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**FUSHENG PRECISION CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
FOR THE NINE -MONTH PERIODS ENDED
SEPTEMBER 30, 2022 AND 2021**

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The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Review Report of Independent Accountants Translated from Chinese

To Fusheng Precision Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Fusheng Precision Co., Ltd. (the “Company”) and its subsidiaries as of September 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended September 30, 2022 and 2021 and consolidated statements of changes in equity and cash flows for the nine-month periods ended September 30, 2022 and 2021, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard No.34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China 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.

Unqualified Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as at September 30, 2022 and 2021, and their consolidated financial performance for the three-month and nine-month periods ended September 30, 2022 and 2021, and their consolidated cash flows for the nine-month periods ended September 30, 2022 and 2021, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard No.34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Yang, Chih-Huei
Chang, Chiao-Ying
Ernst & Young, Taiwan
November 4, 2022

Notice to Readers

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statement Originally Issued in Chinese
FUSHENG PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
September 30, 2022, December 31, 2021 and September 30, 2021 (September 30, 2022 and 2021 are unaudited)
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of		
		September 30, 2022	December 31, 2021	September 30, 2021
Current assets				
Cash and cash equivalents	4,6(1)	\$3,641,424	\$1,538,125	\$1,453,614
Financial assets at fair value through profit or loss - current	4,6(2)	417,729	179,166	282,613
Financial assets measured at amortized cost - current	4,6(3),6(19),8	211,153	285,808	287,275
Notes receivable, net	4,5,6(4),6(19)	4,277	13,278	5,977
Accounts receivable, net	4,5,6(5),6(19),7	5,116,554	3,921,026	2,772,821
Other receivable		261,280	315,625	276,899
Current income tax assets		-	-	45
Inventories, net	4,5,6(6)	4,796,011	4,714,896	3,775,774
Prepayments	4	232,422	222,340	209,539
Other current assets		413	6,899	4,122
Total current assets		14,681,263	11,197,163	9,068,679
Non-current assets				
Financial assets at fair value through profit or loss - non-current	4,6(2),6(12)	1,940	1,762	1,804
Financial assets measured at amortized cost - non-current	4,6(3),6(19)	490	130,074	130,773
Investments accounted for using equity method	4,6(7)	-	-	-
Property, plant and equipment	4,6(8),6(24),7,8	5,027,585	4,349,271	4,221,345
Right-of-use assets	4,6(20),7	464,693	294,418	303,833
Net investment property	4	9,473	9,308	9,234
Intangible assets	4,6(9)	690,165	712,320	742,702
Deferred tax assets	4,5	121,892	130,333	92,846
Prepayment for equipment	7,9	106,889	148,672	148,026
Refundable deposits	7	60,989	89,636	88,995
Other non-current assets - others		453,471	262,764	200,761
Total non-current assets		6,937,587	6,128,558	5,940,319
Total assets		\$21,618,850	\$17,325,721	\$15,008,998

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English Translation of Consolidated Financial Statement Originally Issued in Chinese
FUSHENG PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
September 30, 2022, December 31, 2021 and September 30, 2021 (September 30, 2022 and 2021 are unaudited)
(Expressed in Thousands of New Taiwan Dollars)

Liability and Equity	Notes	As of		
		September 30, 2022	December 31, 2021	September 30, 2021
Current liabilities				
Short-term loans	4,6(10)	\$1,827,330	\$2,629,657	\$2,131,169
Contract liabilities	4	164,372	233,068	250,657
Notes payable	4	247	-	2,460
Accounts payable	4,7	3,563,283	3,298,528	2,575,265
Other payables	6(11)	1,517,694	1,410,543	1,116,142
Current income tax liabilities	4,5	823,005	557,788	382,248
Provisions - current	4,6(15)	54,207	27,956	6,242
Lease liabilities - current	4,6(20),7	55,279	67,670	67,746
Long-term liabilities - current portion	4,6(13)	21,776	6,113	6,065
Other current liabilities		33,598	35,724	26,242
Total current liabilities		8,060,791	8,267,047	6,564,236
Non-current liabilities				
Bonds payable	4,6(12)	1,448,653	-	-
Long-term loans	4,6(13)	-	19,867	21,225
Provisions - non-current	4,5,6(15)	9,642	9,410	56,675
Deferred tax liabilities	4,5	94,167	98,664	83,024
Lease liabilities - non-current	4,6(20),7	287,770	146,545	155,363
Net defined benefit liabilities	4,5	196,774	204,267	219,901
Guarantee deposits		5,726	6,144	6,172
Other non - current liabilities		243	1,007	7,351
Total non-current liabilities		2,042,975	485,904	549,711
Total liabilities		10,103,766	8,752,951	7,113,947
Equity	6(16)			
Common stock		1,310,300	1,310,300	1,310,300
Additional paid-in capital	6(12),6(17)	1,924,430	1,665,067	1,664,358
Retained earnings				
Legal reserve		1,530,772	1,295,039	1,295,039
Special reserve		630,454	604,273	604,273
Unappropriated retained earnings		5,427,254	3,564,781	2,980,096
Total retained earnings		7,588,480	5,464,093	4,879,408
Other components of equity	4			
Exchange differences on translation of foreign operations		(425,703)	(630,454)	(669,283)
Total equity attributable to stockholders of the parent		10,397,507	7,809,006	7,184,783
Non-controlling interests	6(16),6(17)	1,117,577	763,764	710,268
Total equity		11,515,084	8,572,770	7,895,051
Total liabilities and equity		\$21,618,850	\$17,325,721	\$15,008,998

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

English Translation of Consolidated Financial Statement Originally Issued in Chinese
FUSHENG PRECISION CO., LTD. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three-month and nine-month periods ended September 30, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Accounting Items	Notes	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
		2022	2021	2022	2021
Operating revenues	4,6(18),7	\$8,044,110	\$5,108,821	\$24,499,617	\$16,912,126
Operating costs	6(6),6(9),6(14),6(20), 6(21),7	(6,006,797)	(3,947,128)	(18,505,378)	(13,011,760)
Gross profit		<u>2,037,313</u>	<u>1,161,693</u>	<u>5,994,239</u>	<u>3,900,366</u>
Operating expenses	4,6(9),6(14),6(17), 6(20),6(21),7				
Sales and marketing expenses		(168,175)	(128,337)	(481,506)	(376,165)
General and administrative expenses		(369,310)	(288,334)	(1,059,859)	(828,223)
Research and development expenses		(164,490)	(122,672)	(455,906)	(406,664)
Expected credit losses	6(19)	(5,879)	(7,796)	(1,350)	(8,468)
		<u>(707,854)</u>	<u>(547,139)</u>	<u>(1,998,621)</u>	<u>(1,619,520)</u>
Net operating income		<u>1,329,459</u>	<u>614,554</u>	<u>3,995,618</u>	<u>2,280,846</u>
Non-operating income and expenses	4,6(20),6(22),7				
Interest income		10,798	4,626	20,234	10,333
Other income		42,427	126,727	152,304	214,018
Other gains and losses		417,302	(121,979)	806,542	(145,065)
Finance costs		(18,464)	(6,160)	(40,214)	(19,972)
Share of profit or loss of associates and joint ventures	4,6(7)	-	-	-	(1,447)
Total non-operating income and expenses		<u>452,063</u>	<u>3,214</u>	<u>938,866</u>	<u>57,867</u>
Income from continuing operations before income tax		<u>1,781,522</u>	<u>617,768</u>	<u>4,934,484</u>	<u>2,338,713</u>
Income tax expenses	4,5,6(24)	<u>(341,810)</u>	<u>(151,440)</u>	<u>(1,012,418)</u>	<u>(470,939)</u>
Net income from continuing operations		<u>1,439,712</u>	<u>466,328</u>	<u>3,922,066</u>	<u>1,867,774</u>
Other comprehensive income(loss)	6(23)				
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		76,124	(4,990)	218,275	(76,398)
Total other comprehensive income, net of tax		<u>76,124</u>	<u>(4,990)</u>	<u>218,275</u>	<u>(76,398)</u>
Total comprehensive income		<u>\$1,515,836</u>	<u>\$461,338</u>	<u>\$4,140,341</u>	<u>\$1,791,376</u>
Net income attributable to:					
Stockholders of the parent		\$1,354,442	\$437,633	\$3,696,747	\$1,772,645
Non-controlling interests		85,270	28,695	225,319	95,129
		<u>\$1,439,712</u>	<u>\$466,328</u>	<u>\$3,922,066</u>	<u>\$1,867,774</u>
Comprehensive income attributable to:					
Stockholders of the parent		\$1,426,734	\$435,013	\$3,901,498	\$1,707,635
Non-controlling interests		89,102	26,325	238,843	83,741
		<u>\$1,515,836</u>	<u>\$461,338</u>	<u>\$4,140,341</u>	<u>\$1,791,376</u>
Earnings per share(NT\$):	6(25)				
Earnings per share - basic		<u>\$10.34</u>	<u>\$3.34</u>	<u>\$28.21</u>	<u>\$13.53</u>
Earnings per share - diluted		<u>\$9.85</u>	<u>\$3.33</u>	<u>\$27.67</u>	<u>\$13.50</u>

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

English Translation of Consolidated Financial Statement Originally Issued in Chinese
FUSHENG PRECISION CO., LTD. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGE IN STOCKHOLDERS' EQUITY
For the nine-month periods ended September 30, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Total equity attributable to owners of parent								
	Retained earnings					Other Components of Equity			
	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign operations	Total	Non-controlling interests	Total equity
Balance as of January 1, 2021	\$1,310,300	\$1,664,358	\$1,183,976	\$569,208	\$2,218,377	\$(604,273)	\$6,341,946	\$648,726	\$6,990,672
Appropriation and distribution of 2020 retained earnings									
Legal reserve			111,063		(111,063)		-		-
Special reserve				35,065	(35,065)		-		-
Cash dividends					(864,798)		(864,798)		(864,798)
Net income for the nine-month period ended September 30, 2021					1,772,645	-	1,772,645	95,129	1,867,774
Other comprehensive income, net of tax for the nine-month period ended September 30, 2021					-	(65,010)	(65,010)	(11,388)	(76,398)
Total comprehensive income	-	-	-	-	1,772,645	(65,010)	1,707,635	83,741	1,791,376
Changes in non-controlling interests							-	(22,199)	(22,199)
Balance as of September 30, 2021	\$1,310,300	\$1,664,358	\$1,295,039	\$604,273	\$2,980,096	\$(669,283)	\$7,184,783	\$710,268	\$7,895,051
Balance as of January 1, 2022	\$1,310,300	\$1,665,067	\$1,295,039	\$604,273	\$3,564,781	\$(630,454)	\$7,809,006	\$763,764	\$8,572,770
Appropriation and distribution of 2021 retained earnings									
Legal reserve			235,733		(235,733)		-		-
Special reserve				26,181	(26,181)		-		-
Cash dividends					(1,572,360)		(1,572,360)		(1,572,360)
Due to recognition of equity component of convertible bonds issued		236,307					236,307		236,307
Net income for the nine-month period ended September 30, 2022					3,696,747		3,696,747	225,319	3,922,066
Other comprehensive income, net of tax for the nine-month period ended September 30, 2022					-	204,751	204,751	13,524	218,275
Total comprehensive income	-	-	-	-	3,696,747	204,751	3,901,498	238,843	4,140,341
Changes in subsidiarys' ownership interest		14,803					14,803		14,803
Share-based compensation		8,253					8,253	1,521	9,774
Changes in non-controlling interests							-	113,449	113,449
Balance as of September 30, 2022	\$1,310,300	\$1,924,430	\$1,530,772	\$630,454	\$5,427,254	\$(425,703)	\$10,397,507	\$1,117,577	\$11,515,084

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

FUSHENG PRECISION CO., LTD. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine-month periods ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the nine-month periods ended September 30,	
	2022	2021
Cash flows from operating activities:		
Net income before tax	\$4,934,484	\$2,338,713
Adjustments:		
Income and expense that not affecting cash flow:		
Depreciation	512,500	440,593
Amortization	31,255	32,847
Expected credit losses	1,350	8,468
Losses on financial assets or liabilities at fair value through profit or loss	11,839	980
Interest expenses	40,214	19,972
Interest income	(20,234)	(10,333)
Dividend income	(6,139)	(6,137)
Share-based compensation	9,774	-
Share of loss of associates and joint ventures	-	1,447
Gains on disposal of property, plan and equipment	(1,039)	(2,577)
Gains on disposal of investments accounted for using equity method	-	(4,656)
Gains on lease modification	(3,404)	(731)
Changes in operating assets and liabilities:		
Decrease in notes receivable, net	9,001	2,684
(Increase)/Decrease in accounts receivable, net	(1,198,778)	990,623
Decrease/(Increase) in other receivable	54,345	(66,571)
Increase in inventories, net	(81,115)	(873,197)
Increase in prepayments	(10,082)	(54,689)
Decrease in other current assets	6,486	6,894
(Decrease)/Increase in contract liabilities	(68,696)	222,119
Increase in notes payable	247	2,143
Increase/(Decrease) in accounts payable	264,755	(442,276)
Increase in other payables	107,193	5,656
Increase/(Decrease) in provisions	25,793	(33,229)
Decrease in other current liabilities	(2,126)	(5,261)
(Decrease)/Increase in net defined benefit liabilities	(7,493)	66,314
Cash generated from operations	4,610,130	2,639,796
Interest received	20,234	10,333
Interest paid	(27,267)	(13,923)
Income tax paid	(743,257)	(533,496)
Net cash provided by operating activities	3,859,840	2,102,710

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FUSHENG PRECISION CO., LTD. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine-month periods ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the nine-month periods ended September 30,	
	2022	2021
Cash flows from investing activities:		
Acquisition of financial assets measured at amortized cost	(592,623)	(272,793)
Proceeds from disposal of financial assets measured at amortized cost	800,397	148,252
Acquisition of financial assets at fair value through profit or loss	(231,922)	(51,030)
Proceeds from disposal of investments accounted for using equity method	-	24,066
Adjusting initial price of the acquired subsidiary	-	28,900
Acquisition of property, plant and equipment	(1,063,300)	(752,144)
Proceeds from disposal of property, plant and equipment	161,408	21,357
Increase in refundable deposits	(9,072)	(70,557)
Acquisition of intangible assets	(5,485)	(11,512)
Increase in other non-current assets - others	(284,030)	(141,533)
Decrease/(Increase) in prepayment for equipment	41,783	(103,791)
Dividends received	6,139	6,137
Net cash used in investing activities	(1,176,705)	(1,174,648)
Cash flows from financing activities:		
Decrease in short-term loans	(940,165)	(65,533)
Proceeds from issuing bonds	1,680,102	-
Payments of long-term loans	(7,213)	(2,545)
(Decrease)/Increase in guarantee deposits	(1,107)	398
Cash payments for the principal portion of the lease liability	(48,553)	(56,433)
(Decrease)/Increase in other non-current liabilities	(764)	6,278
Cash dividends paid	(1,572,360)	(864,798)
Changes in non-controlling interests	127,200	(17,099)
Net cash used in financing activities	(762,860)	(999,732)
Effects of exchange rate changes on cash and cash equivalents	183,024	(47,891)
Net increase/(decrease) in cash and cash equivalents	2,103,299	(119,561)
Cash and cash equivalents, at beginning of period	1,538,125	1,573,175
Cash and cash equivalents, at end of the period	\$3,641,424	\$1,453,614

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
FUSHENG PRECISION CO., LTD.
AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
For the Nine-Month Periods Ended September 30, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

- (1) FuSheng Precision Co., Ltd. (The Company) was established by Coöperatieve Valiant APO Global U.A. on September 14, 2010.
- (2) To work in line with the parent company, Coöperatieve Valiant APO Global U.A., to engage in re-organization and specialization to enhance competitiveness and efficiency of management, the Company's board of directors ("Board of Directors") approved on September 14, 2010 the proposed deal to divide and assign the Sporting Goods Divisions (SGD) and Precision Products Divisions (PPD) of Fu Sheng Industrial CO., Ltd. under "Business Mergers and Acquisitions Act" and "Company Act", effective November 1, 2010. The assets, liabilities, all rights and obligations of SGD and PPD, including the existing factories, equipment and employees, were assigned to the Company upon completion of the division and assignment. The Company will continue to operate its business.
- (3) The Company's first public offering was approved in October 2017 and its shares were first traded on the emerging stock market on November 30, 2017. The Company's common shares were publicly listed on the Taiwan Stock Exchange (TWSE) on December 18, 2018. The Company's registered office and the main business location are at 3F., No. 172. Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City, Taiwan (R.O.C.) and No. 9, Xingzhong St., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.).

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the nine-month periods ended September 30, 2022 and 2021 were authorized for issue by the Board of Directors on November 4, 2022.

3. Newly issued or revised standards and interpretations

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2022. The adoption of these new standards and amendments had no material impact on the Group.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	Disclosure Initiative – Accounting Policies – Amendments to IAS 1	January 1, 2023
B	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
C	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

A. Disclosure Initiative – Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

B. Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

C. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2023. As the Group is still currently determining the potential impact of the standards and interpretations listed under A, B, and C, it is not practicable to estimate their impact on the Group at this point in time.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
B	IFRS 17 “Insurance Contracts”	January 1, 2023
C	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2023
D	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
E	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024

A. IFRS 10“Consolidated Financial Statements” and IAS 28“Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

B. IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

C. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

D. Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

E. Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under A, C, D and E, it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the nine-month periods ended September 30, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34 *Interim Financial Reporting* as endorsed and became effective by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT\$") unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- B. exposure, or rights, to variable returns from its involvement with the investee, and
- C. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- A. the contractual arrangement with the other vote holders of the investee
- B. rights arising from other contractual arrangements
- C. the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

- A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- B. derecognizes the carrying amount of any non-controlling interest;
- C. recognizes the fair value of the consideration received;
- D. recognizes the fair value of any investment retained;
- E. recognizes any surplus or deficit in profit or loss; and
- F. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

Name of the investors	Name of subsidiaries	Nature of Business	Percentage of ownership (%)		
			September 30, 2022	December 31, 2021	September 30, 2021
The Company	Sharphope Company Ltd.	Investment holding	100%	100%	100%
The Company	Vision International Co., Ltd.	Manufacture and sale of golf club head	100% (Note5)	100%	100%
The Company	Gainsmart Group Ltd.	Investment holding	100%	100%	100%
The Company	World Gate Holdings Ltd.	Investment holding	100%	100%	100%
The Company	NFT Technology CO., Ltd.	Manufacture and sale of aerospace precision casting parts	69.74%	69.74%	69.74%
The Company	Crosspace Co., Ltd.	Selling pure titanium tableware and kitchenware	100%	100%	100%
The Company	Minson Integration, Inc.	R&D and sales of shoes, helmets and protective gear for ice hockey, cross-country motorcycles, baseball, skiing and other sports	82.81% (Note1,6)	85% (Note1)	85% (Note1)
Sharphope Company Ltd.	Extensor World Trading Ltd. (Hong Kong)	International trade	100%	100%	100%
Gainsmart Group Ltd.	FS-North America, Inc.	Investment holding	100%	100%	100%
FS-North America, Inc.	FS-Precision Tech Co., LLC.	Manufacture and sale of automotive parts and aerospace parts	100%	100%	100%
World Gate Holdings Ltd.	Zhong Shan Worldmark Sporting Goods Ltd.	Manufacture and sale of golf club head	100%	100%	100%
World Gate Holdings Ltd.	Zhong Shan LongXing Precision Machinery Co., Ltd.	Manufacture and sale of sports equipment, automotive parts, molds and other products	100%	100%	100%
World Gate Holdings Ltd.	Wealth Max Creation Limited.	Investment holding and international trade	- (Note2)	- (Note2)	52.5%
World Gate Holdings Ltd.	Zhong Shan Aubo Precision Technology Co., Ltd.	Researching and developing and manufacturing of hardware, plastics and printing of packaging	52.5%	52.5%	52.5%
Zhong Shan Aubo Precision Technology Co., Ltd.	Zhong Shan Aubo Metal Surface Treatment Co., Ltd.	Anodizing process	100%	100%	100%

Name of the investors	Name of subsidiaries	Nature of Business	Percentage of ownership (%)		
			September 30, 2022	December 31, 2021	September 30, 2021
Zhong Shan Aubo Precision Technology Co., Ltd.	AUBO (VIETNAM) PRECISION TECHNOLOGY COMPANY LIMITED	Manufacture hardware and plastics	100%	100%	100%
Zhong Shan Aubo Precision Technology Co., Ltd.	AUBO PRECISION (HONG KONG) CO., LIMITED	International trade	100%	100%	100%
Zhong Shan Worldmark Sporting Goods Ltd.	Zhong Shan Dingxing Vacuum Technology Co., Ltd.	Research, development and manufacturing of vacuum technology products, vacuum coating processing and sports equipment, metal products import and export business	100%	100%	100%
Minson Integration, Inc.	MENXON ENTERPRISES (THAILAND) COMPANY LIMITED	Manufacture and sale of ice hockey shoes and motocross boots	100% (Note1)	100% (Note1)	100% (Note1)
Minson Integration, Inc.	MINONE ENTERPRISES COMPANY LIMITED	Manufacture and sale of motocross boots, skates and sports protective gear	100% (Note1,3,4)	100% (Note1)	100% (Note1)
Minson Integration, Inc.	MINSON ENTERPRISES (THAILAND) COMPANY LIMITED	Manufacture and sale of motocross boots and protective gear and in-line skates	100% (Note1)	100% (Note1)	100% (Note1)
Minson Integration, Inc.	MINTECH ENTERPRISES COMPANY LIMITED	Manufacture , R&D and sale of plastic injection parts, sports helmets and various footwear, protective gear	100% (Note1)	100% (Note1)	100% (Note1)

(Note1) In order to expand the sporting goods business layout, diversify operations, and improve operating performance, the Company acquire Minson Integration, Inc. and its subsidiaries' equity in the amount of \$1,331,100 thousand, and set November 30, 2020 as the acquisition base date. Please refer to Note 6(26) for more details.

(Note2) The Company's subsidiary, World Gate Holdings Ltd., bought 52.5% of Wealth Max Creation Ltd.'s shares in 2018. Afterwards, the Group decided to simplify organizational structure and integrate internal resources through dissolution and liquidation of Wealth Max Creation Limited. on December 22, 2021.

(Note3) MINONE ENTERPRISES COMPANY LIMITED reduced THB90,000 thousand capital to cover losses, which was passed by the board of directors on December 17, 2021.

(Note4) In order to improve the financial structure and enrich the working capital, Minson Integration, Inc. was approved by the board of directors to increase the capital of the subsidiary MINONE ENTERPRISES COMPANY LIMITED by THB 120,000 thousand on January 21, 2022.

(Note5) Given the rapid revenue growth of Vision International Co., Ltd. (“Vision”), the Company’s board of directors approved Vision to execute seasoned equity offering for US15,000. The Company and Sharpope Co. Ltd. will invest for US5,200 thousand and US9,800 thousand respectively. After the performing issuance of stock, Vision’s total amount capital will be up to US26,000 thousand. As of financial report date, the issuance has not been finalized.

(Note6) In order to enrich the working capital and strengthen the financial structure, Minson Integration, Inc. was approved by the board of directors on June 17, 2022. The capital increase base date was set on July 15, 2022 to issue 7,000 thousand new shares. The issue price per share was NT\$75, totaling \$525,000 thousand, and 10.86% was reserved in accordance with the Company Act, and 760 thousand shares were purchased by employees. The Company’s board of directors approved on June 21, 2022, and plans to subscribe the shares according to the original shareholding ratio. The number of subscribed shares was 5,304 thousand shares; the total subscription amount was 397,800 thousand and the shareholding ratio after subscription was 82.81%.

(4) Foreign currency transactions

The Group’s consolidated financial statements are presented in NT dollars, which is also the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT dollars at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

- A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- B. The Group holds the asset primarily for the purpose of trading
- C. The Group expects to realize the asset within twelve months after the reporting period
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- A. The Group expects to settle the liability in its normal operating cycle
- B. The Group holds the liability primarily for the purpose of trading
- C. The liability is due to be settled within twelve months after the reporting period
- D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within three months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- (a) the Group's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - i. Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial asset measured at amortized cost.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired
- (b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 *Financial Instruments*.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. In the principal market for the asset or liability, or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - Purchase cost on a weighted average cost basis.

Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(11) Investments accounted for using the equity method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro rata basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Group estimates:

- A. Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	1~45 years
Machinery and equipment	1~10 years
Other equipment	1~16 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(13) Investment property

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	20 years
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Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Group transfers properties to or from investment properties according to the actual use of the properties.

The Group transfers to or from investment properties when there is a change in use for these assets. Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(14) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(15) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Relationship of customer

The cost of customer relationship incurs as a result of merger and acquisition and is amortized on a straight-line basis over the estimated useful life of 7 to 10 years.

Technology and Know-how

The cost of technology and know-how incurs as a result of merger and acquisition and is amortized on a straight-line basis over the estimated useful life of 7 years.

Goodwill

Goodwill arising from business combinations is not amortized, and is tested for impairment annually or more frequently if events or change in circumstances suggest that the carrying amount may not be recoverable. If an event occurs or circumstances change which indicates that the goodwill is impaired, an impairment loss is recognized. Goodwill impairment losses cannot be reversed once recognized.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (1 to 20 years).

A summary of the policies applied to the Group's intangible assets is as follows:

	Relationship of customer	Technology and Know-how	Goodwill	Computer software
Useful lives	Finite	Finite	Unsure	Finite
Amortization method used	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight-line basis over the estimated useful life	Unamortized	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired	Acquired	Acquired

(16) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(17) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose on construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Other provision

According to management's judgement and other known reasons, the expected employee occupational injury expenses were recognized as miscellaneous expenses and estimated related provisions.

(18) Share-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(19) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follow:

Sale of goods

The Group manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is golf club head and revenue is recognized based on the consideration stated in the contract.

For some of services contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arised.

Rendering of services

The Group provides technology services. These services recognize revenue based on the content of the relevant agreement. Most of the contractual considerations of the Group are collected evenly throughout the contract period.

(20) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- A. the date of the plan amendment or curtailment, and
- B. the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(21) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The estimated average annual effective income tax rate only includes current income tax. The recognition and measurement of deferred tax follows annual financial reporting requirements in accordance with IAS 12. The Group recognizes the effect of change in tax rate for deferred taxes in full if the new tax rate is enacted by the end of the interim reporting period, by charging to profit or loss, other comprehensive income, or directly to equity.

(22) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IAS 9 *Financial Instruments* either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(1) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and change of the future salary etc..

(2) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.

(3) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(4) Accounts receivables—estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(5) Inventories

Estimates of net realisable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(6) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(7) Impairment of non-financial assets — goodwill

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of		
	September 30, 2022	December 31, 2021	September 30, 2021
Cash on hand	\$2,662	\$1,675	\$2,890
Checking and savings accounts	3,283,493	1,512,411	1,216,767
Time deposits	355,269	24,039	233,957
Total	<u>\$3,641,424</u>	<u>\$1,538,125</u>	<u>\$1,453,614</u>

(2) Financial assets at fair value through profit or loss

	As of		
	September 30, 2022	December 31, 2021	September 30, 2021
Financial assets mandatorily measured at fair value through profit or loss:			
Preferred stocks	\$166,455	\$179,166	\$176,484
Financial products	251,274	-	106,129
Unlisted stocks	1,400	1,400	1,400
US dollar aggressive funds	390	362	404
Convertible bond redemption	150	-	-
Total	<u>\$419,669</u>	<u>\$180,928</u>	<u>\$284,417</u>

	As of		
	September 30, 2022	December 31, 2021	September 30, 2021
Current	\$417,729	\$179,166	\$282,613
Non-current	1,940	1,762	1,804
Total	<u>\$419,669</u>	<u>\$180,928</u>	<u>\$284,417</u>

Financial assets at fair value through profit or loss were not pledged.

(3) Financial assets measured at amortized cost

	As of		
	September 30, 2022	December 31, 2021	September 30, 2021
Time deposits	\$63,100	\$286,293	\$287,757
Repatriated Offshore Funds (Note)	148,543	129,589	130,291
Subtotal (total carrying amount)	211,643	415,882	418,048
Less: loss allowance	-	-	-
Total	<u>\$211,643</u>	<u>\$415,882</u>	<u>\$418,048</u>
Current	\$211,153	\$285,808	\$287,275
Non-current	490	130,074	130,773
Total	<u>\$211,643</u>	<u>\$415,882</u>	<u>\$418,048</u>

Note: The Group applied to be applicable under the "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" in April 2020 and was approved to open a segregated foreign exchange deposit account by National Taxation Bureau of the Northern Area, Ministry of Finance. The repatriation of overseas investment income of US\$10,000 thousand is subject to an 8% withholding tax rate. After paying the income tax of US\$800 thousand, the remaining amount of US\$9,200 thousand (equivalent to \$258,980 thousand) and the current interest revenue of US\$28 thousand (equivalent to \$777 thousand) , according to The Management, Utilization, and Taxation of Repatriated Offshore Funds Act, was deemed funds that have not engaged in substantial investment and financial investment, and can only be withdrawn over a period of three years upon the expiry of five full years after the date of being deposited into the segregated foreign exchange deposit account. The Group actually withdrew US\$4,520 thousand (equivalent to \$132,775 thousand) for related substantial investments, as of September 30, 2022.

The Group classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 6(19) for more details on loss allowance and Note 8 for more details on financial assets measured at amortized cost under pledge. Please refer to Note 12 for more details on credit risk.

(4) Notes receivables

	As of		
	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivables arising from operating activities (total carrying amount)	\$4,277	\$13,278	\$5,977
Less: loss allowance	-	-	-
Total	<u>\$4,277</u>	<u>\$13,278</u>	<u>\$5,977</u>

Notes receivables were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(19) for more details on loss allowance and Note 12 for details on credit risk.

(5) Accounts receivable, net

	As of		
	September 30, 2022	December 31, 2021	September 30, 2021
Accounts receivable (total carrying amount)	\$5,135,519	\$3,940,314	\$2,787,392
Less: loss allowance	(23,040)	(19,790)	(14,770)
Subtotal	<u>5,112,479</u>	<u>3,920,524</u>	<u>2,772,622</u>
Accounts receivable—related parties (total carrying amount)	4,075	502	199
Less: loss allowance	-	-	-
Subtotal	<u>4,075</u>	<u>502</u>	<u>199</u>
Total	<u>\$5,116,554</u>	<u>\$3,921,026</u>	<u>\$2,772,821</u>

Accounts receivable were not pledged.

Accounts receivable are generally on 30-90 day terms. The total carrying amount as of September 30, 2022, December 31, 2021 and September 30, 2021 were \$5,143,871 thousand, \$3,954,094 thousand and \$2,793,568 thousand, respectively. Please refer to Note 6(19) for more details on loss allowance of accounts receivable for the nine-month periods ended September 30, 2022 and 2021. Please refer to Note 12 for more details on credit risk management.

(6) Inventories

	As of		
	September 30, 2022	December 31, 2021	September 30, 2021
Raw materials	\$1,396,590	\$1,211,842	\$1,018,059
Work in progress	1,200,200	1,620,211	1,405,163
Finished goods	999,562	1,047,051	637,351
Goods	8,274	6,162	18,021
Inventories in transit	1,191,385	829,630	697,180
Total	<u>\$4,796,011</u>	<u>\$4,714,896</u>	<u>\$3,775,774</u>

For the three-month periods ended September 30, 2022 and 2021, the Group recognized \$6,006,797 thousand and \$3,947,128 thousand, respectively, in operating cost, including the write-down of inventories of \$7,981 thousand and \$33,388 thousand, respectively.

For the nine-month periods ended September 30, 2022 and 2021, the Group recognized \$18,505,378 thousand and \$13,011,760 thousand, respectively, in operating cost, including the write-down of inventories of \$3,104 thousand and \$50,026 thousand, respectively.

No inventories were pledged.

(7) Investment accounted for using equity method

The following table lists the investments accounted for using the equity method of the Group:

Investees	As of					
	September 30, 2022		December 31, 2021		September 30, 2021	
	Carrying	Percentage of (%)	Carrying	Percentage of (%)	Carrying	Percentage of (%)
Investments in associates:						
Digital-Can Technology Co., Ltd.	\$-	-	\$-	-	\$-	-

The Group disposed of all shares of Digital-Can Technology Co., Ltd. in July, 2021. The net disposal proceeds amounted to \$24,066 thousand, with gain from disposal in the amount of \$4,656 thousand, which was recognized in other gains and losses. The aggregate carrying amount of the Group's interests in Digital-Can Technology Co., Ltd. all amounted to \$0 as of September 30, 2022, December 31, 2021 and September 30, 2021. The aggregate financial information of the Group's investments is as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2022	2021	2022	2021
Profit or loss from continuing operations	\$-	\$-	\$-	\$(1,447)
Other comprehensive income (post-tax)	-	-	-	-
Total comprehensive income	\$-	\$-	\$-	\$(1,447)

The associates had no contingent liabilities or capital commitments as of September 30, 2022, December 31, 2021 and September 30, 2021.

(8) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Others	Construction in progress and equipment awaiting inspection	Total
Cost:						
As of January 1, 2022	\$1,269,492	\$2,035,573	\$3,719,147	\$659,082	\$294,417	\$7,977,711
Additions	-	11,482	605,696	229,593	216,529	1,063,300
Disposals	-	(25,016)	(101,677)	(157,522)	(2,718)	(286,933)
Transfers	-	1,973	139,517	22,133	(78,735)	84,888
Exchange differences	1,314	58,289	177,823	19,256	9,698	266,380
As of September 30, 2022	<u>\$1,270,806</u>	<u>\$2,082,301</u>	<u>\$4,540,506</u>	<u>\$772,542</u>	<u>\$439,191</u>	<u>\$9,105,346</u>
As of January 1, 2021	\$1,129,901	\$2,112,458	\$3,162,467	\$658,669	\$126,929	\$7,190,424
Additions	103,471	3,714	418,847	46,278	179,834	752,144
Disposals	-	-	(99,456)	(4,148)	-	(103,604)
Acquisitions through business combinations (adjustments)	50,420	-	-	-	-	50,420
Transfers	-	(48,344)	121,531	(48,252)	(26,802)	(1,867)
Exchange differences	(15,095)	(46,314)	(73,295)	(8,819)	(945)	(144,468)
As of September 30, 2021	<u>\$1,268,697</u>	<u>\$2,021,514</u>	<u>\$3,530,094</u>	<u>\$643,728</u>	<u>\$279,016</u>	<u>\$7,743,049</u>
Depreciation and impairment:						
As of January 1, 2022	\$-	\$1,143,131	\$2,066,907	\$418,402	\$-	\$3,628,440
Depreciation	-	60,338	337,940	65,412	-	463,690
Disposals	-	(24,976)	(84,516)	(17,072)	-	(126,564)
Transfers	-	397	(7,216)	-	-	(6,819)
Exchange differences	-	23,929	79,451	15,634	-	119,014
As of September 30, 2022	<u>\$-</u>	<u>\$1,202,819</u>	<u>\$2,392,566</u>	<u>\$482,376</u>	<u>\$-</u>	<u>\$4,077,761</u>
As of January 1, 2021	\$-	\$1,147,403	\$1,845,000	\$378,108	\$-	\$3,370,511
Depreciation	-	62,196	266,341	54,844	-	383,381
Disposals	-	-	(81,217)	(3,607)	-	(84,824)
Transfers	-	(64,657)	6,036	(6,492)	-	(65,113)
Exchange differences	-	(28,878)	(45,736)	(7,637)	-	(82,251)
As of September 30, 2021	<u>\$-</u>	<u>\$1,116,064</u>	<u>\$1,990,424</u>	<u>\$415,216</u>	<u>\$-</u>	<u>\$3,521,704</u>
Net carrying amount as of:						
September 30, 2022	<u>\$1,270,806</u>	<u>\$879,482</u>	<u>\$2,147,940</u>	<u>\$290,166</u>	<u>\$439,191</u>	<u>\$5,027,585</u>
December 31, 2021	<u>\$1,269,492</u>	<u>\$892,442</u>	<u>\$1,652,240</u>	<u>\$240,680</u>	<u>\$294,417</u>	<u>\$4,349,271</u>
September 30, 2021	<u>\$1,268,697</u>	<u>\$905,450</u>	<u>\$1,539,670</u>	<u>\$228,512</u>	<u>\$279,016</u>	<u>\$4,221,345</u>

Components of building that have different useful lives are main building structure, fire protection engineering, air conditioning units and elevators, which are depreciated respectively.

There were no capitalized borrowing costs of construction in progress for the nine-month periods ended September 30, 2022 and 2021.

Please refer to Note 8 for more details on property, plant and equipment under pledge. Please refer to Note 6(24) for more details on remaining land under pledge.

(9) Intangible assets

	Relationship of customer	Technology and Know-how	Goodwill	Computer software	Total
Cost:					
As of January 1, 2022	\$136,000	\$103,000	\$499,617	\$74,555	\$813,172
Additions	-	-	-	5,485	5,485
Transfers	-	-	-	1,616	1,616
Exchange differences	-	-	579	2,823	3,402
As of September 30, 2022	<u>\$136,000</u>	<u>\$103,000</u>	<u>\$500,196</u>	<u>\$84,479</u>	<u>\$823,675</u>
As of January 1, 2021	\$136,000	\$125,000	\$549,968	\$58,849	\$869,817
Additions	-	-	-	11,512	11,512
Acquisitions through business combinations (adjustments)	-	(22,000)	(29,815)	-	(51,815)
Transfers	-	-	-	(1,365)	(1,365)
Exchange differences	-	-	(59)	(361)	(420)
As of September 30, 2021	<u>\$136,000</u>	<u>\$103,000</u>	<u>\$520,094</u>	<u>\$68,635</u>	<u>\$827,729</u>
Amortization and impairment:					
As of January 1, 2022	\$25,700	\$22,499	\$-	\$52,653	\$100,852
Amortization	11,100	11,036	-	9,119	31,255
Exchange differences	-	-	-	1,403	1,403
As of September 30, 2022	<u>\$36,800</u>	<u>\$33,535</u>	<u>\$-</u>	<u>\$63,175</u>	<u>\$133,510</u>
As of January 1, 2021	\$10,000	\$6,785	\$-	\$35,519	\$52,304
Amortization	12,000	12,036	-	8,811	32,847
Exchange differences	-	-	-	(124)	(124)
As of September 30, 2021	<u>\$22,000</u>	<u>\$18,821</u>	<u>\$-</u>	<u>\$44,206</u>	<u>\$85,027</u>
Net carrying amount as of:					
September 30, 2022	<u>\$99,200</u>	<u>\$69,465</u>	<u>\$500,196</u>	<u>\$21,304</u>	<u>\$690,165</u>
December 31, 2021	<u>\$110,300</u>	<u>\$80,501</u>	<u>\$499,617</u>	<u>\$21,902</u>	<u>\$712,320</u>
September 30, 2021	<u>\$114,000</u>	<u>\$84,179</u>	<u>\$520,094</u>	<u>\$24,429</u>	<u>\$742,702</u>

Amortization expense of intangible assets under the statement of comprehensive income:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2022	2021	2022	2021
Operating costs	<u>\$290</u>	<u>\$852</u>	<u>\$1,258</u>	<u>\$2,757</u>
Operating expenses	<u>\$10,342</u>	<u>\$9,303</u>	<u>29,997</u>	<u>\$30,090</u>

(10) Short-term loans

	Interest Rates (%)	As of		
		September 30, 2022	December 31, 2021	September 30, 2021
Unsecured bank loans	0.95%~4.98%	\$1,827,330	\$2,539,661	\$2,124,122
Secured bank loans	-	-	89,996	7,047
Total		<u>\$1,827,330</u>	<u>\$2,629,657</u>	<u>\$2,131,169</u>

The Group's unused short-term lines of credits amount to \$9,611,502 thousand, \$8,174,622 thousand and \$8,785,583 thousand, as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively.

Please refer to Note 8 for more details on land and Buildings pledged as security for short-term loans.

(11) Other payables

	As of		
	September 30, 2022	December 31, 2021	September 30, 2021
Salaries payable	\$713,647	\$885,212	\$652,627
Accrued expenses	626,643	334,370	296,818
Bonuses payable	99,072	64,972	47,482
Interest payable	598	640	475
Other payable—other	77,654	125,349	118,718
Other payable—related parties	80	-	22
Total	<u>\$1,517,694</u>	<u>\$1,410,543</u>	<u>\$1,116,142</u>

(12) Bonds payable

Domestic convertible bonds payable

	As of		
	September 30, 2022	December 31, 2021	September 30, 2021
Liability component:			
Principal amount	\$1,500,000	\$-	\$-
Discounts on bonds payable	(51,347)	-	-
Subtotal	1,448,653	-	-
Less: current portion	-	-	-
Net	<u>\$1,448,653</u>	<u>\$-</u>	<u>\$-</u>
Embedded derivative (Recognized in “Financial assets at fair value through profit or loss - non-current”)	<u>\$150</u>	<u>\$-</u>	<u>\$-</u>
Equity component (Recognized in “Equity - Additional paid-in capital”)	<u>\$236,307</u>	<u>\$-</u>	<u>\$-</u>

On April 11, 2022, the Company issued zero coupon unsecured convertible bonds. The actual fund raised amounted to a total of \$1,680,102 thousand. The terms of the convertible bonds were evaluated to include a liability component, embedded derivatives (a call option and a put option) and an equity component (an option for conversion into issuer's ordinary shares). The terms of the bonds are as follows:

Issue amount: NTD\$1,500,000 thousand with issue price at par value of \$100 thousand per bond.

Coupon rate: 0%

Period: April 11, 2022 ~ April 11, 2025

Important redemption clauses:

- a. The Company may redeem the bonds at par value, in whole or in part, after 3 months of the issuance and prior to 40th day before maturity date, if the closing price of the Company's ordinary shares on the Taiwan Stock Exchange (TWSE) for 30 consecutive trading days is at least 130% of the conversion price.
- b. The Company may redeem the bonds, in whole, at the early redemption conversion price if the amount of the company's outstanding shares is lower than the conversion price by 10% of the original total issuance amount during the period from the date after 3 months of the issuance and prior to 40th day before maturity date.

Terms of Exchange:

- a. Underlying Securities: Common shares of the Company
- b. Exchange Period: The bonds are exchangeable at any time on or after July 12, 2022 and prior to April 11, 2025 into common shares of the Company.
- c. Exchange Price and Adjustment: The exchange price was originally NTD\$210 per share. The exchange price will be subject to adjustments upon the occurrence of certain events set out in the indenture.
- d. Redemption on the Maturity Date: On the maturity date, the Company will redeem the bonds that remain outstanding at the principal amount.

The bonds already exchanged amount to \$0 as of September 30, 2022.

(13) Long-term loans

Details of long-term loans as of September 30, 2022 are as follows:

Lenders	As of September 30, 2022	Interest Rate (%)	Maturity date and terms of repayment
Bank of China secured bank loans	\$21,776	4.15%	The terms of repayment are from May 29, 2020 to May 28, 2023, repayment of 5% of the principal and interest are paid quarterly from May 29, 2021.
Subtotal	21,776		
Less: current portion	(21,776)		
Total	<u>\$-</u>		

Details of long-term loans as of December 31, 2021 are as follows:

Lenders	As of December 31, 2021	Interest Rate (%)	Maturity date and terms of repayment
Bank of China secured bank loans	\$25,980	4.15%	The terms of repayment are from May 29, 2020 to May 28, 2023, repayment of 5% of the principal and interest are paid quarterly from May 29, 2021.
Subtotal	25,980		
Less: current portion	(6,113)		
Total	<u>\$19,867</u>		

Long-term loans as of September 30, 2021 are as follows:

Lenders	As of September 30, 2021	Interest Rate (%)	Maturity date and terms of repayment
Bank of China secured bank loans	\$27,290	4.15%	The terms of repayment are from May 29, 2020 to May 28, 2023, repayment of 5% of the principal and interest are paid quarterly from May 29, 2021.
Subtotal	27,290		
Less: current portion	(6,065)		
Total	<u>\$21,225</u>		

(14) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month and nine-month periods ended September 30, 2022 were \$62,078 thousand, \$189,556 thousand, respectively, and for the three-month and nine-month periods ended September 30, 2021 were \$53,674 thousand, \$147,892 thousand, respectively.

Defined benefits plan

Expenses under the defined benefits plan for the three-month and nine-month periods ended September 30, 2022 were \$30,310 thousand, \$34,466 thousand, respectively, and for the three-month and nine-month periods ended September 30, 2021 were \$5,760 thousand and \$9,251 thousand, respectively.

(15) Provisions

	Decommissioning, restoration and rehabilitation	Other provision	Total
As of January 1, 2022	\$9,410	\$27,956	\$37,366
Utilized	-	(48,888)	(48,888)
Additions	-	74,681	74,681
Discount rate adjustment and unwinding of discount from the passage of time	232	-	232
Exchange differences	-	458	458
As of September 30, 2022	<u>\$9,642</u>	<u>\$54,207</u>	<u>\$63,849</u>
As of January 1, 2021	\$9,115	\$86,658	\$95,773
Utilized	-	(33,229)	(33,229)
Discount rate adjustment and unwinding of discount from the passage of time	221	-	221
Exchange differences	-	152	152
As of September 30, 2021	<u>\$9,336</u>	<u>\$53,581</u>	<u>\$62,917</u>
Current—September 30, 2022	\$-	\$54,207	\$54,207
Non-current—September 30, 2022	9,642	-	9,642
As of September 30, 2022	<u>\$9,642</u>	<u>\$54,207</u>	<u>\$63,849</u>
Current—December 31, 2021	\$-	\$27,956	\$27,956
Non-current—December 31, 2021	9,410	-	9,410
As of December 31, 2021	<u>\$9,410</u>	<u>\$27,956</u>	<u>\$37,366</u>
Current—September 30, 2021	\$-	\$6,242	\$6,242
Non-current—September 30, 2021	9,336	47,339	56,675
As of September 30, 2021	<u>\$9,336</u>	<u>\$53,581</u>	<u>\$62,917</u>

Decommissioning, restoration and rehabilitation

A provision has been recognized for decommissioning costs associated with a factory owned by subsidiary. The Group is committed to restore the site as was when decommissioning the site.

Other provision

According to the management's judgement and other known reasons, the expected employee occupational injury expenses were recognized as miscellaneous expense and estimated related provisions.

(16) Equities

A. Common stock

The Company's authorized capital were all \$3,000,000 thousand as of September 30, 2022, December 31, 2021 and September 30, 2021. The Company's issued capital were all \$1,310,300 thousand as of September 30, 2022, December 31, 2021 and September 30, 2021, each at a par value of \$10. Each share has one voting right and a right to receive dividends.

B. Capital surplus

	As of		
	September 30, 2022	December 31, 2021	September 30, 2021
Additional paid-in capital	\$1,515,684	\$1,515,684	\$1,515,684
Difference between consideration given/ received and carrying amount of interests in subsidiaries acquired/disposed of	75,872	75,872	75,872
Expired employee stock warrants	72,802	72,802	72,802
Share options	236,307	-	-
Changes in ownership interest in subsidiaries	23,765	709	-
Total	<u>\$1,924,430</u>	<u>\$1,665,067</u>	<u>\$1,664,358</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- (a) Payment of all taxes and dues;
- (b) Offset prior years' operation losses;
- (c) Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
- (d) Set aside or reverse special reserve in accordance with law and regulations; and
- (e) The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting. The Company's Articles of Incorporation further provide at least 10% of the dividends must be paid in the form of cash.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributes distributable earnings, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity, provided that the Company has already set aside special reserve according to the requirements for the adoption of IFRS. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

On March 31, 2021, the FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

On first-time adoption of the TIFRS, the Company's special reserve amounted to \$112,383 thousand as of the nine-month periods ended September 30, 2022 and 2021. Following the Company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to other net deductions from shareholders' equity are both \$0 as of the nine-month periods ended September 30, 2022 and 2021, respectively. The Company did not reverse special reserve to retained earnings for the period ended September 30, 2022 and 2021 as a result of the use, disposal of or reclassification of related assets.

Details of the 2021 and 2020 earnings distribution and dividends per share as approved by the stockholders' meeting on June 21, 2022 and August 11, 2021, respectively, are as follows:

	Appropriation of earnings		Dividend per share (\$)	
	2021	2020	2021	2020
Legal reserve	\$235,733	\$111,063		
Special reserve	26,181	35,065		
Common stock -cash dividend	1,572,360	864,798	\$12.0	\$6.6

Please refer to Note 6(21) for details on employees' compensation and remuneration to directors and supervisors.

D. Non-controlling interests

	For the nine-month periods ended September 30,	
	2022	2021
Beginning balance	\$763,764	\$648,726
Net gains attributable to non-controlling interests	225,319	95,129
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	13,524	(11,388)
Share-based compensation	1,521	-
Cash capital investment in subsidiary	127,200	-
Others	(13,751)	(22,199)
Ending balance	\$1,117,577	\$710,268

(17) Share-based payment plans

A. The relevant details of share-based payment plan of the subsidiary Minson Integration, Inc. were as follows:

Type of agreement	Grant date	Total number of share options granted (in thousands)	Contract period	Vesting condition
The first employee stock option plan in 2021	December 1, 2021	327	2.13 years	The certificate holder can exercise a certain percentage of the granted stock option within two years after the issuance expires.
Cash capital increase retained employee subscription	July 2, 2022	760	-	Immediately vested.

The share-based payment agreement mentioned above was accounted for equity-based settlement.

B. The following table contains further details on the aforementioned share-based payment plan of the subsidiary Minson Integration, Inc.:

	Nine-month period ended September 30,			
	2022		2021	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (NT\$)	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (NT\$)
Outstanding at beginning of period	327	\$-	-	\$-
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Outstanding at end of period	327		-	
Exercisable at end of period	-		-	
For share options granted during the period, weighted average fair value of those options at the measurement date (NT\$)	\$61.18		\$-	

C. The information of the subsidiary Minson Integration, Inc. on the outstanding share options is as follows:

	Range of exercise price (\$)	Weighted average remaining contractual life (years)
As of September 30, 2022		
share options outstanding at the end of the period	\$10	1.18
As of December 31, 2021		
share options outstanding at the end of the period	\$10	2
As of September 30, 2021		
share options outstanding at the end of the period	\$-	-

D. The Black-Scholes option pricing model was used by the subsidiary, Minson Integration, Inc. to estimate the fair value of the share options on the grant date. The information on each factor is as follows:

	Grant date December 1, 2021
Expected volatility (%)	39.17
Risk-free interest rate (%)	0.31
Expected option life (Years)	2.13
Weighted average share price (\$)	61.18

E. The Group's equity-settled share-based payment transactions generated fees for the three-month and nine-month periods ended September 30, 2022 were \$2,501 thousand, \$9,774 thousand, respectively, and for the three-month and nine-month periods ended September 30, 2021 were \$0, \$0, respectively.

(18) Operating revenue

A. Disaggregation of revenue

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2022	2021	2022	2021
Revenue from contracts with customers				
Sale of goods	\$7,824,101	\$4,929,988	\$23,913,147	\$16,402,173
Other revenue	220,009	178,833	586,470	509,953
Total	<u>\$8,044,110</u>	<u>\$5,108,821</u>	<u>\$24,499,617</u>	<u>\$16,912,126</u>

B. The Group recognizes contract revenue which is at a point in time.

(19) Expected credit losses

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2022	2021	2022	2021
Operating expenses – Expected credit losses				
Accounts receivables	<u>\$(5,879)</u>	<u>\$(7,796)</u>	<u>\$(1,350)</u>	<u>\$(8,468)</u>

Please refer to Note 12 for more details on credit risk.

The credit risk for the Group's financial assets measured at amortized cost are assessed as low (the same as the assessment result in the beginning of the period). Since the transaction objects of the company are all financial institutions such as banks with good credit, all of them are calculated based on the expected credit loss rate of 0% and the allowance loss amount is \$0.

The Group measures the loss allowance of its accounts receivable (including notes receivables and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of September 30, 2022, December 31, 2021 and September 30, 2021 are as follow:

Considering counterparties credit rating, industry characteristics and past experiences, the loss allowance of accounts receivable is measured as a single group by using a provision matrix. In addition, the provision matrix is expressed aggregately since overdue days interval between each entities in the Group is equivalent. Details for provision matrix are as follow:

As of September 30, 2022

	Not yet due (Note)	Overdue			Total
		Under 60 days	61~180 days	Over 181 days	
Gross carrying amount	\$4,884,743	\$244,240	\$13,794	\$1,094	\$5,143,871
Loss ratio					0.4479%
Lifetime expected credit losses	-	(14,822)	(7,124)	(1,094)	(23,040)
Net carrying amount	\$4,884,743	\$229,418	\$6,670	\$-	\$5,120,831

As of December 31, 2021

	Not yet due (Note)	Overdue			Total
		Under 60 days	61~180 days	Over 181 days	
Gross carrying amount	\$3,381,329	\$416,335	\$149,571	\$6,859	\$3,954,094
Loss ratio					0.5005%
Lifetime expected credit losses	-	(2,084)	(10,847)	(6,859)	(19,790)
Net carrying amount	\$3,381,329	\$414,251	\$138,724	\$-	\$3,934,304

As of September 30, 2021

	Not yet due (Note)	Overdue			Total
		Under 60 days	61~180 days	Over 181 days	
Gross carrying amount	\$2,389,454	\$345,330	\$57,759	\$1,025	\$2,793,568
Loss ratio					0.5287%
Lifetime expected credit losses	-	(2,212)	(12,346)	(212)	(14,770)
Net carrying amount	\$2,389,454	\$343,118	\$45,413	\$813	\$2,778,798

Note: The Group's note receivables are not overdue.

The movement in the provision for impairment of notes receivables and accounts receivable during the nine-month periods ended September 30, 2022 and 2021 is as follows:

	Notes receivables	Accounts receivable
As of January 1, 2022	\$-	\$19,790
Reversal for the current period	-	1,350
Exchange differences	-	1,900
As of September 30, 2022	\$-	\$23,040
As of January 1, 2021	\$-	\$6,489
Addition for the current period	-	8,468
Bad debts	-	(100)
Exchange differences	-	(87)
As of September 30, 2021	\$-	\$14,770

(20) Leases

A. Group as a lessee

The Group leases various properties, including real estate such as land and buildings, machinery and equipment and other equipment. The lease terms range from 1 to 13 years. The Group is not subject to any special restrictions.

The Group's leases effect on the financial position, financial performance and cash flows are as follows:

(a) Amounts recognized in the balance sheet

i. Right-of-use assets

The carrying amount of right-of-use assets

	As of		
	September 30, 2022	December 31, 2021	September 30, 2021
Land	\$330,267	\$96,918	\$97,379
Buildings	134,426	197,500	206,454
Total	<u>\$464,693</u>	<u>\$294,418</u>	<u>\$303,833</u>

During the nine-month periods ended September 30, 2022 and 2021, the Group's additions to right-of-use assets amounting to \$226,500 thousand and \$1,005 thousand, respectively.

ii. Lease liabilities

	As of		
	September 30, 2022	December 31, 2021	September 30, 2021
Lease liabilities	<u>\$343,049</u>	<u>\$214,215</u>	<u>\$223,109</u>
Current	\$55,279	\$67,670	\$67,746
Non-current	287,770	146,545	155,363
Total	<u>\$343,049</u>	<u>\$214,215</u>	<u>\$223,109</u>

Please refer to Note 6(22) for the interest on lease liabilities recognized during the three-month and nine-month periods ended September 30, 2022 and 2021 and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities in September 30, 2022, December 31, 2020, and September 30, 2021.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2022	2021	2022	2021
Land	\$1,761	\$1,180	\$4,017	\$3,555
Buildings	15,023	16,485	44,793	53,657
Total	<u>\$16,784</u>	<u>\$17,665</u>	<u>\$48,810</u>	<u>\$57,212</u>

(c) Income and costs relating to leasing activities

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2022	2021	2022	2021
The expenses relating to leases of low-value assets (Including the expenses relating to short-term leases of low-value assets)	\$2,180	\$11,880	\$12,925	\$27,777

(d) Cash outflow relating to leasing activities

During the three-month and nine-month periods ended September 30, 2022, the Group's total cash outflows for leases amounting to \$18,311 thousand and \$61,478 thousand, respectively, and during the three-month and nine-month periods ended September 30, 2021, the Group's total cash outflows for leases amounting to \$29,964 thousand and \$84,210 thousand, respectively.

(e) Other information relating to leasing activities

Some of the Group's agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group.

After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

B. Group as a lessor

The Group's leases of self-own investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2022	2021	2022	2021
Lease income for operating leases				
Income relating to fixed lease payments	<u>\$3,261</u>	<u>\$3,142</u>	<u>\$9,756</u>	<u>\$9,478</u>

For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of September 30, 2022, December 31, 2021 and September 30, 2021 are as follow:

	As of		
	September 30, 2022	December 31, 2021	September 30, 2021
Not later than one year	\$13,008	\$12,637	\$12,637
Later than one year and not later than five years	-	9,478	12,637
Later than five years	-	-	-
Total	<u>\$13,008</u>	<u>\$22,115</u>	<u>\$25,274</u>

(21) Summary statement of employee benefits, depreciation and amortization expenses by function:

	For the three-month periods ended September 30,					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$1,056,763	\$310,546	\$1,367,309	\$809,819	\$253,515	\$1,063,334
Labor and health insurance	12,009	13,179	25,188	10,415	9,461	19,876
Pension	64,505	27,883	92,388	45,110	14,324	59,434
Remuneration to directors	-	1,700	1,700	-	1,625	1,625
Other employee benefits expense	213,280	34,881	248,161	238,212	25,104	263,316
Depreciation	155,081	31,697	186,778	133,756	26,511	160,267
Amortization	290	10,342	10,632	852	9,303	10,155

	For the nine-month periods ended September 30,					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$3,224,855	\$878,721	\$4,103,576	\$2,615,664	\$759,622	\$3,375,286
Labor and health insurance	34,902	33,804	68,706	29,811	26,988	56,799
Pension	173,826	50,196	224,022	123,705	33,438	157,143
Remuneration to directors	-	5,100	5,100	-	4,875	4,875
Other employee benefits expense	661,068	109,915	770,983	706,310	68,453	774,763
Depreciation	424,750	87,750	512,500	362,652	77,941	440,593
Amortization	1,258	29,997	31,255	2,757	30,090	32,847

According to the Articles of Incorporation, 2% of profit of the current year is distributable as employees' compensation and no higher than 0.5% of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. If the Board of Directors subsequently modifies the estimates significantly, the company will recognize the change as an adjustment in the profit or loss in the subsequent period. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the nine-month period ended September 30, 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the nine-month period ended September 30, 2022 to be 2% of profit of the current nine-month periods and 0.03% of profit of the current nine-month period, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors for the three-month and nine-month periods ended September 30, 2022 amount to \$31,306 thousand and \$450 thousand, \$87,332 thousand and \$1,350 thousand, respectively and recognized as salaries expense.

Based on profit of the nine-month period ended September 30, 2021, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the nine-month period ended September 30, 2021 to be 2% of profit of the current nine-month periods and 0.05 % of profit of the current nine-month period, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors for the three-month and nine-month periods ended September 30, 2021 amount to \$11,568 thousand and \$375 thousand, \$42,135 thousand and \$1,125 thousand, respectively and recognized as salaries expense.

A resolution was approved by Board of Directors on March 23, 2022 to distribute \$57,769 thousand and \$1,625 thousand employees' compensation and directors' remuneration of 2021, respectively. No difference exists between the estimated and the actual distributing amount for the year ended December 31, 2021.

No difference exists between the estimated and the actual distributing amount for employees' compensation and directors' remuneration for the year ended December 31, 2020.

(22) Non-operating income and expenses

A. Interest income

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2022	2021	2022	2021
Interest income				
Financial assets measured at amortized cost	\$10,485	\$4,315	\$19,244	\$9,396
Financing provided to others (Note)	313	311	990	937
Total	<u>\$10,798</u>	<u>\$4,626</u>	<u>\$20,234</u>	<u>\$10,333</u>

Note: Please refer to attachment 1 for financing provided to others.

B. Other income

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2022	2021	2022	2021
Rent income	\$3,293	\$4,577	\$10,575	\$13,902
Dividend income	6,139	6,137	6,139	6,137
Other income-government grants	16,338	1,640	16,769	11,875
Other income-various subsidies	1,290	110,941	59,876	110,941
Other income-others	15,367	3,432	58,945	71,163
Total	<u>\$42,427</u>	<u>\$126,727</u>	<u>\$152,304</u>	<u>\$214,018</u>

C. Other gains and losses

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2022	2021	2022	2021
Gains /(Losses) on disposal of property, plant and equipment	\$2,831	\$(194)	\$1,039	\$2,577
Gains on disposal of investments	-	4,656	-	4,656
Losses on financial assets at fair value through profit or loss	(9,135)	(2,121)	(11,839)	(980)
Foreign exchange gains/(losses), net	436,716	(1,117)	832,337	(21,675)
Others (Note)	(13,163)	(123,934)	(18,399)	(130,374)
Gains on lease modification	53	731	3,404	731
Total	<u>\$417,302</u>	<u>\$(121,979)</u>	<u>\$806,542</u>	<u>\$(145,065)</u>

Note: The subsidiary of the Group, Vision International Co., Ltd. (Vision), is located in Binh Duong Province of Vietnam. Due to the Covid-19 outbreak, the subsidiary suspended production from 23 July, 2021 to 30 September, 2021. The Group recognized non-operating depreciation expense and other related expense totaling \$109,189 thousand as the related loss on work stoppage and listed them under miscellaneous disbursements.

D. Finance costs

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2022	2021	2022	2021
Interest on borrowings from bank	\$(12,244)	\$(4,513)	\$(27,456)	\$(14,318)
Interest on lease liabilities	(1,251)	(1,647)	(3,648)	(5,654)
Interest on bonds payable	(4,969)	-	(9,110)	-
Total	<u>\$(18,464)</u>	<u>\$(6,160)</u>	<u>\$(40,214)</u>	<u>\$(19,972)</u>

(23) Components of other comprehensive income

For three-month period ended September 30, 2022

	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:				
Exchange differences resulting from translating the financial statements of foreign operations	<u>\$76,124</u>	<u>\$-</u>	<u>\$76,124</u>	<u>\$-</u>

For three-month period ended September 30, 2021

	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:				
Exchange differences resulting from translating the financial statements of foreign operations	<u>\$(4,990)</u>	<u>\$-</u>	<u>\$(4,990)</u>	<u>\$-</u>

For the nine-month period ended September 30, 2022

	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:				
Exchange differences resulting from translating the financial statements of foreign operations	<u>\$218,275</u>	<u>\$-</u>	<u>\$218,275</u>	<u>\$-</u>

For the nine-month period ended September 30, 2021

	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive	Other comprehensive income, net of tax
Arising during the period	during the period	tax	comprehensive	tax
To be reclassified to profit or loss in subsequent periods:				
Exchange differences resulting from translating the financial statements of foreign operations	\$(76,398)	\$-	\$(76,398)	\$-
				\$(76,398)

(24) Income tax

The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2022	2021	2022	2021
Current income tax expense (income):				
Current income tax charge	\$357,393	\$160,854	\$968,579	\$496,672
Adjustments in respect of current income tax of prior periods	(4,527)	27	31,621	(9,193)
Deferred tax expense (income):				
Deferred tax expense (income) relating to origination and reversal of temporary differences	(11,056)	(9,441)	13,195	(16,540)
Tax expense (income) recognized in the period for previously unrecognized tax loss, tax credit or temporary difference of prior periods	-	-	(977)	-
Total income tax expense	\$341,810	\$151,440	\$1,012,418	\$470,939

The assessment of income tax returns

As of September 30, 2022, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2020
Subsidiary- NFT Technology Co., Ltd	Assessed and approved up to 2020
Subsidiary- Crosspace CO., LTD	Assessed and approved up to 2020
Subsidiary- Minson Integration, Inc.	Not yet approved

The Company and the tax authority could not agree on the goodwill amortization in the Company's income tax returns from 2010 to 2015. The Company filed for administrative relief and has paid all of the taxable amount pursuant to relevant regulations. The tax authority requested relevant competent authorities to prohibit land transfer registration or creation of other rights concerning certain pieces of land. The carrying amounts of restricted land amounted to \$0, \$0 and \$18,724 thousand as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively. The Company retained attorneys to work on the case and the Company's operations, finances and business remained normal and were not affected by the case.

(25) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2022	2021	2022	2021
A. Basic earnings per share				
Profit attributable to ordinary equity holders of the Company (in thousands)	\$1,354,442	\$437,633	\$3,696,747	\$1,772,645
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	131,030	131,030	131,030	131,030
Basic earnings per share (NT\$)	\$10.34	\$3.34	\$28.21	\$13.53
B. Diluted earnings per share				
Profit attributable to ordinary equity holders of the Company (in thousands)	\$1,354,442	\$437,633	\$3,696,747	\$1,772,645
Less: Interest expense from convertible bonds (in thousands)	3,529	-	3,529	-
Profit attributable to ordinary equity holders of the Company after dilution (in thousands)	\$1,357,971	\$437,633	\$3,700,276	\$1,772,645
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	131,030	131,030	131,030	131,030
Effect of dilution:				
Employee compensation — stock (in thousands)	478	234	561	288
Convertible bonds (in thousands)	6,289	-	2,119	-
Weighted average number of ordinary shares outstanding after dilution (in thousands)	137,797	131,264	133,710	131,318
Diluted earnings per share (NT\$)	\$9.85	\$3.33	\$27.67	\$13.50

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

(26) Business combinations

Acquisition of Minson Integration, Inc. and its subsidiaries

The Company intended to acquire the sporting goods and equipment division of Min Shun Enterprise Co., Ltd., the sporting goods division of Min Yang Co., Ltd. (hereinafter referred to as the "Acquired Business"), and the equity of four Thai companies. (namely: MINTECH ENTERPRISES COMPANY LIMITED, MINSON ENTERPRISES (THAILAND) COMPANY LIMITED, MINONE ENTERPRISES COMPANY LIMITED and MENXON ENTERPRISES (THAILAND) COMPANY LIMITED) (hereinafter referred to as the "Acquired Companies ") (The "Acquired Business" and "Acquired Companies" are collectively referred to as "Acquisition Target"). According to the agreement between the Company and the seller of said Acquisition Target, the seller shall establish Minson Integration, Inc. and sell the Acquired Business to Minsheng Integration, Inc., will purchase the Acquired Companies from the seller. Later the Company will take part in the cash capital increase of Minson Integration, Inc. and purchase the shares of Minson Integration, Inc. owned by the seller. As a result, the Company's ownership in Minson Integration, Inc. would reached 85% when the merger and acquisition is completed.

The Company set November 30, 2020 as the acquisition date, and measured the identifiable assets acquired and liabilities assumed based on the fair value on that day.

The Group elected to measure the non-controlling interest in Minson Integration, Inc. and its subsidiaries at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The fair values of the identifiable assets and liabilities of the Acquired Target on the acquisition date are as follows:

	Fair value recognized on acquisition
Cash and cash equivalents	\$777,371
Accounts receivable, net	310,874
Other receivable	10,772
Inventories	371,688
Prepayments	25,607
Other current assets	2,847
Refundable deposits	1,551
Other assets—others	4,479
Deferred tax assets	2,070
Property, plant and equipment	1,147,042
Intangible assets	197,050
Identifiable net assets	2,851,351

	Fair value recognized on acquisition
Short-term loans	(213,981)
Notes payable	(133)
Accounts payable	(242,834)
Other payables	(1,001,623)
Accrued expenses	(81,236)
Advance payment	(10,208)
Other current liabilities	(721)
Other liabilities	(127,111)
Total assumed liabilities	(1,677,847)
Total identifiable net assets at fair value	<u>\$1,173,504</u>

Goodwill of Minson Integration, Inc. and its subsidiaries is as follows:

	Amount
Cash consideration (after adjusting initial price \$28,900 thousand)	\$1,331,100
Add: non-controlling interests (after adjusting initial price \$5,100 thousand)	234,900
Less: identifiable net assets at fair value	(1,173,504)
Goodwill	<u>\$392,496</u>

Cash flows on acquisition:

	Amount
Net cash acquired with the subsidiary	\$777,371
Cash paid (after adjusting initial price \$28,900 thousand)	(1,331,100)
Net cash outflow	<u>\$(553,729)</u>

The initial cash consideration paid by the Group was \$1,360,000 thousand in 2020, which was based on what is stated in the equity purchase and sale agreement. The amount of actual working capital in the balance sheet on the delivery date (November 30, 2020) after deducting the normal working capital level has being agreed by both parties (which was NTD\$350,000 thousand) (Hereinafter referred to as "working capital adjustment"). The amount is the basis to determine the initial price. After the working capital adjustment on the delivery date is determined, if it is within plus or minus 3% (inclusive) of the above normal working capital level, the initial price remains unchanged. However, if it exceeds plus or minus 3%, the initial price will fully reflect the increase/decrease of the working capital adjustment. Said working capital is calculated based on all assets (excluding fixed assets and intangible assets) on the balance sheet on the delivery date after deducting all liabilities (excluding debts due to share payments).

The initial price mentioned above was adjusted on April 30, 2021 as agreed by both the buyer and the seller. The adjusted price was \$34,000 thousand. The Group received a refund of \$28,900 thousand according to 85% shareholding of the year, of which \$5,100 thousand received with 15% shareholding percentage was recorded under changes in non-controlling interests. The Group paid \$1,331,100 thousand for the net cash consideration due to the business combination.

Goodwill is expected to result from the comprehensive effect of the acquisition.

When the Group was planning to acquire Minson Integration, Inc. and its subsidiaries, the equity value analysis information used to determine the acquisition price was based on the company's financial forecast from the half of 2020 to 2025. Therefore, whether there is a significant difference between the expected benefits after the acquisition and the actual operation is explained by the achievement of the related operating income during the financial forecast period. After the acquisition, the actual operating income of the first three quarters of 2021 and 2022 reached 112% and 142% of the expected operating income, respectively.

7. Related party transactions

Information of related parties that had transactions with the Group during the financial reporting periods is as follows:

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Fusheng Curtis Direct	Substantive related party
Fu Sheng Industrial CO., Ltd.	Substantive related party
Fu Sheng Industrial (Shanghai) Co., Ltd.	Substantive related party
Zhong Shan Fu Sheng Electromechanical Co., Ltd.	Substantive related party
Zhong Shan Fu Sheng Machinery Co., Ltd.	Substantive related party
Worldmark Service Ltd.	Substantive related party
Well Base International Limited	Substantive related party
Fu Sheng USA	Substantive related party
Fu Sheng (Vietnam) Industrial Co., Ltd.	Substantive related party
Fusheng Electronics Corporation	Substantive related party
Minson Enterprises Co., Ltd.	Substantive related party
Min Yang Co., Ltd.	Substantive related party
FS-Elliott Co. LLC	Substantive related party
California Air Compressor Company	Substantive related party

(1) Sales

	<u>For the three-month</u> <u>periods ended September 30,</u>		<u>For the nine-month</u> <u>periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Fu Sheng Industrial CO., Ltd.	\$151	\$189	\$523	\$226
Fu Sheng USA	7,647	-	11,201	-
Others	2	-	99	86
Total	<u>\$7,800</u>	<u>\$189</u>	<u>\$11,823</u>	<u>\$312</u>

The sales price to the above related parties was determined through mutual agreement based on the market rates. The collection period for domestic sales to related parties was month-end 90 days, while the terms for overseas sales were 30~120 days from FOB shipping point. The collection period for third party domestic sales was month-end 30~60 days, while the terms for overseas sales were 30~90 days from FOB shipping point. The outstanding balance at September 30, 2022 and 2021 was unsecured, non-interest bearing and must be settled in cash. The receivables from the related parties were not guaranteed.

(2) Accounts receivable

	As of		
	September 30, 2022	December 31, 2021	September 30, 2021
Zhong Shan Fu Sheng Electromechanical Co., Ltd.	\$159	\$502	\$199
Fu Sheng USA	3,916	-	-
Total	<u>\$4,075</u>	<u>\$502</u>	<u>\$199</u>

(3) Accounts payable

	As of		
	September 30, 2022	December 31, 2021	September 30, 2021
Fu Sheng (Vietnam) Industrial Co., Ltd.	\$627	\$-	\$5,921
Others	475	347	574
Total	<u>\$1,102</u>	<u>\$347</u>	<u>\$6,495</u>

(4) Refundable deposits

	As of		
	September 30, 2022	December 31, 2021	September 30, 2021
Fu Sheng (Vietnam) Industrial Co., Ltd.	\$36,708	\$69,333	\$68,760
Min Yang Co., Ltd.	1,251	-	-
Total	<u>\$37,959</u>	<u>\$69,333</u>	<u>\$68,760</u>

(5) Lease—related parties

A. Rent Income

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2022	2021	2022	2021
Fusheng Curtis Direct	\$3	\$446	\$152	\$1,270
Total	<u>\$3</u>	<u>\$446</u>	<u>\$152</u>	<u>\$1,270</u>

The rental income is generated from leasing the plant to related parties. The transaction conditions are agreed upon by both parties, and the rent is paid monthly.

B. Rent Expense

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2022	2021	2022	2021
Zhong Shan Fu Sheng				
Electromechanical Co., Ltd.	\$1,046	\$1,651	\$3,114	\$1,651
Fu Sheng Industrial CO., Ltd.	315	-	945	-
Others	11	-	33	-
Total	<u>\$1,372</u>	<u>\$1,651</u>	<u>\$4,092</u>	<u>\$1,651</u>

The rent expense is generated from leasing the plant from related parties. The transaction conditions are agreed upon by both parties, and the rent is paid monthly.

C. Right-of-use assets

	As of		
	September 30, 2022	December 31, 2021	September 30, 2021
Fu Sheng (Vietnam) Industrial Co., Ltd.	\$234,148	\$-	\$-
Min Yang Co., Ltd.	5,873	9,396	10,571
Total	<u>\$240,021</u>	<u>\$9,396</u>	<u>\$10,571</u>

D. Lease liabilities

	As of		
	September 30, 2022	December 31, 2021	September 30, 2021
Fu Sheng (Vietnam) Industrial Co., Ltd.	\$195,667	\$-	\$-
Min Yang Co., Ltd.	5,924	9,433	10,610
Total	<u>\$201,591</u>	<u>\$9,433</u>	<u>\$10,610</u>

E. Interest Expense

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2022	2021	2022	2021
Zhong Shan Fu Sheng				
Electromechanical Co., Ltd.	\$-	\$-	\$-	\$332
Fu Sheng (Vietnam) Industrial				
Co., Ltd.	311	-	311	-
Min Yang Co., Ltd.	16	26	56	90
Total	<u>\$327</u>	<u>\$26</u>	<u>\$367</u>	<u>\$422</u>

F. Depreciation

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2022	2021	2022	2021
Zhong Shan Fu Sheng Electromechanical Co., Ltd.	\$-	\$-	\$-	\$4,144
Fu Sheng (Vietnam) Industrial Co., Ltd.	663	-	663	-
Min Yang Co., Ltd.	1,175	1,163	3,524	3,524
Total	<u>\$1,838</u>	<u>\$1,163</u>	<u>\$4,187</u>	<u>\$7,668</u>

(6) Other income

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2022	2021	2022	2021
Worldmark Service Ltd.	\$21	\$537	\$1,122	\$1,620
Others	117	107	337	326
Total	<u>\$138</u>	<u>\$644</u>	<u>\$1,459</u>	<u>\$1,946</u>

Other income consists mainly of management service income, which is the fixed service income received monthly as a result of the Group's administration services provided to related parties.

(7) Property transaction

A. Purchase of Property, plant and equipment

Related party	Item of asset	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
		2022	2021	2022	2021
Zhong Shan Fu Sheng Electromechanical Co., Ltd.	Construction in progress	\$45,016	\$18,940	\$252,536	\$139,932
Fu Sheng Industrial CO., Ltd. etc.	Machinery and equipment	112	1,148	7,919	10,061
Total		<u>\$45,128</u>	<u>\$20,088</u>	<u>\$260,455</u>	<u>\$149,993</u>

The above purchase price was negotiated by the buyer and the seller. For the description of the construction in progress transaction with the related party - Zhong Shan Fu Sheng Electromechanical Co., Ltd., please refer to Note 9.

B. Zhong Shan Aubo Precision Technology Co., Ltd. entered into an assignment contract with the related party, Zhong Shan Fu Sheng Electromechanical Co., Ltd., on August 6, 2022, to transfer land tenure right and the buildings located on Huo-ju Road, Zhongshan Torch High-tech Industrial Development Zone, Zhongshan, Guangdong Province, China. Please refer to Note 9.

(8) Key management personnel compensation

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2022	2021	2022	2021
Short-term employee benefits	\$21,649	\$16,148	\$58,477	\$48,159

8. Assets pledged as security

Except as mentioned in Note 6(24), the following table lists assets of the Group pledged as security:

Items	Carrying amount			Secured liabilities
	September 30, 2022	December 31, 2021	September 30, 2021	
Financial assets measured at amortized cost	\$15,000	\$15,000	\$15,000	Gas guarantee
Property, plant and equipment—Land	45,231	28,350	28,203	Short-term loans
Property, plant and equipment—Buildings	59,564	84,189	85,679	Short-term loans
Total	\$119,795	\$127,539	\$128,882	

9. Commitments and contingencies

(1) As of September 30, 2022, the Group has the following unused letters of credit:

Currency	Amount (in dollar)
JPY	\$190,840,325
EUR	\$828,000

(2) Please refer to Attachment 2 for information of guarantees for related parties.

(3) Financial institution commitments:

Financial institution	Purpose of guarantee	Amount
Bank Sinopac Co. Ltd.	Customs Duty Guarantee	\$3,000
Bangkok Bank Public Company Limited	Electricity Usage Guarantee	4,235
Total		\$7,235

(4) Significant unpaid commitments:

Contract	Contract amount	Payment amount	Unpaid amount
Machinery and equipment, etc.	\$159,925	\$95,528	\$64,397

(5) Zhong shan Aobo Precision Technology Co., Ltd., a subsidiary of the Company, passed the resolution in its board meeting on August 21, 2019 in response to the demand for additional factory to acquire from a substantial related party, Zhong Shan Fu Sheng Electromechanical Co., Ltd., the 4,703.27 square meters of land's use rights and its buildings located on Huo-ju Road, Zhongshan Torch High-tech Industrial Development Zone, Zhongshan, Guangdong Province, China at RMB48,629 thousand. In order to comply with local laws and regulations in Zhongshan City, Guangdong Province, China, when the plot ratio of the land is less than 25%, the land cannot be transferred. Therefore, Zhongshan Aobo Precision Technology Co., Ltd., a subsidiary of the Company, appointed a related party - Zhongshan Fusheng Electromechanical Co., Ltd. to engage a contractor to build industrial plants on the premises with the total contract price of RMB33,300 thousand, and paid related administrative expenses. On August 5, 2022, the plan was approved by the board of directors, and it was updated to acquire 20,515.4 square meters of land's use rights and buildings on the ground at a price of RMB 83,456 thousand. The two parties signed a transaction contract on August 6, 2022. As of September 30, 2022, a payment of RMB56,798 thousand has been made, equivalent to approximately \$252,536 thousand.

- (6) Vision International Co., Ltd. (“Vision”), a subsidiary of the Company, obtained authorization from its board members to sign the plant construction agreement with Fu Sheng (Vietnam) Industrial Co., Ltd. after reaching a board resolution on March 24, 2021 to meet the needs of expanding production lines. The agreement was executed on July 15, 2021, and on the same day, Vision paid US\$2,500 as guarantee to Fu Sheng (Vietnam) Industrial Co., Ltd. As of September 30, 2022, the project has been completed, and the payment equivalent of approximately \$39,501 thousand has been transferred to the right-of-use asset account in accordance with the contract, and the remaining amount equivalent to \$36,708 thousand will be listed in " Refundable Deposits ".

10. Losses due to major disasters:

None.

11. Significant subsequent events:

None.

12. Others

(1) Categories of financial instruments

Financial assets

	As of		
	September 30, 2022	December 31, 2021	September 30, 2021
Financial assets at fair value through profit or loss:			
Designated at fair value through profit or loss	\$419,669	\$180,928	\$284,417
Subtotal	419,669	180,928	284,417
Financial assets measured at amortized cost:			
Cash and cash equivalents (excluding cash on hand)	3,638,762	1,536,450	1,450,724
Financial assets measured at amortized cost	211,643	415,882	418,048
Notes and accounts receivable, net (including related parties)	5,120,831	3,934,304	2,778,798
Other receivables (including related parties)	261,280	315,625	276,899
Refundable deposits	60,989	89,636	88,995
Subtotal	9,293,505	6,291,897	5,013,464
Total	\$9,713,174	\$6,472,825	\$5,297,881

Financial liabilities

	As of		
	September 30, 2022	December 31, 2021	September 30, 2021
Financial liabilities at amortized cost:			
Short-term loans	\$1,827,330	\$2,629,657	\$2,131,169
Accounts payables (including related parties)	3,563,530	3,298,528	2,577,725
Lease liabilities	343,049	214,215	223,109
Other payables (including related parties)	1,517,694	1,410,543	1,116,142
Guarantee deposits	5,726	6,144	6,172
Bonds payable (including current portion with maturity less 1 year)	1,448,653	-	-
Long-term loans (including current portion with maturity less 1 year)	21,776	25,980	27,290
Other non-current liability	243	1,007	7,351
Total	<u>\$8,728,001</u>	<u>\$7,586,074</u>	<u>\$6,088,958</u>

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency USD. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against foreign currency USD by 1%, the profit for the nine-month periods ended September 30, 2022 and 2021 is decrease/increase by \$58,462 thousand and \$26,441 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the nine-month periods ended September 30, 2022 and 2021 to decrease/increase by \$1,549 thousand and \$2,158 thousand, respectively.

Equity price risk

The fair value of the Group's listed equity securities is susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed equity securities is classified under financial assets measured at fair value through profit or loss. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments.

At the reporting date, a change of 1% in the price of the listed equity securities measured at fair value through profit or loss could increase/decrease the Group's profit for the nine-month periods ended September 30, 2022 and 2021 by \$1,665 thousand and \$1,765 thousand, respectively.

Please refer to Note 12(9) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As of September 30, 2022, December 31, 2021 and September 30, 2021, amounts receivables from top ten customers represent 86%, 81% and 81% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

The Group adopted IFRS 9 to assess the expected credit losses. Except for accounts and notes receivables, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

Financial assets are written off when there is no realistic prospect of future recovery.

When the credit risk on debt instrument investment has increased, the Group will dispose that investment in order to minimize the credit losses. When assessing the expected credit losses, the evaluation of the forward-looking information (available without undue cost and effort) is mainly based on the macroeconomic information and the credit loss ratio is further adjusted if there is significant impact from forward-looking information.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of September 30, 2022					
Short-term loans					
(including interest payable)	\$1,854,534	\$-	\$-	\$-	\$1,854,534
Accounts payables					
(including related parties)	3,563,530	-	-	-	3,563,530
Convertible bonds	-	1,500,000	-	-	1,500,000
Lease liabilities	58,390	77,656	31,048	191,872	358,966
Other payables					
(including related parties)	1,517,694	-	-	-	1,517,694
Guarantee deposits	5,726	-	-	-	5,726
Long-term loans					
(including interest payable)	22,309	-	-	-	22,309
Other non-current liability	-	243	-	-	243
Total	<u>\$7,022,183</u>	<u>\$1,577,899</u>	<u>\$31,048</u>	<u>\$191,872</u>	<u>\$8,823,002</u>
As of December 31, 2021					
Short-term loans					
(including interest payable)	\$2,649,173	\$-	\$-	\$-	\$2,649,173
Accounts payables					
(including related parties)	3,298,528	-	-	-	3,298,528
Lease liabilities	72,676	117,888	31,284	2,818	224,666
Other payables					
(including related parties)	1,410,543	-	-	-	1,410,543
Guarantee deposits	6,144	-	-	-	6,144
Long-term loans					
(including interest payable)	7,035	20,177	-	-	27,212
Other non-current liability	-	1,007	-	-	1,007
Total	<u>\$7,444,099</u>	<u>\$139,072</u>	<u>\$31,284</u>	<u>\$2,818</u>	<u>\$7,617,273</u>

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of September 30, 2021					
Short-term loans					
(including interest payable)	\$2,141,952	\$-	\$-	\$-	\$2,141,952
Accounts payables					
(including related parties)	2,577,725	-	-	-	2,577,725
Lease liabilities	73,136	114,276	42,022	5,591	235,025
Other payables					
(including related parties)	1,116,142	-	-	-	1,116,142
Guarantee deposits	6,172	-	-	-	6,172
Long-term loans					
(including interest payable)	6,980	21,815	-	-	28,795
Other non-current liability	7,351	-	-	-	7,351
Total	<u>\$5,929,458</u>	<u>\$136,091</u>	<u>\$42,022</u>	<u>\$5,591</u>	<u>\$6,113,162</u>

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the nine-month period ended September 30, 2022:

	Short-term loans	Bonds payable	Long-term loans	Guarantee deposits	Lease liabilities	Other non-current liability	Total liabilities from financing activities
As of January 1, 2022	\$2,629,657	\$-	\$25,980	\$6,144	\$214,215	\$1,007	\$2,877,003
Cash flows	(940,165)	1,680,102	(7,213)	(1,107)	(48,553)	(764)	682,300
Non-cash change	-	(231,449)	-	-	155,115	-	(76,334)
Exchange differences	137,838	-	3,009	689	22,272	-	163,808
As of September 30, 2022	<u>\$1,827,330</u>	<u>\$1,448,653</u>	<u>\$21,776</u>	<u>\$5,726</u>	<u>\$343,049</u>	<u>\$243</u>	<u>\$3,646,777</u>

Reconciliation of liabilities for the nine-month period ended September 30, 2021:

	Short-term loans	Bonds payable	Long-term loans	Guarantee deposits	Lease liabilities	Other non-current liability	Total liabilities from financing activities
As of January 1, 2021	\$2,227,367	\$-	\$30,238	\$5,862	\$287,042	\$1,073	\$2,551,582
Cash flows	(65,533)	-	(2,545)	398	(56,433)	6,278	(117,835)
Non-cash change	-	-	-	-	(6,237)	-	(6,237)
Exchange differences	(30,665)	-	(403)	(88)	(1,263)	-	(32,419)
As of September 30, 2021	<u>\$2,131,169</u>	<u>\$-</u>	<u>\$27,290</u>	<u>\$6,172</u>	<u>\$223,109</u>	<u>\$7,351</u>	<u>\$2,395,091</u>

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- (a) The carrying amount of cash and cash equivalents, notes and accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- (c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- (d) Fair value of debt instruments without market quotations, bank loans and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)
- (e) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

B. Fair value of financial instruments measured at amortized cost

Other than cash and cash equivalents, trade receivables, accounts payable and other current liabilities whose carrying amount approximate their fair value, the fair value of the Group's financial assets and financial liabilities measured at amortized cost is listed in the table below:

	Carrying amount as of		
	September 30, 2022	December 31, 2021	September 30, 2021
Financial liabilities			
Bonds payable	\$1,448,653	\$-	\$-

	Fair value as of		
	September 30, 2022	December 31, 2021	September 30, 2021
Financial liabilities			
Bonds payable	\$1,440,600	\$-	\$-

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

The Group's derivative financial instruments include forward currency contracts and embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of September 30, 2022, December 31, 2021 and September 30, 2021 is as follows:

Embedded derivatives

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6 for further information on this transaction.

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1– Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

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

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of September 30, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss:				
Preferred stocks	\$166,455	\$-	\$-	\$166,455
Financial products	-	-	251,274	251,274
Unlisted stocks	-	-	1,400	1,400
US dollar aggressive funds	-	-	390	390
Convertible bond redemption	-	-	150	150

As of December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss:				
Preferred stocks	\$179,166	\$-	\$-	\$179,166
Unlisted stocks	-	-	1,400	1,400
US dollar aggressive funds	-	-	362	362

As of September 30, 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss:				
Preferred stocks	\$176,484	\$-	\$-	\$176,484
Financial products	-	-	106,129	106,129
Unlisted stocks	-	-	1,400	1,400
US dollar aggressive funds	-	-	404	404

Transfers between Level 1 and Level 2 during the period

During the nine-month periods ended September 30, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets
	At fair value through profit or loss
Beginning balances as of January 1, 2022	\$1,762
Acquisition for the nine-month period ended September 30, 2022	250,580
Amount recognized in gain	872
Ending balances as of September 30, 2022	<u>\$253,214</u>
Beginning balances as of January 1, 2021	\$57,958
Acquisition for the nine-month period ended September 30, 2021	49,972
Amount recognized in gain	3
Ending balances as of September 30, 2021	<u>\$107,933</u>

Total gains and losses recognized in profit or loss for the nine-month periods ended September 30, 2022 and 2021 in the table above contain gains related to assets on hand as of September 30, 2022 and 2021 in the amount of \$872 thousand and \$3 thousand, respectively.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

- (a) No quantitative information of significant unobservable inputs and sensitivity analysis were available as the fair values of structured investment products and financial products were measured by the unadjusted quotes from transaction counterparties.
- (b) The fair value of unlisted securities is estimated using the market approach valuation techniques based on parameters such as the market transaction prices of comparable companies whose business and industry are similar to the investee's and considering the liquidity discount factor.

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Management Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

C. Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

As of September 30, 2022

	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payables	\$1,440,600	\$-	\$-	\$1,440,600

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

As of September 30, 2022			
	Foreign currencies (thousands)	Foreign exchange rate	NTD (thousands)
<u>Financial assets</u>			
Monetary items:			
USD	\$228,738	31.74	\$7,260,144
JPY	80,595	0.2193	17,674
EURO	443	31.12	13,786
<u>Financial liabilities</u>			
Monetary items			
USD	44,548	31.74	1,413,954
JPY	53,936	0.2193	11,828
HKD	11,526	4.04	46,565

As of December 31, 2021			
	Foreign currencies (thousands)	Foreign exchange rate	NTD (thousands)
<u>Financial assets</u>			
Monetary items:			
USD	\$169,596	27.69	\$4,696,113
JPY	55,721	0.2406	13,406
HKD	6,303	3.55	22,376
EURO	426	31.49	13,415
RMB	4,671	4.35	20,319
<u>Financial liabilities</u>			
Monetary items			
USD	154,902	27.69	4,289,236
JPY	71,095	0.2406	17,105
HKD	4,945	3.55	17,555
EURO	395	31.49	12,439

As of September 30, 2021			
	Foreign currencies (thousands)	Foreign exchange rate	NTD (thousands)
<u>Financial assets</u>			
Monetary items:			
USD	\$107,192	27.84	\$2,984,225
JPY	117,849	0.2501	29,474
HKD	4,788	3.58	17,141
EURO	360	32.25	11,610
RMB	29,433	4.32	127,151
<u>Financial liabilities</u>			
Monetary items			
USD	12,218	27.84	340,149
JPY	115,331	0.2501	28,844
HKD	2,021	3.58	7,235

The above information is disclosed based on book value of foreign currency. The exchange rate is determined with reference to the spot selling exchange rate announced by Anue.

Since there were various functional currencies used within the subsidiaries of the Group, the Group was unable to disclose foreign exchange gains (losses) towards each foreign currency with significant impact. The realized and unrealized foreign exchange gains/(losses) was \$436,716 thousand and \$832,337 thousand for the three-month and nine-month periods ended September 30, 2022, respectively, and was \$(1,117) thousand and \$(21,675) thousand for the three-month and nine-month periods ended September 30, 2021, respectively.

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

- (12) Although the epidemic in occidental countries have died down because of vaccination, Asia has faced attacks of virus variant due to low vaccination rates since the second quarter in 2021. Vision International Co., Ltd. (hereinafter referred to as "Vision"), a subsidiary of the Group, has cooperated with the epidemic prevention policy called "3 in One Spot, and 1 Route 2 Locations" announced by the local government in Binh Duong Province of Vietnam since July 19, 2021. To cooperate with the above policy, Vision proactively conducted Covid-19 mass testing of employees, and then found confirmed cases. After discussion with the relevant government officials, as from July 23, 2021 to September 30, 2021, Vision has received the resumption registration approval and recovered normal operation step by step on October 1, 2021. The Group will continue to closely monitor the risks and uncertainties that may arise from the epidemic, takes appropriate measures at any time and adjusts its operating activities flexibly. During the shutdown period, the company will ship products continuously and adjust different areas' capacities flexibility depending on demands. This incident has limited impact on the financial and business activities of the Group.

Some areas in China implemented lockdown policy due to the escalating pandemic in the first three quarter of 2022, however, the lockdown did not have significant impact on the Group.

13. Other disclosure

(1) Information at significant transactions

- A. Financing provided to others: Please refer to Attachment 1.
- B. Endorsement/Guarantee provided to others: Please refer to Attachment 2.
- C. Securities held at the end of the period: Please refer to Attachment 3.
- D. Individual securities acquired or disposed of with accumulated amount exceeding \$300 million or 20 percent of the capital stock or more: None.
- E. Acquisition of real estate with amount exceeding \$300 million or 20 percent of the capital stock or more: None.
- F. Disposal of real estate with amount exceeding \$300 million or 20 percent of the capital stock or more: None.
- G. Related party transactions for purchases and sales amounts exceeding \$100 million or 20 percent of the capital stock or more: Please refer to Attachment 4.
- H. Receivables from related parties with amounts exceeding \$100 million or 20 percent of capital stock or more: Please refer to Attachment 5.
- I. Financial instruments and derivative transactions: Please refer to Note 6(2) and 6(12).
- J. Others: Business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and accounts of any significant transactions between term: Please refer to Attachment 6.

(2) Information on investees

Of the investee company directly or indirectly has significant influence or control over, their investee companies' information: Please refer to Attachment 7.

(3) Information on investments in mainland China (written off as a result of consolidated statements):

A. The investee company name, main businesses, paid-in capital, type of the investment, capital inflow and outflow, ownership, investment gains and loss, ending balance of investment, repatriation of investment income and the mainland investment limit scenario: Please refer to Attachment 8.

B. Transactions with the investee companies directly or indirectly through and third country following the occurrence of significant transactions, prices, payment terms and unrealized gains and losses: Please refer to Attachment 9.

(4) Information on major shareholders

Shareholder	Share Number of shares	Percentage of ownership
Grateful Social Welfare Foundation	9,000,000	6.86%
Valiant APO Holdings III Limited	6,754,260	5.15%

14. Segment information

(1) General information

For management purposes, the Group divides operating units based on different products and services, and divides them into the following two reporting operating departments:

A. Golf Business Segment: This segment is responsible for the manufacturing and sales of golf club head and shafts.

B. Sports Equipment Business Segment: This segment is responsible for the manufacture and sales of boots, helmets and protective gear for ice hockey, cross-country motorcycles, baseball, skiing and other related sports.

The aforementioned reportable operating department did not summarize more than one operating department.

(2) Segment Information

The management individually monitors the operating results of its business units to formulate decisions on resource allocation and performance evaluation. The performance of the department is evaluated based on pre-tax profit and loss. The reportable department's accounting policies are the same as the general accounting policies of the Group.

(3) Reconciliation for segment revenue, income(loss), assets, liabilities and others

For the three-month period ended September 30, 2022

	Golf Business	Sports Equipment		Other		
	Segment	Business Segment	Subtotal	Operating Segments (Note1)	Adjustment and Elimination	Consolidated
External customer	\$6,881,351	\$919,578	\$7,800,929	\$243,181	\$-	\$8,044,110
Inter-segment (Note 2)	1,458	-	1,458	6,483	(7,941)	-
Total revenue	\$6,882,809	\$919,578	\$7,802,387	\$249,664	\$(7,941)	\$8,044,110
Segment profit	\$1,268,820	\$177,216	\$1,446,036	\$(6,324)	\$-	\$1,439,712

For the three-month period ended September 30, 2021

	Golf Business	Sports Equipment		Other		
	Segment	Business Segment	Subtotal	Operating Segments (Note1)	Adjustment and Elimination	Consolidated
External customer	\$4,408,206	\$474,472	\$4,882,678	\$226,143	\$-	\$5,108,821
Inter-segment (Note 2)	1,171	-	1,171	5,957	(7,128)	-
Total revenue	\$4,409,377	\$474,472	\$4,883,849	\$232,100	\$(7,128)	\$5,108,821
Segment profit	\$431,941	\$(11,381)	\$420,560	\$45,768	\$-	\$466,328

For the nine-month period ended September 30, 2022

	Golf Business	Sports Equipment		Other		
	Segment	Business Segment	Subtotal	Operating Segments (Note1)	Adjustment and Elimination	Consolidated
External customer	\$21,307,394	\$2,502,121	\$23,809,515	\$690,102	\$-	\$24,499,617
Inter-segment (Note 2)	3,800	-	3,800	19,590	(23,390)	-
Total revenue	\$21,311,194	\$2,502,121	\$23,813,315	\$709,692	\$(23,390)	\$24,499,617
Segment profit	\$3,522,954	\$394,904	\$3,917,858	\$4,208	\$-	\$3,922,066
Segment assets	\$17,221,954	\$3,484,166	\$20,706,120	\$915,205	\$(2,475)	\$21,618,850
Segment liabilities	\$8,550,163	\$988,476	\$9,538,639	\$567,602	\$(2,475)	\$10,103,766

For the nine-month period ended September 30, 2021

	Golf Business	Sports Equipment		Other		
	Segment	Business Segment	Subtotal	Operating Segments (Note1)	Adjustment and Elimination	Consolidated
External customer	\$14,629,795	\$1,653,099	\$16,282,894	\$629,232	\$-	\$16,912,126
Inter-segment (Note 2)	4,022	-	4,022	17,695	(21,717)	-
Total revenue	\$14,633,817	\$1,653,099	\$16,286,916	\$646,927	\$(21,717)	\$16,912,126
Segment profit	\$1,771,711	\$48,731	\$1,820,442	\$47,332	\$-	\$1,867,774
Segment assets	\$11,401,789	\$2,719,633	\$14,121,422	\$891,589	\$(4,013)	\$15,008,998
Segment liabilities	\$5,329,159	\$1,190,600	\$6,519,759	\$598,201	\$(4,013)	\$7,113,947

Note1: Revenue from other operating segments are operating segments that do not meet the quantitative thresholds for reportable segments.

Note2: Inter-segment revenues are eliminated on consolidation and recorded under the “Adjustment and Elimination” column.

(Unit : thousands of NTD)

No. (Note1)	Financing Company	Counterparty	Financial Statement Account (Note2)	Related Party	Maximum Balance for the period (Note3)	Ending Balance (Note8)	Actual Amount provided	Interest Rate	Nature of Financing (Note4)	Transaction Amounts (Note5)	Reason for Financing (Note6)	Allowance for Bad Debt	Collateral		Amount for Individual Counterparty (Note 7)	Financial Amount for Financing Company (Note 7)
													Item	Value		
0	Fusheng Precision Co., Ltd.	Ming Fa Cheng Enterprise Co., Ltd.	Other receivables	No	\$50,000	\$50,000	\$50,000	2.5%	1	\$134,469	-	\$-	Cashier's check provided by third party	\$50,000	\$134,469	\$4,159,003
1	Minson Integration, Inc.	MINONE ENTERPRISES COMPANY LIMITED	Other receivables due from related parties	Yes	200,000	170,000	126,960	0.8%	2	-	Acquisition of equipment and operating turnover	-	-	-	674,427	674,427
1	Minson Integration, Inc.	MINTECH ENTERPRISES COMPANY LIMITED	Other receivables due from related parties	Yes	200,000	130,000	31,740	0.8%	2	-	Acquisition of land	-	-	-	674,427	674,427
1	Minson Integration, Inc.	MINTECH ENTERPRISES COMPANY LIMITED	Other receivables due from related parties	Yes	200,000	90,000	-	1.3%	2	-	Acquisition of equipment and operating turnover	-	-	-	674,427	674,427
2	MINTECH ENTERPRISES COMPANY LIMITED	MINSON ENTERPRISES (THAILAND) COMPANY LIMITED	Other receivables due from related parties	Yes	33,616	33,616	-	1.9%	2	-	Operating turnover	-	-	-	325,017	325,017
2	MINTECH ENTERPRISES COMPANY LIMITED	MENXON ENTERPRISES (THAILAND) COMPANY LIMITED	Other receivables due from related parties	Yes	16,808	16,808	-	1.9%	2	-	Operating turnover	-	-	-	325,017	325,017
2	MINTECH ENTERPRISES COMPANY LIMITED	MINONE ENTERPRISES COMPANY LIMITED	Other receivables due from related parties	Yes	25,212	25,212	-	1.9%	2	-	Operating turnover	-	-	-	325,017	325,017
3	MENXON ENTERPRISES (THAILAND) COMPANY LIMITED	MINSON ENTERPRISES (THAILAND) COMPANY LIMITED	Other receivables due from related parties	Yes	16,808	16,808	-	1.9%	2	-	Operating turnover	-	-	-	199,452	199,452
3	MENXON ENTERPRISES (THAILAND) COMPANY LIMITED	MINTECH ENTERPRISES COMPANY LIMITED	Other receivables due from related parties	Yes	16,808	16,808	-	1.9%	2	-	Operating turnover	-	-	-	199,452	199,452
3	MENXON ENTERPRISES (THAILAND) COMPANY LIMITED	MINONE ENTERPRISES COMPANY LIMITED	Other receivables due from related parties	Yes	16,808	16,808	-	1.9%	2	-	Operating turnover	-	-	-	199,452	199,452
4	MINSON ENTERPRISES (THAILAND) COMPANY LIMITED	MENXON ENTERPRISES (THAILAND) COMPANY LIMITED	Other receivables due from related parties	Yes	25,212	25,212	-	1.9%	2	-	Operating turnover	-	-	-	269,981	269,981
4	MINSON ENTERPRISES (THAILAND) COMPANY LIMITED	MINTECH ENTERPRISES COMPANY LIMITED	Other receivables due from related parties	Yes	33,616	33,616	-	1.9%	2	-	Operating turnover	-	-	-	269,981	269,981
4	MINSON ENTERPRISES (THAILAND) COMPANY LIMITED	MINONE ENTERPRISES COMPANY LIMITED	Other receivables due from related parties	Yes	25,212	25,212	-	1.9%	2	-	Operating turnover	-	-	-	269,981	269,981

Note 1 : The Company and its subsidiaries are coded as follows:

(1)The Company is coded "0".

(2)The subsidiaries are coded starting from "1" in the order.

Note 2 : If the economic substance of transactions are financing to others, regardless of which component they recognized as in the financial statements, certain transactions are included herein.

Note 3 : Maximum balance of the Company and its subsidiaries' financing to others for the nine-month periods ended September 30, 2022.

Note 4 : Nature of financing is coded as follows:

(1)The financing occurred due to business transactions is coded "1".

(2)The financing occurred due to short-term financing is coded "2".

Note 5 : Total amount of the financing is disclosed herein if the financing was related to business transactions. The amount shall mean the transaction amount between the lending entity and the borrower within the most recent year.

Note 6 : The reasons and counterparties of the financing are addressed herein as the financing associated with short-term capital needs.

Note 7 : (1) Financing to an individual entity is limited to the amount of the business transaction between the two parties. The transaction amount is the higher of purchase or sale amount between the two parties in the most recent year and is limited to 10% of the Company's net value.
The accumulated total financing provided to others is limited to 40% of the Company's net value.

(2) Minson Integration, Inc.: The short-term financing shall not exceed 10% of the loan and the net value of the company, those subsidiaries of the Company that directly or indirectly hold more than 100% the voting rights shall not be subject to the preceding limit, and the accumulated total financing provided to others is limited to 40% of the Company's net value.

(3) MINTECH ENTERPRISES COMPANY LIMITED: The respective amount provided to those who need short-term financing shall not exceed 10% of the net value of the company, and the accumulated total financing provided to others is limited to 40% of the company's net value.
However, when engaging in short term financing if necessary between foreign subsidiaries that have the same public parent company as the company which directly or indirectly holds more than 100% voting shares of the foreign subsidiary, the amount provided to each subsidiary or total amount provided to others shall not exceed 100% of the company's net value.(4) MENXON ENTERPRISES (THAILAND) COMPANY LIMITED: The respective amount provided to those who need short-term financing shall not exceed 10% of the net value of the company, and the accumulated total financing provided to others is limited to 40% of the company's net value.
However, when engaging in short term financing if necessary between foreign subsidiaries that have the same public parent company as the company which directly or indirectly holds more than 100% voting shares of the foreign subsidiary, the amount provided to each subsidiary or total amount provided to others shall not exceed 100% of the company's net value.(5) MINSON ENTERPRISES (THAILAND) COMPANY LIMITED: The respective amount provided to those who need short-term financing shall not exceed 10% of the net value of the company, and the accumulated total financing provided to others is limited to 40% of the company's net value.
However, when engaging in short term financing if necessary between foreign subsidiaries that have the same public parent company as the company which directly or indirectly holds more than 100% voting shares of the foreign subsidiary, the amount provided to each subsidiary or total amount provided to others shall not exceed 100% of the company's net value.

Note 8 : If a listed company brings the financing proposal to the board of directors according to Paragraph 1, Article 1 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the company still needs to disclose the resolution amount of the board in the balance to disclose the risk, even if the funds are not appropriated yet. With the return of the funds afterward, the company should disclose the amount returned to reflect the adjusted risk. If a listed company authorizes the chairman of the board of directors to appropriate or use certain limits of the funds several times in the period of a year according to Paragraph 2, Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the company still needs to disclose the amount approved by the board.

(Unit : thousands of NTD/thousands of USD)													
NO. (Note1)	Endorser/Guarantor	Receiving Party		Limited of Endorsement/Guarantee Amount for receiving party (Note3)	Maximum Balance of the period (Note4)	Ending Balance (Note5)(Note8)	Actual Amount provided (Note6)(Note8)	Amount of Endorsement/ Guarantee collateralized	Percentage of Accumulated Endorsement/Guarantee to Net Equity per latest Financial statements	Limit on the Endorsement/Guarantee Amount (Note 3)	Parent Company Endorsed or Guaranteed for the Subsidiaries (Note 7)	Subsidiaries Endorsed or Guaranteed for the Parent Company (Note 7)	Endorsement or Guarantee for Entities in China (Note 7)
		Company Name	Relationship (Note2)										
0	Fusheng Precision Co., Ltd.	World Gate Holdings Ltd.	2	\$25,993,768	\$507,840 USD16,000	\$507,840 (USD16,000)	\$-	N	4.88%	\$25,993,768	Y	-	-
0	Fusheng Precision Co., Ltd.	FS-Precision Tech Co., LLC.	2	25,993,768	476,100 (USD15,000)	476,100 (USD15,000)	269,790 (USD8,500)	N	4.58%	25,993,768	Y	-	-
0	Fusheng Precision Co., Ltd.	Vision International Co., Ltd.	2	25,993,768	15,870 (USD500)	-	-	N	-%	25,993,768	Y	-	-
0	Fusheng Precision Co., Ltd.	Extensor World Trading Ltd. (Hong Kong)	2	25,993,768	952,200 (USD30,000)	952,200 (USD30,000)	-	N	9.16%	25,993,768	Y	-	-
0	Fusheng Precision Co., Ltd.	Minson Integration, Inc.	2	12,477,008	1,481,740	1,481,740	300,000	N	14.25%	25,993,768	Y	-	-
0	Fusheng Precision Co., Ltd.	NFT Technology CO., Ltd.	2	12,477,008	50,000	50,000	-	N	0.48%	25,993,768	Y	-	-

Note 1 : The Company and its subsidiaries are coded as follows:

(1)The Company is coded "0".

(2)The subsidiaries are coded starting from "1" in numerical order.

Note 2 : The relationship between the guarantor of the endorsement and the object to be guaranteed is as follows:

(1)An investee that has a business relationship with the Company

(2)A subsidiary in which the Company holds directly over 50% of equity interest.

(3)An investee in which the Company and its subsidiaries hold over 50% of equity interest.

(4)An investee in which the Company holds directly or indirectly over 50% of equity interest.

(5)A company which needs mutual insurance basing on the construction agreement.

(6)A company in which the Company endorses or guarantees basing on the holding proportion of mutual investments.

(7)The performance guarantee of the preconstruction real estate contract between the same industry in accordance with the Consumer Protection Law is jointly guaranteed.

Note 3 : The maximum of endorsement guarantee to a single entity is capped at 120% of the Company's net value; 100% directly and indirectly owned subsidiaries are not subject to such limitation, however the maximum amount of guarantee shall not exceed 250% of the Company's net value.

The total guarantee provided externally is limited to 250% of the Company's net value; the total accumulated external guarantee the Company and subsidiaries provided shall not exceed 250% of the Company's net value.

Note 4 : The maximum amount of the Company and its subsidiaries' endorsement or guarantee to others for the nine-month periods ended September 30, 2022.

Note 5 : It should be filled in the amount which approved by the Board of Directors. However, it should be filled in the amount which utilized by the chairman, whom authorized by the Board of Directors in accordance with Subparagraph 8, Article 12 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies.

Note 6 : Fill in the actual amount drawn from the balance.

Note 7 : Fill in "Y" if it belongs to "Parent Company Endorsed or Guaranteed for the Subsidiaries", "Subsidiaries Endorsed or Guaranteed for the Parent Company", or "Endorsement or Guarantee for Entities in China".

Note 8 : Foreign currency were exchanged by exchange rate as at balance sheet date.

ATTACHMENT 3 : Securities held as of September 30, 2022 (excluding subsidiary, associates and jointly controlled)

(Unit : thousands of NTD/thousands of foreign currency)

Company	Type and Name of the securities (Note1)	Relationship (Note2)	Financial Statement Account	As of September 30, 2022				Remark (Note 4)
				Shares/Unit	Carrying Value(Note 3)	Percentage of Ownership	Fair Value	
Fusheng Precision Co., Ltd.	Preferred Shares B - Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit and losses — current	1,666 thousands shares	\$98,127	-	\$98,127	
Fusheng Precision Co., Ltd.	Preferred Stock B - Cathay Financial Holding Co., Ltd.	-	Financial assets at fair value through profit and losses — current	1,166 thousands shares	68,328	-	68,328	
Zhong Shan Aubo Precision Technology Co., Ltd.	RMB Finance Products	-	Financial assets at fair value through profit and losses — current	RMB 52,580 thousands Dollars	235,720	-	235,720	
Zhong Shan Aubo Metal Surface Treatment Co., Ltd.	RMB Finance Products	-	Financial assets at fair value through profit and losses — current	RMB 3,500 thousands Dollars	15,554	-	15,554	
NFT Technology CO., Ltd.	US dollar aggressive funds	-	Financial assets at fair value through profit and losses — non-current	USD 20,000	390	-	390	
NFT Technology CO., Ltd.	Sunny Bank stock	-	Financial assets at fair value through profit and losses — non-current	284 thousands shares	1,400	-	1,400	

Note 1 : The securities herein shall refer to stocks, bonds, beneficiary certificates and other marketable securities derived from the above items in the scope of IFRS 9-Financial Instruments.

Note 2 : Securities issued by non-related parties are not required to fill in this column.

Note 3 : For items measured at fair value, the carrying value is the balance of the book value adjusted by fair value valuation deducting accumulated impairment. For items not measured at fair value, the carrying value is the book value balance of the historical cost or amortized cost after deducting accumulated impairment.

Note 4 : Securities with restrictions because of being provided for security, as pledge or under other covenants should state the number of shares or dollar amount provided for security or pledge and the restriction terms.

(Unit : thousands of NTD)

Company Name	Related Party	Relationship	Transactions Details				Details Different from Non-arm's Length Transactions		Notes and Accounts Receivable (Payable)			Remark
			Purchases /Sales	Amount (Note2)	Percentage of Total Sales or Purchases(%)	Payment Terms	Unit Price	Payment Terms	Balance (Note2)	Percentage of Total Receivable (Payable)		
Fusheng Precision Co., Ltd.	Extensor World Trading Ltd. (Hong Kong)	Parent - subsidiary	Purchases	\$9,373,241	55.00%	T/T 60 days	No significant difference	No significant difference	Accounts payable	\$(3,064,913)	(82.74)%	
Fusheng Precision Co., Ltd.	Vision International Co., Ltd.	Parent - subsidiary	Sales	(184,159)	0.91%	T/T 120 days	No significant difference	No significant difference	Accounts receivable	46,727	1.09%	
Fusheng Precision Co., Ltd.	Vision International Co., Ltd.	Parent - subsidiary	Purchases	5,566,884	32.67%	T/T 30 days	No significant difference	No significant difference	Accounts payable	-	-%	
Extensor World Trading Ltd. (Hong Kong)	Fusheng Precision Co., Ltd.	Parent - subsidiary	Sales	(9,373,241)	(93.45)%	T/T 60 days	No significant difference	No significant difference	Accounts receivable	3,064,913	94.14%	
Extensor World Trading Ltd. (Hong Kong)	Zhong Shan Worldmark Sporting Goods Ltd.	Affiliate Company	Purchases	7,928,617	80.17%	T/T 90 days	No significant difference	No significant difference	Accounts payable	(3,200,647)	(89.02)%	
Extensor World Trading Ltd. (Hong Kong)	Vision International Co., Ltd.	Affiliate Company	Sales	(653,633)	(6.52)%	T/T 120 days	No significant difference	No significant difference	Accounts receivable	211,675	6.50%	
Extensor World Trading Ltd. (Hong Kong)	Vision International Co., Ltd.	Affiliate Company	Purchases	184,375	1.88%	T/T 30 days	No significant difference	No significant difference	Accounts payable	(15,360)	(0.43)%	
Extensor World Trading Ltd. (Hong Kong)	AUBO PRECISION (HONG KONG) CO., LIMITED	Affiliate Company	Purchases	380,244	4.09%	T/T 45 days	No significant difference	No significant difference	Accounts payable	(54,904)	(2.30)%	
Vision International Co., Ltd.	Fusheng Precision Co., Ltd.	Parent - subsidiary	Sales	(5,566,884)	(94.78)%	T/T 30 days	No significant difference	No significant difference	Accounts receivable	-	-%	
Vision International Co., Ltd.	Fusheng Precision Co., Ltd.	Parent - subsidiary	Purchases	184,159	3.36%	T/T 120 days	No significant difference	No significant difference	Accounts payable	(46,727)	(3.73)%	
Vision International Co., Ltd.	Extensor World Trading Ltd. (Hong Kong)	Affiliate Company	Sales	(184,375)	(3.16)%	T/T 30 days	No significant difference	No significant difference	Accounts receivable	15,360	43.09%	
Vision International Co., Ltd.	Extensor World Trading Ltd. (Hong Kong)	Affiliate Company	Purchases	653,633	11.94%	T/T 120 days	No significant difference	No significant difference	Accounts payable	(211,675)	(16.91)%	
Vision International Co., Ltd.	AUBO PRECISION (HONG KONG) CO., LIMITED	Affiliate Company	Purchases	199,054	3.64%	T/T 45 days	No significant difference	No significant difference	Accounts payable	(41,330)	(3.30)%	
Zhong Shan Worldmark Sporting Goods Ltd.	Extensor World Trading Ltd. (Hong Kong)	Affiliate Company	Sales	(7,928,617)	(100.00)%	T/T 90 days	No significant difference	No significant difference	Accounts receivable	3,200,647	100.00%	
AUBO PRECISION (HONG KONG) CO., LIMITED	Extensor World Trading Ltd. (Hong Kong)	Affiliate Company	Sales	(380,244)	(26.23)%	T/T 45 days	No significant difference	No significant difference	Accounts receivable	54,904	27.08%	
AUBO PRECISION (HONG KONG) CO., LIMITED	Vision International Co., Ltd.	Affiliate Company	Sales	(199,054)	(12.90)%	T/T 45 days	No significant difference	No significant difference	Accounts receivable	41,330	13.51%	

Note 1 : The above ratios are calculated based on the company's individual financial statements.

Note 2 : It has been written off as a result of consolidated statements.

ATTACHMENT 5 : Receivables from related parties with amounts exceeding \$100 million or 20 percent of capital stock as of September 30, 2022

(Unit : thousands of NTD)

Company	Counterparty	Relationship	Ending Balance(Note)	Turnover	Overdue Receivables		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Collection		
Extensor World Trading Ltd. (Hong Kong)	Fusheng Precision Co., Ltd.	Parent - subsidiary	\$3,064,913	3.72	\$-	-	\$730,020	\$-
Extensor World Trading Ltd. (Hong Kong)	Vision International Co., Ltd.	Affiliate Company	211,675	3.27	-	-	-	-
Zhong Shan Worldmark Sporting Goods Ltd.	Extensor World Trading Ltd. (Hong Kong)	Affiliate Company	3,200,647	3.01	-	-	1,777,440	-

Note : It has been written off as a result of consolidated statements.

No. (Note1)	Related Party	Counter Party	Relationship with the Company	Transaction Details			
				Account	Amount (Note3)	Terms	Percentage of consolidated total operating revenues or total assets(Note2)
0	Fusheng Precision Co., Ltd.	Vision International Co., Ltd.	Parent company to subsidiary	Sales	\$184,159	T/T 120 days	1%
0	Fusheng Precision Co., Ltd.	Vision International Co., Ltd.	Parent company to subsidiary	Purchases	5,566,884	T/T 30 days	23%
0	Fusheng Precision Co., Ltd.	Vision International Co., Ltd.	Parent company to subsidiary	Accounts receivable	46,727	T/T 120 days	-%
0	Fusheng Precision Co., Ltd.	Extensor World Trading Ltd. (Hong Kong)	Parent company to subsidiary	Accounts payable	(3,064,913)	T/T 60 days	14%
0	Fusheng Precision Co., Ltd.	Extensor World Trading Ltd. (Hong Kong)	Parent company to subsidiary	Sales	63,838	T/T 60 days	-%
0	Fusheng Precision Co., Ltd.	Extensor World Trading Ltd. (Hong Kong)	Parent company to subsidiary	Purchases	9,373,241	T/T 60 days	38%
0	Fusheng Precision Co., Ltd.	Extensor World Trading Ltd. (Hong Kong)	Parent company to subsidiary	Accounts receivable	21,087	T/T 60 days	-%
0	Fusheng Precision Co., Ltd.	Extensor World Trading Ltd. (Hong Kong)	Parent company to subsidiary	Other revenue	60,235	T/T 60 days	-%
0	Fusheng Precision Co., Ltd.	FS-North America, Inc.	Parent company to subsidiary	Operating expense	12,504	T/T	-%
1	Vision International Co., Ltd.	Extensor World Trading Ltd. (Hong Kong)	Subsidiary to subsidiary	Sales	184,375	T/T 30 days	1%
1	Vision International Co., Ltd.	Extensor World Trading Ltd. (Hong Kong)	Subsidiary to subsidiary	Purchases	653,633	T/T 120 days	3%
1	Vision International Co., Ltd.	Extensor World Trading Ltd. (Hong Kong)	Subsidiary to subsidiary	Accounts receivable	15,360	T/T 30 days	-%
1	Vision International Co., Ltd.	Extensor World Trading Ltd. (Hong Kong)	Subsidiary to subsidiary	Accounts payable	(211,675)	T/T 120 days	1%
1	Vision International Co., Ltd.	AUBO PRECISION (HONG KONG) CO., LIMITED	Subsidiary to subsidiary	Accounts payable	(41,330)	T/T 45 days	-%
1	Vision International Co., Ltd.	AUBO PRECISION (HONG KONG) CO., LIMITED	Subsidiary to subsidiary	Purchases	199,054	T/T 45 days	1%
1	Vision International Co., Ltd.	AUBO (VIETNAM) PRECISION TECHNOLOGY CO., LIMITED	Subsidiary to subsidiary	Purchases	36,957	T/T 60 days	-%
1	Vision International Co., Ltd.	AUBO (VIETNAM) PRECISION TECHNOLOGY CO., LIMITED	Subsidiary to subsidiary	Accounts payable	(12,340)	T/T 60 days	-%
2	Extensor World Trading Ltd. (Hong Kong)	Zhong Shan Worldmark Sporting Goods Ltd.	Subsidiary to subsidiary	Accounts payable	(3,200,647)	T/T 90 days	15%
2	Extensor World Trading Ltd. (Hong Kong)	Zhong Shan Worldmark Sporting Goods Ltd.	Subsidiary to subsidiary	Purchases	7,928,617	T/T 90 days	32%
2	Extensor World Trading Ltd. (Hong Kong)	AUBO PRECISION (HONG KONG) CO., LIMITED	Subsidiary to subsidiary	Accounts payable	(54,904)	T/T 45 days	-%
2	Extensor World Trading Ltd. (Hong Kong)	AUBO PRECISION (HONG KONG) CO., LIMITED	Subsidiary to subsidiary	Purchases	380,244	T/T 45 days	2%

Note 1 : The Company and its subsidiaries are coded as follows:

1.The Company is coded "0".

2.Subsidiaries are coded consecutively starting from "1" in the order presented in the table above.

Note 2 : The percentage is determined by the ratio of the transaction amount to the consolidated revenues or the total assets. Items on the balance sheet are calculated by the ending balance to total consolidated assets; items on the income statement are calculated by their cumulative balance to the total consolidated income.

Note 3 : The above important transactions have been written off as a result of consolidated statements.

Note 4 : The disclosure of significant intercompany transactions in this attachment is determined by the company based on the materiality.

Investor company	Investee company (Note1,2)	Address	Main business and products	Initial Investment		Investment as of September 30, 2022			Net income(loss) of investee company	Investment income (loss) recognized (Note 3)	Remark
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Book value (Note3)			
Fusheng Precision Co., Ltd.	World Gate Holdings Ltd.	Unit 908, 9/F, Lippo Sun Plaza, 28 Canton Road, Tsimshatsui, Kowloon, Hong Kong.	Investment holding	\$349,750 (HKD 93,000)	\$349,750 (HKD 93,000)	93,000,000	100.00%	\$5,165,121	\$824,108	\$822,923	Note 4
Fusheng Precision Co., Ltd.	Sharpope Company Ltd.	Tropic Isle Building, P.O. Box 438, Road Town, Tortola, British Virgin Island.	Investment holding	1,538 (USD 50)	1,538 (USD 50)	50,000	100.00%	910,689	65,062	74,126	Note 4
Fusheng Precision Co., Ltd.	Vision International Co., Ltd.	19 Friendship Avenue, Singapore Industrial Zone, Shun Shun An County, Binh Duong Province, Vietnam	Manufacture and sale of golf club head	375,418 (USD 11,000)	375,418 (USD 11,000)	11,000,000	100.00%	346,402	159,180	159,180	Note 4
Fusheng Precision Co., Ltd.	Gainsmart Group Ltd.	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Island.	Investment holding	599,096 (USD 18,000)	599,096 (USD 18,000)	18,000,000	100.00%	83,072	40,357	40,357	Note 4
Fusheng Precision Co., Ltd.	NFT Technology CO., Ltd.	No. 88, Weisui W. Rd., Gangshan Dist., Kaohsiung	Manufacture and sale of aerospace precision casting parts	226,000	226,000	13,600,000	69.74%	183,680	(20,346)	(14,189)	Note 4
Fusheng Precision Co., Ltd.	Crosspace Co.,Ltd.	3F, No. 172, Sec. 2 Nanjing E Rd., Zhongshan Dist. Taipei City	Selling pure titanium tableware and kitchenware	1,000	1,000	100,000	100.00%	1,816	833	833	Note 4
Fusheng Precision Co., Ltd.	Minson Integration, Inc.	6F, No. 168, Ruiguang Rd., Neihu Dist., Taipei City	R&D and sales of shoes, helmets and protective gear for ice hockey, motocross, baseball, skiing and other sports	1,728,900 (Note6)	1,331,100	24,429,000 (Note6)	82.81% (Note6)	2,102,788	395,559	318,447	Note 4
Sharpope Company Ltd.	Extensor World Trading Ltd. (Hong Kong)	Unit 908, 9/F, Lippo Sun Plaza, 28 Canton Road, Tsimshatsui, Kowloon, Hong Kong.	International trade	294,166 (USD 10,000)	294,166 (USD 10,000)	10,000,000	100.00%	600,579	23,743	23,743	Note 4
Gainsmart Group Ltd.	FS-North America, Inc.	Ste. 1B, 9 E. Lockerman Street, Dover, Kent 19901, Delaware, USA.	Investment holding	\$22,548 (USD 15,700)	\$22,548 (USD 15,700)	10,000	100.00%	82,996	40,357	40,357	Note 4
FS-North America, Inc.	FS-Precision Tech Co., LLC.	3025 East Victoria Street,Rancho Dominguez, CA 90221, USA.	Manufacture and sale of automotive parts and aerospace parts	\$22,548 (USD 15,700)	\$22,548 (USD 15,700)	-	100.00%	80,504	40,364	40,364	Note 4
Zhong Shan Aubo Precision Technology Co., Ltd.	AUBO (VIET NAM) PRECISION TECHNOLOGY COMPANY LIMITE	CN16, No. 12D, N2 Road, Shenlang Third Industrial Zone, Fuxinfang, Tuen Long, Vietnam	Manufacture precision hardware products, plastic products	92,155 (USD 3,000)	92,155 (USD 3,000)	300,000	100.00%	115,884	14,292	14,292	Note 4
Zhong Shan Aubo Precision Technology Co., Ltd.	AUBO PRECISION (HONG KONG) CO., LIMITED	Unit 908, 9/F, Lippo Sun Plaza, 28 Canton Road, TST, KLN, HongKong.	International trade	363 (USD 100)	363 (USD 100)	100,000	100.00%	39,942	19,771	19,771	Note 4
Minson Integration, Inc.	MINTECH ENTERPRISES COMPANY LIMITED	No.692,Moo 4, Tambol Praksa,Amphur Muang Samutprakarn,Samutprakarn.	Manufacture , R&D and sale of plastic injection parts, sports helmets and various footwear, protective gear	400,000	400,000	19,999,998	100.00%	428,210	37,425	37,425	Note 4
Minson Integration, Inc.	MINONE ENTERPRISES COMPANY LIMITED	No.675,Moo 4, Tambol Praksa,Amphur Muang Samutprakarn,Samutprakarn.	Manufacture and sale of motocross boots, skates and sports protective gear	189,594 (Note5)	90,000 (Note5)	1,499,998 (Note 5)	100.00%	163,587	(8,720)	(8,720)	Note 4
Minson Integration, Inc.	MINSON ENTERPRISES (THAILAND) COMPANY LIMITED	No.667,Moo 4, Tambol Praksa,Amphur Muang Samutprakarn,Samutprakarn.	Manufacture and sale of motocross boots and protective gear and in-line skates	280,000	280,000	11,999,998	100.00%	386,492	94,333	94,333	Note 4
Minson Integration, Inc.	MENXON ENTERPRISES (THAILAND) COMPANY LIMITED	No.666,Moo 4, Tambol Praksa,Amphur Muang Samutprakarn,Samutprakarn.	Manufacture and sale of ice hockey shoes and motocross boots	230,000	230,000	9,999,998	100.00%	270,314	51,438	51,438	Note 4

Note 1 : If a publicly-issued company has a foreign holding company and uses consolidated statements as its main financial statement in accordance with local laws and regulations, the disclosure of information about foreign invested companies may only disclose relevant information to the holding company.

Note 2 : Those who are not in the situation described in Note 1 should fill in according to the following regulations:

(1)The columns of "Investee company", "Address", "Main business and products", "Initial Investment", and "Investment as of September 30, 2022" should fill in information of the reinvestment of the listed company, reinvestment of every direct or indirect reinvestment of the investee, and disclose the relationship of the investees with the Company in the Remark column.

(2)The column of "Net income(loss) of investee company" should fill in the current profit and loss of the investees.

(3)The columns of "Investment income (loss) recognized" only require profit/loss of the direct investees and all investees accounted for under the equity method.

When filling in the above items, make sure the profit/loss of direct investee subsidiaries include the profit or loss of their reinvestments that are required to be recognized.

Note 3 : It includes the unrealized gross profit of the current and downstream sales.

Note 4 : It has been written off as a result of consolidated statements.

Note 5 : Minson Integration, Inc. cash capital increased of the subsidiary MINONE ENTERPRISES COMPANY LIMITED of 300,000 shares by THB\$120,000 thousand, equivalent to approximately \$99,594 thousand.

Note 6 : The Company invested in Minson Integration, Inc. via cash capital increase for about 5,304 thousand shares in the amount of \$397,800 thousand, and the shareholding ratio decreased to 82.81%.

(Unit : thousands of NT\$/thousands of foreign currency)

Investee company	Main business and products	Total amount of paid-in capital	Method of investment (Note1)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated outflow of investment from Taiwan as of September 30, 2022	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note9)	Carrying value as of September 30, 2022 (Note9)	Accumulated inward remittance of earnings as of outflow September 30, 2022	Remark
					Outflow	Inflow							
Zhong Shan Worldmark Sporting Goods Ltd.	Manufacture and sale of golf club head	USD 40,900	(2)	USD 54,000 (Note4)	\$-	\$-	USD 54,000 (Note4)	\$622,154 RMB 139,791	100.00%	\$622,154 RMB 139,791 (Note2)(2)B	\$4,566,650 RMB 1,027,599 (Note2)(2)B	\$-	
Zhong Shan LongXing Precision Machinery Co., Ltd.	Manufacture and sale of sports equipment, automotive parts, molds and other products	USD 2,000	(2)	USD 2,000	-	-	USD 2,000	13,063 RMB 2,935	100.00%	13,063 RMB 2,935 (Note2)(2)B	129,787 RMB 29,205 (Note2)(2)B	-	
Zhong Shan DingXing Vacuum Technology Co., Ltd.	Researching and developing and manufacturing of vacuum technology products, vacuum coating processing and sports equipment, metal products import and export business	RMB 15,200	(3) (Note6)	-	-	-	-	10,232 RMB 2,299	100.00%	10,232 RMB 2,299 (Note2)(2)B	93,160 RMB 20,963 (Note2)(2)B	-	
Zhong Shan Aubo Precision Technology Co., Ltd.	Researching and developing and manufacturing hardware, plastics and printing of packaging	RMB 60,000	(2)	USD 5,500 (Note7)	-	-	USD 5,500 (Note7)	361,616 RMB 81,251	52.50%	189,848 RMB 42,657 (Note2)(2)B	693,942 RMB 156,153 (Note2)(2)B	-	
Zhong Shan Aubo Metal Surface Treatment Co., Ltd.	Anodizing process	RMB 500	(3) (Note8)	-	-	-	-	7,343 RMB 1,650	52.50%	3,855 RMB 866 (Note2)(2)B	14,861 RMB 3,344 (Note2)(2)B	-	

Accumulated Investment in Mainland China as of September 30, 2022 (Note1)(Note3)	Investment Amounts Authorized by Investment Commission, MOEA (Note3)	Limit on Investment Amount to Mainland China (Note5)
\$1,952,010 (USD61,500)	\$1,952,010 (USD61,500)	\$6,909,050

Note1 : The methods for engaging in investment in Mainland China include the following:

- (1) Direct investment in Mainland China companies.
- (2) Investment in Mainland China companies through a company invested and established in a third region.
- (3) Other methods.

Note2 : In the column of profit or loss on investment:

- (1) The investment still in preparation and not generating profit or loss yet should be noted.
- (2) The gain or loss on investment were determined based on the following:
 - A. The financial report was reviewed by an international certified public accounting firm in cooperation with an R.O.C. accounting firm.
 - B. The financial statements were reviewed by the auditors of the parent company in Taiwan.
 - C. Others.

Note3 : The amount of this attachment are expressed in New Taiwan Dollars. The exchange rate on the financial reporting date used for translating the amount of investment in foreign currency.

Note4 : It is the indirect investment repatriation amount through the reinvestment company World Gate Holdings Ltd.

Note5 : Maximum investment in Mainland China: 60% of net or consolidated net value, whichever is higher.

Note6 : It is directly invested by Zhong Shan Worldmark Sporting Goods Ltd.

Note7 : The actual remittance amount was HK \$ 15,000 thousand and RMB\$45,000 thousand, equivalent to approximately US\$5,500 thousand.

Note8 : It is directly invested by Zhong Shan Aubo Precision Technology Co., Ltd.

Note9 : It has been written off as a result of consolidated statements.

ATTACHMENT 9 : Transactions with the investee companies directly or indirectly through a third country following the occurrence of significant transactions, prices, payment terms and unrealized gains and losses were as below:

(1) Sale/Purchase:

(Unit: thousands of NTD)

Company Name	Related Party	Transaction Details				Details Different from Non-arm's Length Transactions		Notes and Accounts Receivable(Payable)		Remark
		Purchases/ Sales	Amount	Percentage of Total Sales or Purchases	Payment Terms	Unit price	Payment Terms	Balance	Percentage of Total Receivable (Payable)	
Fusheng Precision Co., Ltd.	Zhong Shan Worldmark Sporting Goods Ltd.	Sales	\$63,838	(0.32)%	T/T 60 days	Not applicable		\$21,087	0.49%	Note 1, Note 2
Fusheng Precision Co., Ltd.	Zhong Shan Worldmark Sporting Goods Ltd.	Purchases	9,363,241	55.00%	T/T 60 days	Not applicable		3,064,913	(82.74)%	Note 1, Note 2

Note1 : The above ratios are calculated based on the company's individual financial statements.

Note2 : The above important transactions have been written off as a result of consolidated statements.

(2) Ending balance and purpose of endorsement guarantees or collateral : None.

(3) Ending balance, maximum limit, interest rate range and current interest amount of financing : None.

(4) Other investments that have significant impact on the current profit or financial condition : None.