

OFCO Industrial Corp. and Subsidiaries
Consolidated Financial Statements and
Independent Auditor's Review Report
For the Nine Months Ended September 30,
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.

Independent Auditors' Review Report Translated From Chinese

Foreword

We have reviewed the accompanying consolidated balance sheets of OFCO Industrial Corp. and subsidiaries (hereinafter collectively referred to as "OFCO Group") as of September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the related statements of changes in equity and of cash flows for the nine-month periods then ended, and notes to the consolidated financial statements, including a 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 caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the financial position of the Corporation and its subsidiaries as of September 30, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022, and nine months ended September 30, 2023 and 2022, and its consolidated cash flows for the nine months ended September 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

PwC Taiwan Certified Public Accountant

Tzu-Yu Lin

Chung-Yu Tien

November 8, 2023

OFCO Industrial Corp. and Subsidiaries

Consolidated Balance Sheets

September 30, 2023 and December 31 and September 30, 2022

(The accompanying consolidated balance sheets as of September 30 2023 and 2022 have been reviewed only, and have not been audited in accordance with Generally Accepted Auditing Standards.)

Unit: NT\$ thousand

Assets		Notes	September 30, 2023		December 31, 2022		September 30, 2022	
			Amount	%	Amount	%	Amount	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,037,081	24	\$ 1,222,046	30	\$ 945,049	22
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		108,136	3	35,480	1	85,074	2
1120	Financial assets at fair value	6(3)						
	through other comprehensive							
	income or loss - current		87,976	2	80,881	2	108,199	2
1136	Financial Assets Carried at Cost-	6(1)(4)&						
	current	8	95,595	2	43,784	1	116,474	3
1140	Current contract assets	6(24)	5,881	-	12,711	-	12,711	-
1150	Notes receivable, net	6(5)	336	-	144	-	-	-
1152	Others notes receivable	6(5)(9)	-	-	-	-	9,200	-
1170	Accounts receivable, net	6(5)	237,991	6	425,354	10	498,217	11
1180	Accounts receivable, net - related	6(5)&7						
	parties		100,144	2	87,218	2	110,696	3
1200	Other receivables		10,023	-	2,850	-	21,572	1
1220	Current tax assets	6(31)	6,489	-	209	-	184	-
130X	Inventories	6(6)	261,211	6	361,837	9	668,310	15
1410	Pre-payments	6(7)	402,138	9	170,255	4	220,638	5
11XX	Total current assets		<u>2,353,001</u>	<u>54</u>	<u>2,442,769</u>	<u>59</u>	<u>2,796,324</u>	<u>64</u>
Non-current assets								
1510	Non-current financial assets at fair	6(2)(17)						
	value through profit or loss		420	-	420	-	420	-
1517	Financial assets at fair value	6(3)(8)						
	through other comprehensive							
	income - non-current		19,642	-	-	-	-	-
1535	Financial Assets Carried at Cost -	6(1)(4)&						
	non-current	8	155,929	4	101,626	2	105,689	2
1550	Investments accounted for under	6(3)(8)						
	the equity method		-	-	21,712	1	21,007	1
1600	Property, Plant and Equipment	6(9)(13)						
		7&8	1,084,575	25	1,180,837	28	1,141,385	26
1755	Right-of-use assets	6(10)	112,599	3	98,882	2	90,843	2
1760	Investment property, net	6(11)&8	32,452	1	32,452	1	32,452	1
1780	Intangible Assets	6(12)	230,083	5	111,768	3	20,073	-
1840	Deferred tax assets	6(31)	125,276	3	86,231	2	62,094	1
1915	Prepayments for equipment	6(9)	106,669	3	45,287	1	39,393	1

OFCO Industrial Corp. and Subsidiaries

Consolidated Balance Sheets

September 30, 2023 and December 31 and September 30, 2022

(The accompanying consolidated balance sheets as of September 30 2023 and 2022 have been reviewed only, and have not been audited in accordance with Generally Accepted Auditing Standards.)

Unit: NT\$ thousand

1920	Refundable deposits	8	16,178	-	14,142	-	20,960	1
1975	Net defined benefit assets - non-current	6(19)	4,169	-	4,153	-	7,032	-
1990	Other non-current assets - others	7	99,570	2	29,564	1	22,224	1
15XX	Total non-current assets		<u>1,987,562</u>	<u>46</u>	<u>1,727,074</u>	<u>41</u>	<u>1,563,572</u>	<u>36</u>
1XXX	Total Assets		<u>\$ 4,340,563</u>	<u>100</u>	<u>\$ 4,169,843</u>	<u>100</u>	<u>\$ 4,359,896</u>	<u>100</u>

(Continued)

OFCO Industrial Corp. and Subsidiaries

Consolidated Balance Sheets

September 30, 2023 and December 31 and September 30, 2022

(The accompanying consolidated balance sheets as of September 30 2023 and 2022 have been reviewed only, and have not been audited in accordance with Generally Accepted Auditing Standards.)

			September 30, 2023		December 31, 2022		Unit: NT\$ thousand September 30, 2022	
Liabilities and Equity		Notes	Amount	%	Amount	%	Amount	%
Current liabilities								
2100	Short-term loans	6(14)&8	\$ 154,618	4	\$ 63,000	2	\$ 295,129	7
2110	Short-term notes and bills payable	6(15)&8	71,402	2	95,944	2	107,212	2
2130	Contract liability - current	6(24)	123,829	3	127,185	3	103,094	2
2150	Notes payable		16,123	-	24,934	1	16,588	-
2160	Notes Payable - related parties	7	28,473	1	50,314	1	30,037	1
2170	Accounts payable		262,097	6	288,880	7	291,396	7
2180	Accounts payable - related parties	7	77,340	2	37,724	1	70,561	2
2200	Other payables	6(16)&7	134,925	3	201,852	5	201,987	5
2230	Current tax liabilities	6(31)	3,490	-	33,642	1	21,776	-
2280	Lease liabilities - current	6(10)	15,828	-	13,585	-	12,030	-
2310	Unearned receipts		528	-	-	-	-	-
2320	Current portion of long-term liabilities	6(18)&8	62,735	-	19,124	-	27,268	1
21XX	Total current liabilities		951,388	22	956,184	23	1,177,078	27
Non-current liabilities								
2530	Bonds payable	6(17)(20)(21)	342,168	8	336,569	8	334,691	8
2540	Long-term loans	6(18)&8	402,112	9	116,938	3	131,942	3
2570	Deferred tax liabilities	6(31)	13,922	-	21,463	-	24,269	-
2580	Lease liabilities - non-current	6(10)	101,044	3	87,597	2	80,716	2
2645	Guarantee deposits received		43,079	1	35,190	1	35,841	1
2670	Other non-current liabilities - other		564	-	564	-	564	-
25XX	Total Non-Current Liabilities		902,889	21	598,321	14	608,023	14
2XXX	Total liabilities		1,854,277	43	1,554,505	37	1,785,101	41
Equity attributed to the stockholders of the parent								
	Share capital	6(17)(20)(22)						
3110	Common stock		1,000,587	23	994,101	24	994,101	23
3140	Capital collected in advance		-	-	3,366	-	-	-
3200	Additional paid-in capital	4(3)&6(17) (20)(21)(22)	1,108,958	25	1,102,214	27	1,107,385	25
	Retained earnings	6(3)(23)						
3310	Legal reserve		35,725	1	12,997	-	12,997	-
3320	Special reserve		44,211	1	38,566	1	38,566	1
3350	Unappropriated earnings		51,084	1	228,494	5	205,579	5
3400	Other equity interest	6(3)	(22,816)	-	(44,211)	(1)	(71,008)	(2)
31XX	Equity attributable to owners of the parent		2,217,749	51	2,335,527	56	2,287,620	52
36XX	Non-controlling interest	4(3)&6(22)	268,537	6	279,811	7	287,175	7
3XXX	Total equity		2,486,286	57	2,615,338	63	2,574,795	59
	Significant contingent liabilities and unrecognized contract commitments	6(12)&9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		\$ 4,340,563	100	\$ 4,169,843	100	\$ 4,359,896	100

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

Chairman: James Huang

President:Yen Wu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statement of Comprehensive Income
Three-month and nine-month periods ended September 30, 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\$)

Items	Notes	July 1 to September 30, 2023		July 1 to September 30, 2022		January 1 to September 30, 2023		January 1 to September 30, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue	6(24)&7	\$ 729,538	100	\$ 1,251,544	100	\$ 2,635,216	100	\$ 3,570,819	100
5000 Operating costs	6(6)(12)(19) (29)(30)&7	(718,149)	(98)	(1,095,988)	(87)	(2,534,763)	(96)	(3,192,196)	(90)
5900 Gross profit		<u>11,389</u>	<u>2</u>	<u>155,556</u>	<u>13</u>	<u>100,453</u>	<u>4</u>	<u>378,623</u>	<u>10</u>
Operating Expenses	6(12)(19) (29)(30)&7								
6100 Marketing Expenses		(7,678)	(1)	(10,394)	(1)	(32,071)	(1)	(30,750)	(1)
6200 Administrative Expenses		(23,775)	(3)	(46,995)	(4)	(95,776)	(4)	(122,195)	(3)
6300 R&D Expenses		(20)	-	(50)	-	(76)	-	(284)	-
6000 Total operating expenses		(31,473)	(4)	(57,439)	(5)	(127,923)	(5)	(153,229)	(4)
6900 Operating income		(20,084)	(2)	98,117	8	(27,470)	(1)	225,394	6
Non-operating income & expenses									
7100 Interest income	6(4)(25)	1,909	-	124	-	9,139	-	401	-
7010 Other income	6(26)	2,827	1	13,365	1	13,715	1	21,574	1
7020 Other gains or losses	6(2)(8)(10) (27), 7&12	9,331	1	26,122	2	29,778	1	39,154	1
7050 Financial costs	6(10)(17) (28)	(6,312)	(1)	(4,485)	-	(15,667)	(1)	(10,964)	-
7060 Share of profit of associates and joint ventures accounted for under the equity method	6(8)	-	-	108	-	335	-	(656)	-
7000 Total non-operating income and expenses		<u>7,755</u>	<u>1</u>	<u>35,234</u>	<u>3</u>	<u>37,300</u>	<u>1</u>	<u>49,509</u>	<u>2</u>
7900 Net income(loss) before tax		(12,329)	(1)	133,351	11	9,830	-	274,903	8
7950 Income tax benefits	6(31)	8,374	1	(26,587)	(2)	28,589	1	(52,766)	(2)
8200 Net gain(loss)		<u>(\$ 3,955)</u>	<u>-</u>	<u>\$ 106,764</u>	<u>9</u>	<u>\$ 38,419</u>	<u>1</u>	<u>\$ 222,137</u>	<u>6</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)	\$ 1,345	-	(\$ 19,578)	(2)	\$ 21,993	1	(\$ 61,841)	(2)
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>\$ 1,345</u>	<u>-</u>	<u>(\$ 19,578)</u>	<u>(2)</u>	<u>\$ 21,991</u>	<u>1</u>	<u>(\$ 61,841)</u>	<u>(2)</u>
8500 Total comprehensive income		<u>(\$ 2,610)</u>	<u>-</u>	<u>\$ 87,186</u>	<u>7</u>	<u>\$ 60,410</u>	<u>2</u>	<u>\$ 160,296</u>	<u>4</u>
Net profit (loss) attributed to:									
8610 Stockholders of the parent company		\$ 744	1	\$ 104,808	9	\$ 49,813	2	\$ 233,741	6
8620 Non-controlling interest		(4,699)	(1)	1,956	-	(11,394)	(1)	(11,604)	-
		<u>(\$ 3,955)</u>	<u>-</u>	<u>\$ 106,764</u>	<u>9</u>	<u>\$ 38,419</u>	<u>1</u>	<u>\$ 222,137</u>	<u>6</u>
Total comprehensive income attributed to:									
8710 Stockholders of the parent		\$ 2,089	1	\$ 85,230	7	\$ 71,804	2	\$ 171,900	4

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

Chairman: James Huang

President: Yen Wu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statement of Comprehensive Income
Three-month and nine-month periods ended September 30, 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\$)

company														
8720	Non-controlling interest	(	4,699)	(	1)		1,956	-	(	11,394)	-	(	11,604)	-
		(	\$ 2,610)	-		\$	87,186	7	\$	60,410	2	\$	160,296	4
Earnings per share														
9750	Basic		\$	0.01		\$	1.07		\$	0.50		\$	2.46	
9850	Diluted		\$	0.01		\$	1.06		\$	0.48		\$	2.45	

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Chairman: James Huang

President: Yen Wu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statements of Changes Equity
January 1 to September 30, 2023 and 2022
(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

Unit: NT\$ thousand

		Equity attributed to the owners of parent-company											
		Share capital			Retained earnings				Other components of equity				
									The exchange difference in the conversion 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	Total equity
	Note	Common stock	Bond for Equity Certificates	Advance receipts for capital stock	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings			Total		
January 1 to September 30, 2022													
		\$ 885,218	\$ 5,278	\$ -	\$ 884,951	\$ -	\$ 7,745	\$ 129,968	\$ 373	(\$ 38,939)	\$ 1,874,594	\$ 164,369	\$ 2,038,963
		-	-	-	-	-	-	233,741	-	-	233,741	(11,604)	222,137
	6(3)	-	-	-	-	-	-	-	-	(61,841)	(61,841)	-	(61,841)
		-	-	-	-	-	-	233,741	-	(61,841)	171,900	(11,604)	160,296
Appropriations of earnings 2021:													
		-	-	-	-	12,997	-	(12,997)	-	-	-	-	-
		-	-	-	-	-	30,821	(30,821)	-	-	-	-	-
	6(23)	-	-	-	-	-	-	(84,940)	-	-	(84,940)	-	(84,940)
	6(21)	-	-	-	(31,294)	-	-	-	-	-	(31,294)	-	(31,294)
	6(20)	100,000	-	-	158,700	-	-	-	-	-	258,700	-	258,700
	6(3)	-	-	-	-	-	-	(29,372)	-	29,372	-	-	-
	6(17)(21)	8,883	(5,278)	-	2,671	-	-	-	-	-	6,276	-	6,276
	6(21)(22)(30)	-	-	-	4,712	-	-	-	-	-	4,712	2,949	7,661
	4(3)&6(21)	-	-	-	73,861	-	-	-	-	27	73,888	(73,861)	27
		-	-	-	13,784	-	-	-	-	-	13,784	-	13,784
		-	-	-	-	-	-	-	-	-	-	205,322	205,322
		\$ 994,101	\$ -	\$ -	\$ 1,107,385	\$ 12,997	\$ 38,566	\$ 205,579	\$ 373	(\$ 71,381)	\$ 2,287,620	\$ 287,175	\$ 2,574,795
January 1 to September 30, 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
		-	-	-	-	-	-	49,813	-	-	49,813	(11,394)	38,419
	6(3)	-	-	-	-	-	-	-	-	21,991	21,991	-	21,991

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

Chairman: James Huang

President : Yen Wu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statements of Changes Equity
January 1 to September 30, 2023 and 2022
(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

Unit: NT\$ thousand

		Equity attributed to the owners of parent-company											
		Share capital			Retained earnings			Other components of equity					
									The exchange difference in the conversion 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					
Total consolidated profit and loss for January to September 2023		-	-	-	-	-	-	49,813	-	21,991	71,804	(11,394)	60,410
Appropriation of earnings 2022:													
Legal reserve		-	-	-	-	22,728	-	(22,728)	-	-	-	-	-
Special reserve		-	-	-	-	-	5,645	(5,645)	-	-	-	-	-
Cash dividends	6(23)	-	-	-	-	-	-	(199,417)	-	-	(199,417)	-	(199,417)
Disposal of financial assets at fair value through other comprehensive income	6(3)	-	-	-	-	-	-	567	-	(567)	-	-	-
Reclassifications of disposal of investments accounted for using the equity method	6(8)	-	-	-	-	-	-	-	-	(29)	(29)	-	(29)
Price from employee stock options exercised	6(20)	-	-	8,695	-	-	-	-	-	-	8,695	-	8,695
Employee Stock Options into capital stock	6(20)(21)	6,449	-	(12,061)	5,612	-	-	-	-	-	-	-	-
Conversion of bonds into capital stock	6(17)(21)	37	-	-	59	-	-	-	-	-	96	-	96
Employee Stock Options Compensation Costs	6(21)(22)(30)	-	-	-	1,073	-	-	-	-	-	1,073	120	1,193
Balance as of September 30, 2023		\$ 1,000,587	\$ -	\$ -	\$ 1,108,958	\$ 35,725	\$ 44,211	\$ 51,084	\$ 373	(\$ 23,189)	\$ 2,217,749	\$ 268,537	\$ 2,486,286

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

Chairman: James Huang

President : Yen Wu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to September 30, 2023 and 2022

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

Unit: NT\$ thousand

	Note	January 1 to September 30, 2023	January 1 to September 30, 2022
<u>Cash flows from operating activities</u>			
Net income before tax		\$ 9,830	\$ 274,903
Adjustments			
Income charges (credits)			
(Gain) on financial assets and liabilities measured at fair value through profit or loss	6(2)(27)	(6,964)	(9,317)
Write-down (reversal) of inventories	6(6)	(2,017)	5,434
Share of profit of associates and joint ventures accounted for under the equity method	6(8)	(335)	656
Loss on disposal of investments accounted for using the equity method	6(8)(27)	3,684	-
Depreciation expense	6(9)(10)(29)	103,244	73,167
Net (gain) loss on disposal of property, plant and equipment	6(27)&7	(11,774)	800
Gain on lease modification	6(10)(27)	(5)	(26)
Amortization expense	6(12)(29)	6,729	268
Prepayments for equipment reclassified to expense		266	-
Unrealized concession revenue	6(12)	(125,044)	-
Option compensation cost of employee stock	6(21)(22)(30)	1,193	7,661
Interest income	6(25)	(9,139)	(401)
Dividend income	6(3)(26)	(849)	(5,003)
Interest expense	6(28)	15,667	10,964
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		(65,692)	(48,551)
Contract asset - current		6,830	(12,711)
Notes receivable		(192)	961
Accounts receivable		187,363	(100,507)
Accounts receivable - related parties		(12,926)	18,239
Other receivables		(7,173)	(3,263)
Inventories		102,643	(282,665)
Pre-payments		(231,883)	(48,417)
Net defined benefit assets - non-current		(16)	(23)
Changes in liabilities relating to operating activities net			
Contract liability - current		(3,356)	(76,060)
Notes payable		(11,574)	(16,737)

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President: Yen Wu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to September 30, 2023 and 2022

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

	Note	January 1 to September 30, 2023	Unit: NT\$ thousand January 1 to September 30, 2022
Notes Payable - related parties		(4,349)	590
Accounts payable		(26,783)	(7,061)
Accounts payable- related parties		39,616	(62,757)
Other payables		(56,942)	31,771
Unearned receipts		528	-
Cash outflows of business operations		(99,420)	(248,085)
Interest receivable		9,139	401
Dividend received		849	5,003
Interest paid		(9,387)	(11,159)
Income tax paid		(54,429)	(28,385)
Net cash outflows from operating activities		(153,248)	(282,225)

Cash flows from investing activities

Acquisition of financial assets at fair value through other comprehensive income - current		(\$ 12,139)	\$ -
Disposal of financial assets at fair value through other comprehensive income - current		25,727	62,419
(Increase) decrease in Financial Assets Carried at Cost - current		(51,811)	118,078
Increase in financial Assets Carried at Cost - non-current		(54,303)	(80,178)
Cash paid for acquisition of property, plant and equipment	6(33)	(98,845)	(151,356)
Cash receipts from disposal of property, plant and equipment	6(33)	152,287	44,997
Acquisition of intangible assets	6(12)	-	(365)
Increase in prepayments for equipment		(121,809)	(78,715)
Refundable deposits (increase) decrease		(2,036)	7,100
Other non-current assets - other increase		(70,006)	(9,149)
Net cash outflows from investing activities		(232,935)	(87,169)

Cash flows from financial activities

Increase in short-term loans	6(34)	419,483	1,799,163
Decrease in short-term loans	6(34)	(327,865)	(1,932,817)
Short-term bills payable	6(34)	557,600	18,600
Redemption of short-term bills payable	6(34)	(582,000)	-
Repayments of lease liabilities principal	6(34)	(11,952)	(9,705)

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

Chairman: James Huang

President: Yen Wu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to September 30, 2023 and 2022

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

	Note	January 1 to September 30, 2023	Unit: NT\$ thousand January 1 to September 30, 2022
Issuance of convertible bonds payable	6(34)	-	348,055
Payment of convertible bonds due	6(17)	-	(507)
Proceeds from long-term debt	6(34)	492,271	161,045
Repayment of long-term loans	6(34)	(163,486)	(106,700)
Guarantee deposits increase	6(34)	7,889	14,507
Increase of common stock for cash	6(20)	-	258,700
Advance receipt from employee stock options exercised	6(20)	8,695	-
Cash dividend	6(23)	(199,417)	(84,940)
Cash dividends from capital surplus to shareholders	6(21)	-	(31,294)
Changes in non-controlling interests		-	205,322
Net cash inflows from financing activities		201,218	639,429
(Decrease) increase in cash and cash equivalents		(184,965)	270,035
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)	\$ 1,037,081	\$ 945,049

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

Chairman: James Huang

President: Yen Wu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Notes to consolidated financial statements
For the Nine Months Ended September 30, 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

These consolidated financial statements were submitted to the Board of Directors and issued on November 8, 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
Amendments to IAS 12 - " International Tax Reform—Pillar Two Model Rules "	May 23, 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

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:

<u>Newly released / corrected / amended standards and interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendment to IFRS 16 - " Lease liability in a sale and leaseback "	January 1, 2024
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
Amendment to IAS 7 and Amendment to IFRS 7 " Supplier Finance Arrangements "	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.

(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:

<u>Newly released / corrected / amended standards and interpretations</u>	<u>Effective Date Issued by IASB</u>
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
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 21 - " Lack of Exchangeability "	January 1, 2025

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. The consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34 "Interim Financial Reporting", as 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, International Accounting Standards, Interpretations and Interpretative Pronouncements as endorsed by the FSC (collectively referred herein as the “IFRSs”) 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
			September 30, 2023	December 31, 2022	September 30, 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.	management services and 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
			September 30, 2023	December 31, 2022	September 30, 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 September in 2022, the adjusted Additional paid-in capital (relative to the subject "Non-controlling interests") were \$73,861.

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 September 30, 2023, December 31, 2022 and September 30, 2022 were \$268,537, \$279,811 and \$287,175, 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			
		September 30, 2023		December 31, 2022	
		Amount	Ownership (%)	Amount	Ownership (%)
Yung Fu Co., Ltd.	Taiwan	\$268,537	32.00%	\$279,811	32.00%

Name of Subsidiary	Main place of business	Non-controlling interests	
		September 30, 2022	
		Amount	Ownership (%)
Yung Fu Co., Ltd.	Taiwan	\$287,175	32.00%

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

Balance Sheet

	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	\$ 756,575	\$ 592,216	\$ 726,479
Non-current assets	1,130,928	937,326	810,445
Current liabilities	(596,766)	(529,841)	(492,470)
Non-current liabilities	(440,694)	(154,413)	(158,490)
Total net assets	<u>\$ 850,043</u>	<u>\$ 845,288</u>	<u>\$ 885,964</u>

Statement of Comprehensive Income

	July to September of 2023	July to September of 2022
Revenue	<u>\$ 205,617</u>	<u>\$ 236,250</u>
Net (loss) income before tax	<u>(\$ 24,206)</u>	<u>\$ 9,318</u>
Income tax benefit (expense)	<u>9,522</u>	<u>(1,988)</u>
Net (loss) income	<u>(14,684)</u>	<u>7,330</u>
Total comprehensive income	<u>(\$ 14,684)</u>	<u>\$ 7,330</u>
Total comprehensive income attributed to non-controlling interest	<u>(\$ 4,699)</u>	<u>\$ 1,956</u>
	January to September of 2023	January to September of 2022
Revenue	<u>\$ 634,718</u>	<u>\$ 574,538</u>
Net (loss) before tax	<u>(\$ 33,026)</u>	<u>(\$ 47,455)</u>
Income tax benefit	<u>37,415</u>	<u>9,319</u>
Net income (loss)	<u>4,389</u>	<u>(38,136)</u>
Total comprehensive income	<u>\$ 4,389</u>	<u>(\$ 38,136)</u>
Total comprehensive income attributed to non-controlling interest	<u>(\$ 11,394)</u>	<u>(\$ 11,604)</u>

Statements of Cash Flows

	<u>January to September of 2023</u>	<u>January to September of 2022</u>
Net cash out-flow from operation activities	(\$ 317,591)	(\$ 138,895)
Net cash out-flow from investing activities	(130,563)	(194,145)
Net cash In-flow from financing activities	<u>382,012</u>	<u>412,689</u>
(Decrease) increase in cash and cash equivalents	(66,142)	79,649
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>\$ 194,512</u>	<u>\$ 360,817</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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Cash:			
Cash on hand	\$ 2,111	\$ 850	\$ 795
Checking accounts and demand deposits	<u>518,933</u>	<u>733,714</u>	<u>944,254</u>
	<u>521,044</u>	<u>734,564</u>	<u>945,049</u>
Cash Equivalents:			
Time deposits	476,108	487,482	-
Commercial paper	<u>39,929</u>	<u>-</u>	<u>-</u>
	<u>516,037</u>	<u>487,482</u>	<u>-</u>
	<u>\$ 1,037,081</u>	<u>\$ 1,222,046</u>	<u>\$ 945,049</u>

- A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Group transferred demand deposits, time deposits and repurchase bonds which items are the pledged collateral, \$251,524, \$144,616 and \$222,163 on September 30, 2023, December 31, 2022 and September 30, 2022 respectively under the headings of "Financial Assets at Amortized Cost - Current" and "Financial Assets at Amortized Cost - Non-current".
- 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 statements on pledged assets.

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current item:			
Financial assets mandatorily at FVTPL			
Shares of listed and OTC company	\$ 88,366	\$ 8,662	\$ 49,738
Beneficiary certificates	<u>12,612</u>	<u>26,624</u>	<u>26,624</u>
	100,978	35,286	76,362
Valuation adjustment	<u>7,158</u>	<u>194</u>	<u>8,712</u>
	<u>\$ 108,136</u>	<u>\$ 35,480</u>	<u>\$ 85,074</u>
Non-current item:			
Callable rights of convertible bonds at FVTPL	<u>\$ 420</u>	<u>\$ 420</u>	<u>\$ 420</u>

- A. The Group recognized net income of \$5,611 and \$9,207 and \$6,672 and \$9,317 for July to September of 2023 and 2022 and January to September of 2023 and 2022, respectively. (listed as "Other Gains and Losses")
- B. The Group recognized callable rights of convertible bonds at FVTPL of \$- for July to September of 2023 and 2022 and January to September 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) Financial Instruments.

(3) Financial Assets at Fair Value through other Comprehensive Income or Loss

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current item:			
Equity instrument			
Shares of listed and OTC company	\$ 112,478	\$ 125,499	\$ 179,610
Financial asset valuation adjustment	<u>(24,502)</u>	<u>(44,618)</u>	<u>(71,411)</u>
	<u>\$ 87,976</u>	<u>\$ 80,881</u>	<u>\$ 108,199</u>

Non-current item:

Equity instrument

None-shares of listed, OTC and emerging company	\$	18,332	\$	-	\$	-
Financial asset valuation adjustment		<u>1,310</u>		<u>-</u>		<u>-</u>
	\$	<u>19,642</u>	\$	<u>-</u>	\$	<u>-</u>

A. The Group has chosen to invest in equity instruments that are strategic investments. Investments are classified as financial assets measured at fair value through other comprehensive income or loss. The Group's maximum exposure to credit risk is its book value without taking into account collateral held or other credit enhancements.

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

	<u>July to September of 2023</u>	<u>July to September of 2022</u>
<u>Equity instruments at fair value</u> <u>through other comprehensive</u> <u>income</u>		
Dividend income recognized in profit or loss	\$ <u>-</u>	\$ <u>5,003</u>
Changes in fair value recognized in other comprehensive income	\$ <u>1,345</u>	(\$ <u>19,578</u>)
Cumulative (benefits) losses transferred to retained earnings due to delisting	(\$ <u>567</u>)	\$ <u>29,372</u>

	<u>January to September of 2023</u>	<u>January to September of 2022</u>
<u>Equity instruments at fair value</u> <u>through other comprehensive</u> <u>income</u>		
Dividend income recognized in profit or loss	\$ <u>-</u>	\$ <u>5,003</u>
Changes in fair value recognized in other comprehensive income	\$ <u>21,993</u>	(\$ <u>61,841</u>)
Cumulative (benefits) losses transferred to retained earnings due to delisting	(\$ <u>567</u>)	\$ <u>29,372</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) Financial Instruments.

(4) Financial Assets Carried at Cost

<u>Item</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current items:			
Pledged demand deposits	\$ 95,595	\$ 36,990	\$ 104,424
Time deposits with a maturity of more than 3 months but less than 1 year	-	794	-
Pledged time deposits	-	-	6,050
Pledged repurchase bond	-	6,000	6,000
	<u>\$ 95,595</u>	<u>\$ 43,784</u>	<u>\$ 116,474</u>
Non-current items:			
Pledged demand deposits	<u>\$ 155,929</u>	<u>\$ 101,626</u>	<u>\$ 105,689</u>

A. The Group interest income recognized in profit or loss due to financial assets measured by amortized cost from July to September of 2023 and 2022 and January to September of 2023 and 2022 were \$70 and \$37 and \$345 and \$126, respectively. (Listed 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 September 30 2023, and December 31 2022 and September 30, 2022, the amount of the risk exposure with the largest credit risk was its book value.

C. As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group provided financial assets measured by amortized cost as pledge guarantees. Please refer to Note 8 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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Notes Receivable	<u>\$ 336</u>	<u>\$ 144</u>	<u>\$ -</u>
Other Installment Notes Receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,200</u>
Accounts Receivable	\$ 238,014	\$ 425,377	\$ 498,240
Less: Loss Allowance	(23)	(23)	(23)
	<u>\$ 237,991</u>	<u>\$ 425,354</u>	<u>\$ 498,217</u>

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

	September 30, 2023		December 31, 2022	
	Notes Receivable	Accounts Receivable	Notes Receivable	Accounts Receivable
Not Past Due	\$ 336	\$ 321,973	\$ 144	\$ 372,759
Within 60 days past due	-	16,154	-	139,836
61-180 days past due	-	31	-	-
	<u>\$ 336</u>	<u>\$ 338,158</u>	<u>\$ 144</u>	<u>\$ 512,595</u>

	September 30, 2022	
	Notes Receivable	Accounts Receivable
Not Past Due	\$ 9,200	\$ 545,416
Within 60 days past due	-	57,982
61-180 days past due	-	5,538
	<u>\$ 9,200</u>	<u>\$ 608,936</u>

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

- B. As of September 30, 2023, December 31, 2022 and September 30, 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 September 30, 2023, December 31, 2022, September 30, 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 September 30, 2023, December 31, 2022 and September 30, 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 September 30, 2023, December 31, 2022 and September 30, 2022, the Group had not pledged any Notes and Accounts Receivable as collateral.

(6) Inventories

	September 30, 2023		
	Cost	Allowance to reduce Inventory to market	Carrying Value
Raw Materials	\$ 74,589	(\$ 23,672)	\$ 50,917
Work in Process	148,294	(12,160)	136,134
Finished Goods	<u>78,552</u>	<u>(4,392)</u>	<u>74,160</u>
	<u>\$ 301,435</u>	<u>(\$ 40,224)</u>	<u>\$ 261,211</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>

September 30, 2022			
	Cost	Allowance to reduce Inventory to market	Carrying Value
Raw Materials	\$ 372,202	(\$ 21,673)	\$ 350,529
Work in Process	250,084	(15,643)	234,441
Finished Goods	<u>87,578</u>	<u>(4,238)</u>	<u>83,340</u>
	<u>\$ 709,864</u>	<u>(\$ 41,554)</u>	<u>\$ 668,310</u>

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

	<u>July to September of 2023</u>	<u>July to September of 2022</u>
Cost of goods sold	\$ 303,379	\$ 611,343
(Gain) loss from price recovery of inventory (Note)	(22)	3,083
(Gain) loss on physical inventory	(438)	926
Revenue from Sale of Scraps	<u>(2,490)</u>	<u>(5,063)</u>
	<u>\$ 300,429</u>	<u>\$ 610,289</u>

	<u>January to September of 2023</u>	<u>January to September of 2022</u>
Cost of goods sold	\$ 1,137,059	\$ 1,837,901
(Gain) loss from price recovery of inventory (Note)	(2,017)	5,434
Loss on physical inventory	661	3,600
Revenue from Sale of Scraps	<u>(7,851)</u>	<u>(16,620)</u>
	<u>\$ 1,127,852</u>	<u>\$ 1,830,315</u>

(Note) As of July to September and January to September, 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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Advance payment	\$ 210,758	\$ 49,203	\$ 43,043
Supplies inventory	83,798	81,907	98,254
Prepaid expenses	68,439	15,197	38,540
Tax credit	31,872	15,876	23,729
Prepaid insurance	5,911	1,036	4,482
Others	1,360	7,036	12,590
	<u>\$ 402,138</u>	<u>\$ 170,255</u>	<u>\$ 220,638</u>

(8) Equity method investment

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

	<u>January to September, 2023</u>	<u>January to September, 2022</u>
January 1	\$ 21,712	\$ 21,636
Share of profit(loss) of associates & joint ventures accounted for using equity method	335	(656)
Other comprehensive income of associates & joint ventures accounted for using equity method	(2)	27
Transfer to financial assets at fair value through other comprehensive income (Note)	<u>(22,045)</u>	<u>-</u>
September 30	<u>\$ -</u>	<u>\$ 21,007</u>

(Note) As of September 2023, the Group didn't participate in capital increase of the invested company to lose a material impact, transfer the residual investment of its investee to financial assets at fair value through other comprehensive income \$18,332, other comprehensive income \$29 was reclassified as income, the difference from the fair value and book value recognized in profit or loss \$3,684 (listed as "Other gains and losses").

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Titan Insurance Broker Co., Ltd.	\$ -	\$ 21,712	\$ 21,007

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

	<u>July to September, 2023</u>	<u>July to September, 2022</u>
Net profit of continuing business units for the current period	\$ -	(\$ 469)
Other comprehensive income (net of tax)	-	29
Total comprehensive income	<u>\$ -</u>	<u>(\$ 440)</u>

	<u>January to September, 2023</u>	<u>January to September, 2022</u>
Net profit of continuing business units for the current period	\$ 304	(\$ 1,233)
Other comprehensive income (net of tax)	(2)	29
Total comprehensive income	<u>\$ 302</u>	<u>(\$ 1,204)</u>

D. As of September 30, 2023 and December 31, 2022 and September 30, 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 September 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	-	-	56,289	3,803	87	3,060	7,925	2,240	73,404
Transfer In of Prepaid Equipment Cost	-	-	31,806	18,055	-	-	10,300	-	60,161
Acceptance and transfer	-	-	35,576	-	-	-	-	(35,576)	-
Depreciation Expense	-	(4,154)	(47,445)	(6,066)	(799)	(7,451)	(23,399)	-	(89,314)
Disposal-Cost	(74,027)	(81,828)	(5,143)	(2,263)	(55)	-	(16,520)	-	(179,836)
Disposal- Accumulated Depreciation	-	17,639	5,143	162	12	-	16,367	-	39,323
September 30	<u>\$ 107,155</u>	<u>\$ 22,876</u>	<u>\$ 727,751</u>	<u>\$ 74,089</u>	<u>\$ 5,128</u>	<u>\$ 40,681</u>	<u>\$ 94,750</u>	<u>\$ 12,145</u>	<u>\$ 1,084,575</u>

September 30, 2023

Cost	\$ 107,155	\$ 83,392	\$ 1,121,401	\$ 90,731	\$ 21,016	\$ 152,693	\$ 195,433	\$ 12,145	\$ 1,783,966
Accumulated Depreciation	-	(60,516)	(392,396)	(16,642)	(14,866)	(107,361)	(100,276)	-	(692,057)
Cumulative Impairment	<u>-</u>	<u>-</u>	<u>(1,254)</u>	<u>-</u>	<u>(1,022)</u>	<u>(4,651)</u>	<u>(407)</u>	<u>-</u>	<u>(7,334)</u>
	<u>\$ 107,155</u>	<u>\$ 22,876</u>	<u>\$ 727,751</u>	<u>\$ 74,089</u>	<u>\$ 5,128</u>	<u>\$ 40,681</u>	<u>\$ 94,750</u>	<u>\$ 12,145</u>	<u>\$ 1,084,575</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	<u>-</u>	<u>-</u>	<u>(1,395)</u>	<u>-</u>	<u>(1,022)</u>	<u>(4,651)</u>	<u>(442)</u>	<u>-</u>	<u>(7,510)</u>
	<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 September of 2022

January 1	\$ 181,182	\$ 86,153	\$ 404,687	\$ 40,079	\$ 3,978	\$ 43,572	\$ 55,566	\$ 13,201	\$ 828,418
Add - Cost	-	6,812	64,070	21,387	2,718	4,134	64,034	17,329	180,484
Transfer In of Prepaid Equipment Cost	-	-	183,197	14,200	-	-	264	-	197,661
Depreciation Expense	-	(3,188)	(32,974)	(4,555)	(678)	(5,841)	(15,120)	-	(62,356)
Disposal-Cost	-	-	(6,570)	(3,304)	14	-	(52,030)	-	(62,391)

Disposal- Accumulated Depreciation	-	-	6,415	1,095	5	-	52,030	-	59,545
Disposal- Cumulative Impairment	-	-	-	-	-	-	24	-	24
September 30	<u>\$ 181,182</u>	<u>\$ 89,777</u>	<u>\$ 618,825</u>	<u>\$ 68,902</u>	<u>\$ 6,009</u>	<u>\$ 41,865</u>	<u>\$ 104,295</u>	<u>\$ 30,530</u>	<u>\$ 1,141,385</u>
September 30, 2022									
Cost	\$ 181,182	\$ 161,300	\$ 968,717	\$ 79,860	\$ 21,263	\$ 143,975	\$ 194,271	\$ 30,530	\$ 1,781,098
Accumulated Depreciation	-	(71,523)	(348,497)	(10,958)	(14,232)	(97,459)	(89,558)	-	(632,227)
Cumulative Impairment	-	-	(1,395)	-	(1,022)	(4,651)	(418)	-	(7,486)
	<u>\$ 181,182</u>	<u>\$ 89,777</u>	<u>\$ 618,825</u>	<u>\$ 68,902</u>	<u>\$ 6,009</u>	<u>\$ 41,865</u>	<u>\$ 104,295</u>	<u>\$ 30,530</u>	<u>\$ 1,141,385</u>

- A. As of September 30, 2023, December 31, 2022 and September 30, 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 September 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 September 30, 2023, December 31, 2022 and September 30, 2022, the outstanding balance was shown as "Other Notes Receivable" of \$-, \$- and \$9,200, 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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 171	\$ 344	\$ 439
Buildings	108,304	93,886	86,965
Transport Equipment (business vehicles)	4,124	4,652	3,439
	<u>\$ 112,599</u>	<u>\$ 98,882</u>	<u>\$ 90,843</u>

	<u>July to September of 2023</u>	<u>July to September of 2022</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ 100	\$ 94
Buildings	4,063	2,831
Transport Equipment (business vehicles)	564	586
	<u>\$ 4,727</u>	<u>\$ 3,511</u>

	<u>January to September of 2023</u>	<u>January to September of 2022</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ 292	\$ 262
Buildings	11,903	8,605
Transport Equipment (business vehicles)	1,735	1,926
Office equipment (print machine)	-	18
	<u>\$ 13,930</u>	<u>\$ 10,811</u>

D. The additions to the Group's right-of-use assets were (\$928) and \$1,496 and \$28,710 and \$5,005 for July to September of 2023 and 2022 and January to September of 2023 and 2022, respectively.

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

	<u>July to September of 2023</u>	<u>July to September of 2022</u>
<u>Items affecting current profit and loss</u>		
Interest expenses on lease liabilities	\$ 521	\$ 305
Expenses for short-term lease contracts	3,005	2,253
Expenses for lease of low-value assets	266	89
Fees for variable lease payments	1,151	991
Lease modification benefit	-	(26)

	<u>January to September of 2023</u>	<u>January to September of 2022</u>
<u>Items affecting current profit and loss</u>		
Interest expenses on lease liabilities	\$ 1,551	\$ 935
Expenses for short-term lease contracts	4,923	5,354
Expenses for lease of low-value assets	662	278
Fees for variable lease payments	3,221	2,438
Lease modification benefit	(5)	(26)

F. The Group's total rental cash outflows for January to September of 2023 and 2022 were \$22,309 and \$18,710, 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 September 2023 and 2022 were reduced by \$1,063, \$2,780, \$1,068 and \$2,806 respectively, and lease modification benefits of \$5 and \$26 were recognized (listed in "Other gains and losses").

H. The effect of changing lease payments on the lease liability:

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 September 30 of 2023</u>	
Cost	<u>\$ 32,452</u>
	<u>Land</u>
<u>January 1 and September 30 of 2022</u>	
Cost	<u>\$ 32,452</u>

A. The investment real estate of the Group's is the lands of Sushuangziping Section in Dingzhonggu Section of Jinshan District, New Taipei City and Shancheng Section of Jinshan District. As of September 30, 2023, December 31, 2022 and September 30, 2022 for the situation of providing pledge of investment property, please refer to Note 8. for the explanation of pledged assets.

B. The fair value of investment properties held by the Group's was \$63,960 and \$63,990 and \$63,991 as of September 30, 2023, December 31 2022 and September 30, 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 September of 2023</u>				
January 1	\$ 91,238	\$ 1,527	\$ 19,003	\$ 111,768
Service Concession Agreement Obtained	125,044	-	-	125,044
Amortization expense	(6,349)	(380)	-	(6,729)
September 30	<u>\$ 209,933</u>	<u>\$ 1,147</u>	<u>\$ 19,003</u>	<u>\$ 230,083</u>
<u>September 30, 2023</u>				
Cost	\$ 216,682	\$ 2,176	\$ 19,003	\$ 237,861
Accumulated amortization	(6,749)	(1,029)	-	(7,778)
	<u>\$ 209,933</u>	<u>\$ 1,147</u>	<u>\$ 19,003</u>	<u>\$ 230,083</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 September of 2022</u>			
January 1	\$ 973	\$ 19,003	\$ 19,976
Add-Derived separately	365	-	365
Amortization expense	(268)	-	(268)
September 30	<u>\$ 1,070</u>	<u>\$ 19,003</u>	<u>\$ 20,073</u>
<u>September 30, 2022</u>			
Cost	\$ 1,579	\$ 19,003	\$ 20,582
Accumulated amortization	(509)	-	(509)
	<u>\$ 1,070</u>	<u>\$ 19,003</u>	<u>\$ 20,073</u>

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

	<u>July to September, 2023</u>	<u>July to September, 2022</u>
Operating costs	\$ 2,729	\$ 11
Amortization expense	4	45
Administrative Expenses	<u>39</u>	<u>63</u>
	<u>\$ 2,772</u>	<u>\$ 119</u>
	<u>January to September, 2023</u>	<u>January to September, 2022</u>
Operating costs	\$ 6,572	\$ 11
Amortization expense	11	100
Administrative Expenses	<u>146</u>	<u>157</u>
	<u>\$ 6,729</u>	<u>\$ 268</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 September 30, 2023, Yung Fu has invested \$177,874, with an achievement rate of 18.39%.
- C. The Group did not capitalize any interests of the intangible assets from January to September, 2023 and 2022.
- D. As of September 30, 2023, and December 31, 2022 and September 30, 2022, the Corporate Group had not provided intangible asset as pledged collaterals.

(13) Impairment of non-financial assets

From January to September, 2023 and 2022, the Group's incurred impairment reversal benefit of \$- and \$24 due to the scrapping of other equipment. As of September 30, 2023, December 31, 2022 and September 30, 2022, the accumulated impairment loss recognized on the Group's non-financial assets was \$7,334 and \$7,334 and \$7,486, respectively.

(14) Short-term loans

Type of borrowings	September 30, 2023	Interest Rate	Collateral
Guaranteed bank loans	\$ 154,618	2.30%~2.62%	Demand deposits, land, buildings & construction and Investment property
Type of borrowings	December 31, 2022	Interest Rate	Collateral
Guaranteed bank loans	\$ 63,000	2.15%~2.43%	Demand deposits and Investment property
Type of borrowings	September 30, 2022	Interest Rate	Collateral
Guaranteed bank loans	\$ 180,565	1.30%~2.25%	Demand deposits, land, buildings & construction and Investment property
Unsecured bank loans	114,564	1.79%~1.81%	None
	\$ 295,129		

The interest expense recognized in profit or loss from July to September of 2023 and 2022 and January to September of 2023 and 2022 is described in Note 6, (28) Financial costs.

(15) Short-term bills payable

<u>Nature of borrowing</u>	<u>September 30, 2023</u>	<u>Interest Rate</u>	<u>Collateral</u>
Commercial paper	\$ 71,600	2.61%	Demand deposits and Machinery & equipment
Less: Unamortized discount	(<u>198</u>)		
	<u>\$ 71,402</u>		
<u>Nature of borrowing</u>	<u>December 31, 2022</u>	<u>Interest Rate</u>	<u>Collateral</u>
Commercial paper	\$ 96,000	2.40%~2.49%	Demand deposits, repurchase of bonds and Machinery & equipment
Less: Unamortized discount	(<u>56</u>)		
	<u>\$ 95,944</u>		
<u>Nature of borrowing</u>	<u>September 30, 2022</u>	<u>Interest Rate</u>	<u>Collateral</u>
Commercial paper	\$ 107,400	1.137%~2.44%	Demand deposits, repurchase of bonds and time deposit, Machinery & equipment
Less: Unamortized discount	(<u>188</u>)		
	<u>\$ 107,212</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 July to September and January to September of 2023 and 2022 is described in Note 6, (28) Financial costs.

(16) Other payables

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Salary payable	\$ 60,014	\$ 71,553	\$ 62,493
Equipment payable	20,068	30,780	38,214
Processing fees payable	10,885	15,337	19,866
Utilities payable	5,935	4,488	6,463
Packaging costs payable	4,521	9,617	11,614
Spare parts expenses payable	2,931	3,346	5,808
Remuneration payable to employees and directors	2,130	16,705	9,719
Repair fee payable	919	5,838	5,980
Business tax payable	585	2,755	1,825
Others	<u>26,937</u>	<u>41,433</u>	<u>40,005</u>
	<u>\$ 134,925</u>	<u>\$ 201,852</u>	<u>\$ 201,987</u>

(17) Bonds payable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Unsecured convertible bonds	\$ 357,832	\$ 357,934	\$ 357,934
Less: Discount on bonds payable	(15,664)	(21,365)	(23,243)
	<u>\$ 342,168</u>	<u>\$ 336,569</u>	<u>\$ 334,691</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:

The conditions for the issuance of the second domestic secured convertible bonds 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. From January to September, 2022, the company converted \$6,200 worth of bonds into 360 thousand shares of common stock, and the company converted \$9,500 from December 31, 2021 has been converted into 528 thousand shares of common stock, but the change of registration has not yet been completed, a total of 888 thousand shares of common stock were converted. The base date of capital increase was January 17, 2022 and May 11, 2022 (listed "Common Stock" \$8,883 and "Additional paid-in capital-Issuance Premium" \$2,746, and rush "Share capital - Bond conversion entitlement certificate" of NT\$5,278 and the "Additional paid-in capital-Share Options" \$75).
- 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 September 30, 2023, December 31, 2022, and September 30, 2022, the balances of the above "Additional paid-in capital-Share Options" were \$13,780, \$13,784 and \$13,784, 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 July to September and January to September, 2023 and 2022 is described in Note 6, (28), Financial costs.

(18) Long-term loans

<u>Nature of borrowing</u>	<u>Maturity Date Range</u>	<u>Interest Rate</u>	<u>September 30, 2023</u>	<u>Collateral</u>
Guaranteed bank loans	2026.3.2~2038.8.9	2.45% ~ 2.82%	\$ 260,847	Demand deposits, Machinery & equipment and construction in progress
Unsecured bank loans	2024.12.31	2.67% ~ 2.77%	<u>204,000</u>	None
			464,847	
Less: Portion due within one year or one business cycle			(<u>62,735</u>)	
			<u>\$ 402,112</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 and Machinery & equipment
Less: Portion due within one year or one business cycle			(<u>19,124</u>)	
			<u>\$ 116,938</u>	

<u>Nature of borrowing</u>	<u>Maturity Date Range</u>	<u>Interest Rate</u>	<u>September 30, 2022</u>	<u>Collateral</u>
Guaranteed bank loans	2023.9.20~2029.3.21	1.34% ~ 2.44%	\$ 159,210	Demand deposits, Land, Buildings and Machinery & equipment
Less: Portion due within one year or one business cycle			(<u>27,268</u>)	
			<u>\$ 131,942</u>	

The interest expense recognized in profit or loss from July to September of 2023 and 2022 and January to September of 2023 and 2022 is described in Note 6, (28) 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 "Labor Pension 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 "Labor Pension 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 2 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, 2024, 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 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 July to September of 2023 and 2022 and January to September of 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 \$3,546 and \$3,624 and \$11,013 and \$10,532 from July to September of 2023 and 2022 and January to September 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 September of 2023</u>	<u>January to September of 2022</u>
Number of shares at the beginning of the period	99,410	88,522
Issuance of common stock for cash	-	10,000
Conversion of employee stock options	645	-
Conversion of corporate bonds	<u>4</u>	<u>888</u>
Ending balance	<u>100,059</u>	<u>99,410</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(the proceeds from the subscription were \$3,366), 115 units were exercised between January to March 2023(the proceeds from the subscription were \$2,150) and 350 units were exercised between January to September 2023(the proceeds from the subscription were \$6,545) As of the date of record for the capital increase on January 11, 2023, March 22, 2023 and August 9, 2023, the registration of changes has been completed (listed as "Common stock" \$6,449 and "Additional paid-in capital - Issue premium" of \$5,612).

D. Please refer to Note 6, (17) for the conversion of bonds payable from January to September, 2023 and 2022.

E. As of September 30, 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 \$1,000,587, divided into 100,059 thousand shares of NT\$10 each. All proceeds from shares issued have been collected.

(21) Additional Paid-in Capital

January to September of 2023						
	Issuance Premium	The difference between the actual acquisition or disposal of equity in a subsidiary and its book value	Bonds stock options	Employee stock options	Others	Total
Balance of January 1	\$ 915,511	\$ 154,160	\$ 13,784	\$ 12,018	\$ 6,741	\$ 1,102,214
Conversion of bonds into capital stock	63	-	(4)	-	-	59
Employee stock options into capital stock	5,612	-	-	-	-	5,612
Expired employee stock options	1,912	-	-	(1,912)	-	-
Employee Stock Options Compensation Costs	-	-	-	1,073	-	1,073
Balance of September 30	<u>\$ 923,098</u>	<u>\$ 154,160</u>	<u>\$ 13,780</u>	<u>\$ 11,179</u>	<u>\$ 6,741</u>	<u>\$ 1,108,958</u>

January to September of 2022						
	Issuance Premium	The difference between the actual acquisition or disposal of equity in a subsidiary and its book value	Bonds stock options	Employee stock options	Others	Total
Balance of January 1	\$ 785,353	\$ 86,060	\$ 75	\$ 6,722	\$ 6,741	\$ 884,951
Issuance of common stock for cash	158,700	-	-	-	-	158,700
Issuance of convertible corporate bonds	-	-	13,784	-	-	13,784
Conversion of bonds into capital stock	2,746	-	(75)	-	-	2,671
Expired employee stock options	6	-	-	(6)	-	-
Employee Stock Options Compensation Costs	-	-	-	4,712	-	4,712
Changes in ownership interests in subsidiaries recognized	-	73,861	-	-	-	73,861
Cash dividends from capital surplus to shareholders	(31,294)	-	-	-	-	(31,294)
Balance of September 30	<u>\$ 915,511</u>	<u>\$ 159,921</u>	<u>\$ 13,784</u>	<u>\$ 11,428</u>	<u>\$ 6,741</u>	<u>\$ 1,107,385</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", "Additional paid-in Bonds stock options" and "Additional paid-in Employee stock options", please refer to Note 6, (20) Share capital and advance receipt, 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.
- D. As of June 22, 2022, the shareholders' meeting to distribute cash of \$31,294 (NT\$ 0.35 per share) from the Additional paid-in capital.

(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 unit, 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 September 30, 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 September, 2023 and 2022 (relative to the item listed as "Additional paid-in capital-Employee Stock Options") was \$621 and \$1,511, 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 \$452 and \$1,323 from January to September, 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 September, 2023 and 2022 are disclosed as follows:

Share Options	January to September of 2023	
	Number (units)	Weighted average exercise price (NT\$)
Outstanding at the beginning of the period	2,820	\$ 18.7
Share options exercised this period	(465)	18.7
Options expired at the end of the period	(1,505)	18.7
Number of ordinary shares outstanding at the end of period	850	18.7
Options exercisable at the end of the period	290	18.7
Options approved and outstanding at the end of the period	-	-

Share Options	January to September of 2022	
	Number (units)	Weighted average exercise price (NT\$)
Outstanding at the beginning and end of the period	<u>3,000</u>	\$ 18.7
Options exercisable at the end of the period	<u>-</u>	-
Options approved and outstanding at the end of the period	<u>-</u>	-

Please refer to Note 6 (20) Share capital and advance receipts for details of the Company's 2023 collection of payment for 465 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. Employee stock options at cash capital increase

The company passed the resolution of the board of directors on May 11, 2022 to handle the cash capital increase, of which 1,500 thousand shares are reserved for employees to subscribe for shares. The grant date is July 12, 2022, and the subscription price is NT\$26 per share. The company's cash capital increase from January to September, 2022 retains the remuneration costs recognized for employee subscriptions (corresponding to the item listed as "Additional paid-in capital-Employee Stock Options") of \$1,878, which is estimated by the Black-Scholes option evaluation model. The fair value of stock options, relevant information is as follows:

Date of granting	<u>July 12, 2022</u>
Stock Price (NT\$)	\$ 26.35
Performance Price (NT\$)	26.00
Dividend Rate	0%
Expected price volatility	52.43%
Risk-free interest rate	0.5374%
Expected duration	0.085 years
Fair value per unit (per share)	NT\$1.78

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

C. Subsidiary - As of January to September, 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	2022.01.17	520	1 year	0.5 years of service
Employee stock option plan	2022.01.17	700	1 year	1 month of service
Employee stock option plan	2022.02.16	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>Share Options</u>	<u>January to September of 2022</u>	
	<u>Number (units)</u>	<u>Weighted average exercise price (NT\$)</u>
Outstanding at the beginning of the period	52	\$ 10
Share options given in this period	1,520	10
Waiver of share options in the current period	(70)	-
Execution of share options in the current period	(1,502)	10
Share options outstanding at the end of the period	-	-
Share options exercisable at the end of the period	-	-

② Subsidiary - the 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:

<u>Type of agreement</u>	<u>Paying day</u>	<u>Share price (NTD)</u>	<u>Performance price (NTD)</u>	<u>Expected price volatility</u>	<u>Expected duration</u>	<u>Expected dividend rate</u>	<u>Risk-free interest rate</u>	<u>Fair value per unit</u>
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 September, 2023 and 2022, the remuneration costs based on the abovementioned share-based payment transactions recognized by Yung Fu recognized were \$120 and \$2,949 (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.

The surplus distribution in the preceding paragraph, in accordance with Article 240, Item 5 of the Company Law, authorizes the board of directors to present at least two-thirds of the directors and a resolution of more than half of the directors present to distribute all or part of the dividends and bonuses to be paid in cash, and report 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 NT\$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.

- D. 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).

(24) Operating revenue

	<u>July to September of 2023</u>	<u>July to September of 2022</u>
Customer contract revenue	<u>\$ 729,538</u>	<u>\$ 1,251,544</u>

	<u>January to September of 2023</u>	<u>January to September of 2022</u>
Customer contract revenue	<u>\$ 2,635,216</u>	<u>\$ 3,570,819</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>July to September of 2023</u>	<u>July to September of 2022</u>
Revenue from sales of screws	\$ 179,414	\$ 549,000
Revenue from scrap iron	167,727	196,583
Logistics and transport revenue	82,613	60,368
Revenue from electricity sales	76,621	59,823
Contracting revenue	60,908	183,389
Labor service operation revenue	12,343	31,417
Project revenue	2,886	18,626
Others	33,536	26,813
	<u>616,048</u>	<u>1,126,019</u>
Service concession arrangements:		
Project revenue	32,877	43,472
Waste treatment revenue	35,528	45,383
Revenue from electricity sales	38,249	30,248
Operating revenue	6,836	6,152
	<u>113,490</u>	<u>125,525</u>
	<u>\$ 729,538</u>	<u>\$ 1,251,544</u>

	<u>January to September of 2023</u>	<u>January to September of 2022</u>
Revenue from sales of screws	\$ 826,419	\$ 1,340,621
Revenue from scrap iron	657,946	851,507
Logistics and transport revenue	242,493	191,800
Revenue from electricity sales	186,696	134,027
Contracting revenue	176,073	539,649
Project revenue	48,744	140,927
Labor service operation revenue	31,046	71,347
Others	98,389	74,489
	<u>2,267,806</u>	<u>3,344,367</u>

Service concession arrangements:

Project revenue	125,044	43,743
Waste treatment revenue	111,189	101,818
Revenue from electricity sales	109,786	64,554
Operating revenue	<u>21,391</u>	<u>16,337</u>
	<u>367,410</u>	<u>226,452</u>
	<u>\$ 2,635,216</u>	<u>\$ 3,570,819</u>

	<u>July to September of 2023</u>	<u>July to September of 2022</u>
Cut-off point of revenue recognition		
Revenue recognized at a particular point in time	\$ 559,727	\$ 1,061,348
Revenue recognized gradually over time	<u>169,811</u>	<u>190,196</u>
	<u>\$ 729,538</u>	<u>\$ 1,251,544</u>

	<u>January to September of 2023</u>	<u>January to September of 2022</u>
Cut-off point of revenue recognition		
Revenue recognized at a particular point in time	\$ 2,112,313	\$ 3,098,461
Revenue recognized gradually over time	<u>522,903</u>	<u>472,358</u>
	<u>\$ 2,635,216</u>	<u>\$ 3,570,819</u>

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>	<u>January 1, 2022</u>
Contractual Asset-current	<u>\$ 5,881</u>	<u>\$ 12,711</u>	<u>\$ 12,711</u>	<u>\$ -</u>
Contractual Liabilities - current:				
Unearned receipts	<u>\$ 123,829</u>	<u>\$ 127,185</u>	<u>\$ 103,094</u>	<u>\$ 179,154</u>

① The opening contract liabilities were recognized in income of \$479, \$20,656 and \$18,777, \$82,415 for July to September, and January to September, 2023 and 2022, respectively.

② Outstanding long-term contracts

For the date ended September 30 2023, December 31 2022 and September 30 2022, the amortized contract costs of the unfulfilled part of the long-term contracts signed by the subsidiary of Yung Fu and customers were \$13,084, \$85,530 and \$137,635, respectively. The management expects that the amortized transaction price of the outstanding performance obligations as of September 30 2023, December 31 2022 and September 30 2022, will be recognized as revenue in 2022 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>July to September of 2023</u>	<u>July to September of 2022</u>
Interest from bank deposits	\$ 1,812	\$ 83
Interest income from financial assets measured at amortized cost	70	37
Other interest incomes	27	4
	<u>\$ 1,909</u>	<u>\$ 124</u>

	<u>January to September of 2023</u>	<u>January to September of 2022</u>
Interest from bank deposits	\$ 8,750	\$ 243
Interest income from financial assets measured at amortized cost	345	126
Other interest incomes	44	32
	<u>\$ 9,139</u>	<u>\$ 401</u>

(26) Other income

	<u>July to September of 2023</u>	<u>July to September of 2022</u>
Lease income	\$ 138	\$ 383
Dividend income	849	5,003
Other income	1,840	7,979
	<u>\$ 2,827</u>	<u>\$ 13,365</u>

	<u>January to September of 2023</u>	<u>January to September of 2022</u>
Lease income	\$ 834	\$ 1,196
Dividend income	849	5,003
Other income	12,032	15,375
	<u>\$ 13,715</u>	<u>\$ 21,574</u>

(27) Other gains or losses

	<u>July to September of 2023</u>	<u>July to September of 2022</u>
Net gain on financial assets and liabilities at fair value through profit	\$ 5,611	\$ 9,207
Net gain (loss) on disposal of property,	258	(684)

plant and equipment		
Net foreign currency exchange gain	3,516	18,540
Net gain on disposal of investments accounted for under the equity method	-	26
Other loss	(54)	(967)
	<u>\$ 9,331</u>	<u>\$ 26,122</u>

	<u>January to September of 2023</u>	<u>January to September of 2022</u>
Net gain on financial assets and liabilities at fair value through profit	\$ 6,672	\$ 9,317
Net gain (loss) on disposal of property, plant and equipment	11,774	(800)
Net foreign currency exchange gain	15,116	32,156
Gain arising from lease modifications	5	26
Net loss on disposal of investments accounted for under the equity method	(3,684)	-
Other loss	(105)	(1,545)
	<u>\$ 29,778</u>	<u>\$ 39,154</u>

(28) Financial costs

	<u>July to September of 2023</u>	<u>July to September of 2022</u>
Interest expense		
Bank loans	\$ 3,882	\$ 4,180
Convertible bonds	1,909	-
Lease liabilities	521	305
	<u>\$ 6,312</u>	<u>\$ 4,485</u>

	<u>January to September of 2023</u>	<u>January to September of 2023</u>
Interest expense		
Bank loans	\$ 8,419	\$ 10,003
Convertible bonds	5,695	26
Lease liabilities	1,551	935
Others	2	-
	<u>\$ 15,667</u>	<u>\$ 10,964</u>

(29) Additional information on the nature of expenses

	<u>July to September of 2023</u>			<u>July to September 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	<u>\$ 80,949</u>	<u>\$ 16,477</u>	<u>\$ 97,426</u>	<u>\$ 81,668</u>	<u>\$ 38,330</u>	<u>\$ 119,998</u>
Depreciation	<u>\$ 31,173</u>	<u>\$ 4,209</u>	<u>\$ 35,382</u>	<u>\$ 19,971</u>	<u>\$ 4,344</u>	<u>\$ 24,315</u>
Amortization expense	<u>\$ 2,729</u>	<u>\$ 43</u>	<u>\$ 2,772</u>	<u>\$ 11</u>	<u>\$ 108</u>	<u>\$ 119</u>

	<u>January to September of 2023</u>			<u>January to September 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	<u>\$ 228,284</u>	<u>\$ 65,171</u>	<u>\$ 293,455</u>	<u>\$ 230,926</u>	<u>\$ 100,043</u>	<u>\$ 330,969</u>
Depreciation	<u>\$ 89,120</u>	<u>\$ 14,124</u>	<u>\$ 103,244</u>	<u>\$ 59,851</u>	<u>\$ 13,316</u>	<u>\$ 73,167</u>
Amortization expense	<u>\$ 6,572</u>	<u>\$ 157</u>	<u>\$ 6,729</u>	<u>\$ 11</u>	<u>\$ 257</u>	<u>\$ 268</u>

(30) Employee benefits expenses

	<u>July to September of 2023</u>			<u>July to September 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	<u>\$ 69,500</u>	<u>\$ 13,032</u>	<u>\$ 82,532</u>	<u>\$ 70,399</u>	<u>\$ 31,137</u>	<u>\$ 101,536</u>
Employee Compensation Costs	<u>-</u>	<u>400</u>	<u>400</u>	<u>-</u>	<u>2,822</u>	<u>2,822</u>
Labor and health insurance expenses	<u>7,091</u>	<u>1,803</u>	<u>8,894</u>	<u>6,621</u>	<u>1,845</u>	<u>8,466</u>
Pension expense	<u>2,770</u>	<u>776</u>	<u>3,546</u>	<u>2,687</u>	<u>937</u>	<u>3,624</u>
Other personnel expenses	<u>1,588</u>	<u>466</u>	<u>2,054</u>	<u>1,961</u>	<u>1,589</u>	<u>3,550</u>
	<u>\$ 80,949</u>	<u>\$ 16,477</u>	<u>\$ 97,426</u>	<u>\$ 81,668</u>	<u>\$ 38,330</u>	<u>\$ 119,998</u>

	January to September of 2023			January to September of 2022		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Salary expense	\$ 191,330	\$ 53,523	\$ 244,853	\$ 198,725	\$ 79,967	\$ 278,692
Employee Compensation Costs	-	1,193	1,193	-	7,661	7,661
Labor and health insurance expenses	20,949	5,130	26,079	18,881	5,175	24,056
Pension expense	8,559	2,454	11,013	7,884	2,648	10,532
Other personnel expenses	7,446	2,871	10,317	5,436	4,592	10,028
	<u>\$ 228,284</u>	<u>\$ 65,171</u>	<u>\$ 293,455</u>	<u>\$ 230,926</u>	<u>\$ 100,043</u>	<u>\$ 330,969</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. 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 pre-tax profit prior to deducting compensation of employees and remuneration of directors.

- B. The Company's estimated amounts of employees' remuneration were (\$939), \$2,064 and \$749, \$4,543 from July to September of 2023 and 2022 and January to September of 2023 and 2022, respectively; the estimated amounts of directors' remuneration are (\$939), \$4,129 and \$749 and \$9,087, respectively. Information on employees' remuneration and directors' remuneration approved by the Company's board meeting. The board resolution on March 22, 2023 approved the actual distribution of employee and director remuneration were both of NT\$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 had 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 (benefit) expense components:

① Income tax (benefit) expense components:

	<u>July to September of 2023</u>	<u>July to September of 2022</u>
Current income tax:		
Current tax on profits for the year	\$ 2,984	\$ 24,752
Tax on unappropriated earnings	13	-
Total current income tax	<u>2,997</u>	<u>24,752</u>
Deferred income tax:		
Generation and reversal of temporary differences	(11,371)	1,835
Income tax (benefit) expense	<u>(\$ 8,374)</u>	<u>\$ 26,587</u>

	<u>January to September of 2023</u>	<u>January to September of 2022</u>
Current income tax:		
Current tax on profits for the year	\$ 19,973	\$ 31,189
Tax on unappropriated earnings	13	570
Prior year income tax (over) underestimation	(1,989)	6,740
Total current income tax	<u>17,997</u>	<u>38,499</u>
Deferred income tax:		
Generation and reversal of temporary differences	(46,586)	14,267
Income tax (benefit) expense	<u>(\$ 28,589)</u>	<u>\$ 52,766</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 November 8, 2023.

(32) Earnings per share

	<u>July to September of 2023</u>		
	<u>Amount</u>	<u>Weighted average</u>	<u>Earnings</u>
	<u>After tax</u>	<u>hare outstanding</u>	<u>per share</u>
		<u>(thousand shares)</u>	<u>(NT\$)</u>
<u>Basic earnings per share</u>			
Net income attributable to equity holders of the parent company for the period	<u>\$ 744</u>	<u>99,910</u>	<u>\$ 0.01</u>
<u>Diluted earnings per share</u>			
Net income attributable to equity holders of the parent company for the period	\$ 744	99,910	
Effect of dilutive potential ordinary shares			
Compensation of employees	-	37	
Employee stock option	<u>-</u>	<u>438</u>	

Net income attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary share	<u>\$ 744</u>	<u>100,385</u>	<u>\$ 0.01</u>
<u>July to September of 2022</u>			
	<u>Amount After tax</u>	<u>Weighted average share outstanding (thousand shares)</u>	<u>Earnings per share (NT\$)</u>
<u>Basic earnings per share</u>			
Net income attributable to equity holders of the parent company for the period	<u>\$ 104,808</u>	<u>98,214</u>	<u>\$ 1.07</u>
<u>Diluted earnings per share</u>			
Net income attributable to equity holders of the parent company for the period	\$ 104,808	98,214	
Effect of dilutive potential ordinary shares			
Compensation of employees	-	196	
Bonds payable	<u>-</u>	<u>142</u>	
Net income attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary share	<u>\$ 104,808</u>	<u>98,552</u>	<u>\$ 1.06</u>
<u>January to September of 2023</u>			
	<u>Amount After tax</u>	<u>Weighted average share outstanding (thousand shares)</u>	<u>Earnings Per share (NT\$)</u>
<u>Basic earnings per share</u>			
Net income attributable to equity holders of the parent company for the period	<u>\$ 49,813</u>	<u>99,735</u>	<u>\$ 0.50</u>
<u>Diluted earnings per share</u>			
Net income attributable to equity holders of the parent company for the period	\$ 49,813	99,735	
Effect of dilutive potential ordinary shares			
Compensation of employees	-	128	
Employee stock option	-	632	
Bonds payable	<u>4,557</u>	<u>12,959</u>	
Net income attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary share	<u>\$ 54,370</u>	<u>113,454</u>	<u>\$ 0.48</u>

	January to September of 2022		
	Amount After tax	Weighted average share outstanding (thousand shares)	Earnings Per share (NT\$)
<u>Basic earnings per share</u>			
Net income attributable to equity holders of the parent company for the period	\$ 233,741	95,142	\$ 2.46
<u>Diluted earnings per share</u>			
Net income attributable to equity holders of the parent company for the period	\$ 233,741	95,142	
Effect of dilutive potential ordinary shares			
Compensation of employees	-	210	
Bonds payable	21	130	
Net income attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary share	\$ 233,762	95,482	\$ 2.45

The Company issued convertible bonds had antidilutive effect from July to September 2023, it didn't recognize by diluted earnings per share.

(33) Supplemental cash flow information

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

	January to September of 2023	January to September of 2022
① Acquisition of property, plant and equipment	\$ 73,404	\$ 180,484
Add: Notes payable at beginning of period (including related parties)	46,748	23,255
Other payables at the beginning of the period	30,780	12,047
Less: Notes payable at end of period (including related parties)	(32,019)	(26,216)
Other payables at the end of the period (including related parties)	(20,068)	(38,214)
Cash paid for acquisition of property, plant and equipment	\$ 98,845	\$ 151,356
② Disposal of property, plant and equipment	\$ 152,287	\$ 2,022
Add: Notes receivable at beginning of period	-	52,175
Less: Notes receivable at the end of the period	-	(9,200)
Other receivable at the end of the period	-	-

Cash receipts from disposal of property,
plant and equipment

\$ 152,287

\$ 44,997

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

	January to September of 2023	January to September of 2022
① Reclassifications of investments accounted for using the equity method financial assets at fair value through other comprehensive income or loss	\$ 18,332	\$ -
② Prepayments for equipment reclassified as property, plant and equipment	\$ 60,161	\$ 197,661
③ Conversion of convertible bonds into capital stock and capital surplus	\$ 96	\$ 6,276

(34) Changes in liabilities arising from financing activities

	Short-term Loans	Short-term Bills payable	Lease liabilities	Bonds payable (including the due 1 year)	Long-term loans (including the due 1 year)	Guarantee deposits	Total liabilities arising from financing activities
January 1, 2023	\$ 63,000	\$ 95,944	\$ 101,182	\$ 336,569	\$ 136,062	\$ 35,190	\$ 767,947
Net change in financing cash flows	91,618	(24,400)	(11,952)	-	328,785	7,889	391,940
Other non-cash transactions	-	(142)	27,642	5,599	-	-	33,099
September 30 2023	\$ 154,618	\$ 71,402	\$ 116,872	\$ 342,168	\$ 464,847	\$ 43,079	\$ 1,192,986

	Short-term Loans	Short-term Bills payable	Lease liabilities	Bonds payable (including the due 1 year)	Long-term loans (including the due 1 year)	Guarantee deposits	Total liabilities arising from financing activities
January 1, 2022	\$ 428,783	\$ 88,766	\$ 100,252	\$ 6,757	\$ 104,865	\$ 21,334	\$ 750,757
Net change in financing cash flows	(133,654)	18,600	(9,705)	347,548	54,345	14,507	291,641
Other non-cash transactions	-	(154)	2,199	(19,614)	-	-	(17,569)
September 30 2022	\$ 295,129	\$ 107,212	\$ 92,746	\$ 334,691	\$ 159,210	\$ 35,841	\$ 1,024,829

7. Related party transaction

(1) Name and relationship

Name of related party	Relationship with the Group
Chun Yu Works & Co., Ltd.	Other related parties
Chun Zu Machinery Industry	Other related parties
Chun Bang Precision Co., Ltd.	Other related parties
TMP Steel Corp.	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>July to September of 2023</u>	<u>July to September of 2022</u>
Product sales:		
Gloria Material Technology Corp	\$ 85,797	\$ 199,856
Other related parties	<u>47,716</u>	<u>36,304</u>
	<u>\$ 133,513</u>	<u>\$ 236,160</u>
	<u>January to September of 2023</u>	<u>January to September of 2022</u>
Product sales:		
Gloria Material Technology Corp	\$ 250,780	\$ 643,329
Other related parties	<u>125,637</u>	<u>187,967</u>
	<u>\$ 376,417</u>	<u>\$ 831,296</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>July to September of 2023</u>	<u>July to September of 2022</u>
Product Purchase:		
Chun Yu Group	\$ 100,703	\$ 208,066
Other related parties	<u>2,845</u>	<u>-</u>
	<u>\$ 103,548</u>	<u>\$ 208,066</u>
	<u>January to September of 2023</u>	<u>January to September of 2022</u>
Product Purchase:		
Chun Yu Group	\$ 327,327	\$ 562,511
Other related parties	<u>5,747</u>	<u>-</u>
	<u>\$ 333,074</u>	<u>\$ 562,511</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>Item</u>	<u>July to September of 2023</u>	<u>July to September of 2022</u>
Chun Zu Machinery Industry	Machine	<u>\$ 997</u>	<u>\$ 7,217</u>

	<u>Items</u>	<u>January to September of 2023</u>	<u>January to September of 2022</u>
Chun Zu Machinery Industry	Machine	\$ 35,710	\$ 22,847
Gloria Material Technology Corp	Office	87	-
Chun Bang Precision Co., Ltd.	Others	-	178
		<u>\$ 35,797</u>	<u>\$ 23,025</u>

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

② Disposal of property, plant and equipment:

		<u>January to September of 2023</u>	
	<u>Item</u>	<u>Price from disposal</u>	<u>Gains (losses) from disposal</u>
Chun Zu Machinery Industry	Machine	<u>\$ 684</u>	<u>\$ -</u>
		<u>January to September of 2022</u>	
	<u>Item</u>	<u>Price from disposal</u>	<u>Gains from disposal</u>
Chun Yu Group	Machine	<u>\$ 680</u>	<u>\$ 524</u>

There were no such events from July to September of 2023 and 2022.

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

	<u>July to September of 2023</u>	<u>July to September of 2022</u>
Other related parties	<u>\$ 2,265</u>	<u>\$ 7,399</u>
	<u>January to September of 2023</u>	<u>January to September of 2022</u>
Other related parties	<u>\$ 7,774</u>	<u>\$ 20,538</u>

E. Accounts receivable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Gloria Material Technology Corp	\$ 53,749	\$ 59,551	\$ 85,713
Other related parties	46,395	27,667	24,983
	<u>\$ 100,144</u>	<u>\$ 87,218</u>	<u>\$ 110,696</u>

F. Notes payable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Chun Zu Machinery Industry Co., Ltd.	\$ 27,108	\$ 45,685	\$ 25,754
Other related parties	1,365	4,629	4,283
	<u>\$ 28,473</u>	<u>\$ 50,314</u>	<u>\$ 30,037</u>

G. Accounts payable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Chun Yu Works & Co., Ltd.	\$ 77,188	\$ 37,724	\$ 70,561
Other related parties	152	-	-
	<u>\$ 77,340</u>	<u>\$ 37,724</u>	<u>\$ 70,561</u>

H. Other accounts payable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Other related parties	\$ 1,147	\$ 1,436	\$ 4,831

(3) Compensation of key management personnel

	<u>July to September of 2023</u>	<u>July to September of 2022</u>
Salary and other short-term employee benefits	(\$ 4,805)	\$ 3,251
	<u>January to September of 2023</u>	<u>January to September of 2022</u>
Salary and other short-term employee benefits	\$ 13,056	\$ 18,091

8. Pledged asset

The breakdown of guarantees provided for the Group's assets is as follows:

<u>Assets</u>	<u>September 30 2023</u>	<u>December 31 2022</u>	<u>September 30 2022</u>	<u>Purpose</u>
Pledged demand deposits (Note 1)	\$ 251,524	\$ 138,616	\$ 210,013	Performance bond, short-term borrowings, short-term bills payable and long-term loan guarantees
Pledged time deposits (Note 1)	-	-	6,050	Short-term bills payable
Pledged bonds (Note 1)	-	6,000	6,000	Short-term bills payable
Land (Note 2)	14,251	159,297	159,297	Performance bond, short-term borrowings, and long-term loan guarantees
House and Building - net (Note 2)	4,747	57,056	60,074	Performance bond, short-term borrowings, and long-term loan guarantees
Machinery (Note 2)	213,710	189,077	191,583	Short-term bills payable and long-term loan guarantees
Unfinished construction (Note 2)	12,145	-	-	Long-term loan guarantee
Investment property (Note 3)	32,452	32,452	32,452	Short-term loan guarantees
Guarantee deposits paid	2,078	-	-	Performance bond
	<u>\$ 530,907</u>	<u>\$ 582,498</u>	<u>\$ 665,469</u>	

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

(Note 2) The table presents "Property, plant and equipment".

(Note 3) The table presents "Listed as Investment property – Net".

9. Significant contingent liabilities and unrecognized commitments

- (1) As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group had contracted but not yet paid capital expenditures of \$44,837, \$53,522 and \$190,060, respectively, for the acquisition of property, plant and equipment.
- (2) As of September 30, 2023, December 31, 2022 and September 30, 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 \$60,978, \$- and \$-, respectively.
- (3) As of September 30, 2023, December 31, 2022 and September 30, 2022, the performance bond issued by the bank for the Group's contracting for works were \$534,435, \$494,603 and \$494,603, respectively.
- (4) As of September 30, 2023, the major contracts undertaken by the subsidiary, Yung Fu Co., Ltd are as follows:

Name of Project Owner	Construction/Service	Contract Amount	Contract Period
	Contract		
Environmental Protection Bureau 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~ 2025.1.31
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
Environmental Protection Bureau of Hsinchu City	Performance and preparation enhancement turnkey project for garbage recycling plant in Hsinchu City	\$ 445,300	2023.7.3~ 2024.8.31

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

10. Significant catastrophic losses

None such cases.

11. Material Events After the Balance Sheet Date

- (1) On November 8, 2023, the Board of Directors of the Group resolved to purchase TSG POWER Corp. 100% equity from Yung Fu Co., Ltd. no more than net value \$194,554 on September 30, 2023, for the Group's efficient operations management and increase investment profits.

- (2) On November 8, 2023, the Board of Directors of the Group resolved to purchase TSG Construction Corp. 100% equity from TAIWAN STEEL GROUP UNITED CO., LTD. by \$19,970, for business diversification and to diversify investment risk.

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, (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:

September 30, 2023			
	Foreign currency (in thousand)	Exchange Rate	Book Value
(Foreign currency: Foreign currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD: NTD	\$ 1,043	32.27	\$ 33,658
EUR: NTD	4,322	33.91	146,559
JPY: NTD	124,429	0.2162	26,902
<u>Financial liability</u>			
<u>Monetary items</u>			
USD: NTD	21	33.27	678
EUR: NTD	105	33.91	3,561

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

September 30, 2022			
	Foreign currency (in thousand)	Exchange Rate	Book Value
(Foreign currency: Foreign currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD: NTD	\$ 3,047	31.75	\$ 96,742
EUR: NTD	10,508	31.26	328,480
JPY: NTD	254,006	0.22	55,881
<u>Financial liability</u>			
<u>Monetary items</u>			
USD: NTD	288	31.75	9,144
EUR: NTD	324	31.26	10,128

- 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, the Euro and the Japanese yen, all other factors remaining constant, the Group's net income would have increased/decreased by \$1,624 and \$3,695 for January through September of 2023 and 2022 respectively.
- b. Total exchange gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2023 and 2022 amounted to \$3,516, \$18,540, \$15,116 and \$32,156 respectively.

b. Price risk

- (a) 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) 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 \$1,081 and \$851 from January to September 2023 and 2022, respectively; as for the other comprehensive income classified as equity instruments at fair value through other comprehensive income, it is \$1,076 and \$1,082 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 \$426 and \$468 from January to September 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 September 2023		
	Notes receivable	Accounts receivable	Total
Balance of beginning and ending period	\$ -	\$ 23	\$ 23

	January to September 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 September 30, 2023, December 31, 2022 and September 30, 2022, the Group held money market positions of \$1,037,081, \$1,222,046 and \$945,049, respectively, which are expected to generate immediate cash flow to manage liquidity risk.
- c. The Group's unutilized borrowings are shown as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Floating rate			
Mature within one year	\$ 1,636,895	\$ 2,566,495	\$ 1,328,136
Maturity of more than 1 year	60,064	176,000	1,085,568
	<u>\$ 1,696,959</u>	<u>\$ 2,742,495</u>	<u>\$ 2,413,704</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.

September 30, 2023	Less than 1 year	1 to 2 Years	2 to 5 Years	Over 5 Years
Non-derivative financial liabilities				
Short-term loans	\$ 155,849	\$ -	\$ -	\$ -
Short-term bills payable	71,600	-	-	-
Notes payable (including related parties)	44,596	-	-	-
Accounts payable (including related parties)	339,437	-	-	-
Other payables	134,925	-	-	-
Lease liabilities	17,704	16,534	47,143	43,217
Bonds payable	-	-	365,944	-
Long-term loans (including current portion)	72,374	270,133	73,009	80,599
Guarantee deposits received	-	-	43,079	-

December 31, 2022	Less than 1 year	1 to 2 Years	2 to 5 Years	Over 5 Years
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	-	-

September 30, 2022	Less than 1 year	1 to 2 Years	2 to 5 Years	Over 5 Years
Non-derivative financial liabilities				
Short-term loans	\$ 296,472	\$ -	\$ -	\$ -
Short-term bills payable	107,400	-	-	-
Notes payable (including related parties)	46,625	-	-	-
Accounts payable (including related parties)	361,957	-	-	-
Other payables	201,987	-	-	-
Lease liabilities	13,107	11,749	32,264	40,448

Long-term loans (including current portion)	30,585	30,136	40,056	78,649
Guarantee deposits received	-	35,841	-	-

(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. The fair value of the Group's investment in listed stocks, beneficiary certificates and others are included in Level 1.

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 call options fair value of the Group's convertible bonds is included in Level 2.

Level 3: Unobservable inputs to assets or liabilities. The fair value of the Group's investment in stock of private entity is included in Level 3.

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

C. Expect for bonds payable (including those due within one year) paid as expected for cash flow of the balance sheet date of market interest rates discount is measured at present value, 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, short-term loans, short-term bills payable, notes payable (including related parties), accounts payable (including related parties), other payables, long-term loans (including those due within one year) 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>September 30, 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	\$ 12,422	\$ -	\$ -	\$ 12,422
Equity securities	95,714	-	-	95,714
Right of Repurchase of Corporate Bonds	-	420	-	420
	<u>\$ 108,136</u>	<u>\$ 420</u>	<u>\$ -</u>	<u>\$ 108,556</u>

Financial assets at fair value
through other comprehensive
income

Equity securities	<u>\$ 87,976</u>	<u>\$ -</u>	<u>\$ 19,642</u>	<u>\$ 107,618</u>
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<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>
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<u>September 30, 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	58,450	-	-	58,450
Right of Repurchase of Corporate Bonds	-	420	-	420
	<u>\$ 85,074</u>	<u>\$ 420</u>	<u>\$ -</u>	<u>\$ 85,494</u>

Financial assets at fair value
through other comprehensive
income

Equity securities	<u>\$ 108,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,199</u>
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E. The methods and assumptions used by the Group to measure fair value are described below:

- ① 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

- ② Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques method can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
- ③ The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

- F. There was no transfer between Level 1 and Level 2 from January to September, 2023 and 2022.
- G. The following table is the change of Level 3 financial instruments from January to September, 2023 and 2022:

	<u>January to September 2023</u>
	<u>Equity instruments</u>
January 1	\$ -
Transfer from equity method investment	18,332
Benefits recognized in other comprehensive income	<u>1,310</u>
September 30	<u>\$ 19,642</u>

There were no such events from September 30 of 2022.

(Note) Transfer from equity method investment, please refer to Note 6(8) for Equity method investment.

- H. Financial Department is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the source of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement.

	<u>Fair value at September 30, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity:					
Unlisted shares	\$ 19,642	Market comparable companies	(1) Price to earnings ratio multiple (2) Discount for lack of marketability	2.56 20%	The higher the multiple and control premium, the higher the fair value The higher the discount for lack of marketability, the lower the fair value

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

		<u>September 30, 2023</u>					
		<u>Recognized in profit or loss</u>		<u>Recognized in profit or loss comprehensive income</u>			
	<u>Input</u>	<u>Change</u>	<u>Favourable Change</u>	<u>Unfavourable Change</u>	<u>Favourable Change</u>	<u>Unfavourable Change</u>	
Financial assets							
Equity instrument	Price to earnings ratio multiple	± 5%	\$ -	\$ -	\$ 896	(\$ 896)	
	Discount for lack of marketability	± 10%	-	-	448	(448)	
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,344</u>	<u>(\$ 1,344)</u>	

13. Additional Disclosures

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

(1) Significant transactions information

A. Loans to others: Please refer to Table 1.

B. Endorsement and guarantee for others: None.

- C. Marketable securities held at the end of the period: Please refer to Table 2.
- 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: Please refer to Table 3.
- G. Purchase from or sale to related parties amounting to at least \$100 million or 20% of the paid-in capital: Please refer to Table 4.
- H. Receivables from related parties amounting to at least \$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 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in China): Please refer to Table 6.

(3) Information on investments in China

None.

(4) Information on main investors Information on principal shareholders

Information on main investors Information on principal shareholders: Please refer to Table 7.

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 September of 2023			
	Screw Manufacturing Department	Transportation Department	Environmental Business Department	Total
Net external revenue	\$ 826,191	\$ 849,171	\$ 959,854	\$ 2,635,216
Net internal revenue	-	9,663	-	9,663
Interest revenue	8,269	220	650	9,139
Depreciation and Amortization	56,214	5,715	48,044	109,973
Interest expense	7,104	195	8,368	15,667
Departmental net income before income taxes	57,827	(6,312)	(41,685)	9,830
Segment assets	1,987,445	389,284	1,963,834	4,340,563
Segment liabilities	645,770	133,556	1,074,951	1,854,277

	January to September of 2022			
	Screw Manufacturing Department	Transportation Department	Environmental Business Department	Total
Net external revenue	\$ 1,342,045	\$ 1,589,917	\$ 638,857	\$ 3,570,819
Net internal revenue	-	33,640	-	33,640
Interest revenue	148	26	227	401
Depreciation and Amortization	43,994	4,662	24,779	73,435
Interest expense	7,290	321	3,353	10,964
Departmental net income before income taxes	322,983	(283)	(47,797)	274,903
Segment assets	2,360,908	385,805	1,613,183	4,359,896
Segment liabilities	917,738	194,159	673,204	1,785,101

(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

Financing provided to others

January 1 to September 30, 2023

Table 1

Unit: NT\$ thousand

<u>Code</u>	<u>Lender</u>	<u>Borrower</u>	<u>Business relationship</u>	<u>Whether it is a related party</u>	<u>Maximum balance</u>	<u>Ending balance</u>	<u>Transaction Amounts</u>	<u>Interest Rate</u>	<u>Nature of financing provided (Note 1)</u>	<u>Business Transaction Amounts</u>	<u>Reason for the necessity of shortterm financing</u>	<u>Amount of recognized impairment loss</u>	<u>Collateral</u>		<u>Lending of funds to individual entities and limit of financing (Note 2)</u>	<u>Total limit of financing (Note 3)</u>	<u>Remarks</u>
0	OFCO Industrial Corp.	Yung Fu Co.,Ltd.	Other-receivable related party	Y	\$ 150,000	\$ 150,000	\$ -	-	2	\$ -	Business development needs	\$ -	Name	Value	\$ 221,775	\$ 443,550	-

(Note 1) The nature of the loan and the meaning of the code are described as follows:

1. For entities with business transaction relationships.
2. For necessary short-term financing needs.

(Note 2) The maximum amount for total loan is 20% of its net value; the maximum amount for individual loans is as follows:

1. For entities with business transaction relationships: the amount shall not exceed the higher of the Company's purchase or sales amount in the most recent year or the current year as of the time of the loan.
2. For necessary short-term financing needs: the amount shall not exceed 10% of the Company's most recent audited or reviewed financial statements.

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.

September 30, 2023

Table 2

Unit: NT\$ thousand

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Item	Ending balance			Fair value	Remarks
				Shares (thousands)	Carrying amount	Ownership (%)		
OFCO Industrial Corp.	Beneficiary certificates: FSITC US Top 100 Bond Fund I Acc USD	-	Financial assets at fair value through profit or loss - current	32	9,585	-	9,585	-
	Stocks: Chun Yu Group	Other related parties	Financial assets at fair value through profit or loss - current	426	10,032	0.14%	10,032	-
	Gloria Material Technology Corp	Other related parties	Financial assets at fair value through profit or loss - current	1,059	48,132	0.20%	48,132	-
	S-TECH Corp.	Other related parties	Financial assets at fair value through profit or loss - current	1,000	37,550	0.52%	37,550	-
	Taiwan Styrene Monomer Corporation	-	Financial assets at fair value through other comprehensive income or loss - current	2,688	43,277	0.51%	43,277	-
	D-Link Corporation	-	Financial assets at fair value through other comprehensive income or loss - current	1,179	23,700	0.20%	23,700	-
	Jia Jie Biomedical Co., Ltd.	-	Financial assets at fair value through other comprehensive income or loss - current	1,603	20,999	1.80%	20,999	-
TSG Transport Corp.	Beneficiary certificates: GAM Multistock - Luxury Brands Equity USD E	-	Financial assets at fair value through profit or loss - current	-	2,837	-	2,837	-
	Stocks: Titan Insurance Broker Co., Ltd.	-	Financial assets at fair value through other comprehensive income or loss - current	500	17,922	14.29%	17,922	-
TSG Environmental Technology Corp.	Stocks: Titan Insurance Broker Co., Ltd.	-	Financial assets at fair value through other comprehensive income or loss - current	44	1,720	1.24%	1,720	-

OFCO Industrial Corp. and subsidiaries

Disposal of real estate reaching \$300 million or 20% of the Company's paid-in capital or more

January 1 to September 30, 2023

Table 3

Unit: NT\$ thousand

<u>Corporation of acquisition</u>	<u>Name of Property</u>	<u>Date of disposal</u>	<u>Original date of acquisition</u>	<u>Book value</u>	<u>Transaction amount</u>	<u>Status of collection</u>	<u>Gain (Loss) on disposal</u>	<u>Name of the counterparty</u>	<u>Relationship</u>	<u>Reason for disposal</u>	<u>Basis or reference used in setting the price</u>	<u>Other terms</u>
Yung Fu Co.,Ltd.	Land, building and forty-one parking Lots of land serial no. 230, Fuguo lot, Xinzhuang dist, New Taipei City	May 2023	December 2011	\$ 92,488	\$ 149,624	All price has collected	\$ 57,136	Hong Ye Construction., Ltd	-	Active assets and sufficient working capital	(Note)	-

(Note) Refer to the appraised value and market price evaluated by Evermore Valuation Estate Appraiser Firm (appraised value amounted to \$150,760) and market price.

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 September 30, 2023

Table 4

Unit: NT\$ thousand

Company Name	Related Party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Remarks
			Purchases (Sales)	Amount	Percentage of total amount purchase (Sales)	Term	Unit Price	Term	Balance	Percentage of total receivables (payable)	
OFCO Industrial Corp.	Chun Yu Group	Other related parties	Purchase	\$ 326,650	99%	Month end 30days	Not significantly different	Not significantly different	(\$ 77,189)	(63%)	-
TSG Transport Corp	Gloria Material Technology Corp.	Other related parties	Sales	(225,114)	(25%)	Month end 30days	Not significantly different	Not significantly different	48,221	32%	-

OFCO Industrial Corp. and subsidiaries
Significant inter-company transactions during the reporting periods
January 1 to September 30, 2023

Table 5

Unit: NT\$ thousand

				Transaction				
Code (Note 1)	Transaction Company	Counterparty	Relationship with the counter-party (Note 2)	Items	Amounts	Transaction Terms	Percentage of consolidated total operating revenues or total assets (Note 3)	Remarks
1	TSG Transport Corp.	OFCO Industrial Corp.	2	Sales	\$ 9,342	Credit terms: 40 days	-	
				Accounts receivable	1,241	-	-	
2	Yung Fu Co.,Ltd.	TSG POWER CORP.	3	Sales	9,543	by mutual agreement	-	
				Accounts payable	9,324	-	-	
				Contract assets	3,892	-	-	
				Project cost	26,640	-	1%	

(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 September 30, 2023

Table 6

Unit: NT\$ thousand

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Shares held as at September 30, 2023		Carrying Amount	Income (loss) of investees for the period	Income (loss) on investment recognized in the period	Remarks
				End of the current period	End of Last Year	Number of shares	Ratio (%)				
OFCO Industrial Corp.	TSG Transport Corp	Taiwan	Container rental, transportation and packing services	\$ 150,000	\$ 110,000	22,500,000	100%	\$ 256,443	\$ 10,402	\$ 10,402	Subsidiary
	TSG Environmental Technology Corp.	Taiwan	Recycling of materials, waste disposal services, etc.	40,000	40,000	4,000,000	100%	39,818	(2,939)	(2,939)	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%	581,002	4,389	2,594	Subsidiary
TSG Transport Corp	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%	2,906	4,389	-	Subsidiary (Note2)
	Titan Insurance Broker Co.,Ltd	Taiwan	Engage in property and personnel insurance Brokers and other services	-	19,754	500,095	14.29%	-	-	-	(Note1) (Note2)
TSG Environmental Technology Corp.	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	4,389	-	Subsidiary (Note2)

	Titan Insurance Broker Co.,Ltd	Taiwan	Engage in property and personnel insurance Brokers and other services	-	1,718	43,527	1.24%	-	-	-	(Note1) (Note2)
Yung Fu Co.,Ltd.	TSG Power Corp.	Taiwan	Energy technology services	180,000	180,000	18,000,000	100%	145,382	13,978	-	Subsidiary (Note2)

(Note1) As of September 2023, the Group didn't participate in capital increase of the invested company to lose a material impact, transfer the residual investment of its investee to financial assets at fair value through other comprehensive income

(Note2) The amount of investment income (loss) recognized in the current period is exempt from disclosure.

OFCO Industrial Corp. and subsidiaries

Information on main investors

September 30, 2023

Table 7

Unit: Shares

<u>Name of major shareholder</u>	<u>Number of shares held</u>	<u>Percentage of shareholdings</u>	<u>Remarks</u>
Taiwan Steel Group united Co.,LTD	12,000,000	11.99%	(Note 2)
E-Top Metal Co., Ltd.	6,870,883	6.86%	(Note 2)
E-Sheng Steel Co., Ltd.	5,500,000	5.49%	(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.