u>	<u>(1)</u>
8500	Total comprehensive income		<u>\$ 44,390</u>	<u>5</u>	<u>\$ 71,372</u>	<u>6</u>
	Net profit (loss) attributed to:					
8610	Stockholders of the parent company		\$ 41,777	4	\$ 81,183	7
8620	non-controlling interes		(4,641)	-	(4,457)	-
	Total comprehensive income		<u>\$ 37,136</u>	<u>4</u>	<u>\$ 76,726</u>	<u>7</u>

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements.
Please read together.

Chairman:Norman Sun

President:Yen Wu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to March 31, 2023 and 2022

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

Unit: NT\$ thousand
(In addition to the loss per share of NT\$)

	attributed to:						
8710	Stockholders of the parent						
	company	\$	49,031	5	\$	75,829	6
8720	non-controlling interest	(	4,641)	-	(	4,457)	-
		\$	44,390	5	\$	71,372	6
	Earnings per share			6(32)			
9750	Basic	\$		0.42	\$		0.91
9850	Diluted	\$		0.38	\$		0.91

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements.
Please read together.

Chairman: Norman Sun

President: Yen Wu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statements of Changes Equity
January 1 to March 31, 2023 and 2022
(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

		Equity attributed to the owners of parent-company												
		Share capital			Retained earnings				Other components of equity					
									The exchange difference in the onversion of financial statements of foreign business institutions	Unrealized profit and loss on the financial assets at fair value through other comprehensive income		Non-controlling interest		Legal reserv
Note		Common stock	Bond for Equity Certificates	Advance receipts for capital stock	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings			Total		Total equity	
<u>January 1 to March 31, 2022</u>														
	Balance as of January 1, 2022	\$ 885,218	\$ 5,278	\$ -	\$ 884,951	\$ -	\$ 7,745	\$ 129,968	\$ 373	(\$ 38,939)	\$ 1,874,594	\$ 164,369	\$ 2,038,963	
	Net income for January to March 2022	-	-	-	-	-	-	81,183	-	-	81,183	(4,457)	76,726	
	Other comprehensive income for January to March 2022	6(3)	-	-	-	-	-	-	-	(5,354)	(5,354)	-	(5,354)	
	Total consolidated profit and loss for January to March 2022	-	-	-	-	-	-	81,183	-	(5,354)	75,829	(4,457)	71,372	
Appropriations of earnings 2021 :														
	Cash dividends	6(23)	-	-	-	-	-	(84,940)	-	-	(84,940)	-	(84,940)	
	Conversion of bonds into capital stock	6(17)(21)	5,278	(1,673)	-	2,671	-	-	-	-	6,276	-	6,276	
	Employee Stock Options Compensation Costs	6(21)(22)(30)	-	-	-	945	-	-	-	-	945	153	1,098	
	Changes in ownership interests in subsidiaries recognized	4(3)&6(21)	-	-	-	74,205	-	-	-	-	74,205	(74,205)	-	
	Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	205,322	205,322	
	Balance as of March 31, 2022	\$ 890,496	\$ 3,605	\$ -	\$ 962,772	\$ -	\$ 7,745	\$ 126,211	\$ 373	(\$ 44,293)	\$ 1,946,909	\$ 291,182	\$ 2,238,091	
<u>January 1 to March 31, 2023</u>														
	Balance as of January 1, 2023	\$ 994,101	\$ -	\$ 3,366	\$ 1,102,214	\$ 12,997	\$ 38,566	\$ 228,494	\$ 373	(\$ 44,584)	\$ 2,335,527	\$ 279,811	\$ 2,615,338	
	Net income for January to March 2023	-	-	-	-	-	-	41,777	-	-	41,777	(4,641)	37,136	
	Other comprehensive income for January to March 2023	6(3)	-	-	-	-	-	-	-	7,254	7,254	-	7,254	
	Total consolidated profit and loss for January to March 2023	-	-	-	-	-	-	41,777	-	7,254	49,031	(4,641)	44,390	
Appropriations of earnings 2022 :														
	Cash dividends	6(23)	-	-	-	-	-	(199,417)	-	-	(199,417)	-	(199,417)	
	Price from employee stock options exercised	6(20)	-	-	4,282	-	-	-	-	-	4,282	-	4,282	

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read toge

Chairman: Norman Sun

President: Ju-Yen Wu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statements of Changes Equity
January 1 to March 31, 2023 and 2022
(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

		Equity attributed to the owners of parent-company											
		Share capital			Retained earnings				Other components of equity				
									The exchange difference in the onversion of financial statements of foreign business institutions	Unrealized profit and loss on the financial assets at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
Note		Common stock	Bond for Equity Certificates	Advance receipts for capital stock	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings					
Employee Stock Options into capital stock	6(20)(21)	2,949	-	(5,516)	2,567	-	-	-	-	-	-	-	-
Conversion of bonds into capital stock	6(17)(21)	37	-	-	59	-	-	-	-	-	96	-	96
Employee Stock Options Compensation Costs	6(21)(22)(30)	-	-	-	356	-	-	-	-	-	356	-	356
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	-	39	39
Balance as of March 31, 2023		\$ 997,087	\$ -	\$ 2,132	\$ 1,105,196	\$ 12,997	\$ 38,566	\$ 70,854	\$ 373	(\$ 37,330)	\$ 2,189,875	\$ 275,209	\$ 2,465,084

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read toge

Chairman:Norman Sun

President:Ju-YenWu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to March 31, 2023 and 2022

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

Unit: NT\$ thousand

	Note	January 1 to March 31, 2023	January 1 to March 31, 2022
<u>Cash flows from operating activities</u>			
Net income before tax		\$ 36,221	\$ 96,757
Adjustments			
Income charges (credits)			
(Gain) loss on financial assets and liabilities measured at fair value through profit or loss	6(2)	(316)	4,313
Write-down (reversal) of inventories	6(6)	(1,194)	1,555
Share of profit of associates and joint ventures accounted for under the equity method	6(8)	(103)	(57)
Depreciation expense	6(9)(10)(29)	33,809	19,998
Gain on lease modification	6(10)(27)	(5)	-
Amortization expense	6(12)(29)	1,595	61
Unrealized concession revenue	6(12)	(40,144)	-
Net gain(loss) on disposal of property, plant and equipment	6(27)&7	32	(500)
Option compensation cost of employee stock	6(21)(22)(30)	356	1,098
Interest income	6(25)	(2,583)	(78)
Interest expense	6(28)	4,193	3,148
Changes in assets/liabilities related to operating activities			
Changes in assets relating to operating activities net			
Financial assets at fair value through profit or loss - current		(1,350)	2,090
Contract asset - current		(4,654)	(8,439)
Notes receivable		60	516
Accounts receivable		20,777	13,774
Accounts receivable-related parties		7,853	(703)
Other receivables		(7,710)	5,424
Inventories		82,945	11,287
Pre-payments		(60,379)	376
Net defined benefit assets - non-current		(6)	(8)
Changes in liabilities relating to operating activities net			
Contract liability - current		(14,796)	20,437
Notes payable		(5,970)	(5,811)
Notes Payable - Related Parties		(3,019)	510
Accounts payable		35,888	44,503
Accounts payable- Related Parties		22,595	(42,710)
Other payables		(55,375)	82
Other non-current liabilities - other		-	1
Cash inflow of business operations		48,720	167,624
Interest receivable		2,583	78
Interest paid		(2,336)	(3,024)
Income tax paid		(216)	-
Net Cash outflow from Operating Activities		48,751	164,678

OFCO Industrial Corp. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to March 31, 2023 and 2022

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

Unit: NT\$ thousand

	Note	January 1 to March 31, 2023	January 1 to March 31, 2022
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at fair value through other comprehensive income - current		(\$ 1,670)	\$ -
Decrease(Increase) in Financial Assets Carried at Cost-Current		(16,504)	123,647
Decrease(Increase) in financial Assets Carried at Cost- Non-current		5,595	(37,364)
Cash paid for acquisition of property, plant and equipment	6(33)	(22,049)	(30,981)
Cash receipts from disposal of property, plant and equipment	6(33)	12	15,875
Acquisition of intangible assets	6(12)	-	(30)
Increase in prepayments for equipment		(51,675)	(43,863)
Refundable deposits Decrease(increase)		(2,470)	7,853
Other non-current assets - other increase		(54,161)	(2,367)
Net cash flows from (used in) investing activities		(142,922)	32,770
<u>Cash flows from financial activities</u>			
Increase in short-term loans	6(34)	136,865	680,922
Decrease in short-term loans	6(34)	(36,117)	(721,876)
Short-term bills payable	6(34)	319,000	800
Redemption of short-term notes payable	6(34)	(321,000)	-
Repayments of lease principal	6(34)	(3,822)	(3,169)
Proceeds from long-term debt	6(34)	27,336	107,654
Repayment of long-term loans	6(34)	(31,165)	(7,799)
Guarantee deposits Increase	6(34)	550	8,572
Advance receipt from employee stock options exercised	6(20)	4,282	-
Changes in non-controlling interests		39	205,322
Net cash inflows (outflows) from financing activities		95,968	270,426
Increase/(decrease) in cash and cash equivalents		1,797	467,874
Cash and cash equivalents at beginning of period	6(1)	1,222,046	675,014
Cash and cash equivalents at end of period	6(1)	\$ 1,223,843	\$ 1,142,888

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together.

Chairman:Norman Sun

President:YenWu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Notes to consolidated financial statements
For the Three Months Ended March 31, 2023 and 2022
(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)
Unit: NT\$ thousand
(Unless otherwise specified)

1. Organization and operations

(1) OFCO Industrial Corp. (hereinafter referred to as "the Company") was established on November 21, 1984 in accordance with the provisions of the Company Act. The main business scope includes the manufacturing of fastener screws and related products, metal heat treatment OEM and trading. For the major operating items of subsidiaries included in the consolidated financial statements of the Company and its subsidiaries (hereinafter collectively referred to as "the Group"), please refer to Note 4, (3) for the description of the basis of consolidation.

(2) The Company's shares have been traded on the Taipei Exchange (TPEX) since May 1999.

2. The Authorization of Financial Statements

The accompanying consolidated financial statements were approved and authorized for issuance by the board of directors on May 9, 2023.

3. Application of New and Revised International Financial Reporting Standards

(1) The impact from adopting the newly released and revised International Financial Reporting Standards recognized by the Financial Supervisory Commission (FSC).

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards (IFRS) recognized by the Financial Supervisory Commission in 2023:

<u>Newly released / corrected / amended standards and interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendment to IAS 1 - " Disclosure of Accounting Policies "	January 1, 2023
Amendment 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 Group has assessed that the above standards and interpretations do not have a material impact on the Group's financial position and financial performance.

(2) Impact of the newly released and amended IFRS recognized by the FSC not yet adopted by the Company.

None.

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

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards issued by the

International Accounting Standards Board (IASB) but not yet recognized by the FSC:

Newly released / corrected / amended standards and interpretations Effective Date Issued by IASB
Amendments to IFRS 10 and IAS 28

" Sales or contributions of assets between an investor and its associate/joint venture " To be determined by the IASB

Amendment to IFRS 16 –" Lease liability in a sale and leaseback " January 1, 2024

IFRS 17 - " Insurance contracts" January 1, 2023

Amendment to IFRS 17 - " Insurance contracts " January 1, 2023

Amendment to IFRS 17 - " Initial application of IFRS 17 and IFRS 9 - Comparative information " January 1, 2023

Amendment to IAS 1 " Classification of Liabilities as Current or Non-Current " January 1, 2024

Amendment to IAS 1 " Non-Current Liabilities with covenants " January 1, 2024

The Group has assessed that the above standards and interpretations do not have a material impact on the Group's financial position and financial performance.

4.Summary of significant accounting policies

Except for the declaration of compliance, basis of preparation, basis of consolidation and applicable parts of interim financial statements, the major accounting policies are the same as those in Note 4 to the consolidated financial statements in 2022. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Statement of compliance

A. These consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34 "Interim Financial Reporting", as approved by the FSC.

B. This consolidated financial report should be read together with the 2022 Consolidated Financial Report.

(2) Basis of preparation

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

① Financial assets at fair value through profit or loss (including derivatives).

② Financial assets at fair value through other comprehensive income.

③ The defined benefit asset is recognized as the net of the present value of the defined benefit obligation of the pension fund.

B. The preparation of consolidated financial statements in conformity with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations and Interpretative Pronouncements (IFRSs) as endorsed by the FSC requires the use of certain critical accounting estimates. The application of the Company's accounting policies also requires management to exercise its judgment in the process of applying those policies that involve a higher degree of judgment or complexity, or items that involve significant assumptions and estimates in the consolidated financial statements. Please refer to Note 5 for a description of significant accounting judgments, estimates and key sources

of assumption uncertainty.

(3) Basis of consolidation

A. The basis for preparation of consolidated financial statements

The preparation principle of this consolidated financial report is the same as that of the consolidated financial report of the 2022.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business	Ownership (%)			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
OFCO Industrial Corp.	TSG Transport Corp.	Container rental, transportation and packing services	100.00	100.00	100.00	—
OFCO Industrial Corp.	TSG Environmental Technology Corp.	Recycling of materials, waste disposal services, etc. Garbage and Business Commissioning by waste incineration plants for management services and Small and medium-sized incineration furnace project planning, design turnkey services	100.00	100.00	100.00	—
OFCO Industrial Corp.	Yung Fu Co., Ltd.	Small and medium-sized incineration furnace project planning, design turnkey services	67.15	67.15	67.15	(Note)

Name of Investor	Name of Subsidiary	Main Business	Ownership (%)			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
TSG Transport Corp.	Yung Fu Co., Ltd.	Garbage and Business Commissioning by waste incineration plants for management services and Small and medium-sized incineration furnace project planning, design turnkey services	0.34	0.34	0.34	(Note)
TSG Environmental Technology Corp.	Yung Fu Co., Ltd.	Garbage and Business Commissioning by waste incineration plants for management services and Small and medium-sized incineration furnace project planning, design turnkey services	0.51	0.51	0.51	(Note)
Yung Fu Co., Ltd.	TSG POWER Corp.	Energy technology services	100.00	100.00	100.00	—

(Note) In order to cooperate with Yung Fu Co., Ltd.'s future application for stock listing (counter) plan, Yung Fu Co., Ltd. handled the cash capital increase case from 2022. Neither the company nor its subsidiaries subscribed according to the shareholding ratio, resulting in a decrease in its shareholding ratio. From January to March in 2022, the adjusted Additional paid-in capital (relative to the subject "Non-controlling interests") were \$74,205.

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

D. Adjustment and treatment of different accounting periods of subsidiaries: None.

E. Significant limitations: None.

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

① The total non-controlling interests of the Group as of March 31, 2023, December 31,

2022 and March 31, 2022 were \$275,209, \$279,811 and \$291,182, respectively. Information about non-controlling interests and subsidiaries that are material to the Group is as follows :

Name of Subsidiary	Main place of business	Non-controlling interests			
		March 31, 2023		December 31, 2022	
		Amount	Ownership (%)	Amount	Ownership (%)
Yung Fu Co., Ltd.	Taiwan	\$275,209	32.00%	\$279,811	32.00%

Name of Subsidiary	Main place of business	Non-controlling interests	
		March 31, 2022	
		Amount	Ownership (%)
Yung Fu Co., Ltd.	Taiwan	\$291,182	32.00%

② Subsidiary - Yung Fu Co., Ltd. summary financial information :

Balance Sheet

	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 549,206	\$ 592,216	\$ 773,611
Non-current assets	1,044,185	937,326	658,530
Current liabilities	(610,134)	(529,841)	(385,411)
Non-current liabilities	(151,806)	(154,413)	(142,592)
Total net assets	<u>\$ 831,451</u>	<u>\$ 845,288</u>	<u>\$ 904,138</u>

Statement of Comprehensive Income

	January to March of 2023	January to March of 2022
Revenue	<u>\$ 201,400</u>	<u>\$ 142,614</u>
Net loss before tax	<u>(\$ 26,877)</u>	<u>(\$ 20,753)</u>
Income tax benefit	<u>12,919</u>	<u>4,151</u>
Net loss	<u>(13,958)</u>	<u>(16,602)</u>
Total comprehensive income	<u>(\$ 13,958)</u>	<u>(\$ 16,602)</u>
Total comprehensive income attributed to non-controlling interest	<u>(\$ 4,641)</u>	<u>(\$ 4,457)</u>

Statements of Cash Flows

	<u>January to March of 2023</u>	<u>January to March of 2022</u>
Net Cash In-Flow (Out-Flow) from Operation Activities	(\$ 220,297)	\$ 84,768
Net Cash In-Flow (Out-Flow) from Investing Activities	4,324	(71,933)
Net Cash In-Flow from Financing Activities	<u>84,893</u>	<u>261,380</u>
Increase (Reduction) in cash and cash equivalents	(131,080)	274,215
Balance of cash and cash equivalents, beginning of period	<u>260,654</u>	<u>281,168</u>
Balance of cash and cash equivalents, end of period	<u>\$ 129,574</u>	<u>\$ 555,383</u>

(4) Employee benefits

Pension - Defined Benefit Plan

The pension cost for the interim period is calculated using the actuarially determined pension cost rate from the beginning of the year to the end of the current period as of the end of the previous financial year. If there are significant market changes and material curtailments, liquidations or other significant one-time events after such closing, they will be adjusted and the relevant information will be disclosed in accordance with the aforementioned policy.

(5) Income tax

Income tax expense for the interim period is calculated by applying the estimated average annual effective tax rate to the income before income tax for the interim period and disclosing the related information in accordance with the accounting policies.

5. Critical Accounting Judgements and Key Sources of Estimation and Uncertainty

There is no significant change in the current period, please refer to Note 5 to the consolidated financial statements in 2022.

6. Summary of Significant Accounting Items

(1) Cash and Cash Equivalents

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Cash:			
Cash on hand	\$ 2,394	\$ 850	\$ 447
Checking accounts and demand deposits	<u>523,568</u>	<u>733,714</u>	<u>1,142,441</u>
	<u>525,962</u>	<u>734,564</u>	<u>1,142,888</u>
Cash Equivalents:			
Time deposits	666,676	487,482	-
Commercial paper	<u>31,205</u>	<u>-</u>	<u>-</u>
	<u>697,881</u>	<u>487,482</u>	<u>-</u>

\$ 1,223,843 \$ 1,222,046 \$ 1,142,888

- A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group transferred \$155,525, \$144,616 and \$173,780 of demand deposits, time deposits and bonds with repurchase pledged as collateral to "Financial Assets at Amortized Cost - Current" and "Financial Assets at Amortized Cost - Non-current", respectively.
- C. The Group pledged cash and cash equivalents as collateral (listed as "Financial Assets at Amortized Cost - Current" and "Financial Assets at Amortized Cost - Non-current"), please refer to Note 8 for the statements on pledged assets.

(2) Financial Assets at Fair Value through Profit or Loss - Current

<u>Item</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Current item:			
Financial assets mandatorily at FVTPL			
Shares of listed and OTC company	\$ 10,012	\$ 8,662	\$ -
Beneficiary certificates	<u>26,624</u>	<u>26,624</u>	<u>20,803</u>
	36,636	35,286	20,803
Valuation adjustment	<u>510</u>	<u>194</u>	<u>-</u>
	<u>\$ 37,146</u>	<u>\$ 35,480</u>	<u>\$ 20,803</u>
Non-current item:			
Callable rights of convertible bonds at FVTPL	<u>\$ 420</u>	<u>\$ 420</u>	<u>\$ -</u>

- A. The Group recognized financial assets mandatorily at FVTPL (listed as "Other Gains and Losses") of \$316 and \$594 for January to March of 2023 and 2022, respectively.
- B. The Group recognized callable rights of convertible bonds at FVTPL of \$- for January to March of 2023 and 2022.
- C. The Group has not pledged any financial assets at fair value through profit or loss.
- D. For related credit risk information, please refer to Note 12, (2) for the Financial Instruments.

(3) Financial assets at fair value through other comprehensive income or loss - Current

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Equity instrument			
Shares of listed and OTC company	\$ 127,169	\$ 125,499	\$ 271,401
Financial asset valuation adjustment	(37,362)	(44,618)	(44,296)
	<u>\$ 89,807</u>	<u>\$ 80,881</u>	<u>\$ 227,105</u>

A. The group elects to classify equity instruments that are strategic investments as financial assets measured at fair value through other comprehensive income. The Group's maximum exposure to credit risk is its carrying amount without taking into account collateral held or other credit enhancements.

B. The breakdown of FVTOCI recognized in profit or loss and comprehensive income or loss is as follows:

	<u>January to March of 2023</u>	<u>January to March of 2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Changes in fair value recognized in other comprehensive income	\$ <u>7,256</u>	(\$ <u>5,354</u>)

C. The Group not pledged financial assets measured at fair value through other comprehensive income.

D. For information on the credit risk of financial assets measured at fair value through other comprehensive income or loss, please refer to Note 12, (2) for the Financial Instruments.

(4) Amortised cost of financial asset

<u>Item</u>	<u>March 31 2023</u>	<u>December 31, 2022</u>	<u>March 31 2022</u>
Current items:			
Pledged demand deposits	\$ 59,494	\$ 36,990	\$ 98,874
Time deposits with a maturity of more than 3 months but less than 1 year	794	794	–
Pledged time deposits	–	–	6,031
Pledged repurchase bond	–	6,000	6,000
	<u>\$ 60,288</u>	<u>\$ 43,784</u>	<u>\$ 110,905</u>
Non-current items:			
Pledged demand deposits	<u>\$ 96,031</u>	<u>\$ 101,626</u>	<u>\$ 62,875</u>

- A. The Group interest income recognized in profit or loss due to financial assets measured by amortized cost from January to March in 2023 and 2022 were \$28 and \$47 respectively (represented in the table as “interest income”)
- B. Financial assets held at amortized cost that best represent the Group, without regard to collateral held or other credit enhancements, as at March 31 2023, and December 31 2022 and March 31, 2022, the amount of the risk exposure with the largest credit risk was its book value.
- C. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group provided financial assets measured by amortized cost as pledge guarantees. Please refer to Note 8 Pledged assets illustrate.
- D. For information on credit risk of financial assets measured by amortized cost, please refer to Note 12, (2) Description of Financial Instruments. The Group's investment in time deposit certificates is a financial institution with good credit quality, and the possibility of default is expected to be low.

(5) Notes and Accounts Receivable - Net

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Notes Receivable	<u>\$ 84</u>	<u>\$ 144</u>	<u>\$ 295</u>
Other Installment Notes Receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,950</u>
Accounts Receivable	\$ 404,600	\$ 425,377	\$ 383,959
Less: Loss Allowance	(23)	(23)	(23)
	<u>\$ 404,577</u>	<u>\$ 425,354</u>	<u>\$ 383,936</u>

- A. The aging analysis of Notes and Accounts Receivable (including related parties) is as follows:

	<u>March 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Notes Receivable</u>	<u>Accounts Receivable</u>	<u>Notes Receivable</u>	<u>Accounts Receivable</u>
Not Past Due	\$ 84	\$ 449,738	\$ 144	\$ 372,759
Within 60 days past due	-	33,961	-	139,836
61-180 days past due	-	266	-	-
	<u>\$ 84</u>	<u>\$ 483,965</u>	<u>\$ 144</u>	<u>\$ 512,595</u>

	<u>March 31, 2022</u>	
	<u>Notes Receivable</u>	<u>Accounts Receivable</u>
Not Past Due	\$ 37,245	\$ 487,230
Within 60 days past due	-	26,367
	<u>\$ 37,245</u>	<u>\$ 513,597</u>

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

- B. As of March 31, 2023, December 31, 2022 and March 31, 2022, the balances of Notes Receivable and Accounts Receivable were generated from customer contracts, and the balance of accounts receivable from customer contracts was \$579,804 as of January 1, 2022.
- C. As March 31, 2023, December 31, 2022, 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 the best represents the Group's notes receivable and accounts receivable were book value.
- D. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group did not hold any collaterals as guarantees for Notes and Accounts Receivable.
- E. Please refer to Note 12, (2) for the credit risk information of the related Notes and Accounts Receivable.
- F. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group had not pledged any Notes and Accounts Receivable as collateral.

(6) Inventories

March 31, 2023			
	Cost	Allowance to reduce Inventory to market	Carrying Value
Raw Materials	\$ 76,368	(\$ 23,620)	\$ 52,748
Work in Process	176,451	(13,354)	163,097
Finished Goods	<u>68,314</u>	<u>(4,073)</u>	<u>64,241</u>
	<u>\$ 321,133</u>	<u>(\$ 41,047)</u>	<u>\$ 280,086</u>
December 31, 2022			
	Cost	Allowance to reduce inventory to market	Carrying Value
Raw Materials	\$ 78,133	(\$ 23,231)	\$ 54,902
Work in Process	200,792	(15,028)	185,764
Finished Goods	<u>125,153</u>	<u>(3,982)</u>	<u>121,171</u>
	<u>\$ 404,078</u>	<u>(\$ 42,241)</u>	<u>\$ 361,837</u>
March 31, 2022			
	Cost	Allowance to reduce Inventory to market s	Carrying Value
Raw Materials	\$ 84,185	(\$ 15,645)	\$ 68,540
Supplies and spare parts	1,724	-	1,724
Work in Process	284,735	(18,418)	266,317
Finished Goods	<u>45,268</u>	<u>(3,612)</u>	<u>41,656</u>
	<u>\$ 415,912</u>	<u>(\$ 37,675)</u>	<u>\$ 378,237</u>

The cost of inventories recognized as losses by the Corporate Group.

	<u>January to March of 2023</u>	<u>January to March of 2022</u>
Cost of goods sold	\$ 437,489	\$ 625,733
Gain from price recovery of inventory (Note)	(1,194)	1,555
Gain or Loss on Physical Inventory	750	2,004
Revenue from Sale of Scraps	(2,838)	(5,221)
	<u>\$ 434,207</u>	<u>\$ 624,071</u>

(Note) As of January to March, 2023, the recognized gain from price recovery of inventory is caused by the Group's sale of some inventories that were originally listed as loss for market price decline and obsolete and slow-moving inventories.

(7) Prepaid Expenses

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Supplies inventory	\$ 92,984	\$ 81,907	\$ 104,542
Prepaid expenses	48,579	15,197	26,158
Advance payment	44,845	49,203	11,558
Prepaid insurance	15,282	1,036	11,529
Tax credit	15,256	15,876	16,854
Others	13,688	7,036	1,204
	<u>\$ 230,634</u>	<u>\$ 170,255</u>	<u>\$ 171,845</u>

(8) Equity method investment

A. Changes in investments using the equity method are as follows:

	<u>January to March, 2023</u>	<u>January to March, 2022</u>
January 1	\$ 21,712	\$ 21,636
Share of profit(loss) of associates & joint ventures accounted for using equity method	103	57
Other comprehensive income of associates & joint ventures accounted for using equity method	(2)	-
March 31	<u>\$ 21,813</u>	<u>\$ 21,693</u>

B. The details of investments using the equity method are as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Titan Insurance Broker Co., Ltd.	<u>\$ 21,813</u>	<u>\$ 21,712</u>	<u>\$ 21,693</u>

C. The share of the operating results of Titan Insurance Broker Co., Ltd., an individual insignificant affiliate of the Group, is as follows:

	<u>January to March, 2023</u>	<u>January to March, 2022</u>
Net profit of continuing business units for the current period	(\$ 115)	\$ 57
Other comprehensive income (net of tax)	(2)	-
Total comprehensive income	<u>(\$ 117)</u>	<u>\$ 57</u>

D. As of March 31, 2023 and December 31, 2022 and March 31, 2022, the Group did not provide the investment using the equity method as a pledge.

(9) Property, Plant and Equipment

	Land	Buildings	Machinery & equipment	Transportation equipment	Office equipment	Leasehold improvements	Other Equipment	Unfinished construction and equipment under acceptance	Total
<u>January 1, 2023</u>									
Cost	\$ 181,182	\$ 165,220	\$ 1,002,873	\$ 71,136	\$ 20,984	\$ 149,633	\$ 193,728	\$ 45,481	\$ 1,830,237
Accumulated Depreciation	-	(74,001)	(350,094)	(10,738)	(14,079)	(99,910)	(93,244)	-	(642,066)
Cumulative Impairment	-	-	(1,254)	-	(1,022)	(4,651)	(407)	-	(7,334)
	<u>\$ 181,182</u>	<u>\$ 91,219</u>	<u>\$ 651,525</u>	<u>\$ 60,398</u>	<u>\$ 5,883</u>	<u>\$ 45,072</u>	<u>\$ 100,077</u>	<u>\$ 45,481</u>	<u>\$ 1,180,837</u>
<u>January to March of 2023</u>									
January 1	\$ 181,182	\$ 91,219	\$ 651,525	\$ 60,398	\$ 5,883	\$ 45,072	\$ 100,077	\$ 45,481	\$ 1,180,837
Add - Cost	-	-	13,003	-	-	1,404	3,792	2,240	20,439
Transfer In of Prepaid Equipment Cost	-	-	4,645	1,334	-	-	10,300	-	16,279
Acceptance and transfer	-	-	35,576	-	-	-	-	(35,576)	-
Depreciation Expense	-	(1,577)	(14,943)	(1,716)	(271)	(3,164)	(7,660)	-	(29,331)
Disposal-Cost	-	-	-	-	(55)	-	(15,604)	-	(15,659)
Disposal- Accumulated Depreciation	-	-	-	-	11	-	15,604	-	15,615
March 31	<u>\$ 181,182</u>	<u>\$ 89,642</u>	<u>\$ 689,806</u>	<u>\$ 60,016</u>	<u>\$ 5,568</u>	<u>\$ 43,312</u>	<u>\$ 106,509</u>	<u>\$ 12,145</u>	<u>\$ 1,188,180</u>

March 31, 2023

Cost	\$ 181,182	\$ 165,220	\$ 1,056,097	\$ 72,470	\$ 20,929	\$ 151,037	\$ 192,216	\$ 12,145	\$ 1,851,296
Accumulated Depreciation	-	(75,578)	(365,037)	(12,454)	(14,339)	(103,074)	(85,300)	-	(655,782)
Cumulative Impairment	-	-	(1,254)	-	(1,022)	(4,651)	(407)	-	(7,334)
	<u>\$ 181,182</u>	<u>\$ 89,642</u>	<u>\$ 689,806</u>	<u>\$ 60,016</u>	<u>\$ 5,568</u>	<u>\$ 43,312</u>	<u>\$ 106,509</u>	<u>\$ 12,145</u>	<u>\$ 1,188,180</u>

	Land	Buildings	Machinery & equipment	Transportation equipment	Office equipment	Leasehold improvements	Other Equipment	Unfinished construction and equipment under acceptance	Total
<u>January 1, 2022</u>									
Cost	\$ 181,182	\$ 154,488	\$ 728,020	\$ 47,577	\$ 18,559	\$ 139,841	\$ 182,476	\$ 13,201	\$ 1,465,344
Accumulated Depreciation	-	(68,335)	(321,938)	(7,498)	(13,559)	(91,618)	(126,468)	-	(629,416)
Cumulative Impairment	-	-	(1,395)	-	(1,022)	(4,651)	(442)	-	(7,510)
	<u>\$ 181,182</u>	<u>\$ 86,153</u>	<u>\$ 404,687</u>	<u>\$ 40,079</u>	<u>\$ 3,978</u>	<u>\$ 43,572</u>	<u>\$ 55,566</u>	<u>\$ 13,201</u>	<u>\$ 828,418</u>

January to March of 2022

January 1	\$ 181,182	\$ 86,153	\$ 404,687	\$ 40,079	\$ 3,978	\$ 43,572	\$ 55,566	\$ 13,201	\$ 828,418
Add - Cost	-	-	13,624	8,474	655	-	5,503	5,158	33,414
Transfer In of Prepaid Equipment Cost	-	-	2,010	900	-	-	-	-	2,910
Acceptance and transfer	-	-	20	-	-	-	-	(20)	-
Depreciation	-	(1,018)	(8,245)	(1,340)	(216)	(1,945)	(3,661)	-	(16,425)

Expense									
Disposal-Cost	-	-	(6,038)	-	-	-	-	-	(6,038)
Disposal-									
Accumulated									
Depreciation	-	-	6,038	-	-	-	-	-	6,038
March 31	<u>\$ 181,182</u>	<u>\$ 85,135</u>	<u>\$ 412,096</u>	<u>\$ 48,113</u>	<u>\$ 4,417</u>	<u>\$ 41,627</u>	<u>\$ 57,408</u>	<u>\$ 18,339</u>	<u>\$ 848,317</u>
March 31,2022									
Cost	\$ 181,182	\$ 154,488	\$ 737,636	\$ 56,951	\$ 19,214	\$ 139,841	\$ 187,979	\$ 18,339	\$ 1,495,630
Accumulated									
Depreciation	-	(69,353)	(324,145)	(8,838)	(13,775)	(93,563)	(130,129)	-	(639,803)
Cumulative									
Impairment	-	-	(1,395)	-	(1,022)	(4,651)	(442)	-	(7,510)
	<u>\$ 181,182</u>	<u>\$ 85,135</u>	<u>\$ 412,096</u>	<u>\$ 48,113</u>	<u>\$ 4,417</u>	<u>\$ 41,627</u>	<u>\$ 57,408</u>	<u>\$ 18,339</u>	<u>\$ 848,317</u>

- A. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group's property, plant and equipment were assets for own use.
- B. The Group's did not capitalize any borrowing costs from January to March 2023 and 2022.
- C. On September 26, 2019, the Board of Directors approved the sale of certain machinery and equipment, office equipment, leasehold improvements, other equipment and other non-current assets – other of the Tainan plant with low-capacity utilization. In December 2019, the Company entered into a sales and purchase agreement with E-Shen Steel Co. The disposal price was \$163,238 and the gain on disposal was \$18,439 in December 2019. As of March 31, 2023, December 31, 2022 and March 31, 2022, the outstanding balance was shown as "Other Notes Receivable" of \$-, \$- and \$36,800, respectively.
- D. Information on the pledge of property, plant and equipment by the Group is described in Note 8.
- E. Please refer to Note 6, (13) for the accumulated impairment loss on non-financial assets.

(10) Leasing arrangements - lessee

- A. The subject assets of the Group's leases are buildings and business vehicles and print machine and land, and the lease contracts are usually for periods ranging from 2 to 10 years. Lease agreements are individually negotiated and contain various terms and conditions without any special restrictions.
- B. The lease period of the Group's leased underlying assets such as business vehicles, parking spaces, stackers and staff dormitories does not exceed 12 months, and the leased assets with low value are air cleaners and print machines, etc.
- C. The book value of right-of-use assets and the depreciation charge are 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	\$ 251	\$ 344	\$ 548
Buildings	110,736	93,886	92,194
Transport Equipment (business vehicles)	4,782	4,652	4,176
Office equipment (print machine)	-	-	167
	<u>\$ 115,769</u>	<u>\$ 98,882</u>	<u>\$ 97,085</u>

	<u>January to March of 2023</u>	<u>January to March of 2022</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ 94	\$ 82
Buildings	3,765	2,841
Transport Equipment (business vehicles)	619	641
Office equipment (print machine)	-	9
	<u>\$ 4,478</u>	<u>\$ 3,573</u>

D. The additions to the Group's right-of-use assets were \$22,428 and \$1,229 for January to March of 2023 and 2022, respectively.

E. The information on profit or loss items related to lease contracts is as follows:

	<u>January to March of 2023</u>	<u>January to March of 2022</u>
<u>Items affecting current profit and loss</u>		
Interest expenses on lease liabilities	\$ 509	\$ 313
Expenses for short-term lease contracts	1,270	1,551
Lease of low-value assets	343	14
Expenses for varying lease payments	820	-
Lease modification benefit	(5)	-

F. The Group's total rental cash outflows for January to March of 2023 and 2022 were \$6,764 and \$5,047, respectively.

G. When the Group determines the lease period, it takes into consideration all the facts and circumstances that will generate economic incentives for exercising or not exercising the right to renew the lease. The lease period will be re-estimated when a major event occurs in the assessment of the exercise or non-exercise of the right to renew the lease. Based on the assessment of exercising or not exercising the right to renew the lease, the Group's right-of-use assets and lease liabilities from January to March 2023 were reduced by \$1,063 and \$1,068 respectively, and lease modification benefits of \$5 were recognized (listed in "Other gains and losses"), there will be no such case from January to March 2022.

H. The impact of changes in lease payments on lease liabilities:

In the lease contract of the subsidiary company Yung Fu Co., Ltd., the subject matter of the variable lease payment clause is linked to the power generation income generated by the power plant and the announced land price. basis and are recognized as an expense in the period in which these payment terms are triggered.

(11) Investment property- net

	<u>Land</u>
<u>January 1 and March 31 of 2023</u>	
Cost	<u>\$ 32,452</u>
	<u>Land</u>
<u>January 1 and March 31 of 2022</u>	
Cost	<u>\$ 32,452</u>

A. The investment property of the Group is the land plots of the Liu-Huang-Zi-Ping small section in the Dingzhonggu section of Jinshan District and the Shancheng section of Jinshan District in New Taipei City. For the status of the pledged investment property as of March 31, 2023, December 31, 2022, and March 31, 2022, please see Note 8. Pledged Assets.

B. The fair value of investment properties held by the Group's was \$63,990 and \$63,990 and \$63,991 as of March 31, 2023, December 31 2022 and March 31, 2022, which was evaluated

based on the recorded amount of real estate transactions in the neighboring areas and was determined to be Level 3 fair value.

(12) Intangible Assets

	Concession	Computer software	Goodwill	Total
<u>January 1, 2023</u>				
Cost	\$ 91,638	\$ 2,176	\$ 19,003	\$ 112,817
Accumulated amortization	(400)	(649)	-	(1,049)
	<u>\$ 91,238</u>	<u>\$ 1,527</u>	<u>\$ 19,003</u>	<u>\$ 111,768</u>
<u>January to March of 2023</u>				
January 1	\$ 91,238	\$ 1,527	\$ 19,003	\$ 111,768
Service Concession Agreement Obtained	40,144	-	-	40,144
Amortization expense	(1,444)	(151)	-	(1,595)
March 31	<u>\$ 129,938</u>	<u>\$ 1,376</u>	<u>\$ 19,003</u>	<u>\$ 150,317</u>
<u>March 31, 2023</u>				
Cost	\$ 131,782	\$ 2,176	\$ 19,003	\$ 152,961
Accumulated amortization	(1,844)	(800)	-	(2,644)
	<u>\$ 129,938</u>	<u>\$ 1,376</u>	<u>\$ 19,003</u>	<u>\$ 150,317</u>
	Computer software	Goodwill	Total	
<u>January 1, 2022</u>				
Cost	\$ 1,214	\$ 19,003	\$ 20,217	
Accumulated amortization	(241)	-	(241)	
	<u>\$ 973</u>	<u>\$ 19,003</u>	<u>\$ 19,976</u>	
<u>January to March of 2022</u>				
January 1	\$ 973	\$ 19,003	\$ 19,976	
Add-Derived separately	30	-	30	
Amortization expense	(61)	-	(61)	
March 31	<u>\$ 942</u>	<u>\$ 19,003</u>	<u>\$ 19,945</u>	
<u>March 31, 2022</u>				
Cost	\$ 1,244	\$ 19,003	\$ 20,247	
Accumulated amortization	(302)	-	(302)	
	<u>\$ 942</u>	<u>\$ 19,003</u>	<u>\$ 19,945</u>	

A. The information on amortization of intangible assets are as follows:

	<u>January to March, 2023</u>	<u>January to March, 2022</u>
Operating costs	\$ 1,532	\$ -
Administrative Expenses	<u>63</u>	<u>61</u>
	<u>\$ 1,595</u>	<u>\$ 61</u>

B. Subsidiary Yung Fu signed the “Rehabilitate, Operate and Transfer of Waste Incineration Plant in Kanding Pingtung County” with the Pingtung County Government (hereinafter collectively referred to as “both parties”) in the form of ROT (Rehabilitate, Operate and Transfer) for construction and labor services. Both parties agreed to follow the Act for Promotion of Private Participation in Infrastructure Projects and regulations formulated by the relevant competent authorities to have the subsidiary Yung Fu handle the construction and operation. The operation period is 20 years, and the operating assets and operating rights are returned to Pingtung County Government when the operation period expires. The important information is summarized as follows:

- ① Yung Fu shall be responsible for the construction of the incineration plant and the maintenance and management of various facilities and equipment during the operation period, and promises to properly dispose of waste within the scope of processing capacity.
- ② During the operation period, the subsidiary Yung Fu shall calculate the remuneration for operation and maintenance to be collected from the Pingtung County Government and the land rent, waste disposal fee, price change royalties, electricity sales increase royalties and other fees payable to the county government based on the contract terms.
- ③ The subsidiary Yung Fu should invest in and complete the renovation project during the period of renovation and operation, and promise to invest no less than \$967,382. Before the deadline for renovation works (December 31, 2024), the subsidiary Yung Fu should invest at least \$560,000 in the renovation area of the project designated by the Pingtung County Government. In the event that the contract expires due to the expiration of the period, or is terminated early due to reasons attributable to the Yung Fu, the subsidiary shall unconditionally pay the shortfall of the committed investment amount to the Pingtung County Government.
- ④ The subsidiary Yung Fu recognizes the rights to sell electricity and dispose of waste from the provision of construction and service upgrades and the renovation cost to be committed in the future as intangible assets and revenue from service concession, respectively in accordance with the provisions of IFRIC 12 “Service Concession Arrangements”.
- ⑤ As of March 31, 2023, Yung Fu has invested \$105,710, with an achievement rate of 10.93%.

C. The Group did not capitalize any interests of the intangible assets in March 31 2023 and 2022.

D. As of March 31, 2023, and December 31, 2022 and March 31, 2022, the Corporate Group had not provided intangible asset as pledged collaterals.

(13) Impairment of non-financial assets

The Group’s did not recognize or reverse any impairment loss from January to March, 2023

and 2022. As of March 31, 2023, December 31, 2022 and March 31, 2022, the accumulated impairment loss recognized on the Group's non-financial assets was \$7,334, \$7,334 and \$7,510, respectively.

(14) Short-term loans

Type of borrowings	March 31, 2023	Interest Rate	Collateral
Guaranteed bank loans	\$ 153,748	2.26% ~ 2.64%	Demand deposits, land, buildings and construction, Investment property
Unsecured bank loans	10,000	2.20%	Demand deposits
	<u>\$ 163,748</u>		
Type of borrowings	December 31, 2022	Range of interest rate	Collateral
Guaranteed bank loan	<u>\$ 63,000</u>	2.15% ~ 2.43%	Demand deposits, Investment property
Type of borrowings	March 31, 2022	Interest Rate	Collateral
Guaranteed bank loans	\$ 257,054	1.39% ~ 2.093%	Demand deposits, time deposits, Investment property, land, buildings and construction
Unsecured bank loans	130,775	1.40% ~ 1.562%	None
	<u>\$ 387,829</u>		

The interest expense recognized in profit or loss from January to March 2023 and 2022 is described in Note 6, (28) for the financial costs.

(15) Short-term bills payable

Nature of borrowing	March 31, 2023	Range of interest rate	Collateral
Commercial paper	\$ 94,000	2.04% ~ 2.56%	Demand deposits and Machinery & equipment
Less: Unamortized discount	(233)		
	<u>\$ 93,767</u>		
Nature of borrowing	December 31, 2022	Range of interest rate	Collateral
Commercial paper	\$ 96,000	2.40% ~ 2.49%	Demand deposits, repurchase of bonds and Machinery & equipment
Less: Unamortized discount	(56)		
	<u>\$ 95,944</u>		

<u>Nature of borrowing</u>	<u>March 31, 2021</u>	<u>Range of interest rate</u>	<u>Collateral</u>
Commercial paper	\$ 89,600	0.60%~0.85%	Demand deposits and repurchase of bonds
Less: Unamortized discount (	44)		
	<u>\$ 89,556</u>		

A. The above commercial paper payable is issued by Union Bank of Taiwan and International Bills Finance Corporation under guarantee for short-term liquidity purposes.

B. Interest expense recognized in profit or loss from January to March 2023 and 2022 is described in Note 6, (28) for the financial costs.

(16) Other payables

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Dividends payable	\$ 199,417	\$ -	\$ 84,940
Salary payable	32,161	71,553	42,721
Equipment payment payable	30,038	30,780	5,617
Remuneration payable to employees and directors	18,693	16,705	13,053
Packaging costs payable	8,768	9,617	9,406
Processing fees payable	7,533	15,337	15,332
Utilities payable	4,989	4,488	7,158
Spare parts expenses payable	3,118	3,346	4,490
Repair costs payable	1,791	5,838	7,331
Business tax payable	953	2,755	9,196
Others	<u>37,837</u>	<u>41,433</u>	<u>23,573</u>
	<u>\$ 345,298</u>	<u>\$ 201,852</u>	<u>\$ 222,817</u>

(17) Bonds payable

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Unsecured convertible bonds	\$ 357,832	\$ 357,934	\$ -
Guaranteed convertible bonds	-	-	500
	357,832	357,934	500
Add: Premium on bonds payable	-	-	6
Less: Discount on bonds payable (	19,471)	(21,365)	-
Portion due within one year or one business cycle	-	-	(506)
	<u>\$ 338,361</u>	<u>\$ 336,569</u>	<u>\$ -</u>

A. In June 2019, the Company issued the domestic second series secured convertible bonds, and issued the domestic fourth series unsecured convertible bonds in September 2022, the main terms of which are as follows:

① The conditions for the issuance of the second domestic secured convertible bonds are as follows.

- a. The Company was approved by the competent authority to raise and issue the second domestic guaranteed convertible bonds with a total amount of \$100,000 (related issuance cost of \$1,667), with a coupon rate of 0% and a maturity period of 3 years from June 17, 2019 to June 17, 2022. The convertible bonds are repayable in cash at 101.51% of the face value of the bonds upon maturity.
- b. From the day following the expiration of three months after the date of issuance of the Bonds (September 18, 2019) to the maturity date (June 17, 2022), the holders of the Bonds may request the conversion of the Bonds into common shares of the Company at any time, except during the period when the transfer of the Bonds is suspended in accordance with the regulations or the law and the rights and obligations of the converted common shares shall be the same as those of the original issued common shares.
- c. The conversion price of the convertible bonds is determined in accordance with the pricing model stipulated in relevant laws. If the conversion price is subsequently adjusted in accordance with the pricing model stipulated in the relevant laws due to the Company's anti-dilution policy, the conversion price will be reset in accordance with the pricing model stipulated in the relevant laws on the base date of the relevant laws, and will not be adjusted if it is higher than the conversion price before the reset in the current year.
- d. In accordance with the provisions of the relevant laws and regulations, all bonds repossessed (including those bought back through the TPEx), repaid or converted by the Company will be cancelled, and all rights and obligations attached to the bonds will be extinguished and will not be issued.
- e. EnTie Commercial Bank, Ltd. (hereinafter referred to as the "Guarantor Bank") was appointed as the guarantor bank for the converted 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.
- f. The convertible corporate bond matured on June 17, 2022, and the total amount of principal and interest repayment upon maturity is \$507.

② The issue terms of the Company's fourth series domestic unsecured convertible bonds are as follows:

- a. The Company was approved by the competent authority to raise and issue the fourth series domestic unsecured convertible bonds with a total amount of \$351,750 (related issuance cost of \$3,695), with a coupon rate of 0% and a maturity period of 3 years from September 30, 2022 to September 30, 2025. The convertible bonds are repayable in cash at 102.2669% of the face value of the bonds upon maturity.
- b. From the day following the expiration of three months after the date of issuance of the Bonds (December 31, 2022) to the maturity date (September 30, 2025), the holders of the Bonds may request the conversion of the Bonds into common shares of the Company at any time, except during the period when the transfer of the Bonds

is suspended in accordance with the regulations or the law and the rights and obligations of the converted common shares shall be the same as those of the original issued common shares.

- c. The conversion price of the convertible bonds is determined in accordance with the pricing model stipulated in relevant laws. If the conversion price is subsequently adjusted in accordance with the pricing model stipulated in the relevant laws due to the Company's anti-dilution policy, the conversion price will be reset in accordance with the pricing model stipulated in the relevant laws on the base date of the relevant laws, and will not be adjusted if it is higher than the conversion price before the reset in the current year.
 - d. In accordance with the provisions of the relevant laws and regulations, all bonds repossessed (including those bought back through the TPEX), repaid or converted by the Company will be cancelled, and all rights and obligations attached to the bonds will be extinguished and will not be issued.
- B. The company's conversion of corporate bonds with a par value of \$9,500 from December 31, 2021 has been converted into 528 thousand shares of ordinary shares has not yet been completed. In the registration part, 528 thousand ordinary shares were converted (listed "Common Stock-Bond Conversion Rights Certificate" \$5,278). The base date of capital increase was January 17, 2022 (listed "Common Stock" \$5,278, and reverse "Common Stock-Bond Conversion Rights Certificate" \$5,278). Another denomination of \$6,200 is requested to be converted into 360 thousand ordinary shares, but the change registration has not yet been completed (listed "Bond Conversion Rights Certificate" \$3,605 and "Additional paid-in capital-Issuance Premium" \$2,746, and reversed "Additional paid-in capital-Share Options" \$75) from January to March 2022.
- C. In 2022, the corporate bonds with a face value of \$100 were converted into 4 thousand shares of common stock. As of the date of record for the capital increase on March 22, 2023, the registration of changes has been completed (listed as "Common stock" \$37 and "Additional paid-in capital - Issue premium" of \$63 and reversed "Additional paid-in capital-Share Options" \$4).
- D. Upon the issuance of convertible bonds, the Company separated the conversion rights of equity from the components of liabilities in accordance with IAS 32, "Financial Instruments: Presentation" and recorded "Additional paid-in capital-Share Options" at \$13,784. As of March 31, 2023, December 31, 2022, and March 31, 2022, the balances of the above "Additional paid-in capital-Share Options" were \$13,780, \$13,784 and \$6, respectively, after the issue, repurchase of bonds and the exercise of conversion rights by creditors in accordance with the conversion method. In accordance with IFRS 9, "Financial Instruments", the embedded repurchase and resale rights are separated from the economic characteristics and risks of the principal debt instruments and are recorded as "Financial assets or liabilities at fair value through profit or loss - non-current" on the net basis. The effective interest rate of the master contract debt after the separation was 2.24%.
- E. Interest expense recognized in profit or loss for January to March, 2023 and 2022 is described in Note 6, (28), for the financial costs.

(18) Long-term loans

<u>Nature of borrowing</u>	<u>Maturity Date Range</u>	<u>Interest Rate</u>	<u>March 31, 2023</u>	<u>Collateral</u>
Guaranteed bank loans	2025.2.17~2029.3.21	2.46%~ 2.69%	\$ 132,233	Demand deposits, Machinery & equipment

Less: Portion due within one year or one business cycle	(	16,885)
	\$	<u>115,348</u>

<u>Nature of borrowing</u>	<u>Maturity Date Range</u>	<u>Interest Rate</u>	<u>December 31, 2022</u>	<u>Collateral</u>
Guaranteed bank loans	2025.7.20~2029.3.21	2.46%~ 2.69%	\$ 136,062	Demand deposits, Machinery & equipment
Less: Portion due within one year or one business cycle			(	19,124)
			\$	<u>116,938</u>

<u>Nature of borrowing</u>	<u>Maturity Date Range</u>	<u>Interest Rate</u>	<u>March 31, 2022</u>	<u>Collateral</u>
Guaranteed bank loans	2022.5.25~2028.10.27	1.34%~ 2.50%	\$ 204,720	Demand deposits, Land, Building & Construction, Machinery equipment, Transportation equipment
Less: Portion due within one year or one business cycle			(	40,571)
			\$	<u>164,149</u>

The interest expense recognized in profit or loss from January to March 2023 and 2022 is described in Note 6, (28) for the financial Costs.

(19) Pensions

A. In accordance with the Labor Standards Act, the Company and its subsidiaries have defined benefit pension plans that apply to all regular employees' years of service prior to the implementation of the Labor Standards Act on July 1, 2005, and to employees who elect to continue to be subject to the Labor Standards Act for subsequent years of service after the implementation of the Labor Standards Act. For employees who meet the retirement requirements, pension payments are calculated based on the length of service and the average salary for the six months prior to retirement, with two bases for each year of service up to and including 15 years and one base for each year of service over 15 years, up to a maximum of 45 bases. The Company and its subsidiaries contribute 2% of salaries and wages to a monthly pension fund, which is deposited in the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee, except that the Company suspended the contribution to the Labor Pension Fund until March 31, 2023, as approved by the competent authority. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not sufficient 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 a contribution for the deficit by the end of March of the following fiscal year. Information regarding the above defined benefit retirement plan is disclosed below:

- ① From January to March, 2023 and 2022, the Group recognized pension costs of \$— in accordance with the above pension plan.

② The Group estimated contribution to the retirement plan for the 2024 is \$—.

- B. Effective July 1, 2005, the Group has established a "Defined contribution pension plan" in accordance with the "Labor Pension Act", which is applicable to employees of the Company. Under the New Plan, the Company contributes monthly an amount not less than 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 recognized pension costs of \$3,924 and \$3,302 from January to March of 2023 and 2022, respectively, based on the above pension plan.

(20) Share capital and advance receipt

- A. A reconciliation of the number of outstanding shares of the Company's common stock at the beginning and end of the period is as follows: (in thousands of shares)

	<u>January to March of</u> <u>2023</u>	<u>January to March of</u> <u>2022</u>
Number of shares at the beginning of the period	99,410	88,522
Conversion of employee stock options	295	-
Conversion of corporate bonds	<u>4</u>	<u>528</u>
Ending balance	<u>99,709</u>	<u>89,050</u>

- B. On May 11, 2022, the Board of Directors approved the issuance of 10,000 thousand shares of common stock at a premium of NT\$26 per share for the purposes of repaying borrowings from financial institutions and increasing the working capital to strengthen the Company's financial structure, and the total amount of the capital increase was \$260,000, less the related issuance costs of \$1,300. The actual net cash capital increase was \$258,700, and the record date of the capital increase was August 18, 2022.
- C. Among the stock option certificates obtained by the employees of the Company as of October 21, 2020, 180 units were exercised between November to December 2022, and the proceeds from the subscription were \$3,366, 115 units were exercised between January to March 2023, and the proceeds from the subscription were \$2,150. As of the date of record for the capital increase on January 11, 2023 and March 22, 2023, the registration of changes has been completed (listed as "Common stock" \$2,949 and "Additional paid-in capital - Issue premium" of \$2,567). And 114 units were exercised between January to March 2023, and the proceeds from the subscription were \$2,132 (recognized as the "Advance receipt"). As of March 31, 2023, the change registration has not been processed.
- D. Please refer to Note 6, (17) for the conversion of bonds payable from January to March, 2023 and 2022.
- E. As of March 31, 2023, the Company's total authorized capital was \$4,000,000 (\$96,000 of the total shares were reserved for conversion of employee stock options) and the paid-in capital was \$997,087, divided into 99,709 thousand shares of NT\$10 each. All proceeds from shares issued have been collected.

(21) Additional Paid-in Capital

	January to March of 2023				
	Issuance Premium	Difference between the actual acquisition or disposal of equity in a subsidiary and its carrying value	Stock option	Others	Total
January 1	\$ 915,511	\$ 154,160	\$ 25,802	\$ 6,741	\$ 1,102,214
Conversion of bonds into capital stock	63	-	(4)	-	59
Employee stock options into capital stock	2,567	-	-	-	2,567
Expired employee stock options	1,875	-	(1,875)	-	-
Employee Stock Options Compensation Costs	-	-	356	-	356
March 31	<u>\$ 920,016</u>	<u>\$ 154,160</u>	<u>\$ 24,279</u>	<u>\$ 6,741</u>	<u>\$ 1,105,196</u>

	January to March of 2022				
	Issuance Premium	Difference between the actual acquisition or disposal of equity in a subsidiary and its carrying value	Stock option	Others	Total
January 1	\$ 785,353	\$ 86,060	\$ 6,797	\$ 6,741	\$ 884,951
Conversion of bonds into capital stock	2,746	-	(75)	-	2,671
Employee Stock Options Compensation Costs	-	-	945	-	945
Changes in ownership interests in subsidiaries recognized	-	74,205	-	-	74,205
March 31	<u>\$ 788,099</u>	<u>\$ 160,265</u>	<u>\$ 7,667</u>	<u>\$ 6,741</u>	<u>\$ 962,772</u>

- A. In accordance with the Company Act, any capital reserve arising from additional paid-in capital of the 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 Securities and Exchange Act requires that the amount of additional paid-in capital to be capitalized, as above, should not exceed 10% of paid-in capital each year. Capital reserves should not be used to cover accumulated deficit unless the legal reserve is insufficient.
- B. For "Additional paid-in capital-Issuance Premium" and "Additional paid-in capital-Stock Options", please refer to Note 6, (20) Share capital, Note 6, (17) Bonds payable and Note 6, (22) Share-based payment to employees.
- C. For "Additional paid-in capital-Changes in ownership interests in subsidiaries recognized", please refer to Note 4, (3) Basis of consolidation.

(22) Share-based payment to employees

A. Compensation Employee Stock Option Program

On October 21, 2020, the Company issued 3,000 units of employee compensation stock options at a price of NT\$21.6 per share, which is based on the closing price of the Company's common stock on the date of issuance, and the number of shares of common stock to be subscribed per unit of stock options is 1,000. If there is a change in the shares of the Company's common stock after the issuance of the stock options, the price is adjusted according to a specific formula. As of March 31, 2023, the subscription price for employee stock options has been adjusted to NT\$18.7. The stock options issued are valid for a period of 5 years, and employees may exercise their stock options in annual installments after 2 years of employment from the issuance date in accordance with the Employee Stock Option Regulations. The compensation cost of the Company's compensated employee stock options recognized from January to March, 2023 and 2022 (relative to the item listed as "Additional paid-in capital-Employee Stock Options") was \$207 and \$504, respectively. In addition, 913 thousand shares were granted to employees of the subsidiary over three years period. Therefore, the subsidiary recognized compensation cost (corresponding to the item listed as "Additional paid-in capital-Employee Stock Options") of \$149 and \$441 from January to March, 2023 and 2022, respectively.

- ① The number of options and the weighted-average exercise price of the stock option plan for compensated employees from January to March, 2023 and 2022 are disclosed as follows :

January to March of 2023		
Share Options	Number (units)	Weighted average exercise price (NT\$)
Outstanding at the beginning of the period	2,820	\$ 18.7
Share options exercised this period (	229)	18.7
Options expired at the end of the period (	1,210)	18.7
Number of ordinary shares outstanding at the end of period	1,381	18.7
Options exercisable at the end of the period	261	18.7
Options approved and outstanding at the end of the period	-	18.7
January to March of 2022		
Share Options	Number (units)	Weighted average exercise price (NT\$)
Outstanding at the beginning and end of the period	3,000	\$ 19.5
Options exercisable at the end of the period	-	-
Options approved and outstanding at the end of the period	-	-

Please refer to Note 6 (20) Share capital and advance receipts for details of the Company's 2023 collection of payment for 229 units of employee stock options.

- ② The fair value of the Company's stock option plan was estimated using the Black-Scholes option valuation model, and the related information is as follows :

Date of granting	<u>October 21, 2020</u>
Stock Price (NT\$)	\$ 21.35
Performance Price (NT\$)	21.60
Dividend Rate	0%
Expected price volatility	27.97%
Risk-free interest rate	0.2285%
Expected duration	5 years
Fair value per unit (per share)	NT\$5.24

B. Subsidiary - As of January to March, 2023 and 2022, the Yung Fu Co., Ltd. share-based payment agreement is as follows :

<u>Type of agreement</u>	<u>Paying day</u>	<u>Number (units)</u>	<u>Contract period</u>	<u>Acquired conditions</u>
Employee stock option plan	2021. 6. 23	3, 600	1 year	0.5 years of service
Employee stock option plan	2021. 9. 6	580	1 year	0.5 years of service
Employee stock option plan	2021. 11. 9	300	1 year	0.5 years of service
Employee stock option plan	2022. 1. 17	520	1 year	0.5 years of service
Employee stock option plan	2022. 1. 17	700	1 year	1 month of service
Employee stock option plan	2022. 2. 16	300	1 year	1 month of service

In the above-mentioned share-based payment agreements, all of them are delivered by equity.

- ① The above-mentioned share-based payment agreements is as follows :

	<u>January to March of 2022</u>	
	<u>Number (units)</u>	<u>Weighted average exercise price (NT\$)</u>
Share Options		
Number of ordinary shares outstanding at the beginning of period	52	\$ 10
Share options granted this period	1,520	10
Share options foregone this period(	50)	-
Share options exercised this period	(2)	10
Number of stock options outstanding at the end of period	<u>1,520</u>	-
Share options exercisable at the	<u>1,520</u>	-

end of the period

There were no such events from January to March of 2023.

- ② Subsidiary Yung Fu Co., Ltd. uses the Black-Scholes option valuation model to estimate the fair value of the subscription options for its share-based payment transactions. The relevant information is as follows:

Type of agreement	Paying day	Share price (NTD)	Performance price (NTD)	Expected price volatility	Expected duration	Expected dividend rate	Risk-free interest rate	Fair value per unit
Employee stock option plan	2021.6.23	8.02	10	16.16%	1 year	0%	0.12%	0.06
Employee stock option plan	2021.9.6	10.03	10	30.65%	1 year	0%	0.15%	1.24
Employee stock option plan	2021.11.9	11.68	10	26.74%	1 year	0%	0.20%	2.19
Employee stock option plan	2022.1.17	10.43	10	30.47%	1 year	0%	0.31%	1.48
Employee stock option plan	2022.1.17	10.43	10	30.47%	1 year	0%	0.31%	1.48
Employee stock option plan	2022.2.16	10.48	10	30.63%	1 year	0%	0.30%	1.51

- ③ In January to March, 2023 and 2022, the remuneration costs based on the abovementioned share-based payment transactions recognized by Yung Fu recognized were \$- and \$153 (relevant items “non-controlling interests”), respectively.

(23) Retained earnings

- A. Legal reserve may not be used except to offset losses or to issue new shares or cash in proportion to the shareholders' original shares, provided that the amount of new shares or cash issued shall be limited to the portion of the reserve that exceeds 25% of the paid-in capital.
- B. In accordance with the Company's Articles of Incorporation, if there is any surplus in the Company's annual accounts, the Company shall first pay taxes and make up for accumulated deficits, and then set aside 10% as legal reserve (except when the legal reserve has already reached the total capital), and the remainder, in addition to dividends, shall be distributed as dividends to shareholders if there is any surplus. The Company's dividend policy is based on the Company's future capital budget plan to measure the capital requirements for future years, and the remaining earnings will be distributed in the form of cash dividends only after the Company has decided to use retained earnings to meet the capital requirements. The Board of Directors shall prepare a proposal for the distribution of earnings in accordance

with the order and rate of distribution of earnings as provided for in these Articles of Incorporation, and the proposal shall be approved by the shareholders' meeting.

In accordance with the provisions of Paragraph 5 of Article 240 of the Company Act, the distribution of earnings in the preceding paragraph is subject to the board resolution at a board meeting with at least two-thirds of directors present and supported by more than half of directors present and the distribution of all or partial dividends and bonuses should be in cash and reported to the shareholders' meeting.

The Company considers a balanced and stable dividend policy and, depending on the demand for investment capital and the dilution of earnings per share, dividends to shareholders should be 50% to 100% of accumulated distributable earnings and should be paid in the form of appropriate stock dividends or cash dividends, with cash dividends to be distributed at no less than 50% of shareholders' dividends.

C. Special reserve

- ① When the Company distributes earnings, the Company is required by law to set aside a special reserve for the debit balance of other equity items as of the balance sheet date of the year in order to distribute the earnings.
- ② When the Company first adopted IFRSs, the special reserve of \$7,745 was provided for in accordance with FSC No. 1010012865 dated April 6, 2012. When the Company subsequently uses, disposes of or reclassifies the related assets, the Company reverses the percentage of the special reserve originally provided for.

C. The board meeting on March 23, 2022, resolved to distribute 2021 earnings as cash dividends of \$84,940 (NT\$0.95 per share). The board meeting on March 22, 2023 resolved to distribute 2022 earnings as cash dividends of \$199,417 (NT\$2 per share), which has not yet been distributed (listed in "Other Payables").

(24) Operating revenue

	<u>January to March of 2023</u>	<u>January to March of 2022</u>
Customer contract revenue	<u>\$ 975, 811</u>	<u>\$ 1, 152, 118</u>

A. Segmentation of revenue from contracts with customers.

The Group's revenue is recognized when the source is shifted at a point in time and as it is provided over time, revenue can be subdivided into the following major categories of goods or services :

	<u>January to March of 2023</u>	<u>January to March of 2022</u>
Revenue from sales of screws	\$ 383, 728	\$ 400, 367
Revenue from scrap iron	220, 142	336, 915
Logistics and transport revenue	80, 161	67, 592
Contracting revenue	59, 948	179, 124
Revenue from electricity sales	41, 287	36, 889
Project revenue	36, 822	46, 187
Operating revenue	7, 475	7, 511
Others	<u>30, 699</u>	<u>25, 506</u>

	860,262	1,100,091
Revenue from electricity sales		
Project revenue	40,144	–
Waste treatment revenue	38,413	28,728
Revenue from electricity sales	30,328	18,223
Operating revenue	6,664	5,076
	115,549	52,027
	\$ 975,811	\$ 1,152,118

	<u>January to March of 2023</u>	<u>January to March of 2022</u>
Cut-off point of revenue recognition		
revenue recognized at a particular point in time	\$ 813,091	\$ 1,037,067
revenue recognized gradually over time	162,720	115,051
	\$ 975,811	\$ 1,152,118

B. The Group recognized contract liabilities related to revenue from customer contracts as follows: :

	<u>March 31, 2023</u>	<u>December 31, 2021</u>	<u>March 31, 2022</u>	<u>January 1, 2022</u>
Contractual Asset- Current.	\$ 17,365	\$ 12,711	\$ 8,439	\$ –
Contractual Liabilities - current. :				
Unearned receipts	\$ 112,389	\$ 127,185	\$ 199,591	\$ 179,154

① The opening contract liabilities were recognized in income of NT\$14,553 and NT\$4,655 for the months of January to March, 2023 and 2022, respectively.

② Outstanding long-term contracts

For the date ended March 31 2023, December 31 2022 and March 31 2022, the amortized contract costs of the unfulfilled part of the long-term contracts signed by the Group and customers were \$71,978、\$85,530 and \$200,150, respectively. The management expects that the amortized transaction price of the outstanding performance obligations as of March 31 2023, December 31 2022 and March 31 2022 will be recognized as revenue in 2023 and 2024

Except for the abovementioned contracts, all other contracts of the Group are contracts of less than one year or billed based on the actual operating quantity. According to IFRS 15, there is no need to disclose the transaction price of the allocation of outstanding contractual obligations for these contracts.

(25) Interest income

	<u>January to March of 2023</u>	<u>January to March of 2022</u>
Interest from bank deposits	\$ 2, 548	\$ 5
Interest income from financial assets measured at amortized cost	28	47
Other interest incomes	7	26
	<u>\$ 2, 583</u>	<u>\$ 78</u>

(26) Other income

	<u>January to March of 2023</u>	<u>January to March of 2022</u>
Lease income	\$ 374	\$ 190
Other income	3, 316	1, 394
	<u>\$ 3, 690</u>	<u>\$ 1, 584</u>

(27) Other gains or losses

	<u>January to March of 2023</u>	<u>January to March of 2022</u>
Net gain on financial assets and at fair value through profit or loss	\$ 316	\$ 594
Net gain(on disposal of property, plant and equipment	(32)	500
Net foreign currency exchange gain(loss)	2, 907	19, 895
Gain arising from lease modifications	5	—
Other gain(losses)	1	(92)
	<u>\$ 3, 197</u>	<u>\$ 20, 897</u>

(28) Financial costs

	<u>January to March of 2023</u>	<u>January to March of 2022</u>
Interest expense		
Bank loans	\$ 1, 794	\$ 2, 810
Convertible bonds	1, 888	25
Lease liabilities	509	313
Others	2	—
	<u>\$ 4, 193</u>	<u>\$ 3, 148</u>

(29) Additional information on the nature of expenses

	<u>January to March of 2023</u>			<u>January to March of 2022</u>		
	<u>Operating Costs</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Operating Costs</u>	<u>Operating Expenses</u>	<u>Total</u>
Employee benefits	\$ 73,064	\$ 25,115	\$ 98,179	\$ 72,957	\$ 30,360	\$ 103,317
Depreciation	\$ 28,932	\$ 4,877	\$ 33,809	\$ 15,544	\$ 4,454	\$ 19,998
Amortization expense	\$ 1,532	\$ 63	\$ 1,595	\$ -	\$ 61	\$ 61

(30) Employee benefits expenses

	<u>January to March of 2023</u>			<u>January to March of 2022</u>		
	<u>Operating Costs</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Operating Costs</u>	<u>Operating Expenses</u>	<u>Total</u>
Salary expense	\$ 61,497	\$ 21,264	\$ 82,761	\$ 62,881	\$ 25,240	\$ 88,121
Employee Compensation Costs	-	356	356	-	1,098	1,098
Labor and health insurance expenses	6,724	1,632	8,356	5,893	1,559	7,452
Pension expense	3,098	826	3,924	2,495	807	3,302
Other personnel expenses	1,745	1,037	2,782	1,688	1,656	3,344
	<u>\$ 73,064</u>	<u>\$ 25,115</u>	<u>\$ 98,179</u>	<u>\$ 72,957</u>	<u>\$ 30,360</u>	<u>\$ 103,317</u>

A. In accordance with the Company's Articles of Incorporation, the Company shall contribute 1% to 3% of the current year's profitability as compensation to employees and not more than 3% as compensation to directors and supervisors. However, where there are accumulated losses, an equivalent amount shall be appropriated to compensate for the losses. Employees may be paid in stock or cash. The distribution of employees' remuneration and directors' and supervisors' remuneration shall be made by a resolution of the board of directors with at least two-thirds of the directors present and a majority of the directors present, and reported to the shareholders' meeting.

The above-mentioned profit status for the year refers to the income before taxation before the distribution of employees' remuneration and directors' and supervisors' remuneration.

B. The Company's estimated amounts of employees' remuneration for three months ended March 31, 2023 and 2022 were \$878 and \$1,556 respectively; the estimated amounts of directors' remuneration are \$878 and \$3,113 respectively. Information on employees' remuneration and directors' remuneration approved by the Company's board meeting. The board of directors resolution on March 22, 2023 approved the actual distribution of employee and director remuneration were both of \$7,390, the difference from the employee remuneration of \$7,472 and the director compensation of \$7,435 recognized in the 2022 financial report is \$127. The main series of calculation differences are to be adjusted in the profit and loss of 2023.

Information on employees' remuneration and directors' remuneration approved by the Company's board meeting can be found on the MOPS.

(31) Income tax

A. Income tax expense(benefit) components.. :

	<u>January to March of 2023</u>	<u>January to March of 2022</u>
Current income tax :		
Current tax on profits for the year	\$ 11,729	\$ 3,761
Deferred income tax :		
Generation and reversal of temporary differences	(12,644)	16,270
Income tax expense(benefit)	<u>(\$ 915)</u>	<u>\$ 20,031</u>

B. The Company's income tax has been approved by the tax authorities until 2021, and no administrative relief has been provided as of May 9, 2023.

(32) Earnings per share

	<u>January to March of 2023</u>	
	<u>Amount</u>	<u>Weighted average share outstanding</u>
	<u>After tax</u>	<u>(thousand shares)</u>
		<u>Earning per share</u>
		<u>(NT\$)</u>
<u>Basic earning per share</u>		
Net income attributable to equity holders of the parent company for the period	<u>\$ 41,777</u>	<u>99,583</u>
<u>Diluted earning per share</u>		
Net income attributable to equity holders of the parent company for the period	\$ 41,777	99,583
Assumed conversion of all dilutive potential ordinary shares		
Employee bonus	-	298
Bonds payable	<u>1,511</u>	<u>12,959</u>
Net income attributable to equity holders of the parent company for the period plus dilutive effect of common stock	<u>\$ 43,288</u>	<u>112,840</u>
	<u>January to March of 2022</u>	
	<u>Amount</u>	<u>Weighted average share outstanding</u>
	<u>after tax</u>	<u>(thousand shares)</u>
		<u>Earning per share</u>
		<u>(NT\$)</u>
<u>Basic earning per share</u>		
Net income attributable to equity holders of the parent company for the period	<u>\$ 81,183</u>	<u>88,956</u>
<u>Diluted earning per share</u>		
Net income attributable to equity holders	\$ 81,183	88,956

of the parent company for the period			
Assumed conversion of all dilutive potential ordinary shares			
Employee bonus	–	83	
Bonds payable	20	242	
Net income attributable to equity holders of the parent company for the period plus dilutive effect of common stock	<u>\$ 81,203</u>	<u>89,281</u>	<u>\$ 0.91</u>

(33) Supplemental cash flow information

A. Investing activities with only partial cash receipts and payments :

	<u>January to March of 2023</u>	<u>January to March of 2022</u>
① Acquisition of property, plant and equipment	\$ 20,439	\$ 33,414
Add: Notes payable at beginning of period	46,748	
- related parties		23,255
Other payables at the beginning of the period	30,780	12,047
Less: Notes payable at end of period – related parties	(45,880)	(32,118)
Other payables at the end of the period	(30,038)	(5,617)
Cash paid for acquisition of property, plant and equipment	<u>\$ 22,049</u>	<u>\$ 30,981</u>

	<u>January to March of 2023</u>	<u>January to March of 2022</u>
② Disposal of property, plant and equipment	\$ 12	\$ 500
Add: Notes receivable at the beginning of the period	–	52,175
Less: Notes receivable at the end of the period	–	(36,800)
Cash receipts from disposal of property, plant and equipment	<u>\$ 12</u>	<u>\$ 15,875</u>

B. Investing and financing activities that do not affect cash flows :

	<u>January to March of 2023</u>	<u>January to March of 2022</u>
① Transfer of prepayments for equipment to property, plant and equipment	<u>\$ 16,279</u>	<u>\$ 2,910</u>
② Conversion of convertible bonds into capital stock and capital surplus	<u>\$ 96</u>	<u>\$ 6,276</u>
③ Number of declared cash dividends	\$ 199,417	\$ 84,940

Less: dividends payable at the end of
the period (listed under “other
payables”)

(	199,417)	(	84,940)
\$	–	\$	–

(34) Changes in liabilities arising from financing activities

	Short-term	Short-term bills	Lease	Bonds Payable	Long-term loans	Guarantee	Total liabilities
	<u>Loans</u>	<u>Payable</u>	<u>liabilities</u>	(including the	(including the	deposits	arising from
				<u>Due 1year)</u>	<u>Due 1year)</u>	<u>received</u>	<u>financing activities</u>
January 1, 2023	\$ 63,000	\$ 95,944	\$ 101,182	\$ 336,569	\$ 136,062	\$ 35,190	\$ 767,947
Net change in financing cash flows	100,748	(2,000)	(3,822)	–	(3,829)	550	91,647
Other non-cash transactions	–	(177)	21,360	1,792	–	–	22,975
March 31 2023	<u>\$163,748</u>	<u>\$ 93,767</u>	<u>\$ 118,720</u>	<u>\$ 338,361</u>	<u>\$ 132,233</u>	<u>\$ 35,740</u>	<u>\$ 882,569</u>

	Short-term	Short-term bills	Lease	Bonds Payable	Long-term loans	Guarantee	Total liabilities
	<u>Loans</u>	<u>Payable</u>	<u>liabilities</u>	(including the	(including the	deposits	arising from
				<u>Due 1year)</u>	<u>Due 1year)</u>	<u>received</u>	<u>financing activities</u>
January 1, 2022	\$428,783	\$ 88,766	\$ 100,252	\$ 6,757	\$ 104,865	\$ 21,334	\$ 750,757
Net change in financing cash flows	(40,954)	800	(3,169)	–	99,855	8,572	65,104
Other non-cash transactions	–	(10)	1,229	(6,251)	–	–	(5,032)
March 31 2022	<u>\$387,829</u>	<u>\$ 89,556</u>	<u>\$ 98,312</u>	<u>\$ 506</u>	<u>\$ 204,720</u>	<u>\$ 29,906</u>	<u>\$ 810,829</u>

7、Related party transaction

(1) Name and relationship

<u>Name of related party</u>	<u>Relationship with the Group</u>
Chun Yu Works & Co., Ltd.	Other related parties
Chun Zu Machinery Industry	Other related parties
Chun Bang Precision Co.,Ltd.	Other related parties
TMPCO Steel Co.,Ltd	Other related parties
Gloria Material Technology Corp	Other related parties
S-TECH Corp.	Other related parties
TSG sportsmarketing company limited	Other related parties
Golden Win Steel Industrial Corp.	Other related parties

(2) Significant transactions with the related parties

A. Sale of goods

	<u>January to March of 2023</u>	<u>January to March of 2022</u>
Product sales :		
Gloria Material Technology Corp	\$ 84,057	\$ 205,487
Other related parties	<u>40,783</u>	<u>44,308</u>
	<u>\$ 124,840</u>	<u>\$ 249,795</u>

Transaction price: Negotiated price for both related and unrelated parties.

Collection terms (period): 15 to 90 days for related parties and 3 to 90 days for non-related parties by wire transfer or 60 to 90 days by letter of credit after the date of bill of lading.

B. Purchase of goods

	<u>January to March of 2023</u>	<u>January to March of 2022</u>
Product Purchase :		
Chun Yu Group	\$ 120,904	\$ 165,100
Other related parties	<u>527</u>	<u>-</u>
	<u>\$ 121,431</u>	<u>\$ 165,100</u>

Transaction price : Negotiated price for both related and unrelated parties.

Payment terms (period): The terms of purchase transactions from related parties are generally similar to those of general suppliers, with an average payment period of one to three months, but the payment period may be extended by mutual agreement depending on the availability of funds.

C. Property transaction

① Acquisition of property, plant and equipment : :

	<u>Items</u>	<u>January to March of 2023</u>	<u>January to March of 2022</u>
Chun Zu Machinery Industry	Machine	\$ 9,344	\$ 15,444
Chun Bang Precision Co.,Ltd.	Others	<u>-</u>	<u>178</u>
		<u>\$ 9,344</u>	<u>\$ 15,622</u>

The Group purchases property, plant and equipment from related parties through negotiated price

② Disposal of property, plant and equipment :

	<u>Items</u>	<u>January to March of 2022</u>	
		<u>Price from disposal</u>	<u>Gains from disposal</u>
Chun Yu Group	Machine	<u>\$ 500</u>	<u>\$ 500</u>

There were no such events as January to March of 2023.

D. Tooling and repair costs (listed in “Operating costs” and “Other non-current assets - other”)

	<u>January to March of 2023</u>	<u>January to March of 2022</u>
Other related parties	<u>\$ 2,817</u>	<u>\$ 6,329</u>

E. Accounts receivable

	<u>March 31,2023</u>	<u>December 31, 2022</u>	<u>March 31,2022</u>
Gloria Material Technology Corp	\$ 45,441	\$ 59,551	\$ 106,807
Other related parties	<u>33,924</u>	<u>27,667</u>	<u>22,831</u>
	<u>\$ 79,365</u>	<u>\$ 87,218</u>	<u>\$ 129,638</u>

F. Notes payable

	<u>March 31,2023</u>	<u>December 31, 2022</u>	<u>March 31,2022</u>
Chun Zu Machinery Industry Co., Ltd.	\$ 34,920	\$ 45,685	\$ 32,118
Other related parties	<u>1,610</u>	<u>4,629</u>	<u>3,741</u>
	<u>\$ 36,530</u>	<u>\$ 50,314</u>	<u>\$ 35,859</u>

G. Accounts payable

	<u>March 31,2023</u>	<u>December 31, 2022</u>	<u>March 31,2022</u>
Chun Yu Group	<u>\$ 60,319</u>	<u>\$ 37,724</u>	<u>\$ 90,608</u>

H. Other accounts payable

	<u>March 31,2023</u>	<u>December 31, 2022</u>	<u>March 31,2022</u>
Other related parties	<u>\$ 4,699</u>	<u>\$ 1,436</u>	<u>\$ 8,555</u>

(3)Compensation of key management personnel

	<u>January to March of 2023</u>	<u>January to March of 2022</u>
Salary and other short-term employee benefits	<u>\$ 4,910</u>	<u>\$ 3,913</u>

8. Pledged asset

The breakdown of guarantees provided for the Group's assets is 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)	\$ 155, 525	\$ 138, 616	\$ 161, 749	Performance bond, short-term borrowings, short-term bills payable and long-term loan guarantees
Pledged time deposits (Note 1)	–	–	6, 031	Short-term loan guarantees
Pledged bonds (Note 1)	–	6, 000	6, 000	Short-term bills payable
Land (Note 2)	159, 297	159, 297	145, 046	Performance bond, short-term borrowings, and long-term loan guarantees
House and Building – Net (Note 2)	58, 108	57, 056	54, 128	Performance bond, short-term borrowings, and long-term loan guarantees
Machinery (Note 2)	219, 556	189, 077	110, 615	Short-term bills payable and long-term loan guarantees
Transportation equipment -net(Note 2)	-	–	16, 622	Long-term loan guarantees
Investment property (Note 3)	32, 452	32, 452	32, 452	Short-term loan guarantees
Guarantee deposits paid	778	–	–	Performance bond,
	<u>\$ 625, 716</u>	<u>\$ 582, 498</u>	<u>\$ 532, 643</u>	

(Note 1) The table presents “Financial assets at amortized cost - current” and “Financial assets at amortized cost - non-current”.

(Note 2) “Property, plant and equipment” is listed in the table.

(Note 3) “Listed as Investment property” -- Net.

9. Significant contingent liabilities and unrecognized commitments

- (1) As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group had contracted but not yet paid capital expenditures of \$52,828, \$53,522 and \$32,487 respectively, for the acquisition of property, plant and equipment.
- (2) As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group had outstanding letters of credit for the purchase of raw materials for which letters of credit had been opened and not yet pledged amounted to \$143,876, \$0 and \$19,146 respectively.
- (3) As of March 31, 2023, December 31, 2022 and March 31, 2022, subsidiary Yung Fu Co., Ltd. has issued performance guarantee letters of \$735,853, \$494,603 and \$517,500 respectively by the Group and the bank due to contract needs.
- (4) As of March 31, 2023, the major contracts undertaken by the subsidiary, Yung Fu Co., Ltd are as follows:

<u>Name of Project Owner</u>	<u>Construction/Service Contract</u>	<u>Contract Amount</u>	<u>Contract Period</u>
Bureau of Environmental Protection of Hsinchu City	Contract operation and management of garbage recycling plant in Hsinchu City	Request for payment based on actual monthly volume processed	2022.2.16～ 2042.2.15
Environmental Protection Bureau of Taitung County	Performance enhancement turnkey project for Taitung County Waste and Energy Resource Center	\$538,255	2021.1.1～ 2024.6.27
Environmental Protection Bureau of Pingtung County	Renovate, operate, transfer (ROT) project of Kanding Waste Incineration Plant in Pingtung County (Note)	Request for payment based on actual monthly volume processed	2021.12.22～ 2041.12.21

(Note) Please refer to Note 6. (12) intangible assets.

10. Significant catastrophic losses : None such cases.

11. Material Events After the Balance Sheet Date : None such cases.

12. Others

(1)Capital management

The Group's capital management objectives are to protect the Company's ability to continue as a going concern, to maintain an optimal capital structure to reduce the cost of capital, and to provide returns to shareholders. 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. Types of financial instrument

For the types of the Group's financial instruments used, please refer to Note 6 and Note 12 and (3) explanation of fair value information.

B. Risk management policies

- ① The Group's daily operations are subject to a number of financial risks, including market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. In order to reduce the adverse effect of uncertainty on the Group's financial performance, the Group enters into forward exchange rate contracts to hedge the exchange rate risk.
- ② Risk management is carried out by a central finance department (Group finance) under policies approved by the Board of Directors. The Group's Finance Department is responsible for identifying, assessing and hedging financial risks by working closely with the Group's operating divisions.

C. Significant financial risks and degrees of financial risks

① Market risk

a. Foreign exchange risk

- (a) The Group's management has established a policy that requires the Group to manage its exposure to exchange rate risk relative to its functional currency. Hedging of its overall exchange rate risk should be performed through the

Corporate Finance Department. Exchange rate risk is measured by using forward foreign exchange contracts to reduce the impact of exchange rate fluctuations on the expected collection of accounts receivable through highly probable expected transactions of Euro and US dollar expenses.

- (b) The Group uses forward exchange rate transactions to hedge its exposure to exchange rate risk, but does not meet all the criteria for hedge accounting and therefore accounts for financial assets or liabilities measured at fair value through profit or loss.
- (c) The Group engages in operations involving certain non-functional currencies (the functional currency of the Company and subsidiaries is the New Taiwan dollar) and is therefore subject to exchange rate fluctuations. Information on foreign currency assets and liabilities with significant exchange rate fluctuations is as follows:

March 31, 2023			
	Foreign currency (in thousand)	Exchange Rate	Book Value
(Foreign currency: Foreign currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD : NTD	\$ 6,401	30.45	\$ 194,910
EUR : NTD	5,654	33.15	187,430
JPY : NTD	281,928	0.2288	64,505
<u>Financial asset</u>			
<u>Monetary items</u>			
USD : NTD	112	30.45	3,410
EUR : NTD	144	33.15	4,774
December 31, 2022			
	Foreign currency (in thousand)	Exchange Rate	Book Value
(Foreign currency: Foreign currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD : NTD	\$ 6,384	30.71	\$ 196,053
EUR : NTD	2,857	32.72	93,481
JPY : NTD	281,927	0.2324	65,520
<u>Financial liability</u>			
<u>Monetary items</u>			
USD : NTD	104	30.71	3,194
EUR : NTD	126	32.72	4,123

March 31, 2022			
	Foreign currency (in thousand)	Exchange Rate	Book Value
(Foreign currency: Foreign currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD : NTD	\$ 2,692	28.63	\$ 77,072
EUR : NTD	13,745	31.92	438,740
<u>Financial liability</u>			
<u>Monetary items</u>			
USD : NTD	499	28.63	14,286
EUR : NTD	500	31.92	15,960

a. The sensitivity analysis of foreign currency exchange rate risk is calculated mainly for foreign currency monetary items as of the end of the financial reporting period. If the New Taiwan dollar had strengthened/weakened by 1% against the U.S. dollar and the Euro, all other factors remaining constant, the Group's net income would have increased/decreased by \$3,510 and \$3,885 for January through March of 2023 and 2022 respectively.

b. The total amount of exchange gains (both realized and unrealized) recognized from January to March, 2023 and 2022 due to exchange rate fluctuations of the Group's monetary items was \$2,907 and \$19,895 respectively.

b. Price risk

b-1. The Group's equity instruments that are exposed to price risk are financial assets held at fair value through other comprehensive income. In order to manage the price risk of investments in equity instruments, the Group diversifies its investment portfolio in accordance with the limits set by the Group.

b-2. The Group invests primarily in equity instruments issued by domestic companies. The prices of these equity instruments are affected by the uncertainty of the future value of the underlying investments. If the price of these equity instruments had increased or decreased by 1%, with all other factors held constant, the benefit or loss to shareholders' equity from equity investments measured at fair value through other comprehensive income would have increased or decreased by \$371 and \$208 from January to March 2023 and 2022, respectively; as for the other comprehensive income classified as equity instruments at fair value through other comprehensive income, it is \$898 and \$2,271 respectively.

c. Cash flow and fair value interest rate risk

The Group's borrowings are floating-rate financial instruments. Therefore, changes in market interest rates will cause the effective interest rates of debt-type financial instruments to change accordingly, resulting in fluctuations in their future cash flows. This risk is partially offset by cash and cash equivalents held at

floating interest rates. With respect to the sensitivity analysis of interest rate risk, a 10% increase/decrease in borrowing rates, with all other factors held constant, would have increased/decreased net income by \$257 and \$170 from January to March 2023 and 2022, respectively, mainly due to the increase/decrease in interest expense as a result of floating rate borrowings.

② Credit risk

- a. The Group's credit risk is the risk of financial loss arising from the failure of customers or counterparties to financial instruments to meet their contractual obligations, mainly from the failure of counterparties to settle accounts receivable on collection terms.
- b. The management of credit risk is established with a Group perspective. In accordance with the internal credit policy, the Company and each new customer are required to manage and analyze the credit risk before setting the terms and conditions of payment and delivery. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
- c. The Group adopts IFRS 9 to provide the following premise assumptions. When a contractual payment is more than 90 days past due according to the contractual payment terms, the credit risk of the financial asset is considered to have increased significantly since the original recognition.
- d. In accordance with credit risk management, the Group starts to assess impairment when contractual payments are overdue for a certain number of days in accordance with the contractual payment terms.
- e. The Group estimates the expected credit losses based on the loss ratio method and the allowance matrix by grouping the notes and accounts receivable of customers according to the credit terms, and adjusts the loss ratio based on historical and current information of a specific period to estimate the allowance for losses on notes and accounts receivable by taking into account the prospective future. The following is a summary of the changes in the allowance for losses on notes and accounts receivable for which the Group has adopted the simplified approach :

	January to March of 2023		
	Notes receivable	Accounts receivable	Total
Balance of beginning and ending period	\$ -	\$ 23	\$ 23

	January to March of 2022		
	Notes receivable	Accounts receivable	Total
Balance of beginning and ending period	\$ -	\$ 23	\$ 23

③ Liquidity risk

- a. Cash flow forecasting is a process whereby the Finance Department monitors the forecast of the Group's liquidity requirements to ensure that it has sufficient funds to meet its operational needs and maintains sufficient unspent borrowing commitments at all times so that the Group does not breach the relevant borrowing limits or terms.

- b. In the event that the Group holds surplus cash in excess of the working capital management requirements, the Group's Finance Department invests the surplus funds in interest-bearing demand deposits and time deposits in instruments of appropriate maturity or sufficient liquidity to meet the above forecast and to provide sufficient level of dispatch. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group held money market positions of \$1,223,843、\$1,222,046 and \$1,142,888, respectively, which are expected to generate immediate cash flow to manage liquidity risk.
- c. The Group's unutilized borrowings are shown as follows :

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Floating rate			
Mature within one year	\$ 2,470,412	\$ 2,566,495	\$ 1,444,944
Maturity of more than 1 year	<u>60,000</u>	<u>176,000</u>	<u>149,176</u>
	<u>\$ 2,530,412</u>	<u>\$ 2,742,495</u>	<u>\$ 1,594,120</u>

- d. The following table shows the Group's non-derivative financial liabilities, grouped by the relevant maturity date. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>March 31, 2023</u>	<u>Less than 1 year</u>	<u>1 to 2 Years</u>	<u>2 to 5 Years</u>	<u>Over 5 Years</u>
Non-derivative financial liabilities				
Short-term loans	\$ 168,750	\$ -	\$ -	\$ -
Short-term bills payable	94,000	-	-	-
Notes payable (including related parties)	65,391	-	-	-
Accounts payable (Including related parties)	385,087	-	-	-
Other payables	345,298	-	-	-
Lease liabilities	16,621	15,409	45,173	53,884
Bonds payable	-	-	365,944	-
Long-term loans (including current portion)	19,789	19,381	37,569	73,020
Guarantee deposits received	200	35,540	-	-
<u>December 31, 2022</u>	<u>Less than 1 year</u>	<u>1 to 2 Years</u>	<u>2 to 5 Years</u>	<u>Over 5 Years</u>
Non-derivative financial liabilities				
Short-term loans	\$ 63,969	\$ -	\$ -	\$ -
Short-term bills payable	96,000	-	-	-
Notes payable (including related parties)	75,248	-	-	-

Accounts payable (Including related parties)	326,604	–	–	–
Other payables	201,852	–	–	–
Lease liabilities	14,907	13,468	35,901	42,687
Bonds payable	–	–	366,048	–
Long-term loans (including current portion)	22,101	21,634	35,060	75,333
Guarantee deposits received	–	35,190	–	–

<u>March 31, 2022</u>	<u>Less than 1 year</u>	<u>1 to 2 Years</u>	<u>2 to 5 Years</u>	<u>Over 5 Years</u>
Non-derivative financial liabilities				
Short-term loans	\$ 389,821	\$ –	\$ –	\$ –
Short-term bills payable	89,556	–	–	–
Notes payable (including related parties)	63,373	–	–	–
Accounts payable (Including related parties)	433,568	–	–	–
Other payables	222,817	–	–	–
Lease liabilities	13,195	12,450	32,279	45,798
Bonds payable (including current portion)	508	–	–	–
Long-term loans (including current portion)	44,271	40,732	57,995	81,586
Guarantee deposits received	–	29,906	–	–

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities available to the enterprise 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.

Level 2: The observable input value of assets or liabilities, directly or indirectly, except for those included in the quoted prices in Level 1. The fair value of the Company's investments in forward exchange contracts are included in this category.

Level 3: Unobservable inputs to assets or liabilities.

B. Fair value information of investment property at cost is provided in Note 6(11)

C. The Group's financial instruments that are not measured at fair value (including cash and cash equivalents, financial assets at amortized cost - current, notes receivable, other notes

receivable, accounts receivable (including related parties), other receivables, financial assets at amortized cost - non-current, refundable deposits, long-term notes receivable, short-term loans, short-term bills payable, notes payable (including related parties), accounts payable (including related parties), other payables, bonds payable and long-term loans and guarantee deposit received) approximate their fair values.

- D. Financial instruments carried at fair value are classified according to the nature, characteristics and risks of the assets and liabilities and the basis of the fair value hierarchy. The related information is as follows:

<u>March 31,2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset				
<u>Recurring fair value</u>				
Financial assets at fair value through gain or loss				
Beneficiary certificates	\$ 26,624	\$ -	\$ -	\$ 26,624
Equity securities	10,522	-	-	10,522
Right of Repurchase of Corporate Bonds	-	420	-	420
	<u>\$ 37,146</u>	<u>\$ 420</u>	<u>\$ -</u>	<u>\$ 37,566</u>
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 89,807</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,807</u>

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset				
<u>Recurring fair value</u>				
Financial assets at fair value through gain or loss				
Beneficiary certificates	\$ 26,624	\$ –	\$ –	\$ 26,624
Equity securities	8,856	–	–	8,856
Right of Repurchase of Corporate Bonds	–	420	–	420
	<u>\$ 35,480</u>	<u>\$ 420</u>	<u>\$ –</u>	<u>\$ 35,900</u>
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 80,881</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 80,881</u>
<u>March 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset				
<u>Recurring fair value</u>				
Financial assets at fair value through gain or loss				
Equity securities	<u>\$ 20,803</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 20,803</u>
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 227,105</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 227,105</u>

E. The methods and assumptions used by the Group to measure fair value are described below:

The Group adopt market pricing as the input of fair value (i.e. Level 1), and the breakdown of the characteristics of the instrument is as follows:

	<u>Listed shares</u>	<u>Open-end funds</u>
Market quoted price	Closing price	Net Asset value

F. Derivative financial instruments are evaluated based on valuation models that are widely accepted by market users, such as the discount method and option pricing models. The call option of corporate bonds is usually evaluated according to the binomial tree convertible bond model.

G. There was no transfer between Level 1 and Level 2 from January to March 2023 and 2022.

H. There were no Level 3 financial instruments from January to March 2023 and 2022.

13. Additional Disclosures

(In accordance with the regulations, only information from January to March 2023 is disclosed.)

(1) Significant transactions information

- A. Loans to others: None.
- B. Endorsement and guarantee for others: None.
- C. Marketable securities held at the end of the period: Please refer to Table 1.
- D. Purchase or sale of securities amounting to at least \$300 million or 20% of the paid-in capital: None.
- E. Acquisition of real estate amounting to at least \$300 million or 20% of the paid-in capital: None.
- F. Disposal of real estate amounting to at least \$300 million or 20% of the paid-in capital: None.
- G. Purchase from or sale to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please refer to Table 2.
- H. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- I. Derivative financial instruments: None.
- J. Business relationships and significant intercompany transactions between the parent company and subsidiaries: Please refer to Table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in China): Please refer to Table 4.

(3) Information on investments in China : None such cases.

(4) Information on main investors Information on principal shareholders: Detailed in Table 5.

14. Segments Information

(1) General information

The management of the Group has identified the reportable segments based on the reported information used by operational decision makers in making decisions. There were no significant changes in the Group's corporate composition, the basis of segmentation and the basis of measurement of segment information during the period.

(2) Departmental information

Information on the reporting segments provided to the chief operating decision maker is shown as follows:

	January to March of 2023			
	Screw Manufacturing Departmentb	Transportation Department	Environmental Business Department	Total
Net external revenue	\$ 383,728	\$ 279,553	\$ 312,530	\$ 975,811
Net internal revenue	–	3,937	–	3,937
Interest revenue	2,530	2	51	2,583
Depreciation and Amortization	18,462	1,644	15,298	35,404

Interest expense	2,358	12	1,823	4,193
Departmental net income(loss) before income taxes	63,820	1,703 (	29,302)	36,221
Segment assets	2,276,756	341,013	1,704,337	4,322,106
Segment liabilities	926,964	134,222	795,836	1,857,022

	January to March of 2022			
	Screw Manufacturing Department	Transportation Department	Environmental Business Department	Total
Net external revenue	\$ 401,532	\$ 585,192	\$ 165,394	\$ 1,152,118
Net internal revenue	–	6,164	–	6,164
Interest revenue	71	2	5	78
Depreciation and Amortization	14,673	1,415	3,971	20,059
Interest expense	2,205	20	923	3,148
Departmental net income(loss) before income taxes	107,632	9,525 (	20,400)	96,757
Segment assets	2,018,456	476,222	1,509,387	4,004,065
Segment liabilities	924,216	291,285	550,473	1,765,974

(3)Reconciliation of Segment Profit and Loss, Assets and Liabilities

The external revenue reported to the chief operating decision maker is measured in a manner consistent with the revenue in the consolidated statement of income, and the segment profit or loss, total assets and total liabilities provided to the chief operating decision maker are measured in a manner consistent with the Group's consolidated financial statements; therefore, no reconciliation is required.

OFCO Industrial Corp. and Subsidiaries

Holding of Marketable Securities at the End of the Period (not Including Subsidiaries, Associates and Joint Ventures): Please refer to Table III.

March 31, 2023

Table 1

Unit: NT\$ thousand

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Item	December 31, 2020				Remarks
				Shares (thousands)	Carrying amount	Ownership (%)	Fair value	
OFCO Industrial Corp.	Beneficiary certificates:							
	FSITC Global Utilities and Infrastructure Fund N USD Accumulated	—	Financial assets at fair value through profit or loss - current	13	\$ 5,821	—	\$ 5,821	—
	Amundi Funds - Global Ecology ESG U USD	—	Financial assets at fair value through profit or loss - current	3	5,687	—	5,687	—
	Stocks:							
	Chun Yu Group	Other related parties	Financial assets at fair value through profit or loss - current	426	10,522	0.14%	10,522	—
	Taiwan Styrene Monomer Corporation	—	Financial assets at fair value through other comprehensive income or loss - current	2,688	37,211	0.51%	37,211	—
Yung Fu Co.,Ltd.	D-Link Corporation	—	Financial assets at fair value through other comprehensive income or loss - current	1,885	34,309	0.31%	34,309	—
	Jia Jie Biomedical Co., Ltd.	—	Financial assets at fair value through other comprehensive income or loss - current	1,244	18,287	1.40%	18,287	—
	Beneficiary certificates:							
TSG Transport Corp.	Franklin Templeton SinoAm Preferred Securities Income Fund A USD	—	Financial assets at fair value through profit or loss - current	36	12,089	—	12,089	—
	GAM Multistock - Luxury Brands Equity USD E	—	Financial assets at fair value through profit or loss - current	—	3,027	—	3,027	—

OFCO Industrial Corp. and subsidiaries

Related party transactions for purchases and sales amounts exceeding the lower of \$100 million or 20 percent of capital stock

January 1 to March 31, 2023

Table 2

Unit: NT\$ thousand

Details of non-arm's length transaction

Notes and accounts receivable
(payable)

Percentage of
total receivables

Transactions

Percentage of total

Amount purchase

Unit

<u>Company Name</u>	<u>Related Party</u>	<u>Relationship</u>	<u>Purchases (Sales)</u>	<u>Amount</u>	<u>(Sales)</u>	<u>Term</u>	<u>Price</u>	<u>Term</u>	<u>Balance</u>	<u>(payable)</u>	<u>Note</u>
Ofco Industrial Corp.	Chun Yu Group	Other related parties	Purchase	\$ 120,764	100%	Month end 60days	Not significantly different	Not significantly different	(\$ 60,308)	(49%)	—

OFCO Industrial Corp. and Subsidiaries
Significant Inter-Company Transactions During the Reporting Periods
January 1 to March 31, 2023

Table 3

Unit: NT\$ thousand

Code (Note 1)	Transaction Company	Counterparty	Relationship with the counter-party (Note 2)	Item	Amount	Transaction Terms	Transaction Percentage of consolidated total operating revenues or total assets (Note 3)	Remarks
1	TSG Transport Corp.	OFCO Industrial Corp.	2	Sales	\$ 3,742	Credit terms: 40 days	-	
				Accounts receivable	2,422	—	—	
2	Yung Fu Co.,Ltd.	TSG Power Corp.	3	Sales	9,305	As agreed by both parties	1%	
				Accounts receivable	1,115	—	—	
				Contract assets	3,892	—	—	
				Prepayment	8,880	—	—	

(Note 1) Information on business transactions between the parent company and subsidiaries should be indicated in the numbered column respectively, and the numbers should be filled in as follows:

1. The parent company should fill in 0.
2. Subsidiaries are numbered by company, starting from the Arabic numeral 1.

(Note 2) There are three types of relationships with the counter-parties, and the types can be indicated as follows:

1. Parent company to subsidiary company.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

(Note 3) The ratio of transaction amount to consolidated total revenue or total assets is calculated as the ending balance to consolidated total assets in the case of assets and liabilities and as the cumulative amount to consolidated total revenue in the case of profit or loss.

OFCO Industrial Corp. and Subsidiaries
Names, Locations and Other Information of Investee Companies (Not Including Investees in China)
January 1 to March 31, 2023

Table 4

Unit: NT\$ thousand

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Shares held at year end		Carrying amount	(Loss) income of investees for the period	(Gain) loss on investment recognized in the period	Remarks
				End of Period	End of Last Year	Shares (share)	Ratio (%)				
OFCO Industrial Corp.	TSG Transport Corp.	Taiwan	Container rental, transportation and packing services	\$ 110,000	\$ 110,000	16,000,000	100%	\$ 209,262	\$ 4,533	\$ 4,533	Subsidiary
	TSG Environmental Technology Corp.	Taiwan	Recycling of materials, waste disposal services, etc.	40,000	10,000	4,000,000	100%	39,878	(2,742)	(2,742)	Subsidiary
	Yung Fu Co.,Ltd.	Taiwan	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects	427,301	427,301	47,530,588	67.15%	595,022	(13,958)	(9,487)	Subsidiary
TSG Transport Corp.	Titan Insurance Broker Co., Ltd.	Taiwan	Engage in property and personal insurance brokerage services	19,754	19,754	500,095	20.00%	20,132	(527)	-	(Note)
	Yung Fu Co.,Ltd.	Taiwan	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects	2,380	2,380	237,956	0.34%	2,841	(13,958)	-	Subsidiary (Note)
TSG Environmental Technology Corp.	Titan Insurance Broker Co., Ltd.	Taiwan	Engage in property and personal insurance brokerage services	1,718	1,718	43,527	1.74%	1,681	(527)	-	(Note)
	Yung Fu Co.,Ltd.	Taiwan	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects	3,637	3,637	363,750	0.51%	3,637	(13,958)	-	Subsidiary (Note)
Yung Fu Co.,Ltd.	TSG Power Corp.	Taiwan	Energy technology services	180,000	100,000	18,000,000	100%	133,867	67	-	Subsidiary (Note)

(Note) The amount of investment income (loss) recognized in the current period is exempt from disclosure.

OFCO Industrial Corp. and Subsidiaries

Information on Main Investors

March 31, 2023

Table 5

Unit: Shares

Name of major shareholder	Number of shares held	Percentage of shareholdings	Remarks
Taiwan Steel Group	12,000,000	12.03%	(Note 2)
E-Top Metal Co., Ltd.	6,870,883	6.88%	(Note 2)
E-Sheng Steel Co., Ltd.	5,500,000	5.51%	(Note 2)

(Note 1) The information of major shareholders in this table is based on the last business day at the end of each quarter, and the information of shareholders holding at least 5% of the total common shares and preferred shares of the Company that have been delivered without physical registration (including treasury shares).

The share capital recorded in the Company's financial statements and the Company's actual number of shares delivered with dematerialized registration completed may be different due to different calculation bases.

(Note 2) The basis for calculating the percentage of shareholding includes the number of shares of the bond conversion certificates.