

**CHENG MEI MATERIALS TECHNOLOGY
CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 2022 AND 2021**

For the convenience of readers and for information purpose only, the auditors' review report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' review report and financial statements shall prevail.

CHENG MEI MATERIALS TECHNOLOGY CORPORATION
MARCH 31, 2022 AND 2021 CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
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INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To Cheng Mei Materials Technology Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Cheng Mei Materials Technology Corporation and subsidiaries (collectively referred herein as the "Group") as at March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months 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" 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 Statement of Auditing Standards No. 65 "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 Notes 4(3) and 6(8)(9), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using the equity method (including those transferred to non-current assets classified as held for sale, net) were not reviewed by independent auditors. Those statements reflect total assets (including investments accounted for using the equity method and non-current assets classified as held for sale, net) of NT\$4,568,232 thousand and NT\$4,291,453 thousand, constituting 28.30% and 28.57% of the consolidated total assets, and total liabilities of NT\$1 thousand and NT\$933 thousand, constituting 0.00% and 0.02% of the consolidated total liabilities as at March 31, 2022 and 2021, and total comprehensive income (including share of the profit of associates and joint ventures accounted for using the equity method) of (NT\$3,141) thousand and NT\$148,305 thousand, constituting (1.77%) and 70.38% of the consolidated total comprehensive income for the three months 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 using the equity method (including those transferred to non-current assets held for sales, net) 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 the Group as at March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Wu, Chien-Chih

Liao, A-Shen

For and on behalf of PricewaterhouseCoopers, Taiwan

May 5, 2022

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.

CHENG MEI MATERIALS TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

MARCH 31, 2022, DECEMBER 31, 2021 AND MARCH 31, 2021

(Expressed in thousands of New Taiwan dollars)

(The balance sheets as of March 31, 2022 and 2021 are reviewed, not audited)

Assets		Notes	March 31, 2022		December 31, 2021		March 31, 2021				
			AMOUNT	%	AMOUNT	%	AMOUNT	%			
Current assets											
1100	Cash and cash equivalents	6(1)	\$	1,125,951	7	\$	610,282	4	\$	536,224	4
1110	Financial assets at fair value through other comprehensive income	6(2)		2,552	-		-	-		-	-
1136	Current financial assets at amortised cost	6(4) and 8		177,393	1		630,157	4		284,870	2
1170	Accounts receivable, net	6(5)		2,925,931	18		2,753,241	18		2,909,309	19
1180	Accounts receivable, net - related parties	6(5) and 7		19,158	-		10,719	-		39,303	-
1200	Other receivables			33,714	-		57,631	-		60,332	-
1210	Other receivables - related parties	7		3,356	-		3,282	-		57,176	-
1220	Current tax assets			522	-		519	-		692	-
130X	Inventories	6(6)		2,637,861	17		2,431,130	16		2,340,708	16
1410	Prepayments	6(7)		189,626	1		289,008	2		211,086	2
1460	Non-current assets classified as held for sale, net	6(8)		4,477,716	28		4,477,716	28		-	-
1479	Other current assets			2,679	-		2,843	-		10,694	-
11XX	Total current assets			11,596,459	72		11,266,528	72		6,450,394	43
Non-current assets											
1517	Non-current financial assets at fair value through other comprehensive income	6(3)		128,621	1		128,621	1		140,849	1
1550	Investments accounted for using equity method	6(9)		23,914	-		28,461	-		4,223,019	28
1600	Property, plant and equipment	6(10) and 8		3,986,062	25		3,981,346	25		3,929,351	26
1755	Right-of-use assets	6(11)		32,810	-		32,270	-		30,277	-
1780	Intangible assets	6(12)		9,445	-		12,637	-		6,876	-
1840	Deferred tax assets			213,329	1		206,840	1		116,581	1
1915	Prepayments for equipment			117,872	1		75,664	1		112,848	1
1990	Other non-current assets			34,144	-		11,231	-		8,790	-
15XX	Total non-current assets			4,546,197	28		4,477,070	28		8,568,591	57
1XXX	Total assets		\$	16,142,656	100	\$	15,743,598	100	\$	15,018,985	100

(Continued)

CHENG MEI MATERIALS TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

MARCH 31, 2022, DECEMBER 31, 2021 AND MARCH 31, 2021

(Expressed in thousands of New Taiwan dollars)

(The balance sheets as of March 31, 2022 and 2021 are reviewed, not audited)

	Liabilities and Equity	Notes	March 31, 2022		December 31, 2021		March 31, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(13) and 8	\$ 1,014,946	6	\$ 2,908,066	18	\$ 2,730,895	18
2120	Current financial liabilities at fair value through profit or loss	6(2)	33,398	-	2,382	-	17,374	-
2130	Contract liabilities	6(21) and 7	15,241	-	23,915	-	16,237	-
2170	Accounts payable		1,191,944	8	573,800	4	1,103,147	7
2180	Accounts payable - related parties	7	2,495	-	1,976	-	600	-
2200	Other payables	6(14)	503,396	3	555,879	4	397,427	3
2260	Liabilities related to non-current assets classified as held for sale	6(8)	264	-	264	-	-	-
2280	Current lease liabilities		1,131	-	1,124	-	56	-
2320	Current portion of long-term liabilities	6(15) and 8	257,085	2	448,456	3	270,000	2
2399	Other current liabilities	6(8)	165,266	1	54,282	-	8,148	-
21XX	Total current liabilities		<u>3,185,166</u>	<u>20</u>	<u>4,570,144</u>	<u>29</u>	<u>4,543,884</u>	<u>30</u>
	Non-current liabilities							
2540	Long-term borrowings	6(15) and 8	2,061,308	13	477,411	3	410,000	3
2570	Deferred tax liabilities		229,040	1	221,009	1	76,302	-
2580	Non-current lease liabilities		1,508	-	1,795	-	76	-
2645	Guarantee deposits		40	-	40	-	40	-
25XX	Total non-current liabilities		<u>2,291,896</u>	<u>14</u>	<u>700,255</u>	<u>4</u>	<u>486,418</u>	<u>3</u>
2XXX	Total liabilities		<u>5,477,062</u>	<u>34</u>	<u>5,270,399</u>	<u>33</u>	<u>5,030,302</u>	<u>33</u>
	Equity attributable to the owners of the company							
	Share capital							
3110	Common shares	6(17)(18)	6,755,335	42	6,755,335	43	6,657,285	44
	Capital surplus							
3200	Capital surplus	6(19)	1,099,440	7	1,099,205	7	1,095,276	7
	Retained earnings	6(20)						
3310	Legal reserve		1,085,124	7	1,085,124	7	1,085,124	7
3320	Special reserve		623,368	4	623,368	4	676,861	5
3350	Unappropriated retained earnings		1,824,731	11	1,703,457	11	1,135,990	8
	Other equity interest							
3400	Other equity interest	6(8)	(722,404)	(5)	(793,290)	(5)	(661,853)	(4)
3XXX	Total equity		<u>10,665,594</u>	<u>66</u>	<u>10,473,199</u>	<u>67</u>	<u>9,988,683</u>	<u>67</u>
	Significant contingent liabilities and unrecognized contract commitments	7 and 9						
3X2X	Total liabilities and equity		<u>\$ 16,142,656</u>	<u>100</u>	<u>\$ 15,743,598</u>	<u>100</u>	<u>\$ 15,018,985</u>	<u>100</u>

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

CHENG MEI MATERIALS TECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)
(UNAUDITED)

			Three months ended March 31			
			2022		2021	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Net sales	6(21) and 7		\$ 2,784,620	100	\$ 2,746,361	100
5000 Cost of sales	6(6)(12)(26)(27) and 7		(2,510,852)	(90)	(2,604,122)	(94)
5900 Gross profit			<u>273,768</u>	<u>10</u>	<u>142,239</u>	<u>6</u>
Operating expenses	6(12)(26)(27) and 12(2)					
6100 Selling and marketing expenses			(53,018)	(2)	(44,922)	(2)
6200 General and administrative expenses			(92,282)	(4)	(47,882)	(2)
6300 Research and development expenses			(57,723)	(2)	(42,156)	(1)
6450 Impairment gain and reversal of impairment loss determined in accordance with IFRS 9			-	-	794	-
6000 Total operating expenses			(203,023)	(8)	(134,166)	(5)
6900 Profit from operations			<u>70,745</u>	<u>2</u>	<u>8,073</u>	<u>1</u>
Non-operating income and expenses						
7100 Interest income	6(22)		1,354	-	1,761	-
7010 Other income	6(23) and 7		18,806	1	18,541	1
7020 Other gains and losses	6(2)(24)		60,234	2	101,487	4
7050 Finance costs	6(25)		(22,402)	(1)	(15,672)	(1)
7060 Share of (loss) profit of associates and joint ventures accounted for using equity method	6(9)		(5,921)	-	148,448	5
7000 Total non-operating income and expenses			<u>52,071</u>	<u>2</u>	<u>254,565</u>	<u>9</u>
7900 Profit before income tax			122,816	4	262,638	10
7950 Income tax expense	6(28)		(1,542)	-	(13,420)	(1)
8200 Profit for the period			<u>\$ 121,274</u>	<u>4</u>	<u>\$ 249,218</u>	<u>9</u>
Other comprehensive income (loss)						
Components of other comprehensive income that will be reclassified to profit or loss						
8361 Exchange differences on translation of foreign financial statements			\$ 55,902	2	(\$ 38,485)	(1)
8300 Total other comprehensive (loss) income, net			<u>\$ 55,902</u>	<u>2</u>	<u>(\$ 38,485)</u>	<u>(1)</u>
8500 Total comprehensive income for the period			<u>\$ 177,176</u>	<u>6</u>	<u>\$ 210,733</u>	<u>8</u>
Net profit attributable to:						
8610 Owners of the Company			<u>\$ 121,274</u>	<u>4</u>	<u>\$ 249,218</u>	<u>9</u>
Total comprehensive income attributable to:						
8710 Owners of the Company			<u>\$ 177,176</u>	<u>6</u>	<u>\$ 210,733</u>	<u>8</u>
Earnings per share	6(29)					
9750 Basic earnings per share			<u>\$ 0.18</u>		<u>\$ 0.37</u>	
9850 Diluted earnings per share			<u>\$ 0.18</u>		<u>\$ 0.37</u>	

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

CHENG MEI MATERIALS TECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

Notes	Equity attributable to owners of the parent									
	Retained Earnings					Other equity interest				
	Share capital - common shares	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised losses from financial assets measured at fair value through other comprehensive income	Equity related to non-current assets classified as held for sale	Unearned compensation	Total equity
For the three months ended March 31, 2021										
Balance at January 1, 2021	\$ 6,657,285	\$ 938,942	\$ 1,085,124	\$ 676,861	\$ 886,772	(\$ 411,239)	(\$ 212,129)	\$ -	\$ -	\$ 9,621,616
Net profit for the period	-	-	-	-	249,218	-	-	-	-	249,218
Other comprehensive loss for the period	-	-	-	-	-	(38,485)	-	-	-	(38,485)
Total comprehensive income (loss) for the period	-	-	-	-	249,218	(38,485)	-	-	-	210,733
Changes in equity of associates and joint ventures accounted for using equity method 6(9)(19)	-	156,334	-	-	-	-	-	-	-	156,334
Balance at March 30, 2021	\$ 6,657,285	\$ 1,095,276	\$ 1,085,124	\$ 676,861	\$ 1,135,990	(\$ 449,724)	(\$ 212,129)	\$ -	\$ -	\$ 9,988,683
For the three months ended March 31, 2022										
Balance at January 1, 2022	\$ 6,755,335	\$ 1,099,205	\$ 1,085,124	\$ 623,368	\$ 1,703,457	(\$ 119,168)	(\$ 224,357)	(\$ 370,884)	(\$ 78,881)	\$ 10,473,199
Net profit for the period	-	-	-	-	121,274	-	-	-	-	121,274
Other comprehensive income for the period	-	-	-	-	-	55,902	-	-	-	55,902
Total comprehensive income for the period	-	-	-	-	121,274	55,902	-	-	-	177,176
Share-based payments 6(17)	-	-	-	-	-	-	-	-	14,984	14,984
Changes in equity of associates and joint ventures accounted for using equity method 6(19)	-	235	-	-	-	-	-	-	-	235
Balance at March 31, 2022	\$ 6,755,335	\$ 1,099,440	\$ 1,085,124	\$ 623,368	\$ 1,824,731	(\$ 63,266)	(\$ 224,357)	(\$ 370,884)	(\$ 63,897)	\$ 10,665,594

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

CHENG MEI MATERIALS TECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Three months ended March 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 122,816	\$ 262,638
Adjustments			
Adjustments to reconcile profit (loss)			
Share-based compensation cost	6(17)	14,984	-
Net loss on financial assets or liabilities at fair value through profit or loss	6(2)(24)	39,783	30,808
Expected credit gain	12(2)	-	(794)
Allowance for sales returns and discounts		5,586	-
Share of profit of associates and joint ventures accounted for using equity method	6(9)	5,921	(148,448)
Depreciation expense	6(10)(11)(26)	97,721	94,651
Amortization expense	6(12)(26)	3,312	2,032
Interest income	6(22)	(1,354)	(1,761)
Interest expense	6(25)	22,402	15,672
Changes in operating assets and liabilities			
Changes in operating assets			
Current financial assets at fair value through profit or loss		7,423	4,250
Accounts receivable	(	178,276)	(296,491)
Accounts receivable - related parties	(	8,439)	5,417
Other receivables		20,385	6,263
Other receivables - related parties	(	74)	(3,135)
Inventories	(	206,731)	164,385
Prepayments		83,569	28,611
Other current assets		164	(1,098)
Changes in operating liabilities			
Current financial liabilities at fair value through profit or loss	(	18,742)	(16,622)
Current contract liabilities	(	8,674)	(35,390)
Accounts payable		618,144	(241,576)
Accounts payable - related parties		519	(1,830)
Other payables	(	17,845)	(2,107)
Other current liabilities	(	46,399)	740
Cash inflow (outflow) generated from operations		556,195	(133,785)
Interest received		4,931	375
Interest paid	(	24,666)	(16,533)
Income tax paid	(	3)	(4)
Income tax refunded		-	52
Net cash flows from (used in) operating activities		536,457	(149,895)

(Continued)

CHENG MEI MATERIALS TECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Three months ended March 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in current financial assets at amortised cost		\$ 452,764	\$ 19,722
Acquisition of property, plant and equipment	6(30)	(104,886)	(41,242)
Acquisition of intangible assets	6(12)	(120)	(400)
Increase in equipment prepayments		(58,965)	(14,389)
Increase in other non-current assets		(22,913)	1
Increases other current liabilities	6(8)	157,383	-
Net cash flows from (used in) investing activities		423,263	(36,308)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings	6(31)	1,445,160	1,486,286
Repayments of short-term borrowings	6(31)	(3,351,356)	(1,278,301)
Payments of lease liabilities	6(31)	(280)	(13)
Proceeds from long-term borrowings	6(31)	2,101,777	133,060
Repayments of long-term borrowings	6(31)	(693,438)	-
Net cash flows (used in) from financing activities		(498,137)	341,032
Effect of exchange rate changes on cash and cash equivalents		54,086	(31,223)
Net increase in cash and cash equivalents		515,669	123,606
Cash and cash equivalents at beginning of period	6(1)	610,282	412,618
Cash and cash equivalents at end of period	6(1)	\$ 1,125,951	\$ 536,224

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

CHENG MEI MATERIALS TECHNOLOGY CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(Reviewed, not audited)

1. HISTORY AND ORGANISATION

(1) Cheng Mei Materials Technology Corporation (the “Company”) was incorporated under the provisions of the Company Act of the Republic of China (R.O.C.) on May 17, 2005. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in manufacturing and selling optoelectronic material and components (polarizing film).

(2) On October 24, 2011, the Company’s shares were listed on the Taiwan Stock Exchange (TWSE). Since September 2017, the Company’s common shares have been traded on the Singapore Exchange Limited (SGX) under the symbol “US16412W1071” in the form of global depositary shares.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on May 5, 2022.

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”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

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

None.

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

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

<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 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2021, except for the compliance statement, basis of preparations, basis of consolidation and additional policies are 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' as endorsed by the FSC.
- B. The consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2021.

(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 liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations 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:

The basis for preparation of consolidated financial statements is consistent with the basis used in the 2021 consolidated financial statements.

- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)			Description
			March 31, 2022	December 31, 2021	March 31, 2021	
Cheng Mei Materials Technology Corporation (“CMMT”)	Cheng Mei Materials Technology (SAMOA) Corp. (“CMMTS”)	Investment Company	100%	100%	100%	-
	Chi Mei Materials Technology Investment Co., Ltd. (“CMMTI”)	Investment Company	100%	100%	100%	Note 1
	Cheng Hui Investment Co., Ltd. (“CHI”)	Investment Company	100%	100%	100%	Note 2
	Cheng Hui Trading Co., Ltd. (“CHT”)	Trading business	100%	100%	100%	Note 2
CMMTS	Ningbo Cheng Mei Materials Technology Co., Ltd. (“NBCMMT”)	Electronic component manufacturing and selling	100%	100%	100%	-
CHT	Mao Fong Group Co., Ltd. (Mao Fong Group)	Investment Company	100%	100%	100%	Note 2, 3

Note 1: On September 25, 2021, the Board of Directors at their meeting committed to sell the equity interest of CMMTI. Please refer to Note 6(8) for details of the transferred non-current assets held for sale.

Note 2: The financial statement of the entity as of and for the three months ended March 31, 2022 and 2021 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 3: The cancellation of registration was completed on April 27, 2022.

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

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

E. Significant restrictions: None.

(4) Income tax

The interim period income tax expense is recognised 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 March 31, 2022. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2021.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Cash on hand and revolving funds	\$ 484	\$ 451	\$ 491
Checking accounts and demand deposits	981,275	444,759	218,621
Time deposits	144,192	165,072	317,112
	<u>\$ 1,125,951</u>	<u>\$ 610,282</u>	<u>\$ 536,224</u>

A. 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.

B. Information about cash and cash equivalents that were pledged to others as collaterals is provided in Note 8.

C. Time deposits were classified as cash and cash equivalents with original maturities of less than three months. The Group has no time deposits pledged to others.

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Derivatives	\$ 2,552	\$ -	\$ -
Debt instruments	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>
	6,052	3,500	3,500
Valuation adjustment	(<u>3,500</u>)	(<u>3,500</u>)	(<u>3,500</u>)
	<u>\$ 2,552</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Current items:			
Financial liabilities held for trading			
Derivatives	<u>\$ 33,398</u>	<u>\$ 2,382</u>	<u>\$ 17,374</u>

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

	<u>Three months ended March 31, 2022</u>	<u>Three months ended March 31, 2021</u>
Financial assets mandatorily measured at fair value through profit or loss		
Derivatives	\$ 9,975	\$ 3,188
Financial liabilities held for trading		
Derivatives	(<u>49,758</u>)	(<u>33,996</u>)
	<u>(\$ 39,783)</u>	<u>(\$ 30,808)</u>

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

	<u>March 31, 2022</u>		<u>December 31, 2021</u>	
Derivative	Contract Amount	Contract	Contract Amount	Contract
Financial Assets	(notional principal)	Period	(notional principal)	Period
Current items:				
Forward foreign exchange contracts	JPY 247,680 thousand	2022.03 ~ 2022.04	-	-
Forward foreign exchange contracts	JPY 249,780 thousand	2022.03 ~ 2022.04	-	-

Derivative Financial Liabilities	March 31, 2022		December 31, 2021	
	Contract Amount (notional principal)	Contract Period	Contract Amount (notional principal)	Contract Period
Current items:				
Forward foreign exchange contracts	JPY 231,960 thousand	2022.03～2022.04	JPY 229,650 thousand	2021.12～2022.01
Forward foreign exchange contracts	JPY 234,380 thousand	2022.03～2022.04	JPY 229,650 thousand	2021.12～2022.01
Forward foreign exchange contracts	JPY 231,560 thousand	2022.03～2022.04	JPY 228,160 thousand	2021.12～2022.01
Forward foreign exchange contracts	JPY 231,680 thousand	2022.03～2022.04	JPY 228,160 thousand	2021.12～2022.01
Forward foreign exchange contracts	JPY 231,780 thousand	2022.03～2022.04	JPY 228,800 thousand	2021.12～2022.01
Forward foreign exchange contracts	JPY 232,710 thousand	2022.03～2022.04	JPY 228,900 thousand	2021.12～2022.01
Forward foreign exchange contracts	JPY 232,710 thousand	2022.03～2022.04	JPY 229,600 thousand	2021.12～2022.01
Forward foreign exchange contracts	JPY 235,400 thousand	2022.03～2022.04	JPY 229,600 thousand	2021.12～2022.01
Forward foreign exchange contracts	JPY 235,400 thousand	2022.03～2022.04	JPY 229,820 thousand	2021.12～2022.01
Forward foreign exchange contracts	JPY 236,600 thousand	2022.03～2022.04	JPY 229,920 thousand	2021.12～2022.01
Forward foreign exchange contracts	JPY 236,600 thousand	2022.03～2022.04	JPY 230,020 thousand	2021.12～2022.01
Forward foreign exchange contracts	JPY 237,480 thousand	2022.03～2022.04	JPY 230,060 thousand	2021.12～2022.01
Forward foreign exchange contracts	JPY 237,580 thousand	2022.03～2022.04	-	-
Forward foreign exchange contracts	JPY 237,840 thousand	2022.03～2022.04	-	-
Forward foreign exchange contracts	JPY 238,080 thousand	2022.03～2022.04	-	-
Forward foreign exchange contracts	JPY 240,680 thousand	2022.03～2022.04	-	-
Forward foreign exchange contracts	JPY 241,000 thousand	2022.03～2022.04	-	-
Forward foreign exchange contracts	JPY 241,000 thousand	2022.03～2022.04	-	-
Forward foreign exchange contracts	JPY 240,940 thousand	2022.03～2022.04	-	-
Forward foreign exchange contracts	TWD 56,192 thousand	2022.03～2022.04	-	-
			March 31, 2021	
Derivative Financial Liabilities			Contract Amount (notional principal)	Contract Period
Current items:				
Forward foreign exchange contracts			JPY 423,800 thousand	2021.02～2021.04
Forward foreign exchange contracts			JPY 212,260 thousand	2021.02～2021.04
Forward foreign exchange contracts			JPY 318,450 thousand	2021.02～2021.04
Forward foreign exchange contracts			JPY 106,140 thousand	2021.02～2021.04
Forward foreign exchange contracts			JPY 213,840 thousand	2021.03～2021.04
Forward foreign exchange contracts			TWD 55,796 thousand	2021.03～2021.04
Forward foreign exchange contracts			TWD 56,696 thousand	2021.03～2021.05
Forward foreign exchange contracts			JPY 216,180 thousand	2021.03～2021.05
Forward foreign exchange contracts			JPY 218,062 thousand	2021.03～2021.05
Forward foreign exchange contracts			JPY 219,040 thousand	2021.03～2021.05
Forward foreign exchange contracts			JPY 219,420 thousand	2021.03～2021.05
Forward foreign exchange contracts			JPY 221,440 thousand	2021.03～2021.05

The Group entered into forward foreign exchange 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 forward foreign exchange contracts are not accounted for under hedge accounting.

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

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

Items	March 31, 2022	December 31, 2021	March 31, 2021
Non-current items:			
Equity instruments			
Unlisted stocks	\$ 352,978	\$ 352,978	\$ 352,978
Valuation adjustment	(224,357)	(224,357)	(212,129)
	<u>\$ 128,621</u>	<u>\$ 128,621</u>	<u>\$ 140,849</u>

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 \$128,621, \$128,621 and \$140,849 as at March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

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

(4) Financial assets at amortised cost

Items	March 31, 2022	December 31, 2021	March 31, 2021
Current items:			
Escrow demand deposits	\$ -	\$ 615,853	\$ 188,951
Reserve account	139,333	-	-
Pledged deposit	38,060	14,304	6,000
Investment in debt instrument without active market	49,000	49,000	49,000
Time deposits with original maturities of more than three months	-	-	89,919
	<u>226,393</u>	<u>679,157</u>	<u>333,870</u>
Less : Accumulated impairment	(49,000)	(49,000)	(49,000)
	<u>\$ 177,393</u>	<u>\$ 630,157</u>	<u>\$ 284,870</u>

A. As at March 31, 2022, December 31, 2021 and March 31, 2021, 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 \$177,393, \$630,157 and \$284,870, respectively.

B. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

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 deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Accounts receivable

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Accounts receivable	\$ 2,931,517	\$ 2,753,241	\$ 2,914,658
Accounts receivable - related parties	19,158	10,719	39,303
Less : Allowance for uncollectible accounts	-	-	(5,349)
Less : Allowance for sales returns and discounts	(5,586)	-	-
	<u>\$ 2,945,089</u>	<u>\$ 2,763,960</u>	<u>\$ 2,948,612</u>

A. The ageing analysis of accounts receivable is as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Not past due	\$ 2,950,675	\$ 2,763,960	\$ 2,823,134
Up to 30 days	-	-	58,454
31 to 60 days	-	-	32,108
61 to 90 days	-	-	1,992
Over 91 days	-	-	38,273
	<u>\$ 2,950,675</u>	<u>\$ 2,763,960</u>	<u>\$ 2,953,961</u>

The above ageing analysis was based on past due date.

B. As of March 31, 2022, December 31, 2021, March 31, 2021, and January 1, 2021, the balances of receivables from contracts with customers amounted to \$2,950,675, \$2,763,960, \$2,953,961, and \$2,662,887, respectively.

C. The Group does not hold any collateral as guarantee for accounts receivable.

D. As of March 31, 2022, December 31, 2021 and March 31, 2021, 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 accounts receivable were \$2,945,089, \$2,763,960 and \$2,948,612, respectively.

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

(6) Inventories

March 31, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,581,297	(\$ 76,854)	\$ 1,504,443
Work in progress	488,694	(17,863)	470,831
Finished goods	924,462	(261,875)	662,587
	<u>\$ 2,994,453</u>	<u>(\$ 356,592)</u>	<u>\$ 2,637,861</u>
December 31, 2021			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,336,225	(\$ 91,446)	\$ 1,244,779
Work in progress	477,093	(25,254)	451,839
Finished goods	948,178	(213,666)	734,512
	<u>\$ 2,761,496</u>	<u>(\$ 330,366)</u>	<u>\$ 2,431,130</u>
March 31, 2021			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,298,454	(\$ 86,625)	\$ 1,211,829
Work in progress	469,112	(34,403)	434,709
Finished goods	857,796	(163,626)	694,170
	<u>\$ 2,625,362</u>	<u>(\$ 284,654)</u>	<u>\$ 2,340,708</u>

The cost of inventories recognized as expense for the three months ended March 31, 2022 and 2021, were \$2,510,852 and \$2,604,122, respectively, including the amount of \$26,226 for the three months ended March 31, 2022, that the Group wrote down from cost to net realizable value accounted for as increase of cost of good sold, as well as the amount of \$7,587 for the three months ended March 31, 2021, that the Group reversed from a previous inventory write-down and accounted for as reduction of cost of goods sold because of the clearance of inventories that was already provisioned loss in market value decline.

(7) Prepayments

	March 31, 2022	December 31, 2021	March 31, 2021
Prepayments to suppliers	\$ 65,384	\$ 166,873	\$ 70,487
Net input VAT	1,797	1,797	1,797
Others	122,445	120,338	138,802
	<u>\$ 189,626</u>	<u>\$ 289,008</u>	<u>\$ 211,086</u>

(8) Non-current assets held for sale

On September 25, 2021, the Board of Directors at their meeting committed to sell the equity interest in CMMTI, and the related assets and liabilities were reclassified to disposal group held for sale. The transaction shall be completed within one year after the reclassification date. On December 29, 2021, the shareholders at their special meeting resolved to sell the equity interest in CMMTI. The Group has entered into a share transfer agreement with a consideration of USD \$ 175,000 thousand. As of March 31, 2022 and December 31, 2021, the assets and the liabilities of the disposal group held for sale were both \$4,477,716 and \$264, respectively.

A. Assets related to non-current assets classified as held for sale:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Cash and cash equivalents	\$ 5	\$ 5
Investments accounted for using equity method	4,477,711	4,477,711
	<u>\$ 4,477,716</u>	<u>\$ 4,477,716</u>

B. Liabilities directly relating to non-current assets or disposal groups classified as held for sale:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Other payables	<u>\$ 264</u>	<u>\$ 264</u>

C. Equity directly relating to non-current assets classified as held for sale:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Exchange differences on translation of foreign financial statements	<u>(\$ 370,884)</u>	<u>(\$ 370,884)</u>

D. The payment terms of the above share transfer agreement are as follows:

- (a) After the establishment of the custody account and the contract signed, the deposit (20% of total monetary amount) shall be paid to the custody account according to the date agreed by both parties.
- (b) 80% of transferred price should be paid to the Company within 10 business days (April 20, 2022) after the settlement date (March 31, 2022), the Company will transfer each controlling item to the target company after the Company confirmed the collection. The function of each controlling item is to secure the right of the Company if the settlement price could not be collected, the transfer preparation procedures of trading target shares which was done before the settlement date could be abolished at any time, in order to secure the complete dominance of the trading target.

- (c) 10% of total monetary amount shall be paid to the account of the Company 180 days after the settlement date. The company will refund 10% deposit to the buyer from the custody account.
- (d) 10% of total monetary amount shall be paid to the company's account 360 days after the settlement date. The company will refund 10% deposit to the buyer from the custody account.
- (e) The agreement may be amended by both parties.

However, the buyer was affected by Covid-19 and the physical payment procedures cannot be performed on the payment date. On April 15, 2022, the buyer sent a letter and asked for an extension of payment. On April 20, 2022, the Board of Directors approved to sign the second supplementary agreement, negotiating the amendment of aforementioned payment conditions which were described in item (b). Accordingly, the buyer will pay 80% of transfer price (US\$140 million) before May 31, 2022, the compensation was calculated at an annual rate of 5% of the Company's account and the period was starting from April 20, 2022 until the buyer paid US\$140 million.

As of March 31, 2022, the buyer had paid the prepayment to the escrow account amounting to \$1,004,757, and the Company received the consideration amounting to \$157,383 (shown as other current liabilities, other).

(9) Investments accounted for using the equity method

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Associates:			
Hengmei Optoelectronic Co., Ltd. ("HMO")	\$ 4,477,711	\$ 4,477,711	\$ 4,158,933
CMVT	<u>36,448</u>	<u>40,995</u>	<u>64,086</u>
	4,514,159	4,518,706	4,223,019
Less : Accumulated impairment	(12,534)	(12,534)	-
Transferred to non-current assets classified as held for sale	(<u>4,477,711</u>)	(<u>4,477,711</u>)	-
	<u>\$ 23,914</u>	<u>\$ 28,461</u>	<u>\$ 4,223,019</u>

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
		March 31, 2022	December 31, 2021	March 31, 2021		
HMO	China	27.15%	27.15%	28.10%	Strategic investment	Equity method
CMVT	Taiwan	23.29%	23.29%	23.29%	Strategic investment	Equity method

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

(a) HMO

Balance sheet

	HMO		
	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 13,305,398	\$ 11,678,797	\$ 8,717,285
Non-current assets	25,628,582	22,294,070	17,815,671
Current liabilities	(14,992,582)	(11,194,963)	(9,027,158)
Non-current liabilities	(4,918,887)	(5,791,567)	(2,704,535)
Total net assets	<u>\$ 19,022,511</u>	<u>\$ 16,986,337</u>	<u>\$ 14,801,263</u>
Share in associate's net assets	<u>\$ 4,477,711</u>	<u>\$ 4,477,711</u>	<u>\$ 4,158,933</u>

Statement of comprehensive income

	HMO	
	Three months ended March 31, 2022	Three months ended March 31, 2021
Revenue	<u>\$ 4,290,650</u>	<u>\$ 3,562,935</u>
Income for the period from discontinued operations	<u>\$ 770,439</u>	<u>\$ 472,408</u>

(b) CMVT

Balance sheet

	CMVT		
	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 150,903	\$ 181,531	\$ 261,012
Non-current assets	48,502	52,522	64,380
Current liabilities	(51,713)	(66,838)	(59,839)
Non-current liabilities	(7,778)	(7,778)	(6,501)
Total net assets	<u>\$ 139,914</u>	<u>\$ 159,437</u>	<u>\$ 259,052</u>
Share in associate's net assets	\$ 32,586	\$ 37,133	\$ 60,224
Goodwill	3,862	3,862	3,862
Less: Accumulated impairment	(12,534)	(12,534)	-
Carrying amount of the joint venture	<u>\$ 23,914</u>	<u>\$ 28,461</u>	<u>\$ 64,086</u>

Statement of comprehensive income

	CMVT	
	Three months ended March 31, 2022	Three months ended March 31, 2021
Revenue	\$ 34,268	\$ 28,316
Loss for the period from discontinued operations	(\$ 25,424)	(\$ 12,784)

- (c) In February 2021, HMO increased its capital through cash infusion, however, the Group waived its right to participate in the capital increase. As a result, the shareholding ratio was decreased from 38.40% to 28.10%. Consequently, the transaction increased the equity of the Group by \$156,334.
- (d) In December 2021, HMO increased its capital through cash infusion, however, the Group waived its right to participate in the capital increase. As a result, the shareholding ratio was decreased from 28.10% to 27.15%.
- (e) The share of gain of associates and joint ventures accounted for using the equity method for the three months ended March 31, 2022 and 2021 were (\$5,921) and \$ 148,448, respectively, (which were based on the financial statements of the investee companies for the same periods which were not reviewed by independent auditors).
- (f) The Group assessed that there is an impairment loss for the year ended March 31, 2022 and December 31, 2021 since the net value of CMVT was continually and significantly lower than its carrying amount. The Group adjusted the carrying amount based on its recoverable amount. As of March 31, 2022 and December 31, 2021, the accumulated impairment were both \$12,534. Recoverable amount refers to the fair value of investments accounted for using equity method less its cost to sell, using a market approach valuation technique and taking into consideration price book ratio of comparable companies, which is included in Level 3.
- (g) The Group is the single largest shareholder of HMO with a 27.15% equity interest. Given that two other large shareholders (non-related parties) hold more shares than the Group, which indicate the Group has no current ability to direct the relevant activities of HMO, the Group has no control, but only has significant influence, over the investee.
- (h) On September 25, 2021, the Board of Directors at their meeting committed to sell the equity interest of CMMTI. Please refer to Note 6(8) for details of the transferred non-current assets held for sale.

(10) Property, plant and equipment

2022

	Land	Buildings and structures	Machinery and equipment	Office equipment	Factory equipment	Miscellaneous equipment	Construction in progress and equipment under acceptance	Total
<u>At January 1</u>								
Cost	\$ 1,428,543	\$ 3,911,856	\$ 5,365,100	\$ 66,038	\$ 3,726,875	\$ 193,272	\$ 128,903	\$ 14,820,587
Accumulated depreciation and impairment	- (2,146,758)	(4,953,454)	(60,074)	(3,512,987)	(165,968)	- (10,839,241)		
	<u>\$ 1,428,543</u>	<u>\$ 1,765,098</u>	<u>\$ 411,646</u>	<u>\$ 5,964</u>	<u>\$ 213,888</u>	<u>\$ 27,304</u>	<u>\$ 128,903</u>	<u>\$ 3,981,346</u>
Opening net book amount as at January 1	\$ 1,428,543	\$ 1,765,098	\$ 411,646	\$ 5,964	\$ 213,888	\$ 27,304	\$ 128,903	\$ 3,981,346
Additions	-	-	4,391	-	47,199	-	20,922	72,512
Reclassifications	-	-	543	-	35,832	- (19,618)		16,757
Depreciation charge	- (37,171)	(36,427)	(869)	(20,551)	(2,155)	- (97,173)		
Net exchange differences	-	4,944	6,189	12	21	166	1,288	12,620
Closing net book amount as at March 31	<u>\$ 1,428,543</u>	<u>\$ 1,732,871</u>	<u>\$ 386,342</u>	<u>\$ 5,107</u>	<u>\$ 276,389</u>	<u>\$ 25,315</u>	<u>\$ 131,495</u>	<u>\$ 3,986,062</u>
<u>At March 31</u>								
Cost	\$ 1,428,543	\$ 3,934,875	\$ 5,373,927	\$ 66,669	\$ 3,779,267	\$ 194,621	\$ 131,495	\$ 14,909,397
Accumulated depreciation and impairment	- (2,202,004)	(4,987,585)	(61,562)	(3,502,878)	(169,306)	- (10,923,335)		
	<u>\$ 1,428,543</u>	<u>\$ 1,732,871</u>	<u>\$ 386,342</u>	<u>\$ 5,107</u>	<u>\$ 276,389</u>	<u>\$ 25,315</u>	<u>\$ 131,495</u>	<u>\$ 3,986,062</u>

2021

	Land	Buildings and structures	Machinery and equipment	Office equipment	Factory equipment	Miscellaneous equipment	Construction in progress and equipment under acceptance	Total
<u>At January 1</u>								
Cost	\$ 1,428,543	\$ 3,916,545	\$ 5,299,290	\$ 67,968	\$ 3,681,618	\$ 179,753	\$ 32,899	\$ 14,606,616
Accumulated depreciation and impairment	-	(2,001,769)	(4,901,556)	(58,519)	(3,482,329)	(161,738)	-	(10,605,911)
	<u>\$ 1,428,543</u>	<u>\$ 1,914,776</u>	<u>\$ 397,734</u>	<u>\$ 9,449</u>	<u>\$ 199,289</u>	<u>\$ 18,015</u>	<u>\$ 32,899</u>	<u>\$ 4,000,705</u>
Opening net book amount as at January 1	\$ 1,428,543	\$ 1,914,776	\$ 397,734	\$ 9,449	\$ 199,289	\$ 18,015	\$ 32,899	\$ 4,000,705
Additions	-	-	3,060	-	6,841	-	19,887	29,788
Reclassifications	-	-	3,559	-	-	(2,850)	(4,833)	(4,124)
Depreciation charge	-	(37,161)	(39,043)	(1,025)	(15,513)	(1,633)	-	(94,375)
Net exchange differences	-	(1,140)	(1,433)	-	(6)	(41)	(23)	(2,643)
Closing net book amount as at March 31	<u>\$ 1,428,543</u>	<u>\$ 1,876,475</u>	<u>\$ 363,877</u>	<u>\$ 8,424</u>	<u>\$ 190,611</u>	<u>\$ 13,491</u>	<u>\$ 47,930</u>	<u>\$ 3,929,351</u>
<u>At March 31</u>								
Cost	\$ 1,428,543	\$ 3,911,856	\$ 5,297,844	\$ 67,702	\$ 3,684,220	\$ 176,320	\$ 47,930	\$ 14,614,415
Accumulated depreciation and impairment	-	(2,035,381)	(4,933,967)	(59,278)	(3,493,609)	(162,829)	-	(10,685,064)
	<u>\$ 1,428,543</u>	<u>\$ 1,876,475</u>	<u>\$ 363,877</u>	<u>\$ 8,424</u>	<u>\$ 190,611</u>	<u>\$ 13,491</u>	<u>\$ 47,930</u>	<u>\$ 3,929,351</u>

- A. For the three months ended March 31, 2022 and 2021, there were no borrowing costs capitalized as part of property, plant and equipment.
- B. As of March 31, 2022, December 31, 2021 and March 31, 2021, the accumulated impairment of property, plant and equipment was \$270,500, \$260,775 and \$260,775, respectively, and the reportable segment was in Mainland China.
- C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(11) Leasing arrangements — lessee

- A. The Group leases various assets including land, buildings, transportation equipment and other equipment. Rental contracts are typically made for periods of 1 to 50 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 and parts of lease are not allowed to be sublet, leased, sold or any methods for others to use.
- B. Short-term leases with a lease term of 12 months or less comprise of buildings and multifunction printers.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 30,145	\$ 29,276	\$ 29,918
Buildings	49	93	230
Transportation equipment	2,543	2,814	-
Other equipment	73	87	129
	<u>\$ 32,810</u>	<u>\$ 32,270</u>	<u>\$ 30,277</u>
	<u>Three months ended</u>	<u>Three months ended</u>	
	<u>March 31, 2022</u>	<u>March 31, 2021</u>	
	<u>Depreciation charge</u>	<u>Depreciation charge</u>	
Land	\$ 216	\$ 216	
Buildings	47	46	
Transportation equipment	271	-	
Other equipment	14	14	
	<u>\$ 548</u>	<u>\$ 276</u>	

D. The information on income and expense accounts relating to lease contracts is as follows:

	Three months ended March 31, 2022	Three months ended March 31, 2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 18	\$ 1
Expense on short-term lease contracts	152	180

E. For the three months ended March 31, 2022 and 2021, the Group's total cash outflow for leases were \$450 and \$194, respectively.

(12) Intangible assets

	2022	2021
	Computer Software	Computer Software
<u>At January 1</u>		
Cost	\$ 103,900	\$ 89,132
Accumulated amortisation and impairment	(91,263)	(80,624)
	<u>\$ 12,637</u>	<u>\$ 8,508</u>
At January 1	\$ 12,637	\$ 8,508
Additions-acquired separately	120	400
Amortisation charge	(3,312)	(2,032)
At March 31	<u>\$ 9,445</u>	<u>\$ 6,876</u>
<u>At March 31</u>		
Cost	\$ 103,009	\$ 89,524
Accumulated amortisation and impairment	(93,564)	(82,648)
	<u>\$ 9,445</u>	<u>\$ 6,876</u>

Details of amortisation on intangible assets are as follows:

	Three months ended March 31, 2022	Three months ended March 31, 2021
Cost of sales	\$ 294	\$ 166
General and administrative expenses	2,983	1,866
Research and development expenses	35	-
	<u>\$ 3,312</u>	<u>\$ 2,032</u>

(13) Short-term borrowings

Type of borrowings	March 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 287,784	1.17% ~ 1.19%	-
Secured borrowings	727,162	0.95% ~ 2.06%	Land, buildings and structures
	<u>\$ 1,014,946</u>		
Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 696,631	1.10% ~ 1.20%	-
Secured borrowings	2,211,435	0.54% ~ 3.70%	Land, buildings and structures
	<u>\$ 2,908,066</u>		
Type of borrowings	March 31, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 892,327	0.55% ~ 3.68%	-
Secured borrowings	1,763,054	0.85% ~ 2.57%	Land, buildings and structures
Other short-term borrowings	75,514	3.85% ~ 4.75%	Machinery, office, factory and miscellaneous
	<u>\$ 2,730,895</u>		

A. Information about interest expense recognised in profit or loss is provided in Note 6(25).

B. The Company proposed a debt repayment plan to Taiwan Cooperative Bank and other financial institutions during the debt negotiation meeting held on April 11, 2019. The resolutions of the meeting are as follows:

- (a) During the debt negotiation, the bank loans are secured by the Company's Chairman, Ho, Jau-Yang, as a joint guarantor.
- (b) The principal is extended for one year (until the end of March 2020) and the interest is repayable monthly.
- (c) The Company is willing to pledge additional land and plants as collateral to creditor banks for providing greater protection of creditor's rights.

(d) The Company set up an escrow account and funds are remitted into the account for a centralised management and supervision. The escrow account is set up in the largest creditor bank.

On July 26, 2019, the resolutions made during the debt negotiation meeting were approved in writing by all the creditor institutions.

C. The Company proposed a debt repayment plan to Taiwan Cooperative Bank and other financial institutions during the debt negotiation meeting held on February 21, 2020. The resolutions of the meeting are as follows:

(a) The principal is extended for two years (until March 31, 2022) and the interest is paid normally.

(b) Taiwan Cooperative Bank and Changhua Bank will negotiate with the headquarters for increasing facilities (issuing letters of credit and hedge amount) to support the operation cashflow of the Company. Remaining banks will extend the maturity to March 31, 2022 or extend the drawing period of drawn facilities to March 31, 2022.

The resolutions made during the debt negotiation meeting will become effective after obtaining the written approval from two-thirds of total claims of all creditor banks. On April 14, 2020, the Company received the notice from the primary creditor bank, Taiwan Cooperative Bank, that two-thirds of total claims of all creditor banks has agreed to the application for extending debt payment terms for one year (until the end of March 31, 2021).

D. The Company proposed a debt repayment plan to Taiwan Cooperative Bank and other financial institutions during the debt negotiation meeting held on December 30, 2020. The resolutions of the meeting are as follows:

(a) The principal repayment is extended for one year (until March 31, 2022) or the loan commitments is extended for one year (until March 31, 2022), and the interest rate is subject to the approval conditions of the creditor banks.

(b) The Company applies to creditor banks for credit line of derivative instruments (including foreign currency to foreign currency and NTD to NTD) for operating exchange rate hedging.

(c) The Company applies to creditor banks for additional credit line (including L/C and accounts receivable financing) for purchasing materials.

The resolutions made during the debt negotiation meeting will become effective after obtaining the written approval from half of total claims of all creditor banks. On March 31, 2021, the Company received the notice from the primary creditor bank, Taiwan Cooperative Bank, that half of total claims of all creditor banks has agreed to the application for extending debt payment terms for one year (until the end of March 31, 2022).

- E. On December 28, 2021, the Company entered into a syndicated loan contract with Taiwan Cooperative Bank, Chang Hwa Bank, Mega International Commercial Bank and Land Bank of Taiwan with a credit line of \$4,600,000. The loan terms start from three years after the date of first drawdown, and the Company agreed to pledge land and buildings as mortgage before the first drawdown day. The Company requested for the drawdown to be on February 21, 2022.
- F. On February 25, 2022, the Company received the notice from the primary creditor bank, Taiwan Cooperative Bank, that the Company's debt negotiation was officially terminated since the Company completed the syndicated loan, equivalent to \$4,600,000, and completed the first drawdown to settle all liabilities on February 21, 2022. Accordingly, the lien of collateral has been cancelled on February 25, 2022.
- G. The Group was financed by IBT Leasing Co., Ltd. and Robina Finance & Leasing Corp. through sales with buyback agreements. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group issued unexpired notes in the amounts of \$0, \$0 and \$78,878 for the aforementioned transaction, respectively.
- H. Information about the collateral for short-term borrowings is provided in Note 8.
- I. For details of the aforementioned financial ratio commitments of secured borrowings, please refer to Note 9(4) for details.

(14) Other payables

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Payables for salaries or bonuses	\$ 180,494	\$ 185,077	\$ 111,913
Payables for annual leave	39,206	38,645	38,088
Accrued taxes payable	26,341	30,227	24,356
Payables for insurance premiums	14,005	13,854	14,157
Payables for purchase of equipment	36,063	68,437	9,682
Payables for interest	3,550	5,814	3,159
Others	203,737	213,825	196,072
	<u>\$ 503,396</u>	<u>\$ 555,879</u>	<u>\$ 397,427</u>

(15) Long-term borrowings

Type of borrowings	March 31, 2022	December 31, 2021	March 31, 2021	Footnote
Secured borrowings - Repayable monthly on interest from February 21, 2022; repayable from August 21, 2022 to February 21, 2025.	\$ 2,026,777	\$ -	\$ -	Note 1
Secured borrowings - Repayable monthly on interest from December 17, 2018. The principal was repaid in full on the maturity date which was formerly December 17, 2020 was extended to March 31, 2022 because of debt negotiation.	-	200,000	200,000	Note 2
Secured borrowings - Repayable monthly on interest from September 8, 2020; repayable from September 8, 2021 to September 8, 2025.	-	281,250	300,000	Note 2
Secured borrowings - Repayable monthly on interest from September 30, 2020; repayable from September 30, 2021 to February 4, 2026.	-	175,368	180,000	Note 2
Secured borrowings - sale with buy back agreements - Repayable from April 27, 2021 to April 27, 2023.	29,792	36,667	-	
Secured borrowings - sale with buy back agreements - Repayable from September 28, 2021 to September 28, 2024.	58,333	64,167	-	
Secured borrowings - sale with buy back agreements - Repayable from December 31, 2021 to June 10, 2023.	50,000	60,000	-	
Secured borrowings - sale with buy back agreements - Repayable from October 28, 2021 to September 28, 2024.	55,695	61,278	-	
Secured borrowings - sale with buy back agreements - Repayable from October 28, 2021 to September 28, 2024.	42,843	47,137	-	
Secured borrowings - sale with buy back agreements - Repayable from January 21, 2022 to January 21, 2025.	70,766	-	-	
	<u>2,334,206</u>	<u>925,867</u>	<u>680,000</u>	
Less: Current portion	(257,085)	(448,456)	(270,000)	
Deferred expenses-syndicated loan arrangement fees	(15,813)	-	-	
	<u>\$ 2,061,308</u>	<u>\$ 477,411</u>	<u>\$ 410,000</u>	
Interest rate range	<u>2.30%~3.62%</u>	<u>2.57%~3.62%</u>	<u>2.57%</u>	

Note 1: For details of the aforementioned financial ratio commitments of secured borrowings, please refer to Note 9(4) for details.

Note 2: As the debt negotiation was discharged, the Company paid off the borrowings in advance on February 25, 2022. Please refer Note 6(13) 6. for details.

A. Information on interest expense recognised in profit or loss is provided in Note 6(25).

B. Due to the difficulty of repayment, the Group started a debt negotiation meeting with creditor banks to negotiate the debt repayment, please refer to Note 6(13) for details.

C. The Group was financed by FCB Leasing Co., Ltd., IBT Leasing Co. Ltd., Robina Finance & Leasing Corp., Hotai Finance Co., Ltd., and Taichung Bank Leasing Co., Ltd through sale with buy back agreements. As of March 31, 2022 and December 31, 2021, the Group issued unexpired notes in the amounts of \$331,991 and \$289,281 for the aforementioned transaction, respectively.

D. As of March 31, 2022, the Consolidated Company's unamortised deferred syndicated loan arrangement fees amounted to \$15,813, which were recognised as a deduction of initial measurement of long-term secured borrowings and amortised as interest expense during the borrowing period. For the three months ended March 31, 2022, the amortization of syndicated loan arrangement fees amounted to \$1,437.

E. Information about the collateral for long-term borrowings is provided in Note 8.

(16) Pensions

A. 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. NBCMMT makes monthly contributions based on certain percentages of the basic salaries of their employees.

C. The pension costs under defined contribution pension plans of the Group for the three months ended March 31, 2022 and 2021, were \$14,121 and \$14,457, respectively.

(17) Share-based payment

A. For the three months ended March 31, 2022, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Number of share granted (in thousands)	Contract period	Vesting conditions
Restricted stocks to employees	2021.6.10	5,000	3 years	Note
Restricted stocks to employees	2021.11.1	5,000	3 years	Note

Note: The selected employees who have been granted Restricted Stock Awards in compliance with the Measurement, continued to work on the following vested terms from the record date of grant (the record date of cash capital increase), and had met the performance criteria will receive new shares respectively on the basis of the following schedule and the proportion of shares subscribed.

Seniority	Performance Criteria			
	A+	A	B+	B and below
6 months after granting	10%	80% of 10%	50% of 10%	0
1 year after granting	20%	80% of 20%	50% of 20%	0
2 years after granting	30%	80% of 30%	50% of 30%	0
3 years after granting	40%	80% of 40%	50% of 40%	0

Restricted rights before employees meet the vesting conditions:

- (a) Before the vesting conditions are fulfilled, the employee shall not sell, pledge, transfer, donate, set, or otherwise dispose of RSA that they subscribe to in accordance with the Measurement.
- (b) During the vesting period, the RSA can participate in a distribution of share or cash dividends.
- (c) During the vesting period, if the Company carries out a capital reduction, RSA will be cancelled proportionally. If the capital reduction is done by cash return, the returned cash should be kept under Company's custody, and be paid to the employees when vesting condition is fulfilled; if the employee does not meet the vesting condition, all shares the employees subscribed in accordance with the Measurement shall be bought back by the Company based on the original subscription price and cancelled accordingly.
- (d) The RSA shall be delivered to the trust immediately after issuance. Employees may not ask the trustee to return the RSA for any reasons or by any method prior to the fulfillment of vesting conditions.
- (e) Employees who subscribe to RSA pursuant to the present measures during the period of the trust issuance, the discretionary staff of the Company and the stock trust institution shall discuss, sign, amend, extend, terminate, terminate, and transfer the trust custody contract (shares and cash), and other behaviors pursuant to this measurement.

B. Details of the share-based payment arrangements are as follows: (Shares in thousands)

	2022	2021
Employee restricted shares as at January 1 (And March 31)	9,305	-

C. The Group issued restricted shares for employees on June 10, 2021 and November 1, 2021. The share price at grant date was NT\$11.8 (in dollars) and NT\$12.15 (in dollars) per share, respectively, which were equal to the stock prices at the grant date.

D. Expenses incurred on share-based payment transactions amounted to \$14,984 for the three months ended March 31, 2022.

(18) Share capital

A. As of March 31, 2022, the Company's authorised capital was \$12,000,000, consisting of 1,200,000 thousand shares including 360,000 thousand shares reserved for employee stock options and convertible bonds issued by the Company. The paid-in capital was \$6,755,335, 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 outstanding are as follows:

	(Units: in thousand shares)	
	2022	2021
At January 1 (And March 31)	675,534	665,729

B. GDRS

On December 20, 2016, the Company's Board of Directors approved to increase its capital by the issuance of 150,000 thousand shares of common shares by sponsoring the issuance of global depositary receipts (GDRs), which was approved by the FSC. Each GDR represents 40 common shares, which have been listed on the SGX since September 12, 2017, with a per-unit issue price of USD17.31 and a total amount of USD 64,913 thousand. As of March 31, 2022, the outstanding 3 thousand units of GDRs represented 116 thousand common shares. The agreement clause of a GDR purchase stipulates the following:

(a) Voting rights

Unless stipulated otherwise by applicable laws and regulations, the Bank of New York Mellon (the "Depository") may exercise the voting rights associated with the underlying common shares represented by the GDRs on behalf of the holders of the GDRs in accordance with the Deposit Agreement (the "Deposit Agreement") entered into by the Company, the Depository, and the individual holders of the GDRs as well as in accordance with the laws and regulations of the ROC.

(b) Sale and withdrawal of the underlying common shares

The holders of the GDRs may request to withdraw and hold the common shares represented by the GDRs pursuant to the relevant laws and regulation of the ROC and the Deposit Agreement; or the holders of the GDRs may request to withdraw and ask the Depository to sell such withdrawn common shares on behalf of the holders of the GDRs and pay the sales proceeds after deducting tax and other relevant fees to the holders of the GDRs pursuant to the relevant laws and regulation of the ROC and the Deposit Agreement.

(c) Distribution of dividends, pre-emptive rights, and other interests

Unless otherwise provided in the Deposit Agreement, the holders of the GDRs shall be entitled to the same rights on dividends distribution or on their distributions as the holders of common shares of the Company. If the Company distributes share dividends or makes other share distributions in the future, the Depository will, in accordance with the Deposit Agreement and the relevant laws and regulations, issue additional GDRs to the holders of the GDR unit, or sell such distributed shares on behalf of the holder of the GDRs and then pay the sales proceeds after deducting tax and other relevant fees to the holder of the GDRs on a pro rata basis.

C. On April 30, 2021, the Company's shareholders resolved to issue 20,000 thousand shares of Restricted Stock Awards for employees. The shares are issued to employees free of charge when they meet the vesting conditions. Depending on the actual needs, the issuance should be processed in one time or several times within a year starting from the date of receipt of the notice of effective registration. The Chairman of the Board is authorised to set the actual issuance date by the Board of Directors.

On May 10, 2021, the Company reported the issuance of employee restricted ordinary shares amounting to 10 million shares to the regulatory authority as resolved by the Board of Directors. This issuance was approved by the Financial Supervisory Commission on June 3, 2021.

The Board of Directors during its meeting on June 10, 2021 and November 1, 2021 adopted a resolution to issue 5,000 thousand shares of employee restricted ordinary shares in tranches (see Note 6(17)) with the effective dates set on June 28, 2021 and November 29, 2021, respectively. The subscription price is \$0 (in dollars) per share. The employee restricted ordinary shares issued are subject to certain transfer restrictions before their vesting conditions are met. Other than these restrictions, the rights and obligations of these shares issued are the same as others issued. The registration has been completed on July 13, 2021 and December 14, 2021, respectively.

On September 25, 2021, the Company reported the issuance of employee restricted ordinary shares amounting to 10 million shares to the regulatory authority as resolved by the Board of Directors. This issuance was approved by the Financial Supervisory Commission on November 3, 2021.

(19) Capital surplus

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

	2022					
	Share premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Changes in equity of associates and joint ventures accounted for using equity method	Employee restricted shares	Total
At January 1	\$ 803,878	\$ 6,776	\$ 128,672	\$ 156,797	\$ 3,082	\$ 1,099,205
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	235	-	235
At March 31	<u>\$ 803,878</u>	<u>\$ 6,776</u>	<u>\$ 128,672</u>	<u>\$ 157,032</u>	<u>\$ 3,082</u>	<u>\$ 1,099,440</u>

	Share premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Changes in equity of associates and joint ventures accounted for using equity method	Total
At January 1	\$ 803,494	\$ 6,776	\$ 128,672	\$ -	\$ 938,942
Changes in ownership interests in subsidiaries	-	-	-	156,334	156,334
At March 31	<u>\$ 803,494</u>	<u>\$ 6,776</u>	<u>\$ 128,672</u>	<u>\$ 156,334</u>	<u>\$ 1,095,276</u>

B. The Board of Directors, during its meeting on March 16, 2022, adopted a resolution to distribute cash dividends amounting to \$337,767 (NT 0.5 per share) by capital surplus.

(20) Retained earnings

- A. Under the Company's Articles of Incorporation, the Company may elect to allocate surplus or compensate loss after half of every fiscal year. Surplus shall be used to pay taxes, compensate accrued loss, and allocate 10% for surplus reserve in each half-fiscal year. The Company may choose not to provide a reserve when the surplus reserve reaches the amount of the contributed capital, and setting aside or reversal for special reserve in accordance with related laws or Competent Authority's rule. The Board of Directors may resolve to allocate accumulated surplus. The shareholders' meeting shall make a resolution when a dividend is proposed to be allocated through issuance of new shares. The Board of Directors shall resolve if dividends is to be allocated through cash, and then reported at the shareholders' meeting. Dividend that the Company allocates to shareholders must not be less than 20% of surplus that is allowed to be allocated. In addition, the cash dividend must not be lower than 10% of assignable dividend. Nevertheless, the Company may not choose to allocate dividend when the assignable dividends are less than 50% of contributed capital.
- 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. 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.

D. On April 30, 2021, the shareholders resolved not to appropriate dividends and reversed provisioned special reserves amounting to \$53,493.

E. On April 16, 2022, the Board of Directors of the Company proposed not to appropriate dividends and provisioned legal reserve and special reserve amounting to \$76,319 and \$91,041, respectively.

(21) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from contracts with customers, divided into the following major geographical regions:

<u>Three months ended March 31, 2022</u>	<u>Taiwan</u>	<u>China</u>	<u>Total</u>
Total segment revenue	\$ 1,307,010	\$ 1,477,610	\$ 2,784,620
Inter-segment revenue	1,388,931	72,071	1,461,002
Elimination of internal transaction	(1,388,931)	(72,071)	(1,461,002)
Revenue from external customer	<u>\$ 1,307,010</u>	<u>\$ 1,477,610</u>	<u>\$ 2,784,620</u>
<u>Three months ended March 31, 2021</u>	<u>Taiwan</u>	<u>China</u>	<u>Total</u>
Total segment revenue	\$ 1,523,113	\$ 1,223,248	\$ 2,746,361
Inter-segment revenue	1,006,636	26,032	1,032,668
Elimination of internal transaction	(1,006,636)	(26,032)	(1,032,668)
Revenue from external customer	<u>\$ 1,523,113</u>	<u>\$ 1,223,248</u>	<u>\$ 2,746,361</u>

B. Contract liabilities

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>	<u>January 1, 2021</u>
Contract liabilities –				
sale of goods	<u>\$ 15,241</u>	<u>\$ 23,915</u>	<u>\$ 16,237</u>	<u>\$ 51,627</u>

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

	<u>Three months ended March 31, 2022</u>	<u>Three months ended March 31, 2021</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Sale of goods	<u>\$ 21,790</u>	<u>\$ 49,433</u>

(22) Interest income

	Three months ended March 31, 2022	Three months ended March 31, 2021
Interest income from bank deposits	\$ 1,354	\$ 1,761

(23) Other income

	Three months ended March 31, 2022	Three months ended March 31, 2021
Rental income	\$ 1,084	\$ 990
Royalty income	12,725	13,550
Others	4,997	4,001
	<u>\$ 18,806</u>	<u>\$ 18,541</u>

(24) Other gains and losses

	Three months ended March 31, 2022	Three months ended March 31, 2021
Foreign exchange gains	\$ 100,126	\$ 132,362
Net losses on financial assets or liabilities at fair value through profit or loss	(39,783)	(30,808)
Others	(109)	(67)
	<u>\$ 60,234</u>	<u>\$ 101,487</u>

(25) Finance costs

	Three months ended March 31, 2022	Three months ended March 31, 2021
Interest expense - bank borrowings	\$ 22,384	\$ 15,671
Interest expense - lease liabilities	18	1
	<u>\$ 22,402</u>	<u>\$ 15,672</u>

(26) Expenses by nature

	Three months ended March 31, 2022	Three months ended March 31, 2021
Employee benefit expense	\$ 376,397	\$ 312,113
Depreciation charges on property, plant and equipment	97,173	94,375
Depreciation charges on right-of-use assets	548	276
Amortisation charges on intangible assets	3,312	2,032

(27) Employee benefit expense

	Three months ended March 31, 2022	Three months ended March 31, 2021
Wage and salaries	\$ 295,645	\$ 254,066
Labour and health insurance fees	23,438	21,439
Pension costs	14,121	14,457
Employee restricted shares	14,984	-
Other personnel expenses	28,209	22,151
	<u>\$ 376,397</u>	<u>\$ 312,113</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 1% for directors' remuneration.
- B. For the three months ended March 31, 2022 and 2021, employees' compensation was accrued at \$3,139 and \$0, respectively, and directors' remuneration was both accrued at \$0. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on distributable profit of current period for the three-month period ended March 31, 2022 and the percentage as prescribed in the Company's Articles of Incorporation.

The difference of \$451 and \$8,476 between the amounts of employees' compensation and directors' remuneration resolved by the Board of Directors and the respective amounts of employees' compensation and directors' remuneration of \$16,500 and \$0 recognised in the 2021 financial statements, mainly resulting from change in estimates, had been adjusted in the profit or loss for the three-month period ended March 31, 2022. Employees' compensation was distributed in the form of cash. As of March 31, 2022, employees' compensation and directors' remuneration for the year ended December 31, 2021 has not been actually distributed.

Information about employees' compensation and directors' 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

	Three months ended March 31, 2022	Three months ended March 31, 2021
Current tax:		
Current tax on profit in current period	\$ -	\$ -
Prior period income tax over estimation	-	(8)
Total current tax	-	(8)
Deferred tax:		
Origination and reversal of temporary differences	1,542	13,428
Income tax expense	\$ 1,542	\$ 13,420

B. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(29) Earnings per share

	Three months ended March 31, 2022		
		Weighted average number of ordinary shares outstanding	Earnings per share
	Amount after tax	(share in thousands)	(in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 121,274	665,942	\$ 0.18
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 121,274	665,942	
Assumed conversion of all dilutive potential ordinary shares			
Employee restricted stock	-	3,324	
Employees' compensation	-	1,333	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 121,274	670,599	\$ 0.18
	Three months ended March 31, 2021		
		Weighted average number of ordinary shares outstanding	Earnings per share
	Amount after tax	(share in thousands)	(in dollars)
<u>Basic and diluted profit per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 249,218	665,729	\$ 0.37

(30) Supplemental cash flow information

A. Investing activities with partial cash payments

	Three months ended March 31, 2022	Three months ended March 31, 2021
Purchase of property, plant and equipment	\$ 72,512	\$ 29,788
Add: Opening balance of payable on equipment	68,437	21,136
Less: Ending balance of payable on equipment	(36,063)	(9,682)
Cash paid	<u>\$ 104,886</u>	<u>\$ 41,242</u>

B. Operating and investing activities with no cash flow effects

	Three months ended March 31, 2022	Three months ended March 31, 2021
(a) Prepayments for equipment transferred to property, plant and equipment	<u>\$ 16,757</u>	<u>\$ -</u>
(b) Property, plant and equipment transferred to prepayments	<u>\$ -</u>	<u>\$ 4,124</u>

(31) Changes in liabilities from financing activities

	At January 1, 2022	Changes in cash flow from financing activities	Changes in other non-cash items	Effect of foreign exchange	At March 31, 2022
Short-term borrowings	\$ 2,908,066	(\$ 1,906,196)	\$ -	\$ 13,076	\$ 1,014,946
Lease liabilities	2,919	(280)	-	-	2,639
Long-term borrowings	925,867	1,408,339	(15,813)	-	2,318,393
Guarantee deposits received	40	-	-	-	40
Liabilities from financing activities-gross	<u>\$ 3,836,892</u>	<u>(\$ 498,137)</u>	<u>(\$ 15,813)</u>	<u>\$ 13,076</u>	<u>\$ 3,336,018</u>

	At January 1, 2021	Changes in cash flow from financing activities	Effect of foreign exchange	At March 31, 2021
Short-term borrowings	\$ 2,548,884	\$ 207,985	(\$ 25,974)	\$ 2,730,895
Lease liabilities	145	(13)	-	132
Long-term borrowings	546,940	133,060	-	680,000
Guarantee deposits received	40	-	-	40
Liabilities from financing activities-gross	<u>\$ 3,096,009</u>	<u>\$ 341,032</u>	<u>(\$ 25,974)</u>	<u>\$ 3,411,067</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
HMO	Associate
CMVT	Associate

(2) Significant related party transactions

A. Operating revenue

	<u>Three months ended March 31, 2022</u>	<u>Three months ended March 31, 2021</u>
Sales of goods:		
Associates	<u>\$ 13,078</u>	<u>\$ 17,844</u>

The selling prices and collection terms are conducted by mutual agreement, and there is no significant difference between related parties and non-related parties.

B. Purchases

	<u>Three months ended March 31, 2022</u>	<u>Three months ended March 31, 2021</u>
Purchases of goods:		
Associates	<u>\$ 1,818</u>	<u>\$ 568</u>

Because there is no similar counterparty or transaction, the purchase prices and payment terms with related parties are conducted by mutual agreement.

C. Receivables from related parties

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Accounts receivable:			
Associates	<u>\$ 19,158</u>	<u>\$ 10,719</u>	<u>\$ 39,303</u>
Other receivables:			
HMO	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,921</u>
Associates	<u>3,356</u>	<u>3,282</u>	<u>5,255</u>
	<u>\$ 3,356</u>	<u>\$ 3,282</u>	<u>\$ 57,176</u>

D. Contract liabilities

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
HMO	\$ -	\$ 12,726	\$ -

E. Payables to related parties

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Accounts payable:			
Associates	\$ 2,495	\$ 1,976	\$ 600

F. Other revenue

	<u>Three months ended March 31, 2022</u>	<u>Three months ended March 31, 2021</u>
HMO	\$ 12,725	\$ 13,550
Associates	3,747	1,860
	<u>\$ 16,472</u>	<u>\$ 15,410</u>

G. Endorsements and guarantees provided by the Group to the related parties:

There was no endorsements and guarantee provided by the Group to the related parties on March 31, 2022 and December 31, 2021.

	<u>March 31, 2021</u>	
	Outstanding	
	endorsements /	Actual amount
	<u>guarantee amount</u>	<u>drawn down</u>
HMO	\$ 2,830,985	\$ 2,197,312

(3) Key management compensation

	<u>Three months ended March 31, 2022</u>	<u>Three months ended March 31, 2021</u>
Salaries and other short-term employee benefits	\$ 13,197	\$ 16,306
Post-employment benefits	135	153
Share-based payments	4,032	-
	<u>\$ 17,364</u>	<u>\$ 16,459</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	March 31, 2022	December 31, 2021	March 31, 2021	
Demand deposit (Note)	\$ -	\$ 615,853	\$ 188,951	An escrow account for debt negotiation procedures
Demand deposit (Note)	139,333	-	-	Long-term and short-term loan
Pledged deposits (Note)	38,060	14,304	6,000	Provided as collateral for the post release duty payment and derivatives quota
Property, plant and equipment - land	1,428,543	1,428,543	1,428,543	Long-term and short-term loan
Property, plant and equipment - buildings and structures	1,596,615	1,629,075	1,726,764	Long-term and short-term loan
Property, plant and equipment - machinery and equipment	165,509	179,512	98,623	Long-term and short-term loan
Property, plant and equipment - office equipment	2,423	2,965	4,116	Long-term and short-term loan
Property, plant and equipment - factory equipment	127,534	135,619	75,466	Long-term and short-term loan
Property, plant and equipment - miscellaneous equipment	4,447	5,025	1,628	Long-term and short-term loan
	<u>\$ 3,502,464</u>	<u>\$ 4,010,896</u>	<u>\$ 3,530,091</u>	

Note: It is shown as “current financial assets at amortised cost”.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

In addition to those disclosed in other notes to the consolidated financial statements, significant commitments and contingencies of the Group as of March 31, 2022, December 31, 2021 and March 31, 2021, were as follows:

(1) As of March 31, 2022, December 31, 2021 and March 31, 2021, unused letters of credit for purchases of raw materials and equipment were as follows:

	Units: Foreign currency (in thousand)		
	March 31, 2022	December 31, 2021	March 31, 2021
JPY	\$ 3,581,034	\$ 2,712,682	\$ 2,222,299
USD	1,069	1,479	628

(2) As of March 31, 2022, December 31, 2021 and March 31, 2021, the amounts of guarantees provided by financial institutions for the purpose of importing goods and facilities of derivative financial instruments were \$177,746, \$105,528 and \$97,224, respectively.

(3) As of March 31, 2022, December 31, 2021 and March 31, 2021, the unpaid amounts of the construction contracts that the Group entered into for the expansion of factories and machinery equipment were \$142,934, \$134,222 and \$172,662, respectively.

(4) On December 28, 2021, the Company entered into a syndicated credit contract with Taiwan Cooperative Bank, Chang Hwa Bank, Mega International Commercial Bank and Land Bank of Taiwan with a credit line of \$4,600,000. The Company committed to maintain following financial ratios and standards in the credit period:

A. Debt ratio could not be higher than 100%.

B. Current ratio could not be less than 120%.

C. Equity could not be lower than \$7,000,000.

The above financial ratios and standards are reviewed semi-annually, and calculated based on the audited annual consolidated financial statements and the reviewed semi-annual consolidated financial statements for the duration of the contracts.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2021.

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</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	\$ <u>2,552</u>	\$ <u>-</u>	\$ <u>-</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instruments	\$ <u>128,621</u>	\$ <u>128,621</u>	\$ <u>140,849</u>
Financial assets at amortised cost/Loans and receivables			
Cash and cash equivalents (Note)	\$ 1,125,956	\$ 610,287	\$ 536,224
Financial assets at amortised cost	177,393	630,157	284,870
Accounts receivable	2,945,089	2,763,960	2,948,612
Other receivables	37,070	60,913	117,508
Refundable deposits	<u>14,790</u>	<u>8,790</u>	<u>8,790</u>
	<u>\$ 4,300,298</u>	<u>\$ 4,074,107</u>	<u>\$ 3,896,004</u>

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	\$ <u>33,398</u>	\$ <u>2,382</u>	\$ <u>17,374</u>
Financial liabilities at amortised cost			
Short-term borrowings	\$ 1,014,946	\$ 2,908,066	\$ 2,730,895
Accounts payable	1,194,439	575,776	1,103,747
Other payables (Note)	503,660	556,143	397,427
Long-term borrowings (including current portion)	2,318,393	925,867	680,000
Guarantee deposits received	<u>40</u>	<u>40</u>	<u>40</u>
	\$ <u>5,031,478</u>	\$ <u>4,965,892</u>	\$ <u>4,912,109</u>
Lease liabilities	\$ <u>2,639</u>	\$ <u>2,919</u>	\$ <u>132</u>

Note : Including non-current assets classified as held for sale, net and liabilities related to non-current assets classified as held for sale.

B. Financial risk management policies

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2021.

C. Significant financial risks and degrees of financial risks

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2021, except for the items explained below:

(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 currencies: 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:

March 31, 2022			
	Foreign currency		Book value (NTD)
	amount	Exchange rate	
	(In thousands)		
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 105,299	28.63	\$ 3,014,184
JPY:NTD	1,737,251	0.235	408,254
USD:RMB	36,437	6.353	1,043,068
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	5,649	28.63	161,703
JPY:NTD	7,314,056	0.235	1,718,803
RMB:NTD	397	4.506	1,789
USD:RMB	55,167	6.353	1,579,245

December 31, 2021			
	Foreign currency		Book value (NTD)
	amount	Exchange rate	
	(In thousands)		
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 82,590	27.68	\$ 2,286,091
JPY:NTD	1,555,177	0.241	374,798
USD:RMB	41,918	6.372	1,160,290
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	8,077	27.68	223,571
JPY:NTD	7,337,652	0.241	1,768,374
RMB:NTD	400	4.344	1,738
USD:RMB	53,250	6.372	1,473,960
EUR:NTD	171	31.32	5,356

March 31, 2021			
	Foreign currency		
	amount		Book value
	(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 88,046	28.535	\$ 2,512,393
JPY:NTD	80,176	0.2577	20,661
USD:RMB	37,949	6.569	1,082,902
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	5,846	28.535	166,816
JPY:NTD	6,819,705	0.2577	1,757,438
RMB:NTD	428	4.344	1,859
USD:RMB	54,079	6.569	1,543,184

- ii. Total exchange gains, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2022 and 2021, amounted to \$100,126 and \$132,362, respectively.
- iii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Three months ended March 31, 2022			
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	0.5%	\$ 15,071	-
JPY:NTD	0.5%	2,041	-
USD:RMB	0.5%	5,215	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	0.5%	809	-
JPY:NTD	0.5%	8,594	-
RMB:NTD	0.5%	9	-
USD:RMB	0.5%	7,896	-

	Three months ended March 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	0.5%	\$ 12,562	-
JPY:NTD	0.5%	103	-
USD:RMB	0.5%	5,415	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	0.5%	834	-
JPY:NTD	0.5%	8,787	-
RMB:NTD	0.5%	9	-
USD:RMB	0.5%	7,716	-

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 invests mainly in equity instruments issued by domestic companies. The equity's price will be affected by the uncertainty of the future value of the investment target. If the equity instrument price had increased/decreased by 1% with all other variables held constant, other comprehensive income classified as equity investment at fair value through other comprehensive income for the three months ended March 31, 2022 and 2021, would have increased/decreased by \$1,286 and \$1,408, respectively.

Interest rate risk

The Group's main interest rate risk arises from borrowings with variable rates. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, net profit for the three months ended March 31, 2022 and 2021, would have increased/decreased by \$7,604 and \$8,338, 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 and at fair value through profit or loss.
- ii. The Group's concentration of credit risk, was related to the Group's five largest customers. The average credit period of sales of goods was 30 to 90 days. No interest was charged on trade receivables. The Group adopted a policy of only dealing with entities that are rated the equivalent of the investment grade or higher. Credit rating information used to rate the Group's major customers is obtained from other publicly available financial information or the Group's own trading records. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee periodically.
- iii. When the trade parties have major financial difficulties, or overdue amount exists for period of time that will obviously not be recovered, it is deemed that a default has occurred.
- iv. The Group applies the simplified approach to provisions for expected credit losses prescribed by IFRS 9, which permits the use of a lifetime expected losses provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience with the respective debtor and an analysis of the debtor's current financial position, adjusted for the general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit losses experience does not show significantly different loss patterns for different customer segments, the provision for losses based on the past due status of receivables is not further distinguished according to different segments of the Group's customer base. The Group's credit risk of other receivables is assessed individually.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;

- (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. On March 31, 2022, December 31, 2021 and March 31, 2021, the provision matrix is as follows:

	Not past due	Up to 30 days	31 to 90 days	91 to 180 days	181 to 270 days	271 to 360 days	Over 361 days
March 31, 2022	0.08%	0.32%	0.64%~0.96%	1.29%~1.93%	100%	100%	100%
December 31, 2021	0.08%	0.32%	0.64%~0.96%	1.29%~1.93%	100%	100%	100%
March 31, 2021	0.00%	0.00%	0.00%	0.00%~0.02%	0.14%~1.65%	4.07%~29.71%	100%

As of March 31, 2022, December 31, 2021 and March 31, 2021, the total amount of the Group's accounts receivable which past due over 31 days were 0.00%, 0.00% and 2.45%, respectively.

- vii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable is as follows:

	2022	2021
January 1	\$ -	\$ 6,184
Reversal of impairment	- (	794)
Effects on exchange rate	- (	41)
March 31	<u>\$ -</u>	<u>\$ 5,349</u>

- viii. For provisioned loss for the three months ended March 31, 2022 and 2021, the impairment losses arising from customers' contract amounts to \$0 and \$794, respectively.

(c) Liquidity risk

- The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank loans and ensures compliance with loan covenants. The forecast considers the debt financing plan, debt clauses, and financial ratio targets which compare to the internal balance sheet of the Group.
- Group treasury invests surplus cash in interest bearing current accounts, check deposit, time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group held money market position of \$1,125,467, \$609,831 and \$625,652, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. The Group relies on bank loans as a significant source of liquidity, the Group had available unutilized short-term bank loan facilities as below:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Unsecured bank overdraft facility			
Amount unused	\$ 2,064,631	\$ 1,621,973	\$ 1,595,352
Secured bank overdraft facility			
Amount unused	<u>186,392</u>	<u>1,733,554</u>	<u>43,552</u>
	<u>\$ 2,251,023</u>	<u>\$ 3,355,527</u>	<u>\$ 1,638,904</u>

iv. Liquidity and interest rate risk table for non-derivative and derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative and derivative financial liabilities are based on the agreed repayment dates.

March 31, 2022

	<u>Less than 1 year</u>	<u>1 year to 5 years</u>	<u>Over 5 years</u>
<u>Non-derivative financial liabilities</u>			
Short-term borrowings	\$ 1,016,114	\$ -	\$ -
Accounts payable	1,194,439	-	-
Other payables (Note)	503,660	-	-
Long-term borrowings	315,322	2,181,228	-
(including current portion)			
Lease liabilities	1,195	1,526	-

Note: Including liabilities related to non-current assets classified as held for sale.

Derivative financial liabilities

Forward foreign exchange contracts	33,398	-	-
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December 31, 2021

	<u>Less than 1 year</u>	<u>1 year to 5 years</u>	<u>Over 5 years</u>
<u>Non-derivative financial liabilities</u>			
Short-term borrowings	\$ 2,917,101	\$ -	\$ -
Accounts payable	575,776	-	-
Other payables (Note)	556,143	-	-
Long-term borrowings (including current portion)	463,619	500,980	-
Lease liabilities	1,185	1,832	-

Note: Including liabilities related to non-current assets classified as held for sale.

Derivative financial liabilities

Forward foreign exchange contracts	2,382	-	-
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March 31, 2021

	<u>Less than 1 year</u>	<u>1 year to 5 years</u>	<u>Over 5 years</u>
<u>Non-derivative financial liabilities</u>			
Short-term borrowings	\$ 2,771,300	\$ -	\$ -
Accounts payable	1,103,747	-	-
Other payables	397,427	-	-
Long-term borrowings (including current portion)	276,746	428,440	-
Lease liabilities	57	76	-

(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 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 most derivative instruments is included 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 is included in Level 3.

B. Financial instruments not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values or cannot be reliably measured.

C. Fair value of financial instruments measured at fair value on a recurring basis

(a) Fair value hierarchy

March 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Financial assets at FVTPL	\$ 2,552	\$ -	\$ -	\$ 2,552
Derivative instruments				
Financial assets at FVOCI				
Equity securities	-	-	128,621	128,621
	<u>\$ 2,552</u>	<u>\$ -</u>	<u>\$ 128,621</u>	<u>\$ 131,173</u>
Liabilities				
Financial liabilities at FVTPL				
Derivative instruments	\$ -	\$ 33,398	\$ -	\$ 33,398

December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Financial assets at FVOCI				
Equity securities	\$ -	\$ -	\$ 128,621	\$ 128,621
Liabilities				
Financial liabilities at FVTPL				
Derivative instruments	\$ -	\$ 2,382	\$ -	\$ 2,382

March 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Financial assets at FVOCI				
Equity securities	\$ -	\$ -	\$ 140,849	\$ 140,849
Liabilities				
Financial liabilities at FVTPL				
Derivative instruments	\$ -	\$ 17,374	\$ -	\$ 17,374

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

- i. 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 spot exchange rate.
- ii. The fair value of financial instruments without active market 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.

(c) Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

Financial Instruments	Listed shares
Derivatives-foreign exchange forward contracts	Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates.

D. For the three months ended March 31, 2022 and 2021, there was no transfer between level 1 and level 2.

E. The following chart is the movement of Level 3:

	Three months ended March 31, 2022	Three months ended March 31, 2021
	Equity instrument	Equity instrument
At January 1	\$ 128,621	\$ 140,849
Losses recognised in other comprehensive income	-	-
At March 31	<u>\$ 128,621</u>	<u>\$ 140,849</u>

F. For the three months ended March 31, 2022 and 2021, there was no transfer into or out from Level 3.

G. Either the financial department segment or the external appraiser 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.

H. 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 March 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments						
Unlisted shares	\$	114,199	Market comparable companies	Multiple price-book ratio	0.71 ~ 3.54	The higher the price-book ratio, the higher the fair value
		14,422	Market comparable companies	Multiple price-book ratio	0.45 ~ 1.12	The higher the price-book ratio, the higher the fair value
		Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments						
Unlisted shares	\$	114,199	Market comparable companies	Multiple price-book ratio	0.71 ~ 3.54	The higher the price-book ratio, the higher the fair value
		14,422	Market comparable companies	Multiple price-book ratio	0.45 ~ 1.12	The higher the price-book ratio, the higher the fair value
		Fair value at March 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments						
Unlisted shares	\$	127,111	Market comparable companies	Multiple price-book ratio	0.59 ~ 1.86	The higher the price-book ratio, the higher the fair value
		13,738	Market comparable companies	Multiple price-book ratio	0.55 ~ 1.14	The higher the price-book ratio, the higher the fair value

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

			March 31, 2022	
			Recognised in other comprehensive income	
			Favourable change	Unfavourable change
	Input	Change		
Financial assets				
Equity instruments	Multiple price-book ratio	±1%	\$ 1,286	(\$ 1,286)
			December 31, 2021	
			Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity instruments	Multiple price-book ratio	±1%	\$ 1,286	(\$ 1,286)
			March 31, 2021	
			Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity instruments	Multiple price-book ratio	±1%	\$ 1,215	(\$ 1,215)

(4) Other

The major product of the Group is polarizing film, which is the key raw material of the panel industry. There has been no curtailment in the scale of operations or significant reduction in terminal consumer demand due to the Covid-19 pandemic. The Group has also complied with the pandemic prevention guidelines of the Taiwan Centers for Disease Control, including measures such as personnel access control and rotating work schedules in the office and work from home according to production areas and shifts. The Covid-19 pandemic had no significant impact to the Group's operating condition and financial performance based on the Group's assessment.

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: Please refer to table 3.
- 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 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 12(3).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 7.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 8.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 9.

(4) Major shareholders information

Major shareholders information: Please refer to table 10.

14. SEGMENT INFORMATION

(1) General information

The Group considers the business and formulates the strategies from a geographic perspective, therefore the management identifies the reportable segments with the same approach.

The Group has two reportable segments and the operation is located in Taiwan and Mainland China. Both are primarily engaged in manufacturing and selling optoelectronic material and components (polarizing film).

(2) Segment revenue and results

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

Three months ended March 31, 2022				
	Taiwan	Mainland China	Adjustment and write-off (Note)	Total
Revenue from external customers	\$ 1,307,010	\$ 1,477,610	\$ -	\$ 2,784,620
Inter-segment revenue	1,388,931	72,071	(1,461,002)	-
Total segment revenue	<u>\$ 2,695,941</u>	<u>\$ 1,549,681</u>	<u>(\$ 1,461,002)</u>	<u>\$ 2,784,620</u>
Segment income	<u>\$ 15,626</u>	<u>\$ 55,119</u>	<u>\$ -</u>	<u>\$ 70,745</u>
Three months ended March 31, 2021				
	Taiwan	Mainland China	Adjustment and write-off (Note)	Total
Revenue from external customers	\$ 1,523,113	\$ 1,223,248	\$ -	\$ 2,746,361
Inter-segment revenue	1,006,636	26,032	(1,032,668)	-
Total segment revenue	<u>\$ 2,529,749</u>	<u>\$ 1,249,280</u>	<u>(\$ 1,032,668)</u>	<u>\$ 2,746,361</u>
Segment income (loss)	<u>(\$ 57,852)</u>	<u>\$ 65,925</u>	<u>\$ -</u>	<u>\$ 8,073</u>

Note: Refer to the internal revenue write-offs.

(3) Reconciliation for segment income (loss)

The total amounts and other significant disclosures in relation to the reportable segments mentioned in item (2) above are in agreement with those presented as related corresponding items in the Group's financial statements and are measured in a manner consistent with those thereon.

Cheng Mei Materials Technology Corporation And Subsidiaries

Loans to others

Three months ended March 31, 2022

Table 1

Expressed in thousands of NTD

No. (Note 1)	Materials	Borrower	General ledger account	Is a related party	Maximum outstanding	Balance at March 31, 2022	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
					Three months ended March 31, 2022								Item	Value			
1	Mao Fong Group Co., Ltd.	Cheng Mei Materials Technology Co., Ltd.	Other receivables - related parties	Yes	\$ 27,194	\$ -	\$ -	2.20%	Short-term financing	\$ -	Operating capital	\$ -	None	\$ -	\$ 1,066,559	\$ 2,133,119	Note 2

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: According to the Mao Fong Group Co., Ltd.'s "Procedures for Provision of Loans", the limit on loans to the parent company who holds 100% voting power of Mao Fong Group Co., Ltd. and for short-term financing was 20% of the net assets of Group's parent company.

The limit on loans granted to a single party is 10% of net assets of the Group's parent company.

Cheng Mei Materials Technology Corporation And Subsidiaries

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

March 31, 2022

Table 2

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of March 31, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Cheng Mei Materials Technology Corporation	SHIHLIEN FINE CHEMICALS CO., LTD.(Stock)	None	Non-current financial assets at fair value through other comprehensive income	16,667	\$ 114,199	6.41%	\$ 114,199	-
Cheng Hui Investment Co., Ltd.	JEOUTAI TECHNOLOGY CO., LTD.(Stock)	None	Non-current financial assets at fair value through other comprehensive income	381	-	Note	-	-
Cheng Hui Investment Co., Ltd.	JUN HONG OPTRONICS CORPORATION(Stock)	None	Non-current financial assets at fair value through other comprehensive income	2,500	6,111	Note	6,111	-
Cheng Hui Trading Co., Ltd.	JUN HONG OPTRONICS CORPORATION(Stock)	None	Non-current financial assets at fair value through other comprehensive income	3,400	8,311	Note	8,311	-

Note:The shareholding ratio is less than 5% and therefore will not be disclosed.

Cheng Mei Materials Technology Corporation And Subsidiaries

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

For the three months period ended March 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable	General	Relationship	Balance as at		Addition		Disposal			Balance as at March 31, 2022			
	securities	ledger	Counterparty	the investor	Number of	Amount	Number of	Amount	Number of	Selling price	Book value	Gain (loss) on disposal	Number of	Amount
	(Note 1)	account	(Note 2)	(Note 2)	shares		shares		shares			(Note 5)	shares	
Cheng Mei Materials Technology Co., Ltd.	Equity of Chi Mei Materials Technology Investment Co., Ltd.	Investments accounts for using the equity method	Blessing Well Enterprise Limited	Non-related party	146,500	\$ 4,848,336	-	\$ -	146,500	USD 175,000 thousands	4,848,336	Excepted disposal profit \$161,039	146,500	\$ 4,848,336

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 5: The numbers in this table are-translated at the exchange rates of NTD 28.625 to US\$1 prevailing at the March 31, 2022.

Note 6: The equity transaction has not yet been completed.

Cheng Mei Materials Technology Corporation And Subsidiaries

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

Three months ended March 31, 2022

Table 4

Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions					Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Notes/accounts receivable (payable)					
							Unit price	Credit term	Percentage of total notes/accounts receivable (payable)			
Cheng Mei Materials Technology Co., Ltd.	Ningbo Cheng Mei Materials Technology Co., Ltd.	Subsidiary	Sales	(\$ 1,436,308)	(53%)	-	-	-	\$ 1,303,418	48%	Note	

Note : The Company has reversed the sales revenue (from sales of materials and supplies) and operating cost (from purchase of goods) arising from raw material processing which are provided by Ningbo Cheng Mei Materials Technology Co., Ltd.

The eliminated amount from January 1, 2022 to March 31, 2022, was \$47,377.

Cheng Mei Materials Technology Corporation And Subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
March 31, 2022

Table 5

Expressed in thousands of NTD

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Cheng Mei Materials Technology Corporation	Ningbo Cheng Mei Materials Technology Co., Ltd.	Subsidiary	Accounts receivable \$ 1,303,418	1.67	\$ -	-	\$ 291,338	\$ -

Cheng Mei Materials Technology Corporation And Subsidiaries
Significant inter-company transactions during the reporting periods
Three months ended March 31, 2022

Table 6

Expressed in thousands of NTD

Details of significant inter-company transactions reaching NT\$ 10 million or more are as follows:

Number (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	Cheng Mei Materials Technology Corporation	Ningbo Cheng Mei Materials Technology Co., Ltd.	1	Sales	\$ 1,436,308	-	52%
0	Cheng Mei Materials Technology Corporation	Ningbo Cheng Mei Materials Technology Co., Ltd.	1	Accounts receivable	1,303,418	-	8%
1	Ningbo Cheng Mei Materials Technology Co., Ltd.	Cheng Mei Materials Technology Corporation	2	Sales	72,071	-	3%
1	Ningbo Cheng Mei Materials Technology Co., Ltd.	Cheng Mei Materials Technology Corporation	2	Accounts receivable	48,812	-	-

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the 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)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3:Prices and terms were determined in accordance with mutual agreements.

Note 4: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Cheng Mei Materials Technology Corporation And Subsidiaries

Information on investees (not including investees in Mainland China)

Three months ended March 31, 2022

Table 7

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2022			Net profit (loss) of the investee for the three months ended March 31, 2022	Investment income(loss) recognised by the Company three months ended March 31, 2022	Footnote
				Balance as at March 31, 2022	Balance as at December 31, 2021	Number of shares (in thousand)	Ownership (%)	Book value			
Cheng Mei Materials Technology Corporation	Cheng Mei Materials Technology (SAMOA) Corporation	Samoa	Investment company	\$ 431,482	\$ 431,482	13,300	100%	\$ 1,406,162	\$ 56,491	\$ 56,491	
Cheng Mei Materials Technology Corporation	CM Visual Technology Corporation	Taiwan	Electronic component manufacture and sale	289,000	289,000	6,638	22.96%	23,914 (	25,424) (	5,837)	
Cheng Mei Materials Technology Corporation	Chi Mei Materials Technology Investment Co., Ltd.	Samoa	Investment company	4,447,763	4,447,763	146,500	100%	4,477,452	209,174	-	
Cheng Mei Materials Technology Corporation	Cheng Hui Investment Co., Ltd.	Taiwan	Investment company	151,870	151,870	15,187	100%	18,283 (	86) (	86)	
Cheng Mei Materials Technology Corporation	Cheng Hui Trading Co., Ltd.	Taiwan	Trading company	211,000	211,000	21,100	100%	50,799 (	309) (	309)	
Cheng Hui Investment Co., Ltd.	CM Visual Technology Corporation	Taiwan	Electronic component manufacture and sale	33,000	33,000	95	0.33%	339 (	25,424)	Note 1	
Cheng Hui Trading Co., Ltd.	Mao Fong Group Co., Ltd.	Samoa	Investment company	-	30,870	-	100%	-	1	Note 1	Note 2

Note 1: According to the regulations, the amount recognised for investment profit or loss of the Company may be exempt from disclosure.

Note 2: The cancellation of refistration was completed on April 27, 2022.

Cheng Mei Materials Technology Corporation And Subsidiaries

Information on investments in Mainland China

Three months ended March 31, 2022

Table 8

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated	Amount remitted from		Accumulated	Net income of investee as of March 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for three months ended March 31, 2022	Book value of investments in Mainland China as of March 31, 2022	Accumulated	Footnote
				amount of remittance from Taiwan to Mainland China as of January 1, 2022	Taiwan to Mainland China /Amount remitted back to Taiwan for three months ended March 31,2022	amount of remittance from Taiwan to Mainland China as of March 31, 2022	amount of investment income remitted back to Taiwan as of March 31, 2022						
Ningbo Cheng Mei Materials Technology Co., Ltd.	Electronic component manufacture and sale	\$ 594,457	2	\$ 380,713	\$ -	\$ -	\$ 380,713	\$ 56,491	100.00	\$ 56,491	\$ 1,452,619	\$ -	Note 2
Hengmei Optoelectronic Co., Ltd.	Electronic component manufacture and sale	11,378,354	2	4,193,563	-	-	4,193,563	770,439	27.15	-	4,477,711	-	Note 3
Kunshan Shin Mao Fong International Trading Co., Ltd.	Trading	28,625	2	28,625	-	(28,625)	-	-	100.00	-	-	-	Note 3, 4
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 6)										
Cheng Mei Materials Technology Corporation	\$4,574,276	\$4,574,276	\$6,399,356										

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 Cheng Mei Materials Techonology (Samoa) Corporation, Chi Mei Materials Technology Invesment Co., Ltd and Mao Fong Group Co., LTD. in the third area, which then invested in the investee in Mainland China.

(3) Others

Note 2: The financial statements that are reviewed by R.O.C parent company's CPA.

Note 3: It is calculated based on the investees' financial statements for the same reporting period which were not reviewed by other independent auditors.

Note 4: The cancellation of registration was completed on October 30, 2020 and the remaining investment funds have been remitted to Mao Fong Group Co., Ltd.

Note 5: The numbers in this table are expressed in New Taiwan dollars. Amount denominated in foreign currencies related to income and expenses in this table are re-translated at average exchange rates of NTD 28.001 to US\$1 from January 1, 2022 to March 31, 2022., otherwise are re-translated at the exchange rates of NTD 28.625 to US\$1 prevailing at the March 31, 2022.

Note 6: The Ceiling is calculated based on 60% of the consolidated net value.

Cheng Mei Materials Technology Corporation And Subsidiaries

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

Three months ended March 31, 2022

Table 9

Expressed in thousands of NTD

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance at March 31, 2022	%	Balance at March 31, 2022	Purpose	Maximum balance during three months ended March31, 2022	Balance at March 31, 2022	Interest rate	Interest during the three months ended March31, 2022	Others
Ningbo Cheng Mei Materials Technology Co., Ltd.	\$ 1,436,308	53%	\$ -	-	\$ 1,303,418	48%	\$ -	-	\$ -	\$ -	-	\$ -	-
Ningbo Cheng Mei Materials Technology Co., Ltd.	(72,071)	3%	-	-	(48,812)	4%	-	-	-	-	-	-	-

Note: The Company has reversed the sales revenue (from sales of materials and supplies)and operating cost (from purchase of goods) arising from raw material processing which are provided by Ningbo Cheng Mei Materials Technology Co., Ltd.
The eliminated amount from January 1, 2022 to March 31, 2022, was \$47,377.

Cheng Mei Materials Technology Corporation And Subsidiaries

Major shareholders information

March 31, 2022

Table 10

Name of major shareholders	Shares		Expressed in shares
	Name of shares held	Ownership (%)	
Innolux Corporation	57,211,305		8.46%
Lin Gao Huang	40,000,000		5.92%

Note 1: The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded 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 at the trust by the shareholders, the data was disclosed as separate account of client which was set by the trustee. As for the shareholder who reports share equity as a insider whose shareholding ratio greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including 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 of reported share equity of insider, please refer to Market Observation Post System.