

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2023 AND 2022
(Stock Code : 2467)

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR23000147

To the Board of Directors and Shareholders of C SUN MFG. LTD.

Introduction

We have reviewed the accompanying consolidated balance sheets of C SUN MFG. LTD. and subsidiaries as at September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

As explained in Note 4(3), the financial statements of certain insignificant consolidated subsidiaries were not reviewed by independent auditors. Those statements reflect total assets of \$819,196 thousand and \$730,388 thousand, constituting 10.68% and 8.75% of the consolidated total assets, and total liabilities of \$41,609 thousand and \$133,750 thousand, constituting 1.03% and 2.67% of the consolidated total liabilities as at September 30, 2023 and 2022, respectively, and total comprehensive income of(\$10,057) thousand, \$3,076 thousand, (\$11,668)thousand and \$10,345 thousand, constituting (3.41%), 1.13%, (1.63%) and 1.56% of the consolidated total comprehensive income for the three-month and nine-month periods then ended, respectively. Furthermore, as described in Note 6(7), investments accounted for using equity method were based on the financial statements of the same reporting period which were not reviewed by independent auditors. The balance of these investments accounted for using the equity method amounted to \$1,226,414 thousand and \$1,187,490 thousand as at September 30, 2023 and 2022, respectively, and the comprehensive income recognized from associates accounted for using the equity method amounted to (\$3,031) thousand, \$46,490 thousand, \$89,398 thousand and \$101,604 thousand, constituting (1.03%), 17.14%, 12.52% and 15.33% of the consolidated total comprehensive income for the three-month and nine-month periods then ended, respectively.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments accounted for under equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, 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 C SUN MFG. LTD. and

subsidiaries as of September 30, 2023 and 2022, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-month periods then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Li, Tien-Yi

Wu, Wei-Hao

For and on behalf of PricewaterhouseCoopers, Taiwan

November 9, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors’ review report 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, PricewaterhouseCoopers 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.

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	September 30, 2023		December 31, 2022		September 30, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,522,763	20	\$ 1,371,810	17	\$ 1,354,492	16
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		18,530	-	206,181	2	199,506	3
1120	Current financial assets at fair	6(3)						
	value through other comprehensive							
	income		581,820	8	396,931	5	378,740	5
1150	Notes receivable, net	6(5)	101,473	1	113,124	1	64,462	1
1170	Accounts receivable, net	6(5)	1,738,518	23	2,314,127	28	2,517,101	30
1200	Other receivables		15,844	-	15,960	-	28,720	-
130X	Inventories	6(6)	645,432	8	950,833	12	1,079,052	13
1410	Prepayments	7	54,757	1	58,554	1	89,632	1
1470	Other current assets		9,763	-	5,891	-	7,719	-
11XX	Current Assets		<u>4,688,900</u>	<u>61</u>	<u>5,433,411</u>	<u>66</u>	<u>5,719,424</u>	<u>69</u>
Non-current assets								
1517	Non-current financial assets at fair	6(3)						
	value through other comprehensive							
	income		84,354	1	76,031	1	86,060	1
1535	Non-current financial assets at	6(4)						
	amortised cost, net		585,513	8	388,555	5	304,205	4
1550	Investments accounted for under	6(7)						
	equity method		1,226,414	16	1,198,348	15	1,187,490	14
1600	Property, plant and equipment	6(8) and 8	785,680	10	808,393	10	804,363	9
1755	Right-of-use assets	6(9)	73,247	1	73,010	1	70,381	1
1780	Intangible assets		50,021	1	51,599	1	54,272	1
1840	Deferred income tax assets		136,082	2	124,493	1	94,553	1
1900	Other non-current assets	6(5)	42,172	-	33,503	-	23,269	-
15XX	Non-current assets		<u>2,983,483</u>	<u>39</u>	<u>2,753,932</u>	<u>34</u>	<u>2,624,593</u>	<u>31</u>
1XXX	Total assets		<u>\$ 7,672,383</u>	<u>100</u>	<u>\$ 8,187,343</u>	<u>100</u>	<u>\$ 8,344,017</u>	<u>100</u>

(Continued)

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	September 30, 2023		December 31, 2022		September 30, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(11)	\$ 490,000	6	\$ 695,000	9	\$ 878,600	11
2120	Current financial liabilities at fair value through profit or loss	6(12)	-	-	329	-	211	-
2130	Current contract liabilities	6(21)	422,597	6	669,327	8	830,444	10
2150	Notes payable		8,097	-	18,689	-	51,622	1
2170	Accounts payable		599,961	8	803,317	10	989,991	12
2180	Accounts payable - related parties	7	9,166	-	21,755	1	17,088	-
2200	Other payables	6(13)	661,565	9	822,193	10	824,222	10
2230	Current income tax liabilities		13,976	-	98,917	1	91,173	1
2280	Current lease liabilities	6(9)	13,152	-	14,032	-	12,060	-
2320	Long-term liabilities, current portion	6(14)	200,000	3	344,000	4	344,000	4
2399	Other current liabilities, others		9,107	-	15,667	-	15,102	-
21XX	Current Liabilities		<u>2,427,621</u>	<u>32</u>	<u>3,503,226</u>	<u>43</u>	<u>4,054,513</u>	<u>49</u>
Non-current liabilities								
2540	Long-term borrowings	6(14)	1,148,000	15	756,000	9	547,000	6
2570	Deferred income tax liabilities		454,483	6	436,519	6	387,441	5
2580	Non-current lease liabilities	6(9)	12,849	-	11,624	-	9,870	-
2600	Other non-current liabilities		2,202	-	2,160	-	18,183	-
25XX	Non-current liabilities		<u>1,617,534</u>	<u>21</u>	<u>1,206,303</u>	<u>15</u>	<u>962,494</u>	<u>11</u>
2XXX	Total Liabilities		<u>4,045,155</u>	<u>53</u>	<u>4,709,529</u>	<u>58</u>	<u>5,017,007</u>	<u>60</u>
Equity attributable to owners of parent								
3110	Share capital - common stock	6(17)	1,567,553	20	1,567,553	19	1,567,553	19
3200	Capital surplus	6(18)	273,693	4	273,693	3	273,693	3
3310	Legal reserve	6(19)	413,304	5	338,618	4	338,618	4
3320	Special reserve		51,901	1	51,901	1	51,901	1
3350	Unappropriated retained earnings		738,032	10	988,262	12	824,114	10
3400	Other equity interest	6(20)	271,091	3	(29,489)	-	(4,494)	-
31XX	Equity attributable to owners of the parent		<u>3,315,574</u>	<u>43</u>	<u>3,190,538</u>	<u>39</u>	<u>3,051,385</u>	<u>37</u>
36XX	Non-controlling interest		<u>311,654</u>	<u>4</u>	<u>287,276</u>	<u>3</u>	<u>275,625</u>	<u>3</u>
3XXX	Total equity		<u>3,627,228</u>	<u>47</u>	<u>3,477,814</u>	<u>42</u>	<u>3,327,010</u>	<u>40</u>
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		<u>\$ 7,672,383</u>	<u>100</u>	<u>\$ 8,187,343</u>	<u>100</u>	<u>\$ 8,344,017</u>	<u>100</u>

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

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	Three-month periods ended September 30				Nine-month periods ended September 30			
			2023		2022		2023		2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(21)	\$ 904,861	100	\$ 1,533,975	100	\$ 2,600,397	100	\$ 4,093,663	100
5000	Operating costs	6(6)(26)(27)								
		and 7	(487,925)	(54)	(1,004,174)	(66)	(1,540,607)	(59)	(2,634,535)	(64)
5900	Net operating margin		416,936	46	529,801	34	1,059,790	41	1,459,128	36
	Operating expenses	6(26)(27)								
6100	Selling expenses		(97,090)	(11)	(144,001)	(9)	(302,391)	(12)	(378,187)	(9)
6200	General and administrative expenses		(102,388)	(11)	(150,047)	(10)	(238,267)	(9)	(301,877)	(7)
6300	Research and development expenses		(112,568)	(12)	(66,041)	(4)	(255,638)	(10)	(234,818)	(6)
6450	Expected credit losses	12(2)	(14,037)	(2)	(9,190)	(1)	9,820	1	(19,837)	(1)
6000	Total operating expenses		(326,083)	(36)	(369,279)	(24)	(786,476)	(30)	(934,719)	(23)
6900	Operating profit		90,853	10	160,522	10	273,314	11	524,409	13
	Non-operating income and expenses									
7100	Interest income	6(22)	6,741	1	5,495	-	17,456	1	17,419	-
7010	Other income	6(23)	55,854	6	31,844	2	83,701	3	51,220	1
7020	Other gains and losses	6(24)	47,868	5	61,131	4	48,597	2	77,581	2
7050	Finance costs	6(25)	(9,231)	(1)	(8,419)	-	(23,662)	(1)	(20,972)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)	6,737	1	47,625	3	32,664	1	118,794	3
7000	Total non-operating income and expenses		107,969	12	137,676	9	158,756	6	244,042	6
7900	Profit before income tax		198,822	22	298,198	19	432,070	17	768,451	19
7950	Income tax expense	6(28)	(23,958)	(2)	(53,631)	(3)	(37,155)	(2)	(138,218)	(4)
8200	Profit for the period		\$ 174,864	20	\$ 244,567	16	\$ 394,915	15	\$ 630,233	15

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C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Three-month periods ended September 30				Nine-month periods ended September 30			
		2023		2022		2023		2022	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Other comprehensive income									
Components of other comprehensive income that will not be reclassified to profit or loss	6(20)								
8316 Unrealized gains(losses) on investments in equity instruments at fair value through other comprehensive income	6(3)	\$ 38,971	4	(\$ 7,253)	(1)	\$ 220,079	8	(\$ 20,504)	(1)
8320 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(17,050)	(2)	8,761	1	56,080	2	(15,112)	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss		21,921	2	1,508	-	276,159	10	(35,616)	(1)
Components of other comprehensive income that will be reclassified to profit or loss	6(20)								
8361 Financial statements translation differences of foreign operations		110,206	12	40,372	3	51,673	2	82,333	2
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		7,282	1	(9,896)	(1)	654	-	(2,078)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(28)	(19,503)	(2)	(5,286)	-	(9,152)	-	(11,963)	-
8360 Components of other comprehensive (loss) income that will be reclassified to profit or loss		97,985	11	25,190	2	43,175	2	68,292	2
8300 Other comprehensive income for the period		\$ 119,906	13	\$ 26,698	2	\$ 319,334	12	\$ 32,676	1
8500 Total comprehensive income for the period		\$ 294,770	33	\$ 271,265	18	\$ 714,249	27	\$ 662,909	16
Profit attributable to:									
8610 Owners of the parent		\$ 168,993	19	\$ 225,989	15	\$ 376,450	14	\$ 581,892	14
8620 Non-controlling interest		5,871	1	18,578	1	18,465	1	48,341	1
Profit for the period		\$ 174,864	20	\$ 244,567	16	\$ 394,915	15	\$ 630,233	15
Comprehensive income attributable to:									
8710 Owners of the parent		\$ 276,207	31	\$ 250,461	17	\$ 689,871	26	\$ 608,749	15
8720 Non-controlling interest		18,563	2	20,804	1	24,378	1	54,160	1
Total comprehensive income for the period		\$ 294,770	33	\$ 271,265	18	\$ 714,249	27	\$ 662,909	16
Basic earnings per share	6(29)								
9750 Total basic earnings per share		\$	1.08	\$	1.44	\$	2.40	\$	3.72
Diluted earnings per share	6(29)								
9850 Total diluted earnings per share		\$	1.08	\$	1.44	\$	2.40	\$	3.71

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

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent													
Notes	Share capital - common stock	Capital surplus	Retained earnings			Other equity interest				Total	Non-controlling interest	Total equity	
			Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on remeasurements of defined benefit plan	Treasury shares				
<u>2022</u>													
	Balance at January 1, 2022	\$ 1,521,897	\$ 243,751	\$ 273,986	\$ 105,878	\$ 754,285	(\$ 132,689)	\$ 102,636	\$ 530	(\$ 41,977)	\$ 2,828,297	\$ 221,465	\$ 3,049,762
	Profit for the period	-	-	-	-	581,892	-	-	-	-	581,892	48,341	630,233
	Other comprehensive income (loss) for the period	6(20)	-	-	-	-	62,473	(35,616)	-	-	26,857	5,819	32,676
	Total comprehensive income (loss)	-	-	-	-	581,892	62,473	(35,616)	-	-	608,749	54,160	662,909
	Appropriation of 2021 earnings:	6(19)											
	Legal reserve	-	-	64,632	-	(64,632)	-	-	-	-	-	-	-
	Special reserve	-	-	-	(53,977)	53,977	-	-	-	-	-	-	-
	Cash dividends	-	-	-	-	(456,569)	-	-	-	(456,569)	-	(456,569)	-
	Stock dividends	45,656	-	-	-	(45,656)	-	-	-	-	-	-	-
	Disposal of equity instruments at fair value through other comprehensive income	6(20)	-	-	-	1,828	(1,828)	-	-	-	-	-	-
	Changes in equity of associates accounted for using equity method	6(18)	-	29,942	-	(504)	-	-	-	-	29,438	-	29,438
	Treasury stock transferred to employees	6(17)	-	-	-	(507)	-	-	-	41,977	41,470	-	41,470
	Balance at September 30, 2022	\$ 1,567,553	\$ 273,693	\$ 338,618	\$ 51,901	\$ 824,114	(\$ 70,216)	\$ 65,192	\$ 530	\$ -	\$ 3,051,385	\$ 275,625	\$ 3,327,010
<u>2023</u>													
	Balance at January 1, 2023	\$ 1,567,553	\$ 273,693	\$ 338,618	\$ 51,901	\$ 988,262	(\$ 101,535)	\$ 71,516	\$ 530	\$ -	\$ 3,190,538	\$ 287,276	\$ 3,477,814
	Profit for the period	-	-	-	-	376,450	-	-	-	-	376,450	18,465	394,915
	Other comprehensive income for the period	6(20)	-	-	-	-	37,262	276,159	-	-	313,421	5,913	319,334
	Total comprehensive income	-	-	-	-	376,450	37,262	276,159	-	-	689,871	24,378	714,249
	Appropriation of 2022 earnings:	6(19)											
	Legal reserve	-	-	74,686	-	(74,686)	-	-	-	-	-	-	-
	Cash dividends	-	-	-	-	(564,319)	-	-	-	(564,319)	-	(564,319)	-
	Disposal of equity instruments at fair value through other comprehensive income	6(20)	-	-	-	12,841	(12,841)	-	-	-	-	-	-
	Changes in equity of associates accounted for using equity method	-	-	-	-	(516)	-	-	-	(516)	-	(516)	-
	Balance at September 30, 2023	\$ 1,567,553	\$ 273,693	\$ 413,304	\$ 51,901	\$ 738,032	(\$ 64,273)	\$ 334,834	\$ 530	\$ -	\$ 3,315,574	\$ 311,654	\$ 3,627,228

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

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine-month periods ended September 30	
		2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 432,070	\$ 768,451
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(26)	55,163	54,703
Amortization	6(26)	4,117	4,695
Expected credit impairment loss	12(2)	(9,820)	19,837
Net gain on financial assets or liabilities at fair value through profit or loss	6(24)	(16,807)	(16,721)
Interest expense	6(25)	23,662	20,972
Interest income	6(22)	(17,456)	(17,419)
Dividend income	6(23)	(44,860)	(32,830)
Share of profit of associates and joint ventures accounted for using equity method	6(7)	(32,664)	(118,794)
(Gain) loss on disposal of property, plant and equipment, net	6(24)	144	(492)
Loss on disposal of intangible assets	6(24)	742	-
Gains on disposals of investments	6(24)	(1,832)	(815)
Impairment loss from non – financial assets		993	999
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		206,206	(93,746)
Notes receivable		13,498	63,915
Accounts receivable		601,583	(541,645)
Accounts receivable-related parties		190	436
Other receivables		(437)	(10,560)
Inventories		311,668	91,625
Prepayments		3,531	(14,070)
Other current assets		(3,897)	133
Accrued pension assets		(5,392)	-
Changes in operating liabilities			
Contract liabilities		(249,863)	299,886
Notes payable		(10,592)	11,119
Accounts payable		(208,859)	95,302
Accounts payable-related parties		(13,271)	(13,897)
Other payables		(153,976)	27,824
Other current liabilities		(6,694)	(1,792)
Accrued pension liabilities		-	(6,619)
Cash inflow generated from operations		877,147	590,497
Interest paid		(25,834)	(13,892)
Income tax paid		(124,267)	(83,376)
Net cash flows from operating activities		<u>727,046</u>	<u>493,229</u>

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C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine-month periods ended September 30	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income		(\$ 45,540)	(\$ 62,110)
Proceeds from disposal of financial assets at fair value through other comprehensive income		70,214	13,199
Capital reduction of financial assets at fair value through other comprehensive income		2,100	2,099
Acquisition of financial assets at amortised cost		(320,551)	(184,629)
Proceeds from disposal of financial assets at amortised cost		132,284	158,051
Dividend received from investment accounted for under the equity method	6(7)	95,880	88,161
Increase in investment accounted for under the equity method		(32,800)	(28,443)
Acquisition of property, plant and equipment	6(30)	(15,129)	(68,382)
Proceeds from disposal of property, plant and equipment		322	1,874
Acquisition of intangible assets		(1,674)	(3,947)
Refundable deposits refunded (paid)		(3,630)	2,095
Increase in other non-current assets		-	(14)
Interest received		15,002	17,419
Dividend received		44,860	32,830
Net cash flows used in investing activities		(58,662)	(31,797)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings	6(31)	1,100,000	1,846,798
Repayment of short-term borrowings	6(31)	(1,305,000)	(1,682,443)
Proceeds from long-term borrowings	6(31)	556,000	100,000
Repayment of long-term borrowings	6(31)	(308,000)	(54,000)
Repayment of principal portion of lease liabilities	6(31)	(12,516)	(9,372)
Treasury stock transferred to employees		-	41,470
Payment of cash dividends	6(19)	(564,319)	(456,569)
Net cash flows used in financing activities		(533,835)	(214,116)
Effect of exchange rate		16,404	46,328
Net increase in cash and cash equivalents		150,953	293,644
Cash and cash equivalents at beginning of period	6(1)	1,371,810	1,060,848
Cash and cash equivalents at end of period	6(1)	\$ 1,522,763	\$ 1,354,492

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

C SUN MFG. LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

C SUN MFG. LTD. (the “Company”) was incorporated in April, 1978. The Company and its subsidiaries (collectively referred herein as the “Group”) are engaged in electronics, semiconductors, liquid crystal displays (LCD), printed circuit boards, textiles, plastics, rubber, printing, chemical industry, aerospace and other industrial box ovens, tunnel ovens, UV drying equipment, UV exposure equipment, automatic equipment, plasma generator (PRS series), automatic system integration technology, research, development, related parts manufacturing, maintenance, sales, import and export business of the previous products.

In September, 2001, the Company’s shares were listed on the Taiwan Stock Exchange (TWSE).

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorized for issuance by the Board of Directors on November 9, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

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

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

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2022, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' that came into effect as endorsed by the FSC.

B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

(2) Basis of preparation

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

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

Basis for preparation of consolidated financial statements is consistent with the 2022 consolidated financial statements.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
C SUN MFG. LTD.	C Sun (B.V.I.) Ltd.	Holding company	100%	100%	100%	Note 4
C SUN MFG. LTD.	K Sun (Samoa) Ltd.	Holding company	100%	100%	100%	Note 4
C SUN MFG. LTD.	Wat Sun. Intelligent Technology Co., Ltd.	Manufacturing and Selling	-	-	-	Notes 3 & 4
C Sun (B.V.I.) Ltd.	Csun Technology (Guangzhou) Co., Ltd.	Manufacturing and Selling	100%	100%	100%	
C Sun (B.V.I.) Ltd.	Alpha Joint Ltd.	Holding company	100%	100%	100%	Note 4
C Sun (B.V.I.) Ltd.	Power Ever Enterprises Limited	Holding company	77.47%	77.47%	77.47%	Note 4
Power Ever Enterprises Limited	Good Team International Enterprises Limited	Holding company	100%	100%	100%	Note 4
Good Team International Enterprises Limited	Suzhou Top Creation Machines Co., Ltd.	Manufacturing and Selling	100%	100%	100%	
Good Team International Enterprises Limited	Nantong Chuangfeng Photoelectric Equipment Co.,Ltd.	Manufacturing and Selling	100%	100%	100%	Notes 2 & 4
Suzhou Top Creation Machines Co., Ltd.	Top Creation Machines CO., Ltd.	Manufacturing and Selling	100%	100%	100%	Note 4
Csun Technology (Guangzhou) Co., Ltd.	Guangzhou Y SUN Machinery Tech. Co., Ltd.	Manufacturing and Selling	-	-	-	Notes 1 & 4
Csun Technology (Guangzhou) Co., Ltd.	Jiangsu Chunag Gao Xin Materials Technology Co., Ltd.	Manufacturing and Selling	100%	100%	100%	Note 4

Note 1: Guangzhou Y Sun Machinery Tech. Co., Ltd. completed the cancellation of registration on January, 2022.

Note 2: Nantong Chuangfeng Photoelectric Equipment Co., Ltd. was established in June 2022.

Note 3: Wat Sun. Intelligent Technology Co., Ltd. completed the liquidation on October 13, 2023.

Note 4: As these subsidiaries did not meet the definition of significant subsidiaries, the financial statements as of September 30, 2023 and 2022 were not reviewed by independent auditors.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Employee benefits

Pensions - Defined benefit plans

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

(5) Income tax

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

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

There have been no significant changes as of September 30, 2023. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2022.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Cash on hand and revolving funds	\$ 2,652	\$ 2,572	\$ 2,462
Checking accounts and demand deposits	1,423,301	1,287,663	1,283,851
Time deposits	96,810	81,575	68,179
Total	<u>\$ 1,522,763</u>	<u>\$ 1,371,810</u>	<u>\$ 1,354,492</u>

The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ -	\$ 174,745	\$ 175,684
Hybrid instruments	3,030	3,030	3,030
Derivatives	-	-	-
	<u>3,030</u>	<u>177,775</u>	<u>178,714</u>
Valuation adjustment	15,500	28,406	20,792
	<u>\$ 18,530</u>	<u>\$ 206,181</u>	<u>\$ 199,506</u>

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	For the three-month period ended <u>September 30, 2023</u>	For the three-month period ended <u>September 30, 2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 6	\$ 10,991
Derivative instruments	6,479	-
Hybrid instruments	<u>930</u>	<u>72</u>
	<u>\$ 7,415</u>	<u>\$ 11,063</u>
	For the nine-month period ended <u>September 30, 2023</u>	For the nine-month period ended <u>September 30, 2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 2,479	\$ 13,471
Derivative instruments	13,783	-
Hybrid instruments	<u>2,250</u>	<u>192</u>
	<u>\$ 18,512</u>	<u>\$ 13,663</u>

B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

(There were no such transactions on September 30, 2022)

	<u>September 30, 2023</u>	
Derivative financial instruments	Contract amount (notional principal) (in thousands)	Contract period
Current items:		
Foreign exchange swap contracts	USD 15,600	2023/6-2024/1
"	JPY 300,000	2023/6-2023/12
	<u>December 31, 2022</u>	
Derivative financial instruments	Contract amount (notional principal) (in thousands)	Contract period
Current items:		
Foreign exchange swap contracts	USD 9,600	2022/12-2023/4
"	JPY 50,000	2022/10-2023/1

Foreign exchange swap contracts

The Group entered into foreign exchange swap contracts to hedge exchange rate risk of assets and liabilities denominated in foreign currencies whose values would be affected by the exchange rate fluctuations. However, these foreign exchange contracts are not accounted for under hedge accounting.

C. The Group has no financial assets at fair value through profit or loss pledged to others.

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at fair value through other comprehensive income

Items	September 30, 2023	December 31, 2022	September 30, 2022
Current items:			
Equity instruments			
Listed stocks	\$ 337,284	\$ 349,116	\$ 353,866
Valuation adjustment	244,536	47,815	24,874
	\$ 581,820	\$ 396,931	\$ 378,740
Non-current items:			
Equity instruments			
Emerging stocks	\$ 25,634	\$ 25,634	\$ 25,634
Unlisted stocks	43,532	45,380	45,548
	69,166	71,014	71,182
Valuation adjustment	15,188	5,017	14,878
	\$ 84,354	\$ 76,031	\$ 86,060

A. The Group has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$666,174, \$472,962 and \$464,800 as at September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the three-month period ended <u>September 30, 2023</u>	For the three-month period ended <u>September 30, 2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 95,051	(\$ 22,365)
Cumulative losses reclassified to retained earnings due to derecognition	\$ -	\$ -
	For the nine-month period ended <u>September 30, 2023</u>	For the nine-month period ended <u>September 30, 2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 276,159	(\$ 35,616)
Cumulative losses reclassified to retained earnings due to derecognition	(\$ 12,841)	(\$ 1,828)

C. As at September 30, 2023, December 31, 2022 and September 30, 2022, without taking into account any collateral held, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$666,174, \$472,962 and \$464,800, respectively.

D. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(4) Financial assets at amortised cost

<u>Items</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Non-current items :			
Time deposits over twelve months	\$ 485,513	\$ 388,555	\$ 304,205
Corporate bonds	<u>100,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 585,513</u>	<u>\$ 388,555</u>	<u>\$ 304,205</u>

A. As at September 30, 2023, December 31, 2022 and September 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$585,513, \$388,555 and \$304,205, respectively.

B. The Group has no financial assets at amortised cost pledged to others as collateral.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposit are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Notes receivable	\$ 101,526	\$ 113,270	\$ 64,513
Less: Allowance for uncollectible accounts	(53)	(146)	(51)
	<u>\$ 101,473</u>	<u>\$ 113,124</u>	<u>\$ 64,462</u>
Accounts receivable	\$ 1,982,962	\$ 2,584,888	\$ 2,795,238
Less: Allowance for uncollectible accounts	(244,444)	(270,761)	(278,137)
	<u>\$ 1,738,518</u>	<u>\$ 2,314,127</u>	<u>\$ 2,517,101</u>
Overdue receivable (shown as other non-current assets)	\$ 31,688	\$ 14,579	\$ 19,504
Less: Allowance for uncollectible accounts	(31,688)	(14,579)	(19,504)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due to 60 days	\$1,708,682	\$101,526	\$2,327,016	\$113,270	\$2,653,530	\$64,513
61 to 120 days	84,546	-	127,932	-	20,711	-
121 to 180 days	50,679	-	59,516	-	47,154	-
Over 180 days	139,055	-	70,424	-	73,843	-
	<u>\$1,982,962</u>	<u>\$101,526</u>	<u>\$2,584,888</u>	<u>\$113,270</u>	<u>\$2,795,238</u>	<u>\$64,513</u>

The above ageing analysis was based on past due date.

B. As of September 30, 2023, December 31, 2022 and September 30, 2022, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2022 the balance of receivables from contracts with customers amounted to \$2,307,837.

C. The Group has no notes and accounts receivable pledged to others as collateral.

D. As of September 30, 2023, December 31, 2022 and September 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$101,473, \$113,124 and \$64,462; \$1,738,518, \$2,314,127 and \$2,517,101, respectively.

E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

<u>September 30, 2023</u>			
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 204,857	(\$ 101,723)	\$ 103,134
Work in progress	479,502	(136,748)	342,754
Finished goods	292,267	(92,723)	199,544
Total	<u>\$ 976,626</u>	<u>(\$ 331,194)</u>	<u>\$ 645,432</u>

<u>December 31, 2022</u>			
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 267,025	(\$ 94,481)	\$ 172,544
Work in progress	617,305	(135,538)	481,767
Finished goods	400,825	(104,303)	296,522
Total	<u>\$ 1,285,155</u>	<u>(\$ 334,322)</u>	<u>\$ 950,833</u>

<u>September 30, 2022</u>			
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 332,499	(\$ 123,755)	\$ 208,744
Work in progress	645,950	(139,887)	506,063
Finished goods	460,888	(96,643)	364,245
Total	<u>\$ 1,439,337</u>	<u>(\$ 360,285)</u>	<u>\$ 1,079,052</u>

The cost of inventories recognised as expense for the period:

	<u>For the three-month period ended September 30, 2023</u>	<u>For the three-month period ended September 30, 2022</u>
Cost of goods sold and others	\$ 520,759	\$ 937,720
(Gain on reversal of decline) loss on decline in market value	(32,834)	66,454
Total	<u>\$ 487,925</u>	<u>\$ 1,004,174</u>

	<u>For the nine-month period ended September 30, 2023</u>	<u>For the nine-month period ended September 30, 2022</u>
Cost of goods sold and others	\$ 1,545,722	\$ 2,565,835
Loss on decline in market value	(5,115)	68,700
Total	<u>\$ 1,540,607</u>	<u>\$ 2,634,535</u>

The Group reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because of sold inventory for the three-month and nine-month periods ended September 30, 2023.

(7) Investments accounted for using equity method

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Associates:			
Gallant Precision Machining Co., Ltd.	\$ 982,065	\$ 987,324	\$ 983,224
Gallant Micro. Machining Co., Ltd.	134,148	105,046	100,900
Alpha-Cure Asia Co., Ltd.	73,343	67,052	66,056
Viewmove Technologies, Inc.	36,858	38,926	37,310
	<u>\$ 1,226,414</u>	<u>\$ 1,198,348</u>	<u>\$ 1,187,490</u>

The financial statements of certain insignificant consolidated subsidiaries were not reviewed by independent auditors.

Associates

A. The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio			Nature of relationship	Methods of measurement
		September 30, 2023	December 31, 2022	September 30, 2022		
Gallant Precision Machining Co., Ltd.	Taiwan	27.38%	27.38%	27.26%	Business strategy	Equity method
Gallant Micro. Machining Co., Ltd.	Taiwan	23.49% (Note)	22.23% (Note)	22.84% (Note)	Business strategy	Equity method
Alpha-Cure Asia Co., Ltd.	China	25.00%	25.00%	25.00%	Business strategy	Equity method
Viewmove Technologies, Inc.	Taiwan	20.70%	20.70%	20.70%	Business strategy	Equity method

Note : It refers to the comprehensive shareholding ratio including shares of investees directly held by the Group and indirectly held through the associate.

B. The summarised financial information of the associates that are material to the Group is as follows:

Balance sheet

Gallant Precision Machining Co., Ltd.			
	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current assets	\$ 4,302,738	\$ 5,631,173	\$ 5,524,530
Non-current assets	3,134,308	2,265,188	2,244,363
Current liabilities	(3,476,449)	(3,902,059)	(3,753,191)
Non-current liabilities	(804,121)	(752,533)	(753,816)
Total net assets	<u>\$ 3,156,476</u>	<u>\$ 3,241,769</u>	<u>\$ 3,261,886</u>
Share in associate's net assets	\$ 717,931	\$ 723,190	\$ 720,964
Goodwill	<u>264,134</u>	<u>264,134</u>	<u>262,260</u>
Carrying amount of the associate	<u>\$ 982,065</u>	<u>\$ 987,324</u>	<u>\$ 983,224</u>

Gallant Micro. Machining Co., Ltd.			
	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current assets	\$ 1,922,054	\$ 1,973,083	\$ 1,983,547
Non-current assets	802,332	644,883	651,625
Current liabilities	(1,221,221)	(1,153,863)	(1,159,077)
Non-current liabilities	(330,835)	(262,121)	(262,752)
Total net assets	<u>\$ 1,172,330</u>	<u>\$ 1,201,982</u>	<u>\$ 1,213,343</u>
Share in associate's net assets	\$ 88,263	\$ 76,976	\$ 74,939
Goodwill	<u>45,885</u>	<u>28,070</u>	<u>25,961</u>
Carrying amount of the associate	<u>\$ 134,148</u>	<u>\$ 105,046</u>	<u>\$ 100,900</u>

Statement of comprehensive income

	<u>Gallant Precision Machining Co., Ltd.</u>	
	For the three-month period ended September 30, 2023	For the three-month period ended September 30, 2022
Revenue	\$ 665,873	\$ 1,285,044
Profit for the period from continuing operations	\$ 19,833	\$ 187,080
Other comprehensive (loss) income , net of tax	(33,279)	50,928
Total comprehensive (loss) income	(\$ 13,446)	\$ 238,008
Dividends received from associates	\$ -	\$ 66,658

	<u>Gallant Precision Machining Co., Ltd.</u>	
	For the nine-month period ended September 30, 2023	For the nine-month period ended September 30, 2022
Revenue	\$ 2,062,033	\$ 3,516,496
Profit for the period from continuing operations	\$ 113,954	\$ 476,322
Other comprehensive income (loss), net of tax	221,931	(29,298)
Total comprehensive income	\$ 335,885	\$ 447,024
Dividends received from associates	\$ 80,566	\$ 66,658

	<u>Gallant Micro. Machining Co., Ltd.</u>	
	For the three-month period ended September 30, 2023	For the three-month period ended September 30, 2022
Revenue	\$ 238,214	\$ 339,112
Profit for the period from continuing operations	\$ 5,348	\$ 51,928
Other comprehensive income, net of tax	16,854	12,529
Total comprehensive income	\$ 22,202	\$ 64,457
Dividends received from associates	\$ 1,554	\$ 9,060

	<u>Gallant Micro. Machining Co., Ltd.</u>	
	For the nine-month period ended September 30, 2023	For the nine-month period ended September 30, 2022
Revenue	\$ 721,529	\$ 1,161,152
Profit for the period from continuing operations	\$ 47,519	\$ 223,504
Other comprehensive income (loss), net of tax	92,488	(10,776)
Total comprehensive income	\$ 140,007	\$ 212,728
Dividends received from associates	\$ 13,284	\$ 9,060

C. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of September 30, 2023, December 31, 2022 and September 30, 2022, the carrying amount of the Group's individually immaterial associates amounted to \$110,201, \$105,978 and \$103,366, respectively.

	For the three-month period ended September 30, 2023	For the three-month period ended September 30, 2022
(Loss) profit for the period from continuing operations	\$ 2,051	\$ 720
Other comprehensive income, net of tax	-	-
Total comprehensive (loss) income	<u>\$ 2,051</u>	<u>\$ 720</u>
Dividends received from associates	<u>\$ 2,030</u>	<u>\$ 12,443</u>
	For the nine-month period ended September 30, 2023	For the nine-month period ended September 30, 2022
Profit for the period from continuing operations	\$ 4,909	\$ 7,568
Other comprehensive income, net of tax	-	-
Total comprehensive income	<u>\$ 4,909</u>	<u>\$ 7,568</u>
Dividends received from associates	<u>\$ 2,030</u>	<u>\$ 12,443</u>

D. The Group's material associate Gallant Precision Machining Co., Ltd. has quoted market prices. As of September 30, 2023, December 31, 2022 and September 30, 2022, the fair values were \$1,365,144, \$1,235,344 and \$1,167,284, respectively.

E. The Group's material associate Gallant Micro. Machining Co., Ltd. has quoted market prices. As of September 30, 2023, December 31, 2022 and September 30, 2022, the fair values were \$265,680, \$163,406 and \$159,456, respectively.

F. The Group is the single largest shareholder of Gallant Precision Machining Co., Ltd. with a 27.38% equity interest. Given that the key management of the Company and Gallant Precision Machining Co., Ltd. is not the same, which indicates that the Group has no current ability to direct the relevant activities of Gallant Precision Machining Co., Ltd., the Group has no control, but only has significant influence, over the investee.

G. The gain on investments accounted for under equity method amounted to \$6,737, \$47,625, \$32,664, and \$118,794 for the three-month and nine-month periods ended September 30, 2023 and 2022, respectively.

(8) Property, plant and equipment

2023

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Construction in progress and prepayment for equipment</u>	<u>Total</u>
At January 1								
Cost	\$ 270,031	\$ 686,028	\$ 112,200	\$ 108,589	\$ 26,324	\$ 191,971	\$ 2,585	\$ 1,397,728
Accumulated depreciation	-	(261,096)	(94,550)	(72,295)	(16,168)	(145,226)	-	(589,335)
	<u>\$ 270,031</u>	<u>\$ 424,932</u>	<u>\$ 17,650</u>	<u>\$ 36,294</u>	<u>\$ 10,156</u>	<u>\$ 46,745</u>	<u>\$ 2,585</u>	<u>\$ 808,393</u>
Opening net book amount as at January 1	\$ 270,031	\$ 424,932	\$ 17,650	\$ 36,294	\$ 10,156	\$ 46,745	\$ 2,585	\$ 808,393
Additions	-	918	496	4,631	1,428	5,420	2,406	15,299
Disposals	-	(4)	(81)	(75)	(219)	(87)	-	(466)
Reclassifications	-	2,513	-	-	-	73	(2,586)	-
Depreciation charge	-	(14,388)	(3,264)	(10,993)	(2,273)	(10,797)	-	(41,715)
Net exchange differences	-	2,820	301	265	136	644	3	4,169
Closing net book amount as at September 30	<u>\$ 270,031</u>	<u>\$ 416,791</u>	<u>\$ 15,102</u>	<u>\$ 30,122</u>	<u>\$ 9,228</u>	<u>\$ 41,998</u>	<u>\$ 2,408</u>	<u>\$ 785,680</u>
At September 30								
Cost	\$ 270,031	\$ 694,485	\$ 113,807	\$ 113,899	\$ 25,996	\$ 153,678	\$ 2,408	\$ 1,374,304
Accumulated depreciation	-	(277,694)	(98,705)	(83,777)	(16,768)	(111,680)	-	(588,624)
	<u>\$ 270,031</u>	<u>\$ 416,791</u>	<u>\$ 15,102</u>	<u>\$ 30,122</u>	<u>\$ 9,228</u>	<u>\$ 41,998</u>	<u>\$ 2,408</u>	<u>\$ 785,680</u>

2022

	Land	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Construction in progress and prepayment for equipment	Total
At January 1								
Cost	\$ 247,088	\$ 668,290	\$ 118,550	\$ 114,370	\$ 34,042	\$ 179,104	\$ 12,616	\$ 1,374,060
Accumulated depreciation	-	(238,227)	(101,153)	(87,556)	(23,115)	(145,798)	-	(595,849)
	<u>\$ 247,088</u>	<u>\$ 430,063</u>	<u>\$ 17,397</u>	<u>\$ 26,814</u>	<u>\$ 10,927</u>	<u>\$ 33,306</u>	<u>\$ 12,616</u>	<u>\$ 778,211</u>
Opening net book amount as at January 1	\$ 247,088	\$ 430,063	\$ 17,397	\$ 26,814	\$ 10,927	\$ 33,306	\$ 12,616	\$ 778,211
Additions	22,943	13,270	940	15,192	2,478	11,162	2,399	68,384
Disposals	-	-	(52)	(20)	(1,185)	(125)	-	(1,382)
Reclassifications	-	816	23	8,114	-	624	(12,617)	(3,040)
Depreciation charge	-	(16,694)	(3,898)	(11,058)	(2,639)	(9,820)	-	(44,109)
Net exchange differences	-	4,380	479	325	255	860	-	6,299
Closing net book amount as at September 30	<u>\$ 270,031</u>	<u>\$ 431,835</u>	<u>\$ 14,889</u>	<u>\$ 39,367</u>	<u>\$ 9,836</u>	<u>\$ 36,007</u>	<u>\$ 2,398</u>	<u>\$ 804,363</u>
At September 30								
Cost	\$ 270,031	\$ 689,802	\$ 110,167	\$ 108,653	\$ 25,364	\$ 180,336	\$ 2,398	\$ 1,386,751
Accumulated depreciation	-	(257,967)	(95,278)	(69,286)	(15,528)	(144,329)	-	(582,388)
	<u>\$ 270,031</u>	<u>\$ 431,835</u>	<u>\$ 14,889</u>	<u>\$ 39,367</u>	<u>\$ 9,836</u>	<u>\$ 36,007</u>	<u>\$ 2,398</u>	<u>\$ 804,363</u>

Note : It refers to construction in progress and prepayment for equipment transferred to buildings and structures amounting to \$816, machinery and equipment amounting to \$23, office equipment amounting to \$8,114, other equipment amounting to \$624 and intangible assets amounting to \$3,040.

- A. There were no borrowing costs capitalized as part of property, plant and equipment for the three month and nine-month periods ended September 30, 2023 and 2022, respectively.
- B. The Group's buildings and structures include buildings and improvements, decoration works and hydroelectric engineering which are depreciated over 56 years, 2 to 51 years and 5 to 8 years, respectively.
- C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(9) Leasing arrangements – lessee

- A. The Group leases various assets including land, buildings, photocopiers, business vehicles. Land contract is typically made for periods of 26 to 50 years and other rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise photocopiers and business vehicles, which were excluded from the right-of-use assets.
- C. The carrying amount of the depreciation charge are as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 47,271	\$ 47,508	\$ 48,564
Buildings	2,377	821	466
Transportation equipment (Business vehicles)	22,633	23,326	21,351
Office equipment (Photocopiers)	966	1,355	-
	<u>\$ 73,247</u>	<u>\$ 73,010</u>	<u>\$ 70,381</u>
		<u>For the three-month period ended September 30, 2023</u>	<u>For the three-month period ended September 30, 2022</u>
		<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land		\$ 378	\$ 381
Buildings		241	196
Transportation equipment (Business vehicles)		3,709	3,393
Office equipment (Photocopiers)		136	65
		<u>\$ 4,464</u>	<u>\$ 4,035</u>

	For the nine-month period ended <u>September 30, 2023</u>	For the nine-month period ended <u>September 30, 2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 1,133	\$ 1,140
Buildings	987	490
Transportation equipment (Business vehicles)	10,921	8,781
Office equipment (Photocopiers)	407	183
	<u>\$ 13,448</u>	<u>\$ 10,594</u>

D. For the three-month and nine-month periods ended September 30, 2023 and 2022, the additions to right-of-use assets were \$552, \$4,414, \$13,199, and \$10,374, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	For the three-month period ended <u>September 30, 2023</u>	For the three-month period ended <u>September 30, 2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 137	\$ 122
Expense on short-term lease contracts	5,556	306
Expense on leases of low-value assets	1,702	34
	<u>For the nine-month period ended September 30, 2023</u>	<u>For the nine-month period ended September 30, 2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 338	\$ 276
Expense on short-term lease contracts	16,943	3,527
Expense on leases of low-value assets	5,053	187

F. For the three-month and nine-month periods ended September 30, 2023 and 2022, the Group's total cash outflow for leases were \$11,574, \$4,054, \$34,850 and \$13,362, respectively.

(10) Leasing arrangements – lessor

A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 6 and 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.

B. For the three-month and nine-month periods ended September 30, 2023 and 2022, the Group recognised rent income in the amounts of \$2,097, \$3,113, \$6,637, and \$9,444, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>			
2023	\$	2,038	2023	\$	8,541	2022	\$	3,104
2024		8,151	2024		8,190	2023		8,550
2025		8,151	2025		8,190	2024		8,199
2026		8,151	2026		8,190	2025		8,199
After		<u>25,572</u>	After		<u>25,695</u>	After		<u>33,920</u>
2027			2027			2026		
Total	\$	<u>52,063</u>	Total	\$	<u>58,806</u>	Total	\$	<u>61,972</u>

(11) Short-term borrowings

<u>Type of borrowings</u>	<u>September 30, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 490,000</u>	1.61%~1.85%	None
<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 695,000</u>	1.55%~2.11%	None
<u>Type of borrowings</u>	<u>September 30, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 878,600</u>	1.13%~1.32%	None

(12) Financial liabilities at fair value through profit or loss

<u>Items</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current items:			
Financial liabilities held for trading			
Derivative instruments	\$ -	\$ 203	\$ 211
Valuation adjustment	-	<u>126</u>	-
	<u>\$ -</u>	<u>\$ 329</u>	<u>\$ 211</u>

A. Amounts recognised in profit or loss in relation to financial liabilities at fair value through profit or loss are as follows:

	<u>For the three-month period ended September 30, 2023</u>	<u>For the three-month period ended September 30, 2022</u>
Net gains recognised in profit		
Financial liabilities held for trading		
Derivative instruments	<u>\$ 286</u>	<u>\$ 304</u>

	For the nine-month period ended <u>September 30, 2023</u>	For the nine-month period ended <u>September 30, 2022</u>
Net (losses) gains recognised in profit		
Financial liabilities held for trading		
Derivative instruments	\$ 127	\$ 3,058

B. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Group does not adopt hedge accounting are as follows: (September 30, 2023 : None.)

	<u>December 31, 2022</u>		
<u>Derivative financial liabilities</u>	<u>Contract amount (Notional principal) (in thousands)</u>	<u>Contract period</u>	
Current items:			
Option	USD 3,000	2022/12-2023/3	
	<u>September 30, 2022</u>		
<u>Derivative financial liabilities</u>	<u>Contract amount (Notional principal) (in thousands)</u>	<u>Contract period</u>	
Current items:			
Foreign exchange swap contracts	USD 800	2022/9-2022/10	
"	CNY 14,000	2022/8-2022/11	
"	JPY 50,000	2022/4-2022/10	

Foreign exchange swap contracts

The Group entered into foreign exchange swap contracts to hedge exchange rate risk of assets and liabilities denominated in foreign currencies whose values would be affected by the exchange rate fluctuations. However, these foreign exchange contracts are not accounted for under hedge accounting.

(13) Other payables

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Salary and bonus payable	\$ 289,986	\$ 371,017	\$ 383,490
Employees' compensation and directors' remuneration payable	13,098	28,304	23,197
Pension payable	26,106	25,917	25,715
Accrued annual leave	26,220	25,555	24,283
Payable on machinery and equipment	211	41	99
Others	305,944	371,359	367,438
	<u>\$ 661,565</u>	<u>\$ 822,193</u>	<u>\$ 824,222</u>

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2023
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from March 30, 2023 to September 30, 2024; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	\$ 200,000
Unsecured borrowings	Borrowing period is from October 24, 2022 to October 23, 2025; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	150,000
Secured borrowings	Borrowing period is from June 9, 2020 to October 23, 2025; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and structures	143,000
Secured borrowings	Borrowing period is from June 9, 2020 to October 23, 2025; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and structures	70,000
Secured borrowings	Borrowing period is from September 20, 2023 to September 20, 2028; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and structures	376,000
Secured borrowings	Borrowing period is from September 20, 2023 to September 20, 2028; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and structures	124,000
Secured borrowings	Borrowing period is from August 8, 2023 to May 25, 2025; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	90,000
Unsecured borrowings	Borrowing period is from August 18, 2022 to August 18, 2027; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and structures	100,000
Unsecured borrowings	Borrowing period is from October 12, 2022 to October 12, 2024; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	95,000
				<u>1,348,000</u>
Less: Long-term liabilities, current portion				<u>(200,000)</u>
				<u>\$ 1,148,000</u>

Interest rate range: 1.61%~1.90%

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from July 27, 2021 to January 28, 2023; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	\$ 100,000
Unsecured borrowings	Borrowing period is from August 20, 2021 to January 28, 2023; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	100,000
Unsecured borrowings	Borrowing period is from October 24, 2022 to October 23, 2025; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	150,000
Secured borrowings	Borrowing period is from June 9, 2020 to October 23, 2025; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and structures	180,000
Secured borrowings	Borrowing period is from June 9, 2020 to October 23, 2025; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and structures	33,000
Secured borrowings	Borrowing period is from February 20, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Notes 1 & 2	225,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Notes 1 & 2	18,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Notes 1 & 2	99,000
Secured borrowings	Borrowing period is from August 18, 2022 to August 18, 2027; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and structures	100,000
Unsecured borrowings	Borrowing period is from October 12, 2022 to October 12, 2024; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	95,000
				<u>1,100,000</u>
Less: Long-term liabilities, current portion				<u>(344,000)</u>
				<u>\$ 756,000</u>

Interest rate range: 1.42%~1.80%

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2022
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from July 27, 2021 to January 28, 2023; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	\$ 100,000
Unsecured borrowings	Borrowing period is from August 20, 2021 to January 28, 2023; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	100,000
Secured borrowings	Borrowing period is from June 9, 2020 to June 8, 2023; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and structures	180,000
Secured borrowings	Borrowing period is from June 9, 2020 to June 8, 2023; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and structures	33,000
Secured borrowings	Borrowing period is from February 20, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Notes 1 & 2	250,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Notes 1 & 2	20,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.		Notes 1 & 2	
Secured borrowings	Borrowing period is from August 18, 2022 to August 18, 2027; interest is repayable monthly; principal is repayable in full at maturity.	Fixed		108,000
		Fixed	None	100,000
				891,000
Less: Long-term liabilities, current portion				(344,000)
				<u>\$ 547,000</u>

Interest rate range: 0.53%~1.23%

Note 1: In order to repay the existing bank loans and replenish the medium-term working capital, the Company has pledged the property (please refer to Note 8 for details) to the management bank as collateral.

According to the abovementioned loan agreement, the Company agreed to provide the consolidated financial statements audited by CPA annually and maintain the following financial ratios and agreements before the full settlement of the debts during the duration of agreement:

- A. Current ratio: Current assets against current liabilities shall be at least 120%.
- B. Debt ratio: Debt against net tangible assets shall be no more than 200%.
- C. Interest coverage ratio: The net profit before tax plus interest expense plus depreciation expense and amortisation expense divided by interest expense shall be at least three times.
- D. Net tangible assets: the net asset value less intangible shall be no less than \$2 billion.

As of September 30, 2023, December 31, 2022 and September 30, 2022, the consolidated financial statements of the Group met the requirements of the financial ratio limits.

Note 2: The borrowings was repaid before September 30, 2023.

(15) Pensions

- A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 4% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognized pension costs of \$102, \$178, \$307, and \$533 for the three-month and nine-month periods ended September 30, 2023 and 2022, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amount to \$9,537.

- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Group’s mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage was 10%~20%, respectively. Other than the monthly contributions, the Group has no further obligations.
- (c) The pension costs under defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2023 and 2022, were \$6,081, \$6,088, \$13,879, and \$13,267, respectively.

(16) Share-based payment

- A. For the nine-month period ended September 30, 2023, the Group’s share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Treasury stock transferred to employees	March 11, 2022	715 thousand shares	-	Vested immediately

- B. The weighted-average stock price of stock options at exercise dates as of March 11, 2022 was \$49.3 per share. The exercise prices of stock options was \$58 per share. There were no expenses incurred on share-based payment transactions for the nine-month period ended September 30, 2023.

(17) Share capital

- A. As of September 30, 2023, the Company’s authorised capital was \$2,000,000, consisting of 200,000 thousand shares of ordinary stock, and the paid-in capital was \$1,567,553 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. Movements in the number of the Company’s ordinary shares (thousand shares) outstanding are as follows:

	<u>2023</u>	<u>2022</u>
At January 1	156,755	151,475
Stock dividends	-	4,565
Treasury stock sold to employees	-	715
At September 30	<u>156,755</u>	<u>156,755</u>

- B. On May 25, 2021, the Board of Directors has resolved for the Company to repurchase treasury shares amounting to 1,000 thousand shares. Aforementioned shares will be reissued to employees. As of June 30, 2022, the accumulated number of shares which are repurchased by the Company is 715 thousand shares. The treasury shares were reissued to employees for the nine-month period ended September 30, 2023.
- C. The stockholders at their meeting on June 9, 2022 resolved to increase capital by 4,566 thousand shares with a par value of \$10 per share through capitalization of unappropriated retained earnings of \$45,657. Pursuant to the approval by the Financial Supervisory Commission, Securities and Futures Bureau, the capital increase was effective on July 15, 2022.
- D. Treasury shares (December 12, 2022 and September 30, 2022 : None.)
- (a) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (b) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

The details of capital surplus are as follows:

		2023					
		Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interest in subsidiaries	Capital surplus, changes in equity of investment	Employee restricted shares	Net change in equity of associates	
Share premium	Consolidation premium						
January 1 (Same as September 30)	\$ 85,584	\$ 133,672	\$ 11,761	\$ 1,776	\$ 40,893	\$ 7	\$ 273,693

	2022						
	Share premium	Consolidation premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interest in subsidiaries	Capital surplus, changes in equity of investment	Employee restricted shares	Net change in equity of associates
At January 1	\$ 85,584	\$ 133,672	\$ 11,761	\$ 1,776	\$ 10,951	\$ 7	\$ 243,751
Recognition of change in equity of associates in proportion to the Group's ownership	-	-	-	-	29,942	-	29,942
September 30	<u>\$ 85,584</u>	<u>\$ 133,672</u>	<u>\$ 11,761</u>	<u>\$ 1,776</u>	<u>\$ 40,893</u>	<u>\$ 7</u>	<u>\$ 273,693</u>

(19) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Stock dividends should be appropriated at a rate of 20% per annum. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting. In accordance with the law, the Company authorised the distributable dividends and bonuses in whole or in part may be paid in cash after a special resolution has been adopted by the Board of Directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The aforesaid requirement that resolution shall be resolved at the shareholders' meeting is not applicable.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

D. The appropriation of 2022 and 2021 earnings had been resolved at the stockholders' meeting on May 23, 2023 and June 9, 2022, respectively. Details are summarized below:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Amount	Dividends per share (in NT dollars)	Amount	Dividends per share (in NT dollars)
Legal reserve	\$ 74,686		\$ 64,632	
Special reserve	-		(53,977)	
Cash dividends	564,319	\$ 3.6	456,569	\$ 3.01416
Stock dividends	-	-	45,657	0.301416
	<u>\$ 639,005</u>		<u>\$ 512,881</u>	

(20) Other equity items

	2023			
	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Other	Total
At January 1	\$ 71,516	(\$ 101,535)	\$ 530	(\$ 29,489)
Valuation adjustment	276,159	-	-	276,159
Disposal transferred out from retained earnings	(12,841)	-	-	(12,841)
Currency translation differences:				
-Group	-	36,608	-	36,608
-Associate	-	654	-	654
At September 30	<u>\$ 334,834</u>	<u>(\$ 64,273)</u>	<u>\$ 530</u>	<u>\$ 271,091</u>
	2022			
	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Other	Total
At January 1	\$ 102,636	(\$ 132,689)	\$ 530	(\$ 29,523)
Valuation adjustment	(35,616)	-	-	(35,616)
Disposal transferred out from retained earnings	(1,828)	-	-	(1,828)
Currency translation differences:				
-Group	-	64,551	-	64,551
-Associate	-	(2,078)	-	(2,078)
At September 30	<u>\$ 65,192</u>	<u>(\$ 70,216)</u>	<u>\$ 530</u>	<u>(\$ 4,494)</u>

(21) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

For the three-month period ended	C SUN MFG. LTD.			Csun Technology (Guangzhou) Co., Ltd.		Suzhou Top Creation Machines Co., Ltd.			Other			Total
	Taiwan	China	Other	China	Other	China	Other	Taiwan	China	Other		
September 30, 2023												
Timing of revenue recognition												
At a point in time	\$ 314,183	\$ 96,490	\$ 23,851	\$ 174,544	\$ 1,702	\$ 213,005	\$ 39,635	\$ 6,121	\$ 743	\$ -	\$ -	\$ 870,274
Over time	34,587	-	-	-	-	-	-	-	-	-	-	34,587
Total	<u>\$ 348,770</u>	<u>\$ 96,490</u>	<u>\$ 23,851</u>	<u>\$ 174,544</u>	<u>\$ 1,702</u>	<u>\$ 213,005</u>	<u>\$ 39,635</u>	<u>\$ 6,121</u>	<u>\$ 743</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 904,861</u>
For the three-month period ended	C SUN MFG. LTD.			Csun Technology (Guangzhou) Co., Ltd.		Suzhou Top Creation Machines Co., Ltd.			Other			Total
September 30, 2022	Taiwan	China	Other	China	Other	Taiwan	China	Other	Taiwan	China	Other	
Timing of revenue recognition												
At a point in time	\$ 435,136	\$ 431,546	\$ 17,947	\$ 188,652	\$ 2,927	\$ 42,784	\$ 364,654	\$ 7,136	\$ 7,610	\$ -	\$ -	\$ 1,498,392
Over time	35,583	-	-	-	-	-	-	-	-	-	-	35,583
Total	<u>\$ 470,719</u>	<u>\$ 431,546</u>	<u>\$ 17,947</u>	<u>\$ 188,652</u>	<u>\$ 2,927</u>	<u>\$ 42,784</u>	<u>\$ 364,654</u>	<u>\$ 7,136</u>	<u>\$ 7,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,533,975</u>

For the nine-month period ended	C SUN MFG. LTD.			Csun Technology (Guangzhou) Co., Ltd.		Suzhou Top Creation Machines Co., Ltd.			Other			Total
	Taiwan	China	Other	China	Other	China	Other	Taiwan	China	Other		
September 30, 2023												
Timing of revenue recognition												
At a point in time	\$ 974,942	\$ 226,881	\$ 74,668	\$ 454,878	\$ 3,070	\$ 535,529	\$ 124,701	\$ 17,447	\$ 97,696	\$ -	\$ 2,509,812	
Over time	90,585	-	-	-	-	-	-	-	-	-	90,585	
Total	<u>\$ 1,065,527</u>	<u>\$ 226,881</u>	<u>\$ 74,668</u>	<u>\$ 454,878</u>	<u>\$ 3,070</u>	<u>\$ 535,529</u>	<u>\$ 124,701</u>	<u>\$ 17,447</u>	<u>\$ 97,696</u>	<u>\$ -</u>	<u>\$ 2,600,397</u>	
For the nine-month period ended	C SUN MFG. LTD.			Csun Technology (Guangzhou) Co., Ltd.		Suzhou Top Creation Machines Co., Ltd.			Other			Total
September 30, 2022	Taiwan	China	Other	China	Other	Taiwan	China	Other	Taiwan	China	Other	
Timing of revenue recognition												
At a point in time	\$ 1,002,693	\$ 929,421	\$ 59,115	\$ 716,576	\$ 6,601	\$ 47,928	\$ 1,124,199	\$ 69,131	\$ 53,572	\$ 2,349	\$ 208	\$ 4,011,793
Over time	81,870	-	-	-	-	-	-	-	-	-	-	81,870
Total	<u>\$ 1,084,563</u>	<u>\$ 929,421</u>	<u>\$ 59,115</u>	<u>\$ 716,576</u>	<u>\$ 6,601</u>	<u>\$ 47,928</u>	<u>\$ 1,124,199</u>	<u>\$ 69,131</u>	<u>\$ 53,572</u>	<u>\$ 2,349</u>	<u>\$ 208</u>	<u>\$ 4,093,663</u>

B. Contract liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>	<u>January 1, 2022</u>
Contract liabilities	\$ 422,597	\$ 669,327	\$ 830,444	\$ 520,329

Revenue recognised that was included in the contract liability balance at the beginning of the period

	<u>For the three-month period ended September 30, 2023</u>	<u>For the three-month period ended September 30, 2022</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 57,708	\$ 117,018

	<u>For the nine-month period ended September 30, 2023</u>	<u>For the nine-month period ended September 30, 2022</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 460,637	\$ 492,844

(22) Interest income

	<u>For the three-month period ended September 30, 2023</u>	<u>For the three-month period ended September 30, 2022</u>
Interest income from bank deposits	\$ 6,741	\$ 5,495

	<u>For the nine-month period ended September 30, 2023</u>	<u>For the nine-month period ended September 30, 2022</u>
Interest income from bank deposits	\$ 17,456	\$ 17,419

(23) Other income

	<u>For the three-month period ended September 30, 2023</u>	<u>For the three-month period ended September 30, 2022</u>
Rent income	\$ 2,097	\$ 3,113
Dividend income	44,860	32,830
Indemnities revenues	10	-
Other income	8,887	(4,099)
	<u>\$ 55,854</u>	<u>\$ 31,844</u>

	For the nine-month period ended <u>September 30, 2023</u>	For the nine-month period ended <u>September 30, 2022</u>
Rent income	\$ 6,637	\$ 9,444
Dividend income	44,860	32,830
Indemnities revenues	7,117	-
Other income	<u>25,087</u>	<u>8,946</u>
	<u>\$ 83,701</u>	<u>\$ 51,220</u>

(24) Other gains and losses

	For the three-month period ended <u>September 30, 2023</u>	For the three-month period ended <u>September 30, 2022</u>
Losses on disposal of property, plant and equipment	(\$ 12)	(\$ 72)
Gains on disposal of investments	1,124	-
Net currency exchange gains	41,334	49,782
Net gains on financial assets (liabilities) at fair value through profit	6,577	12,224
Other losses	(1,155)	(803)
Total	<u>\$ 47,868</u>	<u>\$ 61,131</u>

	For the nine-month period ended <u>September 30, 2023</u>	For the nine-month period ended <u>September 30, 2022</u>
(Losses) gains on disposal of property, plant and equipment	(\$ 144)	\$ 492
Loss on disposal of intangible assets	(742)	-
Gains on disposal of investments	1,832	815
Net currency exchange gains	38,615	61,964
Net gains on financial assets (liabilities) at fair value through profit	16,807	16,721
Other losses	(7,771)	(2,411)
	<u>\$ 48,597</u>	<u>\$ 77,581</u>

(25) Finance costs

	For the three-month period ended <u>September 30, 2023</u>	For the three-month period ended <u>September 30, 2022</u>
Interest expense :		
Bank loan	\$ 9,094	\$ 8,297
Lease liabilities	137	122
	<u>\$ 9,231</u>	<u>\$ 8,419</u>
	For the nine-month period ended <u>September 30, 2023</u>	For the nine-month period ended <u>September 30, 2022</u>
Interest expense :		
Bank loan	\$ 23,324	\$ 20,696
Lease liabilities	338	276
	<u>\$ 23,662</u>	<u>\$ 20,972</u>

(26) Expenses by nature

	For the three-month period ended <u>September 30, 2023</u>	For the three-month period ended <u>September 30, 2022</u>
Employee benefit expenses	<u>\$ 212,443</u>	<u>\$ 309,500</u>
Depreciation charges on property, plant and equipment, and right-of-use assets	<u>\$ 18,306</u>	<u>\$ 18,525</u>
Amortisation charges on intangible assets	<u>\$ 1,197</u>	<u>\$ 1,699</u>
	For the nine-month period ended <u>September 30, 2023</u>	For the nine-month period ended <u>September 30, 2022</u>
Employee benefit expenses	<u>\$ 585,510</u>	<u>\$ 716,326</u>
Depreciation charges on property, plant and equipment, and right-of-use assets	<u>\$ 55,163</u>	<u>\$ 54,703</u>
Amortisation charges	<u>\$ 4,117</u>	<u>\$ 4,695</u>

(27) Employee benefit expenses

	For the three-month period ended <u>September 30, 2023</u>	For the three-month period ended <u>September 30, 2022</u>
Wages and salaries	\$ 180,861	\$ 281,818
Labour and health insurance fees	15,568	17,015
Pension costs	6,047	6,266
Other personnel expenses	9,967	4,401
	<u>\$ 212,443</u>	<u>\$ 309,500</u>
	For the nine-month period ended <u>September 30, 2023</u>	For the nine-month period ended <u>September 30, 2022</u>
Wages and salaries	\$ 497,828	\$ 635,285
Labour and health insurance fees	46,274	46,604
Pension costs	14,050	13,800
Other personnel expenses	27,358	20,637
	<u>\$ 585,510</u>	<u>\$ 716,326</u>

A. The current year's earnings, if any, shall be distributed a ratio of 1%~9% as employees' compensation in the form of shares or in cash as resolved by the Board of Directors. Qualification requirements of employees include the employees of subsidiaries of the company meeting certain specific requirements. The Company shall distribute directors' remuneration no more than 2.25% of the total distributable amount as resolved by the Board of Directors. The appropriation of employees' compensation and directors' remuneration shall be submitted to the shareholders' meeting.

If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated as employees' compensation and directors' remuneration based on the abovementioned ratios.

B. For the three-month and nine-month periods ended September 30, 2023 and 2022, employees' compensation was accrued at \$1,906, \$2,874, \$4,030, and \$6,952, respectively; while directors' remuneration was accrued at \$4,290, \$6,466, \$9,068, and \$15,643, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 1% and 2.25% of distributable profit of current period for the nine-month period ended September 30, 2023.

Employees' compensation and directors' and supervisors' remuneration of 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month period ended <u>September 30, 2023</u>	For the three-month period ended <u>September 30, 2022</u>
Current tax:		
Current tax on profits for the period	\$ 25,578	\$ 49,749
Tax on undistributed earnings	-	-
Prior period income tax overestimation	-	-
Total current tax	<u>25,578</u>	<u>49,749</u>
Deferred tax:		
Origination and reversal of temporary differences	(1,620)	3,882
Income tax expense	<u>\$ 23,958</u>	<u>\$ 53,631</u>
	For the nine-month period ended <u>September 30, 2023</u>	For the nine-month period ended <u>September 30, 2022</u>
Current tax:		
Current tax on profits for the period	\$ 38,857	\$ 112,697
Tax on undistributed earnings	5,393	-
Prior year income tax overestimation	(4,318)	(524)
Total current tax	<u>39,932</u>	<u>112,173</u>
Deferred tax:		
Origination and reversal of temporary differences	(2,777)	26,045
Income tax expense	<u>\$ 37,155</u>	<u>\$ 138,218</u>

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

	For the three-month period ended <u>September 30, 2023</u>	For the three-month period ended <u>September 30, 2022</u>
Currency translation differences	<u>\$ 19,503</u>	<u>\$ 5,286</u>
	For the nine-month period ended <u>September 30, 2023</u>	For the nine-month period ended <u>September 30, 2022</u>
Currency translation differences	<u>\$ 9,152</u>	<u>\$ 11,963</u>

B. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(29) Earnings per share

	<u>For the three-month period ended September 30, 2023</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ <u>168,993</u>	156,755	\$ <u>1.08</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>90</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>168,993</u>	<u>156,845</u>	\$ <u>1.08</u>
	<u>For the nine-month period ended September 30, 2023</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ <u>376,450</u>	156,755	\$ <u>2.40</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>128</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>376,450</u>	<u>156,883</u>	\$ <u>2.40</u>

	<u>For the three-month period ended September 30, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 225,989</u>	156,755	<u>\$ 1.44</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>63</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 225,989</u>	<u>156,818</u>	<u>\$ 1.44</u>
	<u>For the nine-month period ended September 30, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 581,892</u>	156,567	<u>\$ 3.72</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>188</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 581,892</u>	<u>156,755</u>	<u>\$ 3.71</u>

Note: For the three-month and nine-month periods ended September 30, 2022, the outstanding weighted average shares was retrospectively adjusted based on the capitalised amount of unappropriated earnings at the ratio of 103%.

(30) Supplemental cash flow information

Investing activities with partial cash payments :

	For the nine-month period ended September 30, 2023	For the nine-month period ended September 30, 2022
Purchase of property, plant and equipment	\$ 15,299	\$ 68,384
Add: Opening balance of payable on equipment	41	97
Less: Ending balance of payable on equipment	(211)	(99)
Cash paid during the period	<u>\$ 15,129</u>	<u>\$ 68,382</u>

(31) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (Note 1)	Guarantee deposits received	Lease liabilities (Note 2)	Dividends payable (Note 2)	Total
January 1, 2023	\$ 695,000	\$ 1,100,000	\$ 2,160	\$ 25,656	\$ -	\$ 1,822,816
Changes in cash flow from financing activities	(205,000)	248,000	-	(12,516)	(564,319)	(533,835)
Interest expense	-	-	-	435	-	435
Paid interest	-	-	-	(435)	-	(435)
Impact of changes in foreign exchange rate	-	-	42	(338)	-	(296)
Changes in other non-cash items	-	-	-	13,199	564,319	577,518
September 30, 2023	<u>\$ 490,000</u>	<u>\$ 1,348,000</u>	<u>\$ 2,202</u>	<u>\$ 26,001</u>	<u>\$ -</u>	<u>\$ 1,866,203</u>

	Short-term borrowings	Long-term borrowings (Note 1)	Guarantee deposits received	Lease liabilities (Note 2)	Dividends payable	Total
January 1, 2022	\$ 694,981	\$ 845,000	\$ 2,142	\$ 20,970	\$ -	\$ 1,563,093
Changes in cash flow from financing activities	183,619	46,000	-	(9,372)	(456,469)	(236,222)
Interest expense	-	-	-	275	-	275
Paid interest	-	-	-	(275)	-	(275)
Impact of changes in foreign exchange rate	-	-	62	(230)	-	(168)
Changes in other non-cash items	-	-	-	10,562	456,469	467,031
September 30, 2022	<u>\$ 878,600</u>	<u>\$ 891,000</u>	<u>\$ 2,204</u>	<u>\$ 21,930</u>	<u>\$ -</u>	<u>\$ 1,793,734</u>

Note 1: Including long-term borrowings - current portion.

Note 2: Including lease liability - current portion.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Alpha-Cure Asia Co.,Ltd.	Associate
Gallant Precision Machining Co., Ltd.	Associate
Gallant Micro. Machining Co., Ltd.	Associate
Viewmove Technologies,Inc.	Associate

(2) Significant related party transactions

A. Purchases:

	For the three-month period ended <u>September 30, 2023</u>	For the three-month period ended <u>September 30, 2022</u>
Purchases of goods:		
Associates	<u>\$ 3,762</u>	<u>\$ 27,928</u>
	For the nine-month period ended <u>September 30, 2023</u>	For the nine-month period ended <u>September 30, 2022</u>
Purchases of goods:		
Associates	<u>\$ 18,811</u>	<u>\$ 57,569</u>

The prices and conditions for the purchase of goods is based on agreement and there is no other comparable counterparty. The credit terms would be available to third parties.

B. Payables to related parties:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts payable:			
Associates	<u>\$ 9,166</u>	<u>\$ 21,755</u>	<u>\$ 17,088</u>

The payables to related parties arise mainly from purchase transactions. The payables bear no interest.

C. Prepayments:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Gallant Precision Machining Co., Ltd.	<u>\$ 10,118</u>	<u>\$ 193</u>	<u>\$ 37,498</u>

(3) Key management compensation

	For the three-month period ended <u>September 30, 2023</u>	For the three-month period ended <u>September 30, 2022</u>
Salaries and other short-term employee benefits	<u>\$ 12,017</u>	<u>\$ 13,247</u>
Post-employment benefits	<u>99</u>	<u>140</u>
	<u>\$ 12,116</u>	<u>\$ 13,387</u>
	For the nine-month period ended <u>September 30, 2023</u>	For the nine-month period ended <u>September 30, 2022</u>
Salaries and other short-term employee benefits	<u>\$ 23,810</u>	<u>\$ 33,025</u>
Post-employment benefits	<u>298</u>	<u>285</u>
	<u>\$ 24,108</u>	<u>\$ 33,310</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	September 30, 2023	December 31, 2022	September 30, 2022	
Property, plant and equipment	\$ 502,848	\$ 509,014	\$ 525,100	Long-term borrowings

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

Except for the descriptions in other notes to the consolidated financial statements, the Group's significant commitments and contingencies as of the balance sheet date are as follows:

Promissory notes issued for performance guarantees of sales as of September 30, 2023, December 31, 2022 and September 30, 2022, were \$64,401, \$317,122 and \$139,266, respectively.

(2) Commitments

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On November 9, 2023, the Company's Board of Directors resolved to purchase the shares of the Company from the Taiwan Stock Exchange and transfer them to the employees of the Company, with an estimated 10,000 thousand ordinary shares, and the repurchase price range is between \$33 (in dollars) and \$67 (in dollars), and the scheduled repurchase period is from November 10, 2023 to January 9, 2024.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During the nine-month periods ended September 30, 2023, the Group's strategy was to maintain the gearing ratio within reasonable risk level. The gearing ratios at September 30, 2023, December 31, 2022 and September 30, 2022 were as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Total borrowings	\$ 1,838,000	\$ 1,795,000	\$ 1,769,600
Less: Cash and cash equivalents	(1,522,763)	(1,371,810)	(1,354,492)
Net debt	315,237	423,190	415,108
Total equity	<u>3,627,228</u>	<u>3,477,814</u>	<u>3,327,010</u>
Total capital	<u>\$ 3,942,465</u>	<u>\$ 3,901,004</u>	<u>\$ 3,742,118</u>
Gearing ratio	<u>8.00%</u>	<u>10.85%</u>	<u>11.09%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 18,530	\$ 206,181	\$ 199,506
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 666,174	\$ 472,962	\$ 464,800
Financial assets at amortised cost			
Cash and cash equivalents	\$ 1,522,763	\$ 1,371,810	\$ 1,354,492
Financial assets at amortised cost	585,513	388,555	304,205
Notes receivable	101,473	113,124	64,462
Accounts receivable (including related party)	1,738,518	2,314,127	2,517,101
Other receivables (including related party)	15,844	15,960	28,720
Guarantee deposits paid	15,768	12,069	12,531
	<u>\$ 3,979,879</u>	<u>\$ 4,215,645</u>	<u>\$ 4,281,511</u>

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	\$ -	\$ 329	\$ 211
Financial liabilities at amortised cost			
Short-term borrowings	\$ 490,000	\$ 695,000	\$ 878,600
Notes payable	8,097	18,689	51,622
Accounts payable (including related party)	609,127	825,072	1,007,079
Other accounts payable	661,565	822,193	824,222
Long-term borrowings (including current portion)	1,348,000	1,100,000	891,000
Guarantee deposits received	2,202	2,160	2,204
	<u>\$ 3,118,991</u>	<u>\$ 3,463,114</u>	<u>\$ 3,654,727</u>
Lease liability (including current portion)	<u>\$ 26,001</u>	<u>\$ 25,656</u>	<u>\$ 21,930</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

- (a) Market risk

Foreign exchange risk

- i. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	September 30, 2023		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD/RMB)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 15,711	32.27	\$ 506,994
JPY:NTD	252,244	0.2162	54,535
RMB:NTD	18,642	4.420	82,398
USD:RMB	1,894	7.1798	13,599
<u>Non-monetary items</u>			
USD:NTD	\$ 2,273	32.27	73,343
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 53	32.27	\$ 1,710
JPY:NTD	4,675	0.2162	1,011
<u>Non-monetary items: None</u>			
	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD/RMB)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 18,655	30.71	\$ 572,895
JPY:NTD	245,178	0.2324	56,979
RMB:NTD	90,007	4.408	396,751
USD:RMB	2,906	6.9646	20,239
<u>Non-monetary items</u>			
USD:NTD	\$ 2,187	30.71	\$ 67,052
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 51	30.71	\$ 1,566
JPY:NTD	4,432	0.2324	1,030
<u>Non-monetary items: None</u>			

September 30, 2022

	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD/RMB)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 25,832	31.70	\$ 818,874
JPY:NTD	238,794	0.2181	52,081
RMB:NTD	93,191	4.448	414,514
USD:RMB	4,363	7.0998	30,976
<u>Non-monetary items</u>			
USD:NTD	\$ 2,084	31.70	\$ 66,056
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 2,039	31.80	\$ 64,840
JPY:NTD	10,571	0.2221	2,348
<u>Non-monetary items: None</u>			

- ii. Total exchange (loss) gain including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and nine-month periods ended September 30, 2023 and 2022 amounted to \$41,334, \$49,782, \$38,615, and \$61,964, respectively.
- iii. Analysis of foreign currency market risk arising from significant foreign exchange variation

Nine-month period ended September 30, 2023					
Sensitivity analysis					
	Degree of variation		Effect on profit or loss (NTD/RMB)		Effect on other comprehensive income
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
	USD:NTD	1%	\$ 5,070	\$	-
	JPY:NTD	1%	545		-
	RMB:NTD	1%	824		-
	USD:RMB	1%	136		-
<u>Non-monetary items</u>					
	USD:NTD	1%	\$ -	\$	733
<u>Financial liabilities</u>					
<u>Monetary items</u>					
	USD:NTD	1%	(\$ 17)	\$	-
	JPY:NTD	1%	(10)		-

Nine-month period ended September 30, 2022					
Sensitivity analysis					
	Degree of variation		Effect on profit or loss (NTD/RMB)		Effect on other comprehensive income
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
	USD:NTD	1%	\$ 8,189	\$	-
	JPY:NTD	1%	521		-
	RMB:NTD	1%	4,145		-
	USD:RMB	1%	310		-
<u>Non-monetary items</u>					
	USD:NTD	1%	\$ -	\$	661
<u>Financial liabilities</u>					
<u>Monetary items</u>					
	USD:NTD	1%	(\$ 648)	\$	-
	JPY:NTD	1%	(23)		-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the nine-month periods ended September 30, 2023 and 2022 would have increased/decreased by \$111 and \$1,178, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$3,997 and \$2,789, respectively.

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from short-term and certain long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the nine-month periods ended September 30, 2023 and 2022, the Group's borrowings at variable rate were denominated in New Taiwan dollars, if the market interest rate had increased by 0.25%, the Company's cash outflow would have increased by \$3,446 and \$1,318, respectively.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Group measured actual transaction status. If the contract payments were past based on the term, the default has occurred.
- iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.
- vi. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. As of September 30, 2023, December 31, 2022 and September 30, 2022, respectively, the provision matrix is as follows:

	Up to 60 days past due	61~120 days past due	121 to 180 days past due	Up to 181 days	Total
<u>At September 30,</u>					
Expected loss rate	0%~30%	2%~42%	4%~55%	10%~100%	
Total book value	\$ 1,810,208	\$ 84,546	\$ 50,679	\$ 139,055	\$ 2,084,488
Loss allowance	(\$ 97,911)	(\$ 27,968)	(\$ 24,430)	(\$ 94,188)	(\$ 244,497)
	Up to 60 days past due	61~120 days past due	121 to 180 days past due	Up to 181 days	Total
<u>At December 31, 2022</u>					
Expected loss rate	0%~30%	2%~42%	4%~55%	10%~100%	
Total book value	\$ 2,440,286	\$ 127,932	\$ 59,516	\$ 70,424	\$ 2,698,158
Loss allowance	(\$ 141,590)	(\$ 40,545)	(\$ 33,800)	(\$ 54,972)	(\$ 270,907)
	Up to 60 days past due	61~120 days past due	121 to 180 days past due	Up to 181 days	Total
<u>At September 30,</u>					
Expected loss rate	0%~30%	37%~52%	50%~62%	60%~100%	
Total book value	\$ 2,718,043	\$ 20,711	\$ 47,154	\$ 73,843	\$ 2,859,751
Loss allowance	(\$ 178,975)	(\$ 20,423)	(\$ 18,635)	(\$ 60,155)	(\$ 278,188)

vii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable, contract assets and lease payments receivable are as follows:

	2023		
	Accounts receivable	Notes receivable	Overdue receivables
At January 1	\$ 270,761	\$ 146	\$ 14,579
(Reversal of) provision for impairment	(26,268)	(93)	16,541
Write-offs	(1,854)	-	-
Effect of foreign exchange	1,805	-	568
At September 30	<u>\$ 244,444</u>	<u>\$ 53</u>	<u>\$ 31,688</u>

	2022		
	Accounts receivable	Notes receivable	Overdue receivables
At January 1	\$ 220,726	\$ 37	\$ 56,110
(Reversal of) provision for impairment	57,669	14	(37,846)
Write-offs	(234)	-	-
Effect of foreign exchange	(24)	-	1,240
At September 30	<u>\$ 278,137</u>	<u>\$ 51</u>	<u>\$ 19,504</u>

The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

viii. For financial instruments at amortised cost, the credit rating levels are presented below:

September 30, 2023				
Lifetime				
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	<u>\$ 585,513</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 585,513</u>

December 31, 2022				
Lifetime				
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	<u>\$ 388,555</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 388,555</u>

September 30, 2022				
Lifetime				
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	\$ 304,205	\$ -	\$ -	\$ 304,205

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at September 30, 2023, December 31, 2022 and September 30, 2022, the Group held money market position of \$1,520,111, \$1,369,238 and \$1,352,030, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. The Group has the following undrawn borrowing facilities:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Fixed rate:			
Expiring within one year	\$ 1,880,000	\$ 1,835,000	\$ 1,651,400
Expiring beyond one year	<u>315,000</u>	<u>241,000</u>	<u>350,000</u>
	<u>\$ 2,195,000</u>	<u>\$ 2,076,000</u>	<u>\$ 2,001,400</u>

- iv. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

September 30, 2023	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 490,000	\$ -	\$ -	\$ -
Notes payable	8,097	-	-	-
Accounts payable (including related party)	609,127	-	-	-
Other payables	661,565	-	-	-
Lease liability (including current portion)	13,485	13,024	-	-
Long-term borrowings (including current portion)	203,976	566,440	650,282	-
Guarantee deposits received	-	90	1,573	539
<u>Derivative financial liabilities:</u>				
Option	-	-	-	-
December 31, 2022	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 695,000	\$ -	\$ -	\$ -
Notes payable	18,689	-	-	-
Accounts payable (including related party)	825,072	-	-	-
Other payables	822,193	-	-	-
Lease liability (including current portion)	14,334	11,742	-	-
Long-term borrowings (including current portion)	349,869	663,224	106,897	-
Guarantee deposits received	-	1,630	-	530
<u>Derivative financial liabilities:</u>				
Foreign exchange swap contracts	329	-	-	-

September 30, 2022	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 878,600	\$ -	\$ -	\$ -
Notes payable	51,623	-	-	-
Accounts payable (including related party)	1,007,079	-	-	-
Other payables	824,222	-	-	-
Lease liability (including current portion)	12,799	13,723	-	-
Long-term borrowings (including current portion)	347,710	452,830	106,035	-
Guarantee deposits received	-	1,654	-	550
<u>Derivative financial liabilities:</u>				
Foreign exchange swap contracts	211	-	-	-

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in derivative instruments is include in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market and investment property is included in Level 3.

B. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at September 30, 2023, December 31, 2022 and September 30, 2022 is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

<u>September 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Derivative instruments	\$ 12,980	\$ -	\$ -	\$ 12,980
Debt securities	5,550	-	-	5,550
Financial assets at fair value through other comprehensive income				
Equity securities	581,820	-	84,354	666,174
	<u>\$ 600,350</u>	<u>\$ -</u>	<u>\$ 84,354</u>	<u>\$ 684,704</u>
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 201,852	\$ -	\$ -	\$ 201,852
Debt securities	3,300	-	-	3,300
Derivative instruments	1,029	-	-	1,029
Financial assets at fair value through other comprehensive income				
Equity securities	396,931	-	76,031	472,962
	<u>\$ 603,112</u>	<u>\$ -</u>	<u>\$ 76,031</u>	<u>\$ 679,143</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>(\$ 329)</u>	<u>\$ -</u>	<u>(\$ 329)</u>

<u>September 30, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 196,284	\$ -	\$ -	\$ 196,284
Debt securities	3,222	-	-	3,222
Financial assets at fair value through other comprehensive income				
Equity securities	<u>378,740</u>	<u>-</u>	<u>86,060</u>	<u>464,800</u>
	<u>\$ 578,246</u>	<u>\$ -</u>	<u>\$ 86,060</u>	<u>\$ 664,306</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>(\$ 211)</u>	<u>\$ -</u>	<u>(\$ 211)</u>

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

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

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

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

- iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate. Structured interest derivative instruments are measured by using appropriate option pricing models (i.e. Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.
- v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- vi. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- C. For the nine-month periods ended September 30, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- D. The following chart is the movement of Level 3 for the nine-month periods ended September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
At January 1	\$ 76,031	\$ 121,832
Gain recognised in other comprehensive income		
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	10,264 (23,285)
Sold in the period	-	(11,336)
Capital reduction	(2,100)	(2,098)
Effect of exchange rate	<u>159</u>	<u>947</u>
At September 30	<u>\$ 84,354</u>	<u>\$ 86,060</u>

- E. For the nine-month periods ended September 30, 2023 and 2022, there was no transfer into or out from Level 3.

F. Accounting Department segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at September 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity					
Unlisted shares	\$ 70,692	Market comparable companies	Price to book ratio multiple	0.43~17.39	The higher the multiple and control premium, the higher the fair value
Venture capital shares	13,662	Net asset value	Not applicable	Not applicable	Not applicable
Private equity fund investment					
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity					
Unlisted shares	\$ 62,807	Market comparable companies	Price to book ratio multiple	7.8~12.14	The higher the multiple and control premium, the higher the fair value
Venture capital shares	13,224	Net asset value	Not applicable	Not applicable	Not applicable
Private equity fund investment					

	Fair value at September 30, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity					
Unlisted shares	\$ 70,480	Market comparable companies	Price to book ratio multiple	0.32~14.28	The higher the multiple and control premium, the higher the fair value
Venture capital shares	15,580	Net asset value	Not applicable	Not applicable	Not applicable
Private equity fund investment					

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

		September 30, 2023			
		Recognised in profit or loss		Recognised in other comprehensive income	
		Favourable change	Unfavourable change	Favourable change	Unfavourable change
Input	Change				
Financial assets					
Equity instrument	Price to earnings ratio multiple ± 10%	\$ -	\$ -	\$ 8,435	(\$ 8,435)
		December 31, 2022			
		Recognised in profit or loss		Recognised in other comprehensive income	
		Favourable change	Unfavourable change	Favourable change	Unfavourable change
Input	Change				
Financial assets					
Equity instrument	Price to earnings ratio multiple ± 10%	\$ -	\$ -	\$ 7,603	(\$ 7,603)

		September 30, 2022			
		Recognised in profit or loss		Recognised in other comprehensive income	
		Favourable change	Unfavourable change	Favourable change	Unfavourable change
		Input	Change		
Financial assets					
Equity instrument	Price to earnings ratio multiple	± 10%	\$ -	\$ -	\$ 8,606 (\$ 8,606)

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 6(12).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

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

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 7.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. Segment Information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions.

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

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

<u>For the nine-month period ended September 30, 2023</u>	<u>C SUN MFG. LTD.</u>	<u>Csun Technology (Guangzhou) Co., Ltd.</u>	<u>Creation Machines Co., Ltd.</u>	<u>Other</u>	<u>Elimination</u>	<u>Total</u>
Revenue from external customers	\$ 1,367,076	\$ 457,948	\$ 660,230	\$ 115,143	\$ -	\$ 2,600,397
Inter-segment revenue	\$ 101,757	\$ 136,477	\$ 4,497	\$ 10,140	(\$ 252,871)	\$ -
Segment income	\$ 389,932	\$ 40,009	\$ 91,216	\$ 15,691	(\$ 104,778)	\$ 432,070
Total segment assets	\$ 6,627,712	\$ 1,440,250	\$ 1,498,949	\$ 608,998	(\$ 2,503,526)	\$ 7,672,383
<u>For the nine-month period ended September 30, 2022</u>	<u>C SUN MFG. LTD.</u>	<u>Csun Technology (Guangzhou) Co., Ltd.</u>	<u>Creation Machines Co., Ltd.</u>	<u>Other</u>	<u>Elimination</u>	<u>Total</u>
Revenue from external customers	\$ 2,073,099	\$ 723,176	\$ 1,231,977	\$ 65,411	\$ -	\$ 4,093,663
Inter-segment revenue	\$ 231,282	\$ 264,070	\$ 37,325	\$ 21,559	(\$ 554,236)	\$ -
Segment income	\$ 671,802	\$ 140,785	\$ 257,201	(\$ 7,152)	(\$ 294,185)	\$ 768,451
Total segment assets	\$ 7,216,206	\$ 1,618,115	\$ 1,593,819	\$ 780,930	(\$ 2,865,053)	\$ 8,344,017

(3) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the nine-month periods ended September 30, 2023 and 2022 is provided as follows:

	For the nine-month period ended <u>September 30, 2023</u>	For the nine-month period ended <u>September 30, 2022</u>
Reportable segments income	\$ 536,848	\$ 1,062,636
Other	(104,778)	(294,185)
Income before tax from continuing operations	<u>\$ 432,070</u>	<u>\$ 768,451</u>

C SUN MFG. LTD. and subsidiaries
Loans to other
For the nine-month period ended September 30, 2023

Table 1 Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine-month period ended September 30, 2023	Balance at September 30, 2023	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason term financing	Allowance for doubtful accounts		Limit on loans granted to a single party	Ceiling on total loans granted	Note	
												Item	Value				
0	Power Ever Enterprises Limited	Top Creation Machines Co., Ltd.	Other receivables	Yes	\$ 2,000	\$ 2,000	\$ 500	1.80%	short-term financing	\$ -	Operational need	\$ -	-	\$ -	\$ 553,410	\$ 553,410	Note

Note : As prescribed in the subsidiary, Power Ever Enterprises Limited's "Procedures for Provision of Loans":
i. For business relationship, the limit amount for a single party shall not exceed 40% of the net assets value of the Company.
ii. For short-term financing, limit on loans granted for a single party shall not exceed 40% of the net assets value of the Company.

C SUN MFG. LTD. and subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

September 30, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
C SUN MFG. LTD.	Fubon Life Insurance Co., Ltd-Subordinate bonds	None	Non-current financial assets at amortised cost	1,000,000	\$ 100,000	-	\$ 100,000	
"	Group Up Industrial Co., Ltd. - Unsecured convertible bonds	"	Financial assets at fair value through profit or loss - current	30,000	5,550	-	5,550	
"	Group Up Industrial Co., Ltd.	"	Financial assets measured at fair value through other comprehensive income - current	513,000	81,054	0.93	81,054	
"	Ampoc Far-East Co., Ltd.	"	"	5,466,000	399,018	4.78	399,018	
"	Yankey Engineering Co., Ltd.	"	"	68,719	18,004	0.08	18,004	
"	UTECHZONE CO., LTD.	"	"	596,000	41,184	1.00	41,184	
"	Test Research, Inc.	"	"	700,000	42,560	0.30	42,560	
"	Advance Materials Corporation	"	Financial assets measured at fair value through other comprehensive income - non-current	1,423,770	10,294	1.27	10,294	
"	Emax Tech Co., Ltd.	Director	"	3,652,554	50,844	10.82	50,844	
"	Hua Da Venture Capital Corporation	"	"	90,000	1,565	1.80	1,565	
"	Luminescence Technology Corp.	None	"	454,000	7,290	1.80	7,290	
"	Aibdt Technology Inc.	"	"	1,624,755	699	1.79	699	
"	Gvt Fund Gp, L.P.	"	"	474,385	10,242	1.59	10,242	
C Sun (B.V.I) Ltd.	Gvt Fund Gp, L.P.	"	"	158,183	3,420	0.53	3,420	

Table 2

C SUN MFG. LTD. and subsidiaries

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the nine-month period ended September 30, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)
C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	The Company holds indirectly 100% of the investee	Purchases	\$ 135,814	8.82%	Similar to third parties	Similar to third parties	Similar to third parties	\$ (18,315)	(5.16%)
C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	The Company holds indirectly 100% of the investee	(Sales)	(101,757)	(6.99%)	Similar to third parties	Similar to third parties	Similar to third parties	\$ 29,315	3.10%

Table 3

C SUN MFG. LTD. and subsidiaries
Significant inter-company transactions during the reporting periods
For the nine-month period ended September 30, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms (Note 3)	Percentage of consolidated total operating revenues or total assets (Note 4)
0	C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	1	Sales	\$ 101,757	-	3.91
0	"	"	1	Purchases	135,814	-	5.22
0	"	"	1	Accounts receivable	29,315	-	0.38
0	"	"	1	Accounts payable	18,315	-	0.24

Note 1: The information of transactions between the Company and the consolidated subsidiaries should be noted in "Number" column.

- (1) Number 0 represents the Company
- (2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationships with the counterparties are as follows (If transactions of parent company with subsidiaries or transaction in subsidiaries refer to the same transaction, it will not be disclosed twice, for example; If parent company discloses a transaction with a subsidiary, then subsidiary will not disclose that transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.)

- (1) The Company to the consolidated subsidiary.
- (2) The consolidated subsidiary to the Company
- (3) The consolidated subsidiary to another consolidated subsidiary.

Note 3: The sales of the parent company with Csun Technology (Guangzhou) Co., Ltd. is strategy division for the Group, the price set of the transaction is based on the agreement, other transaction with non-parties are same with third parties. Transaction terms for the other transaction cannot be referenced to similiary transactions, all is based on the agreement.

Note 4: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note 5: The information only discloses the amount of transactions that are more than \$10,000 and counterparties shall not be disclosed.

C SUN MFG. LTD. and subsidiaries
Information on investees
For the nine-month period ended September 30, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount (Note 1)		Shares held as at September 30, 2023			Net profit (loss) of the investee for the nine-month period ended September 30, 2023	Investment income(loss) recognised by the Company for the nine-month period ended September 30, 2023	Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
C SUN MFG. LTD.	C Sun (B.V.I) Ltd.	British Virgin Islands	Investment	\$ 374,138	\$ 356,052	-	100.00	\$ 2,377,905	\$ 108,808	\$ 114,844	
"	K Sun (Samoa) Ltd.	Samoa	Investment	74,608	71,002	-	100.00	23,453	130	130	
"	Wat Sun. Intelligent Technology Co., Ltd.	Taiwan	Machinery and equipment manufacturing	700,000	700,000	70,000,000	100.00	47,608 (4,250) (4,250)	Note 2
"	Gallant Precision Machining Co., Ltd.	Taiwan	Machinery and equipment wholesale and manufacturing	897,223	888,243	44,758,827	27.38	982,065	97,587	25,203	
"	Gallant Micro. Machining Co., Ltd.	Taiwan	Machinery and equipment wholesale and manufacturing	120,474	83,624	2,214,000	7.83	134,148	46,488	2,552	
"	Viewmove Technologies, Inc.	Taiwan	Machinery and equipment wholesale and manufacturing	38,561	38,561	676,504	20.70	36,858	4,256	881	
C Sun (B.V.I) Ltd.	Alpha Joint Ltd.	Samoa	Investment	18,717	17,812	580,000	100.00	96,664	4,164	4,164	
"	Power Ever Enterprises Limited	Samoa	Investment	190,716	181,496	-	77.47	1,098,699	81,971	63,503	
Power Ever Enterprises Limited	Good Team International Enterprises Limited	Hong Kong	Investment	193,620	184,260	6,000,000	100.00	1,388,978	90,237	90,237	
Suzhou Top Creation Machines Co., Ltd.	Top Creation Machines Co., Ltd.	Taiwan	Machinery installation and wholesales, Equipment retail and electronic materials wholesale	7,500	7,500	750,000	100.00	415 (2,290) (2,290)	

Note 1: Original investment amount has translated to New Taiwan Dollars at the closing exchange rate.

Note 2: Wat Sun. Intelligent Technology Co., Ltd. completed the liquidation on October 13, 2023.

C SUN MFG. LTD. and subsidiaries
Information on investments in Mainland China
For the nine-month period ended September 30, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine-month period ended September 30,2023		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Net profit (loss) of investee for the nine-month period ended September 30,2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2023 (Note2(2))	Book value of investments in Mainland China as of September 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Csun Technology (Guangzhou) Co., Ltd.	Manufacturing, installing, sales and processing all manner of drying equipment, tempature experiment equipment and exposure equipment.	\$ 619,907	Reinvested in the Mainland China investee through investing in an existing company (C Sun (B.V.I) Ltd.) in the third area.	\$ 146,241	\$ -	\$ -	\$ 153,669	\$ 39,984	100.00	\$ 39,984	\$ 1,157,494	\$ 766,496	Note 2 (2) (B)
Alpha-Cure Asia Co.,Ltd.	Manufacturing and processing UV curing lamp.	68,380	Reinvested in the Mainland China investee through investing in an existing company (Alpha Joint Ltd.) in the third area.	17,812	-	-	18,717	16,112	25.00	4,028	73,343	-	Note 2 (2)(C)
Suzhou Amc Technology Co., Ltd.	Preparation, research and design, manufacturing and processing for copper claded laminates, semiconductor, special for components use materials and te tape carrier package.	580,860	Reinvested in the Mainland China investee through investing in an existing company (K Sun (Samoa) Ltd.) in the third area.	7,404	-	-	7,781	-	0.89	-	-	-	-
Northern Juye (Beijing) Information Technology Co., Ltd.	Operating information and internet technical and hardware sales.	161,350	Invested the investee through the company (Csun Technology (Guangzhou) Co., Ltd.) in the Mainland China.	5,304	-	-	5,573	-	2.82	-	-	-	-
Suzhou Top Creation Machines Co., Ltd.	Design and manufacturing printed circuit board, flat panel display, semiconductor, solar industry equipment and related parts sales.	177,485	Reinvested in the Mainland China investee through investing in an existing company (Good Team International Enterprises Limited) in the third area.	180,790	-	-	189,973	78,138	77.47	60,534	1,034,559	83,808	Note 2 (2) (B) · Note 4
Jiangsu Chuang Gao Xin Materials Technology Co., Ltd.	Research and development, manufacturing high-tech materials, intellectual toys, toy balloon; computer software's develop application; manufacturing mould and precision machinery.	184,254	Invested the investee through the company (Csun Technology (Guangzhou) Co., Ltd.) in the Mainland China.	-	-	-	-	2,975	100.00	2,975	202,831	-	Note 2 (2) (C)
Nantong Chuangfeng Photoelectric Equipment Co.,	Design and manufacturing printed circuit board, flat panel display, semiconductor, solar industry equipment and related parts sales.	213,411	Reinvested in the Mainland China investee through investing in an existing company (Good Team International Enterprises Limited) in the third area.	-	-	-	-	12,175	77.47	9,432	354,181	-	Note 2 (2) (C) · Note 4 · Note 5
Company name		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023			Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)			Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA					
C SUN MFG. LTD.		\$375,713			\$0			\$2,176,337					

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1)Directly invest in a company in Mainland China.
- (2)Through investing in an existing company in the third area,which then investeed in the investee in Mainland China.
- (3)Others.

Note 2: In the 'Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2023' column:

- (1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - A.The financial statements that are reviewed and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B.The financial statements that are reviewed and attested by R.O.C. parent company's CPA.
 - C.Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: C Sun (B.V.I) Ltd. held 77.47% of the equity interest of Power Ever Enterprises Limited and indirectly obtains the equity interest of Power Ever Enterprises Limited, and indirectly obtained the equity interest of Suzhou Top Creation Machines Co., Ltd. through investing in an existing company in the third area, which then invested in Suzhou Top Creation Machines Co., Ltd. in Mainland China.

Note 5: Good Team International Enterprises Limited reinvested in Nantong Chuangfeng Photoelectric Equipment Co., Ltd. by using the cash dividends of US\$ 10,000 thousands which was distributed from Suzhou Top Creation Machines Co., Ltd.

C SUN MFG. LTD. and subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the nine-month period ended September 30, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale		Purchase		Accounts receivable		Accounts payable		Financing				
	Amount	%	Amount	%	Balance at September 30, 2023	%	Balance at September 30, 2023	Purpose	Maximum balance during the nine-month period ended September 30, 2023	Balance at September 30, 2023	Interest rate	Interest during the nine-month period ended September 30, 2023	Others
Csun Technology (Guangzhou) Co., Ltd.	\$ 101,757	16.92	\$ 135,814	32.60	\$ 29,315	9.17	\$ 18,315	17.07	-	-	-	-	-

C SUN MFG. LTD. and subsidiaries

Information of major shareholders

September 30, 2023

Table 8

Name of major shareholders	Shares	
	Number of shares held	Holding percentage
Gallant Precision Machining Co.,Ltd.	19,957,082	12.73%
Hai-Xing Investment Co.,Ltd.	14,971,743	9.55%
Pin-Zhi Investment Co.,Ltd.	12,164,560	7.76%

Note 1: The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference of calculation basis.

Note 2: If the aforementioned data contains shares which were kept in the trust by the shareholders, the data was disclosed as a separate account of the client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio was greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio included the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information on reported share equity of insiders, please refer to the Market Observation Post System.